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What, if Anything, is Wrong with Extreme Wealth?

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ABSTRACT *This paper proposes a view, called* limitarianism, *which suggests that there should be upper limits to the amount of income and wealth a person can hold. One argument for limitarianism is that superriches can undermine political equality. The other reason is that it would be better if the surplus money that superrich households have were to be used to meet unmet urgent needs and local and global collective action problems. A particular urgent case of the latter is climate change. The paper discusses one objection to limitarianism, and draws some conclusions for society, as well as for the human development paradigm and the capability approach.*

KEYWORDS: Climate change, Economic inequalities, Limitarianism, Needs, Poverty, Wealth

1. Introduction

Over the past decades, scholars have shown that economic inequalities are widening. Perhaps best-known of all is the work of Thomas Piketty (2014), who showed that disparities in wealth have been increasing in many countries, due to the improvement of the financial position of the 1% best off or more specifically the 0.1% best off. Piketty and his colleagues speak of "a new gilded age", a situation that is characterised by a small group of citizens who are extremely well off compared with the rest of the population. The ICT-revolution has changed capitalism; it has enabled companies to reap profits in global and hence much bigger markets and move into a position of a high concentration of market power. The strengthening of the position of the richest is not just a phenomenon confined to post-industrialised countries (for which often better data on inequality are available); even in countries that are less developed and where many citizens live in poverty, some citizens are extremely rich.

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One may ask whether there is anything wrong if, in societies or globally, there are some people who own extreme amounts of wealth. Should our focus not be on the disadvantaged, trying to ensure that they can escape poverty? To a considerable extent, this has been the focus of the human development paradigm and the capability approach, which have tended to focus on poverty and destitution. Besides, the human development approach has focused on the adverse effects of inequalities on human capabilities in a wide variety of domains, including health and education. There has been less attention to the rich, as Tania Burchardt and Rod Hick (2018) rightly point out. Yet, as I will argue in this paper, we have very good reasons to address the consequences of extreme wealth.

This paper asks what, if anything, is wrong with having superwealthy people. One popular answer to this question is the following: there is nothing wrong with a society that has a group of superrich people, as long as they have legally earned their money without having engaged in criminal activities and tax evasion. It is merely a matter of envy why some people complain about their fortunes, and envy is a vice that we should not tolerate. Everyone living in a capitalist economic system enjoys the benefits of the freedoms that come with capitalism and competitive markets. Each of us has the freedom to be an entrepreneur, and if we meet the demands of a large group of people, then large profits will be our reward. Similarly, the capitalist economic system rewards those who use their skills and talents to contribute to the preference-fulfilment of others, and if they are innovative, then high income will be their fair share (Mankiw 2013). This is the form that arguments defending extreme incomes and wealth often take.

In this paper, I will offer a different answer to the question of what, if anything, is wrong with a society in which some people are superrich. The question I ask is a normative question about the way we are coexisting in local and global polities, the kind of structures and institutions we have, and what their consequences are. To answer the question, one needs several disciplines. One needs the empirical social sciences to know about the effects of extreme wealth on things that matter to us. However, the most important discipline that can help us answer this question is normative political philosophy in which a vast literature on the normative analysis of inequalities exists.

It is therefore advisable to pause for a second and ask how the question that I raised above relates to other existing philosophical debates. In political philosophy, the different possible views on the legitimate inequalities have been given labels. One view is called *sufficientarianism*, which holds that justice requires that everyone should meet a minimum amount of the things that distributive justice is concerned with, such as functionings and capabilities. Another view is *prioritarianism*, which holds that in choosing our actions and how we design social institutions, we should give priority to the worst off. In addition, there are various forms of equality of opportunity—the view that inequalities in outcomes can be justified, as long as we start from a level playing field, and everyone has equal opportunities. The final view is *libertarianism*, which states that asking questions about distributions is a fundamental mistake, since what matters are the rights that people have, and since those rights are inalienable. They are what Robert Nozick (1974) calls *side-constraints* on our actions: there is nothing a person or the state can do that violates those rights. Hence, asking questions about the right shape of the distribution of money or wealth or functionings or capabilities is asking the wrong question.

In answering the multidisciplinary question what, if anything, is wrong with a society in which some are very wealthy, I would like to propose a view in this literature on the pattern of distributive justice, called *economic limitarianism* (Robeyns 2017).[1] In a nutshell, economic limitarianism holds the view that no one should hold *surplus money*, which is defined as the money one has over and above what one needs for a fully flourishing life. Limitarianism as an ethical or political view is, in a certain sense, symmetrical to the view that there is a poverty line and that no one should fall below this line. Limitarianism claims that one can theoretically construct a riches line and that a world in which no one would be above the riches line would be a better world.[2]

But why would we think that limitarianism is a plausible view? Why would a world without superrich people be a better or more just world? What is bad or wrong with holding onto one's surplus money?

In answering these questions, I will proceed as follows. I will offer several *pro tanto* reasons[3] why there is something wrong with superriches. I will focus on two such arguments: the argument from urgent unmet needs and the democratic argument. Note that there are other arguments in defence of the view that a world without superrich people would be a better world. Danielle Zwarthoed (2018) has defended limitarianism based on the value of autonomy. There are likely more argumentative strategies to defend limitarianism. For example, one could start from the relational egalitarian point of view, arguing that citizens cannot relate to each other as equals if their financial differences are too large, or from the value of freedom as non-domination, arguing that securing non-domination requires that no one should have too much money to allow them to exert genuine and structural power over other citizens. However, rather than trying to be exhaustive in the reasons for a world without superwealthy people, I also wish to analyse one objection—that economic limitarianism will lead to levelling down the living standards of a large group of people, since the economically most productive will lack the proper economic incentives, which will negatively impact aggregate production.

Section 2 offers the first argument for economic limitarianism—the democratic argument. Section 3 presents the argument from urgent unmet needs, and section 4 discusses a specific case of that argument, namely climate action financing. Section 5 addresses the objection that economic limitarianism will destroy incentives to contribute to the economic production and that the Rawlsian difference principle, or else optimal taxation theory, would, therefore, be superior in answering the question of how much of the surplus money should be taxed. The final section will offer my arguments' implications for society and the fields of human development and capability analyses.

This paper draws significantly on a book chapter in which I introduced limitarianism for a philosophical audience (Robeyns 2017).[4] The reasons to reproduce large parts of it here are twofold. First, to bring a philosophical argument to an interdisciplinary audience. Most scholars tend to read articles and books mainly published in the discipline in which they are institutionally embedded, and as a consequence, we need additional efforts to bring work in one discipline to the attention of students and scholars of other disciplines. Second, it allows me to do two things that I believe to be important for scholars and students of human development and the capability approach: to argue for the moral justification of using surplus money for the funding of climate action financing (section 4) and discuss the implications of the literature on economic limitarianism for the human development paradigm and the capability approach (section 6).

Before turning to the normative arguments in favour of limitarianism and discussing the two objections, I would like to draw attention to some related empirical research that I conducted together with economic sociologists on the riches line, which aimed at understanding whether the Dutch population supports the concept of a riches line above which no one should be situated (Robeyns et al. 2018). Empirical research of this type does not answer the normative questions that I just asked. It does, however, tell us whether people (in this case, the Dutch) believe that it is possible to make sense of the statement "at some point, additional money is no longer able to add to your well-being". The majority of the respondents participating in our research, which formed a representative sample of the Dutch population, felt that at *some point*, additional money to our income and wealth would cease making a difference to our well-being. The wealthiest household that we described had a villa with a private swimming pool, two luxury cars, a house in southern France, 70 million euros worth of assets, and the household could afford five holidays per year. Only 3.5% of the respondents thought that one could not say that this household was having more than what is needed for a maximal level of wellbeing. This result suggests that the majority of the Dutch (i.e., 96.5%) believe that *at some level* one has too much wealth. However, people differ drastically as to where exactly they draw this line between being "very well off" and "having too much". About 67% of the respondents claimed that a household household that has a villa with private swimming pool, two luxury cars, a house in southern France and 500 000 euros in assets, is above the riches line. For my present arguments and indeed for many political discussions, the most crucial point is not *where precisely* the riches line can be drawn but whether the concept makes sense. The respondents agreed with the essential and general claim of the riches line that at some point additional money does not contribute to a person's prosperity.

However, another striking finding from our study is that endorsing a riches line does not imply that one is also endorsing the claim that this in itself is enough reason to allow the government to impose a maximum wage, a maximum amount of wealth, a cap on savings or a cap on the total amount of inheritances that one can receive. Our findings suggested that respondents are very reluctant to support any of those claims. The only statement that had the support of about two-thirds of the respondents was the claim when choosing between increasing the burden of taxation on the rich and superrich versus reducing the welfare state provisions of the most vulnerable, the current Dutch government should opt for the former. In short, the support for the claim that some households have too much does not necessarily lead them to support the view that the government is obliged to act. The first claim is evaluative, whereas the latter is prescriptive. And we observe that most respondents who endorse the evaluative claim on what it means to be having too much, do not endorse the prescriptive claim that we should try to avoid situations in which some are having too much.

Sometimes, political philosophers and ethicists, or activists or public intellectuals, tend to advocate a cause that is not widely supported in society. Think of those who have been advocating the abolishment of the death penalty, an unconditional basic income for all or radical measures to tackle climate challenges. Historically, the same has been the case with many arguments that were at first hardly supported by the majority, say, for example, the abolishment of slavery or the equal rights movement for women, gays or Dalits. Without a doubt, these arguments are crucial for a healthy democracy regardless of whether or not the majority in society supports them. However, endorsing proposals does not necessarily tell us whether the proposals are any good. These proposals may go against the mainstream of society or challenge the privileges of those who are currently in power and who might use that power to attack the proposal (as is the case with the arguments advocating radical climate action). Still, these proposals may be supported by compelling reasons or arguments; hence, they need to be articulated and debated. That is what this paper aims to do for the idea of economic limitarianism.

2. The Democratic Argument for Limitarianism

The first justification for the limitarian view relates to democracy and the worry that massive inequalities in income and wealth undermine the value of democracy and the ideal of political equality in particular (e.g., Beitz 1989; Knight and Johnson 1997; Christiano 2008). Rich people can translate their financial power into political power through a variety of mechanisms. In his article "Money in Politics", Thomas Christiano (2012) discusses four types of mechanisms by which the expenditure of money can influence various aspects of political systems. Christiano shows how the wealthy are not only more able but also more likely to spend money on the various mechanisms that translate money into political power; this tendency is mainly because of the decreasing marginal utility of money. Poor people need every dime or cent to spend on food or essential utilities, and hence, for them, spending 100 dollars on acquiring political influence would come at a severe loss of utility. In contrast, when the rich spend 100 dollars, they hardly experience the same level of opportunity cost because they do not need that 100 dollars for basic necessities.

The democratic argument for economic limitarianism stems from the mechanisms that Christiano outlines: because rich people have surplus money, they are both very able and seemingly very likely to use that money to acquire political influence and power. The rich have virtually nothing to lose if they spend their surplus money. The effect on their quality of life of spending their surplus money is almost zero. There may be some psychological loss of welfare, such as a loss in status if one spends a fortune on politics rather than on the latest Lamborghini, or there may be a purely subjective loss if one does not like to witness a decline in one's financial fortune; however, there will be no loss on an objective account of well-being. Hence, in such circumstances, one can better use that money for political influence so that legislation, when implemented, serves one's interests.

Why would it be morally problematic if very wealthy people spent their surplus money on political processes in a democracy? First, rich people can fund political parties and individuals. In many systems of private campaign financing, those who make the most significant donations will, in return, receive special treatment or more substantial support for their causes. Donations generally come with the expectation that if a funder one day needs some help from a politician, he or she will get it. Receiving money leaves politicians indebted to the donors, and they will try hard to please them, do them a favour, spread their views or at least modify their views so as not to upset the donors.

Second, surplus money can be used to set the agenda for collective decision-making. If, as with the presidential elections in the United States, the ability to raise funds is a crucial determinant in who will be the next candidate and if upper-middle class and wealthy people are more likely to be donors, then political candidates who represent those upper-middle and upper-class interests are much more likely to find their names on the ballot paper. Since the affluent are much more likely to finance campaigns and since donors choose to give money to like-minded people who have the same values and beliefs, those who cannot donate will not have their interests and views represented in the election debates or on the ballot paper. Christiano (2012, 245) argues that if part of the value of democracy is that it publicly treats citizens as equals by giving them an equal say in the process of collective decision-making, then financial expenditures on politics cause inequality of opportunity when it comes to influencing the political agenda.

Third, surplus money can be used to influence opinions. Rich people can buy media outlets, which they can use to control both the spread of information and the arguments exchanged in public debate. Media have become a very important power factor in contemporary democracies; yet, if access to the media is a commodity that can be sold to and bought by the highest bidder, this gives rich people another mechanism for converting financial power into political power. Another crucial instrument for influencing opinions are lobbyists. The services of good lobbyists tend to be costly. Again, the interests of those who can afford to hire lobbyists will be much better represented in policymakers' and politicians' decisions.

Although the corporate media and lobbyists are most often discussed when analysing how money can influence opinions, more subtle ways for rich people to influence views include not necessarily direct questions of legislation and policy-making but instead the construction of what is perceived as sound evidence and knowledge. Rich people can also use financial power to change the ideological climate and what is perceived as "sound evidence" through research and think tanks, for example, which put forward arguments supporting the views of their funders on various social, economic and political issues. For example, historical research by Daniel Stedman Jones (2012) has shown how private financial support plays a crucial role in the spread of neoliberal thinking within universities and subsequently within politics.

Finally, to the extent that rich people have invested their wealth in firms, they can undermine the democratic goals through the use of their economic power, which can turn capitalists' power into a feasibility constraint for democratic policy-making. For example, if citizens have democratically decided that they wish to see fewer greenhouse gas (GHG) emissions in their country, then major firms can threaten to shift polluting production to other countries if the democratically elected government decides to impose stricter environmental emission regulations (Christiano 2010, 2012, 250).

These are some (though not necessarily all) mechanisms through which wealth can undermine the political equality of citizens. The political equality of citizens is the cornerstone of free and democratic societies. The constitution should guarantee political equality, but it does not protect our right to be extremely wealthy. Thus, we have a first *pro tanto* argument for why we should not be superrich—because it undermines political equality.

One could object to the democratic argument for limitarianism as follows. The moral concern is not so much that there are inequalities within one sphere of life (e.g., economic welfare), but instead, that one's position in one sphere of life can be used to acquire a better position in another sphere of life (e.g., politics, education). The real moral concern is, therefore, not inequality per se but rather the spillover of inequality in one sphere of life into another sphere of life (Walzer 1983). Undoubtedly, instead of forcing rich people to dispose of their surplus money, one should be able to propose solutions to prevent financial power from turning into political power. For example, one could try to reform the legislation on campaign funding, or the state could guarantee that public radio and television maintained the balance of views and arguments in public debates. Dean Machin has argued that we should present the superrich with the choice of a 100% tax on their wealth, exceeding the level that makes them super rich, or the option of losing some of their political rights (Machin 2013). The idea is that this would prevent the rich from buying political influence and power. Similarly, one could argue that if we implemented proper campaign legislation and enacted anti-corruption policies, the money invested by the rich could no longer significantly affect politics and that based on the value of democracy, there would be no reason to make surplus money an undesirable thing.

While some of these institutional measures are unquestionably necessary for a healthy democracy, none of the solutions will restore political equality between rich and non-rich citizens. The reason for this is that much of the political influence of rich people evades the workings of formal institutions, such as legislation and regulation. Rich people can give up their right to vote; however, if they can still set up and fund think tanks that produce ideologically driven research or if they still have direct private access to government officials, then they will still have asymmetrical political power.

Imposing formal institutional mechanisms to minimise the impact of money on politics is only to a limited extent feasible. Vast inequalities in income and wealth and the possession of surplus money, in particular, will pose a threat to political equality even in societies where the four mechanisms mentioned above have been weakened as much as possible through institutional measures. Therefore, if we hold that the values of democracy, and political equality in particular, are cornerstones of just societies, then we have valid grounds in favour of limitarianism.

3. The Argument from Urgent Unmet Needs

The second reason for economic limitarianism can be called *the argument from urgent unmet needs*. This argument is only valid if one or more of the following three empirical conditions are met:

(a) *extreme global poverty*: we live in a world in which many people are living in extreme poverty and whose lives can significantly improve by government-led actions that require financial resources;
(b) *local or global disadvantages:* we live in a world in which many people are not flourishing and are significantly deprived in some dimensions and whose lives could be significantly improved by government-led actions that require financial resources;
(c) *urgent collective action problems*: we live in a world that faces urgent (global) collective action problems that can, at least partly, be addressed by government-led actions that require financial resources.

The *argument from urgent unmet needs* is contingent upon these conditions: if none of these conditions is met, the argument no longer holds; we would then be living in a world without people who are poor or disadvantaged and in a world without major collective action problems. At least one of the conditions has to hold for this argument to be valid since that will be a world in which there is an urgent unmet need.

In the world, as we know it right now, all three conditions are met.[5] First, the condition of extreme global poverty is clearly met. Billions of people worldwide are living in (extreme) poverty, and although not all solutions that entail financial costs or financial redistribution have been effective in eradicating poverty, many, if not all, of the effective poverty-reducing interventions require financial resources.[6] Even institutional changes such as the creation of a publicly accountable bureaucracy or the establishment of the rule of law require financial resources.

The second condition is also met. Even people who are not extremely poor in terms of worldly materials can be deprived or disadvantaged in many other ways. For example, all post-industrialised countries have citizens who are homeless or socially excluded to the extent that they cannot fully participate in society. Children with special educational needs do not always receive the education that sufficiently challenges and develops them. Another dimension, albeit surprising, is that a large number of people are functionally illiterate. Finally, a worryingly large number of adults and children have mental health problems for which they are not receiving adequate help.[7]

The third condition is also met because of the numerous collective action problems that require the attention of governments or other actors of change. As almost thirthy years of *Human Development Reports* have documented, several major collective problems facing the world could be effectively addressed if only the governments devoted sufficient attention and resources to address the issues. Climate change and the deterioration of the Earth's ecosystems are arguably the most pressing issues and will be further discussed in the following section. The environmental hazards can be addressed by investing massively in green technologies and clean energy, creating educational opportunities for girls and offering reproductive health services in areas where there is an unmet need for contraceptives, organising large-scale programmes of reforestation, etc. (Hawken 2017). All of these actions require financial resources.

As long as one of these three conditions holds (and I just argued that all three of them hold), it will be the case that specific needs have a higher moral urgency than the desires that can be fulfilled through rich people's income and wealth. Recall that the money that rich people hold that exceeds the wealth-line is called their *surplus money*. The argument from urgent unmet needs claims that since surplus money does not contribute to people's prosperity, it has zero moral weight, and it is unreasonable to reject the principle that we ought to use that money to meet these urgent unmet needs.[8]

The argument from urgent unmet needs does not regard wealth as an intrinsically morally corrupt social state or rich people as non-virtuous people. Limitarianism is not about rich *people* per se; instead, it is about the effects of the situation of extreme wealth on society.

A strength of this argument for limitarianism is that it is highly suitable for the non-ideal world in which we often do not have information about the origins of people's surplus income and their initial opportunity sets. More precisely, we need not know whether someone's surplus income comes from ingenious innovation in a market where there is a huge demand for a particular product, or assuming he or she belongs to a cartel of senior managers who give each other excessively high incomes, nor need we know if it is an accumulated inheritance from four frugal grandparents. If a person has more money than he or she needs to prosper in life fully, that excessive money should be redistributed to ameliorate one of the three conditions that make up the circumstances of limitarianism.

4. A Special Case: Climate Action Financing

I now wish to focus on one particular case of the argument of urgent unmet needs: climate change, which is a dramatic collective action problem that we are currently facing. The problem of climate change, on which a vast scholarly literature exists, can be summarised as follows. Since the industrial revolution, human beings have been producing many GHG emissions, dramatically increasing the concentration of GHG in the atmosphere. As a result, a significant fraction of the heat of solar radiation tends to remain within the atmosphere, and this is changing the Earth's climate, leading to a variety of consequences, including higher average temperatures and more extreme weather events (e.g., heat waves, storms, droughts, tornados). These developments have had further consequences for various parts of the planet and its ecosystems, including the acidification of the oceans, the release of (very strong) GHG from the thawing of the permafrost, the desertification of some regions and the flooding of coastal regions due to the rising sea level which is caused by the melting of ice and the warming of the temperature of the oceans. One dramatic consequence of these events is that it has increased the likelihood that many people and possibly the entire population of small islands will lose their livelihoods in the foreseeable future (Biermann and Boas 2010; Gemenne 2011). The Intergovernmental Panel on Climate Change (IPCC) has documented the effects of climate change on humans and other animals since the early 1990s, with reports showing that the effects we can expect will be overwhelmingly adverse, and for some groups, they will be disastrous. Moreover, while the worst effects are still to come, some regions are already experiencing harmful effects.

The only way to slow down and possibly stop this process is to lower the concentration of emissions in the Earth's atmosphere, by workings towards a fast elimination of further emissions. This can be done by replacing fossil fuels with renewable energies, constructing buildings in a carbon-neutral way, avoiding food waste, drastically reducing the consumption of meat and dairy products and thus reducing the total number of livestock, increasing reforestation and other ways to enlarge carbon sinks, decreasing global population size, etc. (Hawken 2017). Other ways to lower the net emissions is by capturing the GHG-emissions from the atmosphere and storing them somewhere; by scalable technologies that can turn GHG into another substance that is not harmful for living creatures; or by the (possibly very risky) process of geo-engineering that would aim to lead to less solar radiation reaching the Earth. All these processes are known as *climate mitigation.* However, what we also need is *climate adaptation*, which involves taking measures to prepare ourselves for the consequences of climate change. For example, we need to protect ourselves against rising sea levels, ensure the availability of suitable crops that can grow in the new climate so that famines and starvation can be avoided or find new settlements for those who will be displaced by climate change.

Let us call the actions that are needed for climate mitigation and climate adaption *climate actions.* Some of these actions can be taken by individuals and households, for example, using solar panels on housetops, reducing our road or air journeys, driving electric cars instead of conventional ones and adopting a vegetarian or vegan diet (given that the production of meat and dairy products causes many emissions). However, governments can take the most effective measures. First, governments should impose a heavy tax on greenhouse gas intensive forms of consumption. Second, governments should cut subsidies to fosile fuels, and invest heavily in renewable energies and perhaps nuclear energy, which has sparked off heated debates among the countries that are currently engaged in climate action. Third, governments should invest heavily in science and innovation needed to support climate actions, such as the development of better storage of electricity generated from renewable sources, or studying the geopolitics of climate-induced migration patterns. Fourth, governments should invest in physical measures to protect people's livelihoods; for example, they should build dykes or construct wetlands that can overflood in case of heavy rain. Finally, there needs to be proper support for people who will be forcefully displaced or affected by climate change.

Governments can take more measures; however, this short list already illustrates that proper climate action plans require substantial funding. Where should this funding come from? As many engaged in the debates on climate ethics and climate policies have advocated, it would be fairer and more welfare-efficient if the richest funded these climate actions. If the size of the total surplus money turns out to be insufficient, then the middle-classes can also be called upon for contributions.

The first reason for the argument that the richest should be the primary funders of climate actions is the one given in the previous section, which relates to overall welfare improvement: the surplus money of the superrich cannot be used to enhance their well-being; however, it could be more beneficial if it were invested wisely in climate action strategies. A modified version of the first reason is as follows. More and more climate experts and writers on climate change (e.g., Gardiner 2011) are claiming that we are dealing with a real disaster. Thus, if the issue of climate change is unlike our many everyday problems, then it is appropriate to apply the principle that anyone who can help, should help, although the ablest are expected to carry the most onerous burdens. This approach has led several philosophers to conclude that we should adopt "the ability to contribute principle" and that we should focus on those who are in a position to make a difference (Caney 2014; Shue 2015).

The second reason for the argument that the richest should be the primary funders of climate actions is related to the unfairness in the current situation. If one compares countries, then historically Europe has been responsible for many emissions, although North America's current average emissions per capita are much higher than the average emissions of other geographic regions. For example, the global average emissions arising from consumption amount to about 6.2 tons per person per year (and this should stand closer to zero in a few decades if we intend to avoid dangerous climate change). Nonetheless, the differences are enormous: 22.5 tons for North America; 13.1 tons for Europe; 7.4 tons for the Middle East; 6 tons for China; 4.4 tons for Latin America; 2.2 tons for South

Asia and 1.9 tons for Africa (Chancel and Piketty 2015). These averages tend to hide the vast inequalities within the countries in these regions, and that rich people everywhere can have lifestyles that cause emissions of up to 300 tons. Hence, Chancel and Piketty (2015) suggest imposing a global flat tax on air tickets, which could be used to fund climate adaptation measures. While I endorse this idea and have argued elsewhere that a tax on air travel is needed not only for climate reasons but also for economic fairness among different transport sectors (Robeyns 2019), I believe that this measure hardly goes far enough. Ideally, we should levy a worldwide ecological crisis tax on the superrich to finance the climate action funds. If that is not possible, governments should take the initiative to establish international agreements on what each country contributes to the global funds, and each country could on their own tax their most affluent citizens. Either way, the aim is to let the superwealthy contribute first to the climate action funds.

There are at least two aspects to the fairness reason for charging the rich for climate actions funds. The first argument is based on principles of rectification or compensation. Most superrich people have acquired their wealth by engaging in economic activities with negative environmental externalities. Market prices in themselves do not reflect the environmental damage embedded in the production and transport of commodities. If the environmental damage linked to economic production were appropriately incorporated in the prices (or as economists would put it, the negative externalities had been internalised), the prices would increase, causing demand and profits to fall. Hence, the fortunes of the superrich partially consist of non-paid compensation for environmental damage. The second aspect is that in some countries, the situation is even worse, mainly because the government directly or indirectly subsidises fossil fuel industries. Thus, part of the wealth of the superrich who own companies or work for them in these countries represents the ecological damage that has been passed onto society at large. Hence, from a fairness point of view, one can argue that compensation for these past negative ecological externalities could now be used to fund the climate action funds.

5. The Negative Incentive Objection

We have discussed two general grounds for economic limitarianism; we have also discussed a specific case that would provide a strong reason for charging the wealthiest for climate action funds before looking at less wealthy people. Nonetheless, we should also consider the objections to economic limitarianism if we wish to obtain a comprehensive judgement about whether this view is worth endorsing. Here, I will focus on one objection that is particularly important in an interdisciplinary context: limitarian taxations would be strongly distortive, and hence, the idea should be replaced with progressive taxation.[9]

Before I examine this incentive objection, it is important to point out that in all countries, making the taxation structure more progressive would be considered a move in the direction of limitarianism. Hence, from a transitional and pragmatic point of view, limitarians would strongly favour more progressive income and wealth tax rates and especially the closing of (international) routes for tax evasion (Dietsch 2015). However, we should investigate whether limitarianism offers a more robust response to the incentive objection.

The incentive objection starts by noting that if the argument from urgent unmet needs justifies limitarianism, then its goal is not to punish the superrich since there is no moral badness in being superrich *an sich*. Instead, the goal is to meet the urgent unmet needs that are captured by the three conditions that form the circumstances of limitarianism. Thus, if the ultimate motivation is meeting these urgent unmet needs, why not then endorse the Rawlsian difference principle in a slightly modified form? After all, if there is a moral duty to give away all surplus money, then a powerful disincentive has been added to the social product after one's income and wealth has reached the amount at which we consider all additional money "surplus money". Undoubtedly, the meeting of urgent needs is not helped if the wealthy face strong disincentives to earn an income above the wealth-line in the first place. The difference principle would weaken this disincentive since it allows the rich to become richer as long as the disadvantaged benefit too. In Rawls's theory, the difference principle states that in the design of the basic social and economic institutions in society, inequalities in social primary goods are allowed as long as they benefit the worst-off groups in society (Rawls 1999, 52–56). A modified difference principle could be applied not to the design of the basic institutions but to income redistribution, and could replace social primary goods with a combined metric of income and wealth. Wouldn't this distributive rule better serve the ultimate justification for advocating limitarianism?

This conclusion does not quite follow. Limitarianism *in itself* does not say what needs to happen to the distribution below the riches-line that seperates surplus from non-surplus money, and hence is silent on the legitimate inequalities among the non-rich; however, it is more radical concerning what distributive justice requires at the top end of the distribution. Under the difference principle, a person can be rich and have considerable surplus money; yet, from any additional money he or she earns, only a small fraction will have to be allocated to the worst off. The limitarian principle, however, would not allow this: all surplus money would have to be allocated to the disadvantaged, the unmet needs of the worst off and address urgent collective action problems. Limitarianism shares with the difference principle a strong redistributive aim, yet the two are distinct.

The opponents of limitarianism may launch their attack from a slightly different angle. Perhaps the incentive objection cuts deeper if it is stated directly without reference to the difference principle. Surely it must be the case that limitarianism entails a powerful disincentive for almost-rich people to contribute more to the creation of the social product by working harder, innovating smarter, and doing more business. The objection here concerns the idea of optimal income taxation, as it is known in public economics. The consensus among public economists is that the so-called "optimal top marginal taxation rate", which is the rate at which total tax revenues from income are maximised, is about 70%. If one increases the top marginal tax rate, the total tax revenues decrease. To the extent that limitarianism is seen as fiscal policy (and not as an ideal that should guide the pre-distribution institutional design or charitable duties), limitarianism equals a top marginal tax rate of 100%.

This poses a serious challenge to the arguments developed in this paper. The democratic argument is untouched by the fact that the optimal top marginal tax rate is lower than 100% since the democratic argument cares about political equality and not about maximal tax revenue that can be used to meet the urgent unmet needs. Hence, if we only care about the value of political equality, we should not reduce the top marginal tax rate below 100% as long as the latter can be shown to contribute more to the ideal of political equality.

By contrast, the argument concerning urgent unmet needs can be significantly undermined if the optimal top marginal tax rate is lower than 100%. Since the grounding value is the meeting of the urgent unmet needs, the sensible thing to do, *solely as a matter of policy concerned with the meeting of the urgent unmet needs*, is to weaken limitarianism and raise maximal tax revenues among the rich and the richest.

This move illustrates a potential tension among the different reasons for limitarianism. The argument concerning urgent unmet needs implies that we should opt for the optimal tax rate, whereas the democratic argument would rather forgo some tax revenue if an orthodox implementation of limitarianism better protects political equality. There is thus a potential tension between these arguments for limitarianism. Two things follow. First, we need to ask whether there are other reasons for limitarianism so that we can examine the possibility of additional tensions among those arguments and their practical implications. Second, as far as the tension between the argument concerning urgent unmet needs and the democratic argument is concerned, we have four options. The first is to opt for a revenue-maximising fiscal policy, together with a set of institutional reforms that strive to undermine the mechanisms that turn money into political power. Perhaps the residue of the unequal opportunity of political influence that remains in that ideal scenario is too small to worry us. Nonetheless, this is an empirical question that merits investigation. The second option is to maintain the view that unequal political influence still matters but that addressing urgent unmet needs trumps the democratic argument, and hence the need for the revenue-maximising fiscal policy. The third and fourth options are symmetrical to the first and second. In the third option we choose orthodox limitarianism (a 100% top marginal tax rate above the riches line), which fully protects political equality, and try to indirectly meet the urgent unmet needs by other means than fiscal policies (e.g., by calling on non-governmental agents of justice or entrepreneurs to tackle issues of urgent unmet needs). In the fourth option, we maintain that meeting the urgent unmet needs still matters but that addressing political equality trumps the meeting of the urgent unmet needs, which justifies the 100% top marginal tax rate.

If we care more about meeting urgent unmet needs than about the damage done to political equality due to the effects of surplus money, then the fiscal policy that comes closest to the limitarian view should be an income and wealth top tax rate that maximises tax revenue. However, this should not be regarded as a defeat of the limitarian view. First, limitarianism *as a moral ideal* would be unaffected, and we should encourage a social ethos among those who, after taxation, still have surplus money to direct that money towards meeting urgent unmet needs. Second, we should investigate non-monetary incentive systems to preclude the disincentive effects on the rich of high marginal taxations. In a culture where the material gain is not the leading incentive, people may work harder because of their commitments, challenges they have set themselves or intrinsic joy, esteem or honour.

I conclude that the incentives objection should prompt us to adapt limitarianism as applied to fiscal policies in line with optimal taxation design, to the extent that we weight the value of meeting the unmet urgent needs higher than the effects of surplus money on the undermining of political equality.

6. Implications

I introduced the term "economic limitarianism" in the literature on normative political philosophy a few years ago, and some other philosophers have also developed arguments and analyses about the reasons for economic limitarianism (e.g., Zwarthoed 2018; Volacu and Dumitru 2019; Timmer forthcoming). What lessons can we at this stage draw for those working on the capability approach and the human development paradigm? What lessons are there for practitioners and policymakers?

There are at least three lessons for society. First, an analysis of economic inequality and the ethical and political-economic analysis of the superrich are not just a matter of monetary inequalities but are in essence about the protection of some key public values, such as social justice, ecological sustainability, democracy and equal opportunities. An analysis that does not look beyond the monetary figures will miss the most crucial part of understanding what is wrong with being superrich. This is also an important reason that justifies multi-dimensional and multi-disciplinary analyses.

Second, climate change is a matter of ethics and politics, and it cannot be seen as separate from consumption and wealth inequalities. Climate justice and questions of distributive justice are deeply intertwined, and limitarianism can help scetch a vision of a world that is both less unjust, as well as ecologically more sustainable. Until very recently, climate change was mainly seen as a technical matter. Perhaps recent events witnessed a change in this mindset, given the deeply moralised and political protests from the youth against climate change, the rise of civil disobedience demanding robust climate actions from the governments and the fact that the distributive consequences of climate change are increasingly debated in the public sphere. Still, we need to understand that climate action at all levels is not just an "optional" matter that we may decide to pursue or not, but rather a matter of justice. Once we acknowledge that there is a great sense of injustice surrounding climate change, related to who produces the emissions and who bears the burdens, the argument for using surplus money to tackle the climate challenge becomes in my view very reasonable and much less radical.

One final lesson concerns the claim that we are living in post-ideological times and that the fall of the Berlin Wall in 1989 marked the end of struggles between different ideas of a good society and economic systems. This claim is simply not true. It is true that virtually all societies have embraced some form of capitalism; however, there are important differences between those different types of capitalism. One important difference is whether the type of capitalism allows for excessive wealth or not. When I studied economics, which was just after the fall of the Berlin Wall, I was taught that in the global North there were basically three types of economic systems in the world: capitalism as exemplified by the United States, communism as exemplified by the USSR and the Eastern European bloc and the mixed economies of Western Europe. The reason for the use of the term "mixed economy" was that it was a mixture between the economic efficiency that capitalism entails, yet without its hard and ruthless edges, for which (coercive) systems of solidarity were put in place in communist economies. These days, we hardly ever hear the word "mixed economy". However, whether we wish to start reusing the term or defending the welfare state or other forms of property-sharing economies more vigorously, the debate on what form of economic system we should want is not off the table. And the reasons given in this paper show that to value social justice, ecological sustainability, democracy and equal opportunities, one needs to tame capitalism, and collective social insurance and solidarity systems are also needed.

What are the lessons of the presented arguments for the human development approach and the capability framework? For the human development approach, an important lesson is that we should include the rich and the superrich in our analyses. Undoubtedly, the most important aim of the human development paradigm is to minimise the suffering of the worst-off and improve their quality of life. However, if this requires that, for example, we have an economic system that prioritises access to a decent life for all over the possibility for a few to become superrich, or if this requires that the protection of true democracy for all entails restricting economic freedoms of the superrich, then this needs to be part of our analyses.

The second lesson for the human development approach is to appreciate the urgency of climate change fully. Without a doubt, climate change has been discussed at human development fora, although there is a need that it be put centre stage more often. The limited attention to climate change is remarkable since disadvantaged people or developing countries will be hardest hit by climate change. There are huge economic injustices associated with climate change, and they need to be analysed and understood, and fair solutions should be advocated. There is significant literature on climate justice and climate ethics which explain who should do what, why, and for what reasons (e.g., Gardiner et al. 2010; Gardiner 2011; Broome 2012; Caney 2014; Shue 2014). The human development approach should engage more with that literature, since human prosperity is not possible on a planet that can no longer provide us with the physical necessities of a safe human life, and this body of literature helps us analyse it not as a technical but a moral and political issue.

For students and scholars of the capability approach, two additional lessons can be learnt. The first is that a monetary analysis and a capability analysis can be complements; it all depends what exactly one is aiming to analyse. This underlines a similar point made by Burchardt and Hick (2018). Since the capability approach in economics has largely been introduced as a critique of monetary metrics, this has sometimes been interpreted as a view that monetary analysis can be abandoned. However, that need not be the case. In fact, when we discuss surplus money, we need to refocus on income distribution but this time because of its negative effects on others' freedoms, capabilities and the common good.

Second, this paper has given us reasons to integrate the needs/wants distinction into a capability analysis. If we analyse the quality of life of the superrich or why one would like to have a lifestyle that leads to the emission of 300 tons CO_2 equivalent to GHG per year rather than 10 tons (or less), then we need to discuss whether spending money or emitting GHG is needed to meet one's basic needs or safeguard one's basic capabilities or whether these are capabilities or preferences satisfaction that corresponds to wants transcending needs. In mainstream economics, it is almost impossible to put the needs/wants distinction centre stage mainly because of the centrality of preferences and the radical view that outsiders can never judge another person's preferences-satisfaction level of well-being. In mainstream normative political philosophy, there is more scope for putting the needs/wants distinction centre stage. However, given the aversion to saying anything that violates core liberal principles, there is considerable hesitation to do so, although one may wonder whether, upon closer scrutiny, this would be a solid reason. Either way, given the high levels of persistent poverty that the world is facing alongside the ecological crises, we can no longer afford to work with theories and normative frameworks that do not enable us to say that at some point one is having, taking or consuming too much.

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Notes

1. While the view could be considered "novel" if one looks only at the contemporary literature on distributive justice, there have been many views in the history of economic and political thought that can be considered close relatives to economic limitarianism. For an overview of the historical predecessors, see Kramm and Robeyns (2019).
2. This paper is on *economic* limitarianism; that is, limitarianism in economic resources (income and wealth). The idea of limitarianism more generally refers to upper limits on the possession, use or enjoyment of valuable resources and hence could also be applied to other scarce, valuable resources, such as natural resources. In this paper, every use of "limitarianism" should be read as referring to "economic limitarianism".

3. *Pro-tanto* reasons are reasons that provide *some* support for a normative claim. However, there may be other *pro-tanto* reasons that provide a counterargument against the same claim. The ultimate answer to the question of whether one should endorse that claim is, therefore, only possible after an *all-things-considered judgment* in which all the relevant *pro-tanto* reasons are considered together.
4. Sections 2, 3, and 5 have been adapted from Robeyns (2017).
5. One exception may apply, and that is whether governments (at different levels from local to global government-like organisations, such as the United Nations) would be capable of addressing the three types of unmet needs effectively if they had the funds. In the so-called "failed states" or in countries that have very corrupt governments, the conditions may not be met. In these circumstances, it may be the case that private initiatives by rich individuals may be more effective in meeting the three categories of urgent unmet needs.
6. Examples of resource-dependent development interventions that contribute to poverty-reduction are micro-credit schemes or India's National Rural Employment Guarantee Act. The clearest case of a development intervention that is heavily resource-dependent is an unconditional basis income, or unconditional child benefit grants or elderly pensions as they exist e.g. in South Africa.
7. See *The American Human Development Report* (Burd-Sharps, Lewis, and Martin 2008) or Wolff and de-Shalit (2007).
8. In Robeyns (2017, 12–13), I analysed the similarities and differences in the arguments from urgent unmet needs and similar principles defended by Thomas Scanlon (1998, 224) and Peter Singer (1972).
9. Elsewhere, I responded to the objection that limitarianism would violate the principle of equal opportunities (Robeyns 2017, 33–34).

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