Published on *Adam Smith Institute* (http://www.adamsmith.org)

Common Error No. 68 [1]

Written by **Dr Madsen Pirie** [2] | Saturday 22 March 2008

68. "Great inequalities of income cannot be justified."

Inequalities of income do not need to be justified. The economic rewards in market-oriented societies are not supposed to be just. They reflect the economic worth of the goods and services provided, and in no sense correspond to our notion of justice or moral worth.

It might not be "fair" that a dedicated nurse earns so little, when a popular entertainer can pocket millions by recording a few songs. It is not supposed to be fair. The point is that, vital and worthwhile though the nurse's services are, they are performed to few people. The popular entertainer, on the other hand, performs a service which millions of people are prepared to pay for. The economic reward is greater because he or she satisfies greater numbers. There is nothing fair or unfair about it.

Attempts to replace the rewards given dispassionately by the market with ones corresponding to our scale of values lead to disruptions and shortages. If we pay social workers more than truck drivers because we think they are "worth" more, this will cause a surplus of social workers and a shortage of truck drivers. The wages of truck drivers will no longer attract sufficient numbers of ambitious youngsters into the profession, whereas more will go into social work than are needed.

Wages tell us what certain jobs are worth and if we try to set them arbitrarily we lose the spontaneity and self-correcting mechanisms of the marketplace. The prospect of high incomes attracts people into certain types of economic activity which bring widespread benefits, and rewards usually come to those who provide popular services. Income inequalities, far from being bad, are what encourage more people to undertake activities there is a demand for. The prospect of high incomes spurs people to ambition and achievement, and to bring benefit and satisfaction to other members of society in the process of attaining them.

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