

## Well Being and Being Well Off

By Fred E. Foldvary

In the Economic Justice Discussion Room of The Progress Report there has been a conversation on the meaning and measurement of being "well off." It has been noted that being well off is both relative and absolute.

I see three ways in which one can define "well off." **First, one is better or worse off relative to the distribution of wealth or income in a particular society.** Economists often measure the distribution of income by dividing society into quintals, or five divisions, from the poorest fifth to the richest fifth (see [measuring inequality](#)). Those in the highest quintal are relatively best off. In terms of the categories of income, if much of the income of an economy is going to land rent, then landowners are relatively well off compared to laborers, as indeed they are in many countries.

quintal, quintile? what's the distinction?

**Secondly, being well off can be thought of as relative to the typical person in the economy.**

In the USA, for example, a typical person has a dwelling to live in, a car, furniture, and goods such as a television set, telephone, stove, refrigerator, and a computer. The typical person has enough human capital (education and skills) to be able to communicate with others and know how to handle money and goods and avoid trouble with the authorities.

Being well off relative to what is typical also means that one has some confidence that one will continue to have such goods, that they will not be arbitrarily confiscated, and that one has insurance against disasters and theft. Well being also requires security of one's person, that one is reasonably safe from attack. The typical person who is well off also has reasonably satisfactory relationships with people and animals, and also the liberty that is typical for the majority; he is not a persecuted minority.

One can have all this and still not be happy, so well being is not a synonym for happiness. It just means that one has the material goods, security, liberty, and relationships typical for the average person in a society, or better than typical.

**Third, one can define "well off" in absolute terms.** The opposite of "well off" is "ill off," with synonyms "bad off" and "unwell off." One is ill off if one's income is at subsistence or worse, subsistence being a level of income that provides just enough for basic survival: basic food such as rice and beans, minimal shelter, and basic, inexpensive medical care.

Being absolutely well off means,

- first, that one is able to rise substantially above subsistence through peaceful and honest means, whether from one's labor, from one's rightful share of natural and contractual benefits, or from gifts.
- Secondly, to be absolutely well off requires complete liberty, so that the only legal restriction is the prohibition of coercive harm to others. Liberty includes security against attack, either by government or by private persons, since one is not really free if one is under substantial threats of death and theft against which one is helpless.

With liberty, one is free to establish whatever relationships one wishes, so long as others are also willing. With liberty and the ability to obtain wealth, one can obtain assurance of future wealth both because one is able to earn it and also because one is able to store wealth and insure oneself against risk.

My Dictionary of Free-Market Economics defines "well-being" as "The amount and degree to which individuals in an economy are able to pursue and attain their ends." **The only requirement for absolute well being, for someone who is mentally and physically able to produce wealth, is liberty.** With liberty, one can obtain wealth, friends, and future security, express oneself as one pleases, and enjoy life in accord with one's values and lifestyle preference.

Being absolutely well off does not involve any particular level of wealth beyond subsistence, since this depends on personal preference. An artist may prefer to live at subsistence and devote her time to art, and that person is absolutely well off because she is pursuing happiness in her own way. As with relative well being, one can be well off in the absolute sense without being happy, as for example a person who has much wealth but has lost love or has a serious illness.

What is required for there to be complete liberty? There must be a basic law such that any act that does not invade the domain of others is not prohibited or taxed. In liberty, there are only prohibitions if there are victims who are coercively harmed, and there is restitution for damages to others. In liberty, people have equal rights and no special legal privileges. In a free society, nobody starves, because one is able to save for the future, because one obtains one's equal share of natural and civic benefits, and because the sympathy of society will not let people starve.

The economic policy of liberty has four rules:

1. To the creator belongs the creation.
2. The profit of nature's creation belongs equally to all.
3. The benefit of what is created by government belongs to all the people in its jurisdiction.
4. When the initial distribution is just, the outcomes of free exchange are just and should not be hampered.

Follow these rules, and everyone in the society will be absolutely well off.

-- Fred Foldvary

