



The Quackery of Equality

by Lawrence W. Reed

“Free people are not equal, and equal people are not free.”

Summary

“Free people are not equal and equal people are not free” is a profound truth that politicians forget when they try to force economic equality through punitive taxes and regulations. Punitive federal estate and luxury taxes provide examples of the destructive consequences of this misguided egalitarianism.

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Economic equality in a free society is neither obtainable nor desirable. Free people are different people, so it should come as no surprise that they earn different incomes.

I wish I could remember who first said that. It ought to rank as one of the great sayings of all time, and one that is fraught with profound meaning.

Equality before the law—that is, being judged innocent or guilty based on whether or not you committed the crime, not on what color, sex, or creed you represent—is a noble ideal and not at issue here. The equality to which the saying above refers pertains to economic income or material wealth. Put another way, then, the saying might read, “Free people will earn different incomes. To make them receive equal incomes, you must make them unfree.”

The quest for economic equality becomes an issue every time the Michigan Legislature or the U.S. Congress discusses changes in tax law. During the presidential debates, Al Gore disparaged “the wealthy” at least 15 times as he argued against George Bush’s proposed tax cuts. Some of the opponents of ending the estate tax express a subtle but overriding desire to punish the successful, as President Clinton did when he vetoed Congress’s repeal of the tax earlier this year. Those who traffic in class warfare rhetoric seem to think that measures to make us all more equal in terms of income and wealth are a good idea. A little economic education is in order.

Economic equality in a free society is neither obtainable nor desirable. *Free* people are *different* people, so it should come as no surprise that they earn different incomes. Our talents and abilities are not identical. Some of us work harder than others do. And even if we all were magically made equal in wealth tonight, we would be unequal again in the morning because some of us would spend it and some of us would save it.

To impose economic equality, governments must issue these orders and back them up with firing squads and prisons: “Don’t excel or work harder than anyone else, don’t come up with any new ideas, don’t take any risks, and don’t do anything differently from what you did yesterday.” In other words, don’t be human.

The fact that free people are not equal in economic terms is actually a cause for rejoicing. Economic inequality, when it derives from the voluntary interaction of creative individuals and not from political power, testifies to the fact that people are *being themselves*, each putting his uniqueness to work in ways that are fulfilling to himself and of value to others. As the French might say, *Viva la difference!*

People obsessed with economic equality, or “egalitarianism,” do strange things. They become envious of others. They divide society into two piles: villains and victims. They spend far more time dragging someone else down than they do pulling themselves up. They’re not fun to be around. And if they make it to public office, they can do real harm. Then they not only call the cops, they *are* the cops.

Examples of injurious laws motivated by egalitarian sentiments are legion. A classic case was the 1990 hike in federal excise taxes on boats, aircraft, and jewelry. Its sponsors in Congress presumed that only rich people buy boats, aircraft, and jewelry. Taxing those objects would teach the rich a lesson, help narrow the gap between the proverbial “haves” and “have-nots,” and raise a projected \$31 million in new revenues for the treasury in 1991.

However, a subsequent study from the Joint Economic Committee of Congress showed that the rich did not line up by the flock to be sheared. Total revenue from the new taxes in 1991 was less than \$17 million. Especially hard-hit were workers in the boating industry, where 7,600 jobs were wiped out. In the aircraft industry, 1,470 people were pink-slipped. In jewelry manufacturing, 330 joined the jobless ranks. Outlays for unemployment benefits to those who lost their jobs came to \$24 million. To advance the cause of economic equality by punishing some, Congress succeeded in nothing more than making America a little bit poorer.

If economic inequality were an ailment, punishing effort and success would be no cure. Laws that aim to redistribute wealth prompt the smart or politically well-connected “haves” to seek refuge in tax shelters and other economic havens here or abroad, while the politically powerless “have-nots” bear the full brunt of economic decline.

This economic equality thing is not compassion. When it’s just an idea, it’s bunk. When it finds its way into public policy, it’s political quackery writ large.

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