

The One-Two Punch of Equalization

Article by Bill Anderson at Mises: “Yes, Heather Cox Richardson Is Economically Illiterate – And Proud of It”

How illiterate? Mistake Great Depression and WW2 for best times ever

Laments the proliferation of the idea that income/wealth inequality is the “problem”

Promoters of income/wealth “equality” face two problems:

- 1) Innate absurdity of the position; Wilt Chamberlain example
 - Extend Wilt Chamberlain example to increased production (sourdough?)
 - Negative effects on all entrepreneurship, which drives economic growth
 - Actual theft is taking people’s pay/land/etc. for some dubious “public purpose”
 - Or failing to punish actual thieves, which is something gov’t is “supposed” to do
- 2) Utility of that position for big gov’t: Constant meddling required to maintain equality between Isaac Industrialist and Cecil Coke-Addict, and the result is wages paid to bureaucrats and more and more resources given to those who waste them; you can literally drain a society dry like this

Socialists believe the “problem of production” is solved and all that’s left is to decide how to distribute
But this assumes the State owns everything by virtue of being able to shake people down
It’s also as wrong as Marx’s idea that factory management is just basic arithmetic

Constant shakedowns cut production surprisingly fast

Only took a few years for Stalin to turn Ukraine from breadbasket into famine

All he did at first was to take farmland from those who knew how to farm and give it to those who didn’t; later enforcement was a reaction to falling productivity, and made things worse

Robert Conquest book *Harvest of Sorrow*: lots of bickering about who the Kulaks were, with definition getting looser and looser

“A guy who can afford to own a goat is a Kulak”

You end up with people so impoverished nobody can even have a goat

“Great Compression” nonsense: Great Depression and WW2 were “great times” (for income inequality)

Mass poverty, joblessness, unrest, command economy, rationing, killing, destroying

Richardson counts the Great Compression from 1933-1981 which just muddles things even more

GDP as a measure has a problem because gov’t spending is put in there without asking what that spending did

Why do that when most of G is making big lumps of steel and sinking them to the bottom of the ocean or blowing them to smithereens?

Or when G is buying a bunch of hogs and slaughtering them so they don’t end up on the market (G. Depression)

One-two punch:

- 1) Tax the rich and waste the proceeds on a growing bureaucracy; also discourage producers from producing; also obligate future governments to pay new bureaucrats

“Yay, we reduced inequality by discouraging people from making surpluses!”

“Look, employment is up! A hundred thousand new bureaucrats!”

2) Blow up asset bubbles and hand a bunch of new money to big business, pulling purchasing power away from the poor, handing it to chosen “winners” who promote gov’t narratives

“Wow, look at the stock market and the housing market! I’m sure those interest-only mortgages are fine!”

That one-two punch creates a cycle by which gov’t makes itself bigger and bigger, consuming any surplus created by innovation or entrepreneurship

At least, we hope it stops before it outpaces those... because when it does, things can get bad fast

Solution? Mises: Shrink the State, laissez-faire, get rid of welfare state and go back to private charity
Rothbard/Hoppe: Decentralize, get rid of coercive parts of State, voluntarize/privatize