

On Being Equal

By John Hospers

Let's suppose we all start out equally, say with \$1000. How long would this equality last?

Some people would spend the whole thousand the same day and be penniless by nightfall. Others would spend it in a week, others in a month. Still others would put the money to work: in a bank, to collect interest; or in stocks or bonds; or as down payment on a farm or shop. The most adventurous ones would put the whole \$1000 into some such new enterprise and even borrow, at interest, from others. With this they would buy a plant and materials, and put other people to work. These workers would then be able to save their original \$1000 and spend only out of what they had earned. But they would not have been able to do this if the enterprising people had not created the businesses that provided them the work.

And so by the end of a year, let us say, some would have nothing, some would have part of the original thousand, and others would have multiplied the original amount many times over. They would end up with unequal incomes.

Suppose now that the government intervened to make it all equal again. Those who had nothing left would get \$1000. Those who had \$100 left would get \$900. Those who had more than \$1000 would have to give up the surplus to provide the others with what they had spent. What would happen now?

Those who had spent it before would spend it again, believing that the government would reimburse them for what they had spent. Those who previously had spent some but not all of it would now spend it all, knowing they'd get more from the government the more they spent. And what of those who had multiplied their returns? They'd be very cautious about doing it again, believing that it would only be taken away from them at the end of another year. So they'd probably spend it too. But if everyone did that, whence would come the goodies to be distributed the following year?

The moral of this little tale is very simple: if everyone received the same income no matter what each did, soon there would be nothing left to distribute. There would be equality, but equality of zero. If people are to achieve anything, they must be able to keep at least a good part of what they have earned; otherwise there will be no point in trying to improve themselves by earning more-while incidentally providing employment for others.

Commensurate Rewards

People's achievements are unequal. People's labors are unequal. People's efforts are unequal. Accordingly, it is only natural that their rewards should be unequal.

But some people object if rewards are unequal. Many a person, seeing others earn more income than himself, says: "They're getting too much! Take it away

from them!" A professional robber will do the job himself and hold up the other person at gunpoint, or burglarize his house while he's away. But most people don't dare risk this. They do it another way. They vote for senators and representatives who will in turn vote in Congress to take it away from those who have earned it, so that it can be given to those who have not. Not wanting to take the risks and see the blood themselves, they hire a stick-up man who will use force and threat of force to do the job.

Doing the stick-up job via one's congressman may give some people a kind of satisfaction-it has brought the achiever down to their level. But by doing this they have, of course, robbed the man who earned it; not only that, in the end they have robbed themselves too. They may be accustomed to having consumer goods which the achiever has produced; and if they keep on taking his income away from him, finally he won't care to produce any more. Why go to the trouble and expense, and risk of laying his money on the line for uncertain returns, if it's only going to be taken away from him anyway? Aside from the loss of motivation to produce, in the end he won't be *able* to produce.

To produce, the achiever has to have capital, to keep his equipment renewed, to pay his workers, to modernize his plant. He won't be able to do any of these things if he can't keep what he earns. And when the factory closes, his employees will be out of work. So there are already several disadvantages to this scheme: he will be bankrupt, the employees will no longer have work, and the consumers will be without a product they had before.

Yet in spite of this, many people are envious of those who succeed. "We should all be equal," they say, "not only before the law, but in income." The people who say this are usually the people who don't produce anything and want to be taken care of by the people who do.

Imitate Success

Let us not try to take it away from the man who succeeds. Let us not even envy him; rather let us try to emulate him if we can. Meanwhile, let us realize how much we depend on him. Those to whom we owe the debt, we would not be able to repay in a hundred lifetimes. How many lifetimes do you think it would take you or me to repay Thomas Edison for all he did to advance the human condition? When you pick up a telephone, think of the thousands of people whose efforts have made it possible for you to dial and reach in a few seconds a person three thousand miles away. Could you have done it yourself? No? Then don't resent or rob the persons who did-not as long as you desire to use the services they have made available to you.

And remember that those who make a lot of money are no threat to you. If you don't like the rock singer who earns half a million a year, remember that you don't have to patronize him. You don't have to contribute one penny to his success. Whether or not he succeeds is entirely up to consumers of his product. As long as he earns his money from those who voluntarily pay to hear him, you have no reason to resent him. You are perfectly free to ignore him-which is more than you can say of the government. You pay not one penny of extra tax because of his success. In fact you probably pay less because he pays more.

There's another point often forgotten. No person can produce a product or a service on the free market by forcibly taking money from other people. He may spend all his money and borrow more to start up a business that makes a new product, and if he earns a million dollars from it (and the chances are very much against this) the only way he can do it is to produce in quantity a product that millions of people are willing to buy at the price for which he offers it. And they will do that only if the product is better or cheaper than the competition offers.

The president of General Motors is an influential man, but he has no power to arrest you if you don't buy his products, or to try you or fine you or jail you if you refuse. He offers you a product at a price, and if you don't want to pay the price you can turn to someone else. At least that's the way things are in a free competitive society. Competition keeps the price down, and keeps the producers always on their toes.

Why Governments So Often Behave Irresponsibly

It's all very different with government, of course. When the government does something, it doesn't have to make money; almost always the government enterprise loses money, and spreads the loss to you and the other taxpayers. There is no competition to keep the price down, for the government creates a monopoly. The government-operated Post Office Department won't permit anyone else to handle first-class mail. If it did, the Post Office Department would be out of business in a week. It can maintain its status only by being a monopoly. Nor is there any great incentive to offer efficient service, or to serve you well. After all, if you don't like it, what can you do about it? You can't go to any private handler of mail because that's not permitted. You have to go through the government or not have such a service at all-and they know it. That's why government personnel are often so cynical and so inefficient. That's why bureaucracy is always unwieldy and wasteful: the money they're using is not their own money, but *yours*. If a person is spending money he earned himself, he is usually pretty careful about how he spends it because he knows how hard it was to acquire (if he does spend it wildly, then he's broke, and that's his problem, not yours). But if he's a government official, and has millions of your dollars to spend, he won't be nearly *as* careful-he probably won't be careful at all. Would *you* be as careful how you spent it if you suddenly had a million dollars of other people's money to spend, and even if you misspent it or wasted it you knew you could tax people and get more where that came from?

But most people seem confused about this difference. They don't see that when a corporation president buys a yacht, no one else is taxed to help pay for it. But when the president of the United States gets a yacht, the taxpayers will have paid for it down to the last bolt and screw.

Is It Worth It?

Sometimes the service you get in return for your tax dollar may be worth it. Maybe the president is worth what he gets. Maybe congressmen are too, though at the moment many seem to be largely concerned with spending taxpayers' money. Sometimes the police are worth it: that depends on where

you live and how much you need them and how well they respond to those needs. But many others are not-especially the endless array of government regulators in the thousands of government agencies, who dream up one regulation after another by which they can cripple your business and bury you in unnecessary paper work filling out their forms, and take out of your paycheck in taxes the money they use to regulate you. They may not know anything about your business, but they can still force you to conduct it their way.

And so it comes to this: there are producers and nonproducers. People produce in various ways: new products, new versions of old products, services, inventions, ideas; both workers and managers are producers, each in his own way. Nonproducers, by and large, are to be found on the receiving end of a government payout, paid for out of your labor.

This, of course, places an ever heavier burden on the producers. If they are squeezed much further, production for trade will finally cease, and we shall be in a state of splendidly equalized destitution. It is time that we brought this mania for equality to a halt. For if we do not, we shall indeed all be equal, in poverty and starvation.

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