Reject Both Identity and Egalitarian Politics

The push-back against identity politics by disillusioned leftists is welcome, but the striving to replace identity with economic equality as the guiding political principle? Not so much.

I won't spend time on the problems with identity politics, a zero-sum game if ever there was one. The virtue of universalism extolled by classical liberalism seems indisputable. Why wouldn't everyone begin with the same entitlement to life, liberty, and the pursuit of happiness free of government impediment?

As a general matter, past crimes committed by some long-dead people against other long-dead other people cannot be rectified without creating new crimes and instigating an unending chain of grievances. That's no recipe for the liberty, cooperation, and peace that our individual and social welfare require. Identity politics is founded on collectivism, according to which people are judged by their membership, typically involuntary, in a racial or ethnic group. The obsession with identity has now gone from the ridiculous (skin color) to the absurd ("gender"), but that's a topic for another day — perhaps. It's a minefield.

So let's turn to the proposed replacement: economic equality, sometimes called class-based politics. A contingent of people, including but not limited to some orthodox Marxists, have pointed out that identity politics has tragically taken our eyes off the ball. Instead of focusing on something that can unify all "oppressed" people — the wealth and income gaps — we have been misdirected toward something that needlessly divides them and reduces or obliterates their ability to resist and to make things better. One proposal is to replace race-based government programs like affirmative action with class-based versions that give preferences to people with less-affluent upbringings. (One finds this view expressed in a heterodox publication I like quite a bit, *Spiked Online*.)

Why is that not a promising alternative? Because it is riddled with fallacies. I'm not saying we have no good way of talking about class; many classical liberals have done so. Karl Marx himself, who is dubiously credited with creating class analysis, acknowledged his debt to the early French laissez-faire liberals for their pioneering work in the field — before he proceeded to mangle it because of his fallacious economics. According to the classical liberal view, the state creates class antagonism by appropriating wealth from the industrious people (the tax-producers, who include, along with nonmanagement workers, the creators of businesses and employers) and giving it to their cronies (the tax-consumers). This sets in motion a social conflict with wide ramifications.

Needless to say, most contemporary class analysts are not of the classical liberal variety even those who are increasingly suspicious of state power. They still suffer the fallacy that economic inequality is an inherent bug in market-oriented societies that requires forcewielding enlightened rulers (Bernie Sanders or Alexandria Ocasio-Cortez perhaps) to intervene.

I think that the pursuit of economic equality is doomed to fail because it clashes with immutable reality. I emphasize, though I shouldn't have to, that I am not talking about legal equality, equality of liberty, or what Roderick Long calls "equality of authority." (Equality of opportunity is a slippery term if it means more than freedom from government impediment.) I mean only income or wealth equality.

Why would the quest for that kind of equality clash with reality? It must do so because individuals will never be the same in many key respects. They differ vastly in talent, drive, energy, ambition, entrepreneurial intuition, and more. These things are clearly relevant to their degree of ability to create wealth and earn income through voluntary exchange in the marketplace. We all know that not everyone is equally endowed with the ability to produce value for consumers, say, by organizing a business. That would be the case even if everyone had a good upbringing and no one was forced to attend a decrepit government school. That's just the way it is.

A serious attempt to create economic equality, or even something close, would create the nightmare world envisioned in Kurt Vonnegut's short story "Harrison Bergeron." The philosopher Robert Nozick's *Anarchy, State, and Utopia* set out a scenario that is only slightly less dystopian. He pointed out that even if everyone started the day with the same amount of money, they wouldn't finish the day that way because some would have been better at pleasing consumers than others. So what now? If the goal remained perfect equality, government officials would have to start each day by redistributing the money evenly again. What would that do to people's incentive to produce? The policy might lead to equality, but it would be at an abysmally low level. Only the envious would be satisfied, but envy is no basis for a prosperous or pleasant society. So which do we prefer: equality of poverty or inequality in which the lowest living standard is higher than it would be in the egalitarian dystopia?

The connection between inequality and actual living standards is illusory. Imagine a rising elevator: the ceiling goes up, but so does the floor. Now imagine a rising accordion-like elevator that rises: even as the distance between the ceiling and floor increases, the entire unit goes up. This demonstrates the distraction of focusing on inequality.

The vast difference in incomes and wealth among people in the United States, which defines classes, obscures the more-important *shrinking* of the gap in consumption. For decades now, lower-income people have had progressively easier access to life-improving conveniences and necessities that the upper class once had only at enormous expense — if at all. (Not long ago, no rich person walked around with a powerful computer/communications device in his pocket.) One-time luxuries have become commonplace necessities and affordable for virtually everyone even as they have greatly improved in quality.

In fact, if you measure this increasing access to products, not according to money prices (which are confounded by inflation and other things), but according to how long the average employee must work to earn the necessary money (time price), the picture that emerges is astounding. This is a good measure because we ultimately pay for things with our effort.

Average working people today toil a fraction of the time their parents and grandparents did to earn what it takes to buy not just the same products, but much better ones. In other words, we all get more and more utility for free. Think about it: if today you can buy something with only 15 minutes of work instead of the hour you had to spend before, you obtain three-quarters of the product's utility gratis. You have money left over for other things that you previously could not afford.

How does that happen? It happens through dramatic increases in productivity, which are made possible through investment (of savings and profits) in innovative technologies, which in turn are made possible by human ingenuity. ("The ultimate resource," the great Julian Simon called it.) Better machines, computers, tools, and other inputs vastly increase the power of unaided labor, enlarging the volume of goods that can be produced in an hour. When that happens, wages go up and time prices fall. That is called progress, though I don't mean to imply that money is all that's required for happiness. (We also ought to pay tribute to fossil fuels and their producers, without which this could not have happened.)

One more ingredient is needed: competition among producers and employers free of government fetters. Without it, the potentially improved terms of trade won't be converted into consumer welfare.

These insights are is central to a new book, *Superabundance: The Story of Population Growth, Innovation, and Human Flourishing on an Infinitely Bountiful Planet* by Marian L. Tupy and Gale L. Pooley. But I first encountered this insight in *Myths Of Rich And Poor: Why We're Better Off than We Think* (2000) by Michael W. Cox and Richard Alm. (Listen to Keith Knight's interview with Tupy.)

What ought to matter, then, is not the differences in living standards but the absolute levels. The change at the lowest level alone is a good proxy for the general condition. Equality is a chimera and a destructive one at that. What we should want to see eradicated is real poverty, not inequality. Poverty is a comparative matter as well, however, since no matter how affluent the lowest income group is, it is still at the bottom. So the focus on (relative) poverty can also be an unfortunate distraction. We must keep our eye on the ball: real poverty.

America’s lowest-income population is better off than even their recent ancestors, not to mention many people around the world today. But that doesn’t mean it couldn’t be even richer. The way to bring that about is to eliminate every government impediment to wealth creation, business formation, entrepreneurship, and labor mobility. That means eliminating everything from business regulations and subsidies to occupational licensing to home-building restrictions to intellectual property to taxes and much more. That’s a large enough agenda to keep any politician busy for a while.