L. P. Hartley in his novel *Facial Justice,* a world within which handsome men and beautiful women are forced to undergo surgery to correct their envy-provoking excesses of sexual appeal, or the equally horrendous world described by Kurt Vonnegut in his short story "Harrison Bergeron," a world within which men and women above the average are cut down to mediocre size by the implantation of anti-pacesetters.

The key to the sort of equality favored by the left is simply this: the state of affairs they desire can be worked toward either by a "leveling up" *or* a "leveling down." Almost invariably the latter procedure is that which is adopted. For example, many private schools in my country which have tenaciously held to high academic standards and have provided the community with sensitive artists, talented surgeons, insightful writers, and gifted engineers, are under fire as being "elitists," and are, in effect, under pressure to relax their standards and sink to the mediocre level characterizing our schooling system as a whole. "Equality" demands it, you see!

Equality Before the Law

Adam Smith's understanding of "equality" did not lead to the adoption of such ludicrous policies. By "equality" he referred to *equality before the law.* There should be, he asserted, no classes, castes, or elites somehow "above" the law; no individuals or set of individuals who are the beneficiaries or victims of laws which applied only to them. It was this vision of equality which the Greek historian Thucydides celebrated when he praised his beloved Athens because in Athens "[when] it is a question of settling . . . disputes, everyone is equal before the law." A similar vision was embraced by Thomas Jefferson when, in his First Inaugural address, he advocated "equal and exact justice to all men, of whatsoever state or persuasion, religious or political." Such an understanding of "equality" may well preclude laws which, by "positive discrimination," seek to rectify past wrongs; only thus, however, is it possible in principle to preclude laws which perpetuate or initiate special privilege. The rules of the game must be the same for all; in that sense, and only that sense, the players—governed and governors alike—are "equal."

What About Justice?

But what about "justice"? If "unequals" are treated "equally," unequal outcomes are inevitable. The free market in the free society of necessity generates inequalities in income and wealth. It seems intuitively obvious that the most "just"—i.e., "fairest"—way to divide some good between people is to give each person an equal share of that good.

Five people, for example, may find themselves marooned on a desert island graced by trees bearing coconuts: is it not "just" that each person should be given one-fifth of the coconuts? Since the free market in the free society, while certainly improving the lot of the poorest and putting an end to inequalities of wealth and income created by the existence of class and caste, does not distribute income or wealth "equally," "justice" demands a massive redistribution.

One can, in this context, make some pragmatic as against principled points. The attempt to redistribute wealth so that the difference between the highest and lowest incomes is minimized usually involves—certainly in a fettered market economy—progressive taxation and high marginal taxation levels. Unfortunately, however, such levels jeopardize capital formation, the *sine qua non* of economic growth and an improved standard of living. For a high marginal taxation rate hits saving in three ways: it taxes away the very dollar individuals have the highest propensity to save; it deters people from earning that dollar in the first place; and it taxes away the earnings from such investment. A *cut* in marginal taxation levels thus imparts a triple stimulus to savings and investment, but only a single stimulus to consumption.

Consider, for a moment, the third way high marginal taxation levels deter saving. Joe Doe, who earns a moderately high income, wins the lottery. After tax he has $100,000. Two incompatible desires torment poor but rich Joe: blow the lot on an outrageously extravagant car, or invest the money at 15% and add $15,000 *per annum* to his income stream. The "cost" of the car is considerable: the forgone $15,000 *per annum.* A 50% marginal tax level reduces that "cost" to $7,500 *per annum.* The pre-Thatcher 97% marginal tax rate which obtained in the United Kingdom reduced the "cost" of the car to $450 *per annum.* At *that* level a person who does *not* choose to purchase the car is operating, to put it gently, with a somewhat bewildering ranking of values. Bluntly, a high marginal taxation level encourages extravagant consumption, deters saving, and erects an almost insuperable barrier against capital formation. *And the ultimate victims are the poorest.*

Yet this pragmatic point is, to me, less important than a principled point. It is *not* clear to me that, when one ties the existence of some good to the production of that good, "justice" dictates any redistribution.

Almost invariably left-wing analyses of "justice" start off with an existing good to be shared between a number of people—five castaways on a desert island containing some coconuts or several folk adrift in a boat