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Piketty's Book -- Just Another Excuse

For Legal Plunder And Expanding The State

by George Leef of the Pope Center

*Thomas Piketty’s Capital in the 21st Century is by far the most talked-about book of the year.*

George, that's why you are writing this essay. The defenders of the one percent have to fight back and try to undo the damage that is being done by Piketty's book.

*Liberals who are predisposed to wanting higher taxes to redistribute wealth and expand the scope of government have praised the book to the heavens.*

George, you conservatives have no problem with using tax money to redistribute wealth to the rich - you only have a problem with using tax money to redistribute wealth to the poor.

When our taxes are used to provide billions of dollars in subsidies to the oil & coal companies and to farmers, you are in full support of that redistribution of wealth. But let a veteran apply for food stamps, and every cameraman at Fox News will be right there to record the crime.

*On the other hand, conservative critics have often punctured the author’s theory about capital accumulation and the his quantitative case that inequality has been getting “worse.”*

George, good point. Believing that inequality has been getting worse would be like believing in evolution, or manmade global warming ... or gravity.

*For example, in the May 15 Wall Street Journal, Harvard professor Martin Feldstein argued that “Piketty’s Numbers Don’t Add Up.” Feldstein shows that Piketty has ignored the effects of tax law changes that bear on the degree of inequality in the U.S. Other critical reviews of Piketty have noted that he omits many benefits that go mostly to poorer people.*

George, that must be why they are doing so well. In fact, things are going so well for the poor in America, that millions of them ...

don't even work anymore.

*Those responses to Piketty, accurate though they are, do little to blunt his message that the rich are already too rich and will keep getting richer unless government steps in to impose substantially higher taxes on them.*

George, instead of "impose" substantially higher taxes on them, it would have been more honest to say "restore" the substantially higher taxes on them.

George, here's a link that will show you what I mean:

[http://en.wikipedia.org/wiki/Taxation\_history\_of\_the\_United\_States#Income\_tax](http://en.wikipedia.org/wiki/Taxation_history_of_the_United_States%23Income_tax)

*Arguing against Piketty on the grounds that inequality isn’t as great as he says is futile. It’s like trying to file down the tip on your dueling opponent’s sword – the darned thing will still be lethal. Rather than going after Piketty’s numbers, we need to go after his philosophy.*

George, smart move. When you can't survive a debate against the facts, a philosophical argument is your only hope. I learned that debating Creationists: philosophical arguments are the only arguments they have.

*What he has penned is an apology for the use of state coercion to take property away from some people who supposedly have too much.*

George, you remind me of pro-lifers. They never refer to a "fetus." They always call it a "child" or a "baby" in order to appeal to the emotions. You just used the exact same tactic when you substituted the emotional term "state coercion" for the actual word "taxation."

*Piketty’s countryman Frederic Bastiat coined the perfect term for that more than 150 years ago in his short book The Law. Bastiat called it “legal plunder” and saw it as a purely destructive force, both economically and morally.*

George, so why isn't it "legal plunder" when taxpayers subsidize super-rich oil companies?

*We already have a great deal of legal plunder.*

George, you're right. In addition to the groups I listed earlier, we could add in all the corporations that receive government handouts. We could also add in all the corporations that receive huge tax breaks and other incentives and bonuses, paid for by taxpayers. One example being - a football stadium.

*Monsieur Piketty wants more.*

George, Piketty wants more of the legal plunder, as you call it, to go to the poor. You conservatives want as much of the plunder as possible, to go to the rich. *That's* the difference.

*Legal plunder appeals to envious and resentful people who want to see the successful pulled down and their wealth redistributed to themselves.*

George, apparently legal plunder also appeals to all the companies and corporations I listed previously since they take every taxpayer penny the government allows them to take. And, they pay large sums of money to retain lobbyists to pry away more taxpayer money than the government wants them to take.

Wall Street received unheralded sums of taxpayer money to bail out the financial market after they crashed it. Funny, you haven't mentioned that redistribution yet. And then there are the giant automakers and banks who were deemed "too big to fail." That was the largest legal plunder in Earth's history. Yet you have no issue with legal plunder ... as long as it goes to the rich.

*Legal plunder also appeals to politicians who can take advantage of those character flaws, telling people, “Put us in power and we will level the unjust wealth disparities in society.”*

George, why do you consider leveling "the unjust wealth disparities in society" to be something that appeals to a character flaw?

*Piketty’s book thus dovetails with Barack Obama’s “They didn’t build that!” rallying cry to his base and reinforces the cancerous idea that it is a proper function of government to make sure that no one gets “too rich.”*

George, can you name one bill that, if passed, would make sure that no one gets too rich?

No, you can't. That was the Straw Man logical fallacy.

*But redistribution of wealth is not a proper function of government.*

George, if government were prevented from redistributing wealth, how could the Koch Brothers be expected to continue to run their businesses without those huge government subsidies and tax breaks?

*Government, as Bastiat explained, should protect the liberty and property of each person against aggression, foreign or domestic. It becomes the aggressor when taxation (or eminent domain or other tactics) is used to confiscate lawfully acquired property from owners.*

George, taxation is not aggression. You are really sailing off into weirdo land now.

*Such redistribution inevitably opens a Pandora’s Box of social and political harms.*

George, it also made possible ... the modern civilized world.

*Once government begins taxing people just for the sake of leveling, many will redirect their energies away from peaceful production, cooperation, and trade, and into lobbying, bribery, or worse, in efforts to induce officials to throw some of the confiscated wealth their way.*

George, you just destroyed your own argument. All the lobbying, bribery, and worse, in efforts to induce officials to pass laws in their favor, don't come from the poor ... but from the wealthy.

That is common knowledge, George, and quite easy to prove.

Quick question George: which lobby is more powerful in Washington: General Motors ... or the Soup Kitchen lobby?

*Striving to gain political pull gradually replaces striving to improve yourself,*

George, the Koch Brothers will be sorry to hear that. I'm sure they had big plans on improving themselves.

*to make the best use of your resources, to come up with ideas that promote progress. After the redistributive idea takes hold, it grows like an invasive weed, choking out civil society. Piketty’s book is a big dose of fertilizer for those weeds.*

George, you are 100% behind redistribution. The only difference we are having is, to *whom* are we distributing taxpayer money?

*Not only does coercive redistribution incite envy and erode social cooperation, it damages the very people it’s supposed to help. Redistributive taxation does not channel money from the pockets of the rich into the pockets of the poor. Instead, it engorges the coffers of the state.*

George, conservatives constantly trumpet our deep national debt and desperate economic situation. Yet according to your statement, the state's coffers should be engorged. So the facts, have once again ... contradicted your claim.

*The progressive taxation that Piketty wants to increase means that wealthy taxpayers will have less money and the political class will have more. Then what?*

George, if you want to know "then what?" simply look back over the taxation history of the past century and see for yourself. When the rich were taxed at 90%, were they starving? Unable to send their kids to college? Forced to sell that vacation home in Hawaii or that ski chalet in Aspen?

No. They were the richest people in America. They were able to do and buy more than anyone else in America. America flourished. Our middle class was so successful that everyone in the world wanted to immigrate to "the land of opportunity."

Then the rates on the rich plummeted: first to 70%, then to 50%, and finally to 30% - at which point the American economy collapsed and most of the rest of the world followed.

Inequality in America in 2008 had returned to the same level as it was in 1928. Remember what happened in 1929 George? Remember what happened in 2008 George?

If you can't see the connection ... it's because you don't want to.

*In the fairies and unicorns world of leftism,*

George, you do an awful lot of "childish writing." Lots of immature little insults in lieu of valid arguments. But it's easy to see why; it's really all you've got.

*the politicians will spend the additional money on a host of things that are in “the public interest.”*

George, what a bunch of crooks. How dare they spend money on things that benefit the public?

*Anyone who observes what the federal politicians do with the money they currently take should realize that thoughts about “the public interest” are merely incidental to their overriding interest – remaining in office.*

George, that's the only thing you've written on which we agree.

However, it was a red herring argument that subtly switched from the topic of public interest to personal gain, by dishonestly attempting to tie the two together, when they are in fact, two separate issues.

Not very sophisticated, George.

*They squander resources on a huge array of useless to counter-productive programs that create short-run electoral advantages for them: bridges to nowhere, crony capitalist “investments,” bailouts for favored companies and unions, welfare programs that breed dependency, educational fads that actually inhibit learning, websites that don’t work, and so on.*

George, I notice you conveniently left out "unnecessary wars."

*Remember the complaints from liberals about the wasteful spending during the Bush years? They had good reason to complain. Since Obama has been in office, conservatives have been doing most of the complaining, and they also have good reason. Wasteful spending is unavoidable once government goes beyond its few proper functions and it doesn’t matter which party is in charge.*

George, there will always be corruption and waste. Your solution is to throw out the baby. The rational solution is to fix the baby.

*What about those who have too much wealth to suit Piketty? What would they have done with the money that the taxman confiscates?*

George, I know the answer to that one: offshore bank accounts.

*They would have spent some (and that spending is one reason why the rich don’t keep getting geometrically richer),*

You are correct George, they haven't gotten geometrically richer - they've gotten exponentially richer.

*they would have donated some to charities (ditto),*

George, I think the motto they follow is "charity begins at home."

*and they would have invested some in whatever ways they thought best. Nothing harmful in any of that.*

George, that depends on what they spent it on, doesn't it?

For instance, the Koch Brothers spent tens of millions of dollars to buy economic departments at multiple universities where the Koch Brothers determine who is hired and what they teach. The most famous example is Florida State.

*On occasion, rich people make poor decisions in the use of their money, but they usually make far better use of it than politicians do.*

George, you are ignoring the *fact* that in 21st America, the rich people control the politicians. If politicians want to keep their jobs (which is their primary concern, as you correctly claimed earlier) then they will dance to whatever tune, the rich decide to play. If they don't, they'll soon find themselves out on the street carrying signs ... requesting an increase in the minimum wage.

*As Milton Friedman put it,*

George, Milton Friedman? The guy who got a Nobel Prize for trickle-down economics? That Milton Friedman?

His ideas swept the planet. Within 30 years the entire world went into a depression. His ideas were tested in the real world and they failed worse than any theory in history.

I have personally started a movement to have Friedman's body exhumed, and to have that Nobel Prize pried from his skeleton with a crowbar.

George, the project is a little behind on cash - can I count on you for a donation?

*“Nobody spends other people’s money as carefully as he spends his own.”*

*Diverting more resources away from the voluntary, generally efficient private sector and into the coercive, generally inefficient government sector is a bad trade-off. It’s especially bad for poorer people who would have benefited from the spending, contributions, and investments of rich people.*

George, history has already proven that position wrong ... on more than one occasion.

*Big government is no friend of the poor.*

George, government is the only friend they have. The poor were forced to work long hours without breaks for substandard wages until modern governments forced the rich to restrict hours, pay overtime, provide breaks, allow sick and vacation time, and stop child labor. Without the government to force these improvements in the lives of workers - we've already seen what the rich will do; and this is true anywhere in the world that you go.

*They fare much better in a minimal state where the wealth disparities are huge than in a mega-state where the wealth gap is small.*

George, that statement is so crazy that even I ... am at a loss for words.

Even Fox News is ... nevermind, George.

*Cuba is an excellent example of the latter.*

George, Cuba is a communist state under the control of a dictator. America is a democratic republic divided into 3 branches of government. You are trying to compare an apple to an orange. Any conclusion drawn from such a comparison would be utterly meaningless.

*As Michael Totten observes in his recent City Journal article “The Last Communist City,” Cuba has a strict maximum wage that prevents anyone from amassing much more wealth than anyone else (except government officials, of course). Cuba’s egalitarian strictures no doubt go beyond Piketty’s concept of the ideal society and his optimal degree of inequality, but what argument does one egalitarian have against another whose intolerance for wealth disparity is greater than his? Once we start the leveling avalanche, there is no logical stopping point.*

George, in addition to the false analogy, you've just added the Slippery Slope logical fallacy. You should be arrested for even typing the word "logical."

*Piketty frets that unless we have national, and indeed global wealth redistribution, the rich will become excessively powerful.*

George, it's a little late - it's already happened.

*Now, it’s true that wealthy people sometimes try to buy themselves governmental favors and often succeed. The solution to that problem, however, is not to tax away everyone’s wealth, most of which is used, as I argued above, for beneficial things. The solution is to get rid of those features of government that allow people (rich or not) to obtain favors from the state.*

Well George, that boat has sailed too. You should google the 2010 Supreme Court decision in the Citizens United case. The rich now, not only obtain favors from the state ... they control the state.

*Back during the McCarthy era, when our big national obsession wasn’t over inequality but over communists in government, the great libertarian writer Frank Chodorov quipped, “If you’re worried about communists in government jobs, get rid of the government jobs.” That same thinking should apply here. If you’re worried about rich people using their wealth to push the levers of government power, get rid of those levers.*

George, as I just pointed out, they no longer need levers. They now choose our politicians, and ... they control them.

*Piketty’s “solution” to his bête noire of inequality would greatly aggravate the real problem we face, namely that the state is far too powerful, consumes way too much of our limited resources, and has become more of a menace to our rights than their protector.*

George, the state is the only thing that stands between us and a return to a medieval society. Those were societies with a few at the top who were served by everyone else. We are racing backwards. People like you are pawns being manipulated by the rich.

Unless the people can obtain the critical thinking skills necessary to defend themselves from the brainwashing that vast sums of money can buy ... they will be doomed to return to the past.

Piketty is fighting against that return - while you represent the rich, and work to help them regain the total control over society, that they once had.

*That’s precisely why the statists are so delighted with his book. They need a constant parade of hobgoblins and pseudo-crises to keep voters clamoring for more government*

George, I wouldn't call the worldwide economic crash of '08 a pseudo-crisis.

*and Thomas Piketty has given them a big, fat one: Tax the rich or else frightful things will happen to society!*

George, we stopped progressive taxing of the rich ... and frightful things DID happen to society.

*What’s French for “bunk?”*

George, the word you are looking for is ... Conservative.

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THE SCIENCE SEGMENT

Chinook Salmon Navigate by GPS

Despite having no life experience, young salmon in the Pacific Northwest somehow travel hundreds or thousands of kilometers from their native streams to feed and grow in the ocean. While they can use their sense of smell to get back home to spawn, Chinook salmon have an inborn sense of direction that functions like a GPS. Scientists now suspect that with no prior knowledge, they use Earth’s magnetic field to find the right ocean habitat.

To make the discovery, researchers placed hatchery-raised juveniles inside a bucket and exposed them to artificially generated magnetic fields. When the angle and intensity of the field matched the southernmost part of their ocean range, the fish oriented themselves to face north or northeast. The magnetic field at the northernmost range caused them to point south or southwest. By orienting within these two extremes, the salmon can find the feeding grounds of their ancestors.

Because sea turtles use a similar magnetic map, the researchers speculate that many migratory marine animals, such as eels, sharks, and seals, may also navigate using magnetic fields.

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FAMOUS QUOTES

Will Rogers (1879–1935) 55 years

He was an American cowboy, vaudeville performer, humorist, social commentator, and motion picture actor. Rogers' vaudeville rope act led to success in the Ziegfeld Follies, which in turn led to the first of his many movie contracts. He was one of the world's best-known celebrities in the 1920's and 1930's.

Rogers traveled around the world 3 times, made 50 silent films and 21 "talkies," and wrote more than 4,000 nationally syndicated newspaper columns. He was the top-paid Hollywood movie star at the time. His aphorisms, couched in humorous terms, were widely quoted: "I am not a member of an organized political party. I am a Democrat."

Rogers died in 1935 with aviator Wiley Post, when their small airplane crashed in Alaska.

"If Wall Street paid a tax on every “game” they run,

we would get enough revenue to run the government."