To fight income inequality, Make the Bubonic Plague Great Again

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What with all the other protests going on these days it's easy to forget that liberals are still out there marching and protesting against income inequality. The "Fight for 15" as it's come to be known, calls for government mandated tinkering in the labor market, artificially driving labor costs up with no regard for the impact on the free market. If you'd like some good reading this weekend, George Will has a column at the Washington Post which takes a look at how the labor market actually works, but it's a tale spun in a fashion similar to Jonathan Swift's *A Modest Proposal*. He's providing a brief review of Walter Scheidel's new book, "*The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*."

Will picks up on Scheidel's message of the best way to quickly drive up wages and reduce inequality. The most efficient way to accomplish this under current conditions is to drastically reduce the available labor pool. It's worked brilliantly in the past (by which I mean the Dark Ages) and probably hit the height of efficiency when the Bubonic Plague wiped out more than a quarter of the population of Europe.

By killing between 25 percent and 45 percent of Europeans in the middle of the 14th century, Scheidel explains, the bubonic plague radically changed the ratio of the value of land to that of labor, to the advantage of the latter. The well-off were not amused. In England, the Chronicle of the Priory of Rochester noted that "the humble turned up their noses at employment, and could scarcely be persuaded to serve the eminent for triple wages." The king decreed wage controls but the canon of Leicester dourly noted that "the workers were so above themselves and so bloody-minded that they took no notice of the king's command."

Today's milksop egalitarians probably will flinch from such a robust attack on inequality, assisted by the rats that carried the fleas whose intestines carried the bacterial strain. But, then, what really is the problem of inequality? The Cato Institute's Michael Tanner, noting the "highly redistributive” nature of America’s economy and government, refutes four myths about economic inequality.

The myths which are busted in the Cato Institute’s study are still commonly repeated in the media as fact. One is the idea that the very well off not only control most of the wealth, but don’t bear a fair share of the burden. (In reality, the top 1% in America pay more than a quarter of the total tax revenue which the government receives.) The statistics cited concerning the bottom 20% (those earning less than $17,104 annually) ignore the fact that government redistribution provides an average of $27,171 in net benefits to them on average, vastly reducing income inequality across the board.

But assuming we’re not willing to begin passing out blankets full of fleas carrying the Black Death across the land, a realistic solution to income inequality is still available, even if it takes a bit longer than than a good old fashioned pandemic. The plague tackled the problem by reducing the available pool of workers until wages were forced to rise as employers competed for job seekers. The reverse approach – and one likely more palatable to the masses than seeing the streets filled with rats munching on corpses – would be to expand the pool of jobs requiring laborers to fill them. Once the demand for workers rises high enough, wages will go up dramatically as employers compete for the best employees.

So how do we do that? The Fight for 15 crowd isn’t going to like hearing it, but the answer is to unleash the private sector by creating a landscape which is more friendly to business interests. That means reducing regulations in many areas, cutting taxes on both businesses and consumers and generally keeping Uncle Sam’s hands out of everyone’s pockets as much as possible. When the economy booms, as it did during the tech surge of the later 90s, wages go up. Worker mobility increases and consumer spending goes up across the board, leading to more demand, busier employers and further need for more labor.

Or you can keep trying to force wages up by government fiat without any underlying demand to support the increase. We’ve been trying that for a while now and you can judge the results for yourselves.