

# CHAPTER ONE

## WHO CARES ABOUT INEQUALITY?

### THE DEFINING CHALLENGE OF OUR TIME?

A few years ago, one of the authors of this book, Yaron Brook, was invited to give the keynote address at the Virginia Republican Party State Convention. Here's how he started.

I was not lucky enough to be born an American citizen. I became an American citizen by choice. I immigrated to this country. I was born and raised in Israel. I served in the Israeli military where I met my wife of twenty-seven years. And when we got married, after we had fought for our country, we sat down and said, you know, you only live once and we want to make the most of our lives, we want to be someplace where we can enjoy freedom, where we can make the most of the life that we have, where we can pursue our happiness, where we can raise our children to the best of our ability. And we looked around the world. We weren't committed to any particular place, so we looked around the world and we said, "Where are we going to go?" We chose this country because America is the greatest nation on earth, and really is the greatest nation in human history.<sup>1</sup>

Of all the questions Yaron considered before he made his decision, one that never came up was how much *economic inequality* there was in

America. Like millions before him, Yaron came to America seeking to make a better life for himself and his family: he wanted to experience the American Dream, in which he would be free to set his own course and rise as far as his ability and ambition would take him. Would that put him in the top 1 percent or the bottom 10 percent of income earners in America? It would never have occurred to him to ask, and if someone *had* asked him, his answer would have been: “Who cares?”

Yaron is not unique in this regard. Polls consistently show that inequality is very low on Americans’ list of concerns.<sup>2</sup> Even people who live in rural Michigan and struggle to make their mortgage payments apparently don’t care that, hundreds of miles away in New York, a handful of hedge fund managers fly on private jets and dine at Nobu. What we do care deeply about is the opportunity to make a better life for ourselves—and we are more likely to celebrate the fact that this allows some people to succeed beyond their wildest dreams than lose sleep over it.

But hardly a day goes by in which we aren’t told that our attitude toward economic inequality is wrong—that even if we don’t care about inequality in and of itself, we *should* care, because it threatens the American Dream. In one of his most celebrated speeches, President Obama declared that “the defining challenge of our time” is “a dangerous and growing inequality and lack of upward mobility that has jeopardized middle-class America’s bargain—that if you work hard, you have a chance to get ahead.”<sup>3</sup>

Obama is hardly a lone voice on this issue. Nobel Prize–winning economist Joseph Stiglitz writes of “the large and growing inequality that has left the American social fabric, and the country’s economic sustainability, fraying at the edges: the rich [are] getting richer, while the rest [are] facing hardships that [seem] inconsonant with the American Dream.”<sup>4</sup> Journalist Timothy Noah warns that “income distribution in the United States is now more unequal than in Uruguay, Nicaragua, Guyana, and Venezuela, and roughly on par with Argentina. . . . Economically speaking, the richest nation on Earth is starting to resemble a banana republic.”<sup>5</sup> French economist Thomas Piketty, in his celebrated work, *Capital in the Twenty-First Century*, warns that “capitalism automatically generates arbitrary and unsustainable inequalities that radically undermine the meritocratic values on which democratic societies are based,” and so “the risk of a drift

toward oligarchy is real and gives little reason for optimism about where the United States is headed.<sup>66</sup> The bottom line, according to Obama, is that the “combined trends of increased inequality and decreasing mobility pose a fundamental threat to the American Dream, our way of life, and what we stand for around the globe.”<sup>67</sup>

In his 1931 book *The Epic of America*, James Truslow Adams introduced the phrase “the American Dream” into the lexicon, referring to “that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement.”<sup>68</sup> The American Dream is about *opportunity*—the opportunity to pursue a better life, where one’s success depends on nothing more (and nothing less) than one’s own ability and effort, and where, as a result, innovators can come from nowhere to spearhead limitless human progress.

On the face of it, that dream would seem to entail enormous inequality: in a land where there are no limits on what you can achieve, some will earn huge fortunes, many will earn a decent living, and others will fail for one reason or another. Yet critics insist that economic inequality is at odds with the American Dream. Their specific arguments vary, but they all boil down to three general claims: in one way or another, inequality conflicts with economic mobility, economic progress, and fairness.

**1. Inequality vs. Mobility.** The best proxy for opportunity, according to the critics, is economic mobility. There are different ways of assessing mobility, but however you measure it, they say, the fact is that if you’re born poor in America, chances are you’ll stay poor, and if you’re born rich, you’ll probably stay rich. Some critics argue that rising inequality is a result of the same forces that are limiting mobility, such as the decline of unions or the minimum wage. Others paint inequality as a cause of declining mobility—citing, for instance, the ability of affluent Americans to send their children to exclusive schools that poorer parents cannot afford. In many cases, the connection between rising inequality and declining mobility is never fully spelled out: we are simply told that, for instance, the highly unequal United States has less economic mobility than our counterparts in Europe, and that we can increase mobility by molding ourselves in the image of European social welfare states.

**2. Inequality vs. Progress.** According to the critics, economic inequality is at odds with economic progress. The dominant view is that the last

forty years have been marked by a startling rise in income and wealth inequality, as the rich got richer and the poor and middle class stagnated. Some argue that this rising inequality is a telling *symptom* of underlying economic problems, such as tax and regulatory policies that favor “the rich.” Others claim inequality *causes* economic progress to slow, citing statistical correlations between high inequality and lower growth. Explanations for *how* inequality slows growth are all over the map, ranging from the claim that it reduces consumer spending, supposedly the driving force of economic growth, to the claim that inequality makes workers less happy and therefore less productive.

**3. Inequality vs. Fairness.** One of the reasons we value opportunity is that it reflects our commitment to fairness. We believe that a person’s level of success should be tied to merit, and that if you lie, cheat, or steal—or simply make dumb decisions—your “privileged position” shouldn’t protect you from failing. But rising inequality, the critics claim, is at odds with fairness.

Sometimes the claim is that inequality undermines fairness by giving “the rich” the power to rig the political system in their favor. “Ordinary folks can’t write massive campaign checks or hire high-priced lobbyists and lawyers to secure policies that tilt the playing field in their favor at everyone else’s expense,” President Obama tells us.<sup>9</sup> In other cases, the claim is that rising inequality is the result of injustice. According to Stiglitz, “Too much of the wealth at the top of the ladder arises from exploitation. . . . Too much of the poverty at the bottom of the income spectrum is due to economic discrimination and the failure to provide adequate education and health care to the nearly one out of five children growing up poor.”<sup>10</sup>

Often, however, the underlying message is that economic inequality, at least beyond a certain point, is inherently unjust. In Obama’s words, “The top 10 percent no longer takes in one-third of our income [as they did prior to the 1970s]—it now takes half. Whereas in the past, the average CEO made about 20 to 30 times the income of the average worker, today’s CEO now makes 273 times more. And meanwhile, a family in the top 1 percent has a net worth 288 times higher than the typical family, which is a record for this country.”<sup>11</sup> These ratios, the president assumes, are self-evidently unjustifiable.

Whatever account any given critic endorses, the conclusion is always the same: if we care about the American Dream, we have to reduce inequality by propping up those at the bottom and by *bringing down those at the top*. And so along with proposals to increase the minimum wage and bolster unions, the inequality critics also advocate top marginal income tax rates well above 50 percent, huge taxes on inheritances, vast amounts of regulation designed to restrain big business, salary caps on CEO pay, and campaign finance laws to constrain political speech by the wealthy, to name only a few of their schemes. In Piketty's runaway bestseller, *Capital in the Twenty-First Century*, the chief proposals for fighting inequality are an annual global wealth tax of up to 10 percent a year, and a self-described "confiscatory" top marginal income tax rate as high as 80 percent.<sup>12</sup>

For some, even this doesn't go far enough. There are critics of economic inequality who are largely indifferent to its impact on opportunity and want to level down society even if it means crippling economic progress. In their popular critique of economic inequality, *The Spirit Level*, Richard Wilkinson and Kate Pickett tell us that "we need to limit economic growth severely in rich countries," because "[o]nce we have enough of the necessities of life, it is the relativities which matter."<sup>13</sup> Similarly, best-selling author Naomi Klein argues that to truly deal with the problem of inequality, we must reject capitalism altogether, give up on the idea of economic progress, and embrace a decentralized agrarian form of socialism.<sup>14</sup> Left-wing radio host Thom Hartmann will settle merely for banning billionaires: "I say it's time we outlaw billionaires by placing a 100% tax on any wealth over \$999,999,999. Trust me, we'll all be much better off in a nation free of billionaires."<sup>15</sup>

## SHOULD WE BE SUSPICIOUS OF INEQUALITY?

The inequality critics paint a bleak picture of modern America—one so bleak that many of us do not recognize it in our daily experience—and offer up solutions that many of us find deeply troubling. But at the same time, these critics are addressing issues of profound concern, and their claims come backed by seemingly persuasive evidence: statistics, studies, and books by some of today's leading intellectuals and journalists. We want

America to be a land of limitless opportunity, and so their claims warrant serious consideration.

But right at the outset there's a huge obstacle to assessing their claims objectively: namely, the inequality critics have smuggled into the discussion a perspective on wealth that tacitly *assumes* that economic inequality is unjust.

**The “fixed pie” assumption.** The inequality critics often speak of economic success as if it was a fixed-sum game. There is only so much wealth to go around, and so inequality amounts to proof that someone has gained at someone else's expense. Arguing that “the riches accruing to the top have come at the *expense* of those down below,” Stiglitz writes:

One can think of what's been happening in terms of slices of a pie. If the pie were equally divided, everyone would get a slice of the same size, so the top 1 percent would get 1 percent of the pie. In fact, they get a very big slice, about a fifth of the entire pie. But that means everyone gets a smaller slice.<sup>16</sup>

What this ignores is the fact of *production*. If the pie is constantly expanding, because people are constantly creating more wealth, then one person's gain doesn't have to come at anyone else's expense. That doesn't mean you *can't* get richer at other people's expense, say by stealing someone else's pie, but a rise in inequality per se doesn't give us any reason to suspect that someone has been robbed or exploited or is even worse off.

Inequality, we have to keep in mind, is not the same thing as poverty. When people like Timothy Noah complain that “income distribution in the United States is now more unequal than in Uruguay, Nicaragua, Guyana, and Venezuela,” they act as if it's irrelevant that almost all Americans are rich compared to the citizens of those countries. Economic inequality is perfectly compatible with widespread affluence, and *rising* inequality is perfectly compatible with a society in which the vast majority of citizens are getting richer. If the incomes of the poorest Americans doubled while the incomes of the richest Americans tripled, that would dramatically increase inequality even though every single person would be better off. Inequality refers not to deprivation but *difference*, and there is nothing suspicious or objectionable about differences per se.

**The “group pie” assumption.** In his speech on inequality, President Obama said, “The top 10 percent no longer takes in one-third of *our* income—it now takes half.”<sup>17</sup> (Emphasis added.) This sort of phraseology, which is endemic in discussions of inequality, assumes that wealth is, in effect, a social pie that is created by “society as a whole,” which then has to be divided up fairly. What’s fair? In their book *The Winner Take All Society*, economists Robert Frank and Philip Cook begin their discussion of inequality with a simple thought experiment. “Imagine that you and two friends have been told that an anonymous benefactor has donated three hundred thousand dollars to divide among you. How would you split it? If you are like most people, you would immediately propose an equal division—one hundred thousand dollars per person.”<sup>18</sup> In their view, if the pie belongs to “all of us,” then absent other considerations, fairness demands we divide it up equally—not allow a small group to arbitrarily take a larger share of “our” income.

But although we can speak loosely about how much wealth a society has, wealth is not actually a pie belonging to the nation as a whole. It consists of particular values created by particular individuals (often working together in groups) and belonging to those particular individuals. Wealth is not distributed by society: it is produced and traded by the people who create it. To distribute it, society would first have to *seize* it from the people who created it.

This changes the equation dramatically. When individuals *create* something, there is no presumption that they should end up with equal shares. If Robinson Crusoe and Friday are on an island, and Crusoe grows seven pumpkins and Friday grows three pumpkins, Crusoe hasn’t grabbed a bigger piece of (pumpkin?) pie. He has simply created more wealth than Friday, leaving Friday no worse off. It is dishonest to say Crusoe has taken 70 percent of the island’s wealth.

It’s obvious why the fixed pie and group pie assumptions about wealth would lead us to view economic inequality with a skeptical eye. If wealth is a fixed pie or a pie cooked up by society as a whole, then it follows that economic equality is the ideal, and departures from this ideal are *prima facie* unjust and need to be defended. As Piketty puts it, “Inequality is not necessarily bad in itself,” but “the key question is to decide whether it is justified, whether there are reasons for it.”<sup>19</sup>

But if wealth is something that individuals *create*, then there's no reason to expect that we should be anything close to equal economically. If we look at the actual individuals who make up society, it is self-evident that human beings are unequal in almost every respect: in size, strength, intelligence, beauty, frugality, ambition, work ethic, moral character. These differences will necessarily entail huge differences in economic condition—and there is no reason why these differences should be viewed with skepticism, let alone alarm.

If we keep in mind that wealth is something individuals *produce*, then there is no reason to think that economic equality is an ideal and that economic inequality is something that requires a special justification. That doesn't mean the claims about mobility, progress, and fairness are necessarily false. That remains to be seen. But it does mean that we have no reason to suspect at the outset that economic inequality is at odds with the American Dream. On the contrary, if we look at what made America the land of opportunity, there is every reason to think that opportunity goes hand in hand with economic inequality.

## THE IDEAL OF OPPORTUNITY

If you want to understand what made America the land of opportunity—and what threatens opportunity today—the thing to know is that this was the first country that celebrated and protected the individual's pursuit of success.

Historically, particularly in Europe, the earthly ideal most societies aspired to was a life of leisure—not relaxation after a hard day's work, which America would provide in abundance, but a life free from work. The epitome of this ideal was the gentleman aristocrat, who didn't sully his hands with business.<sup>20</sup> The American attitude was different. Even before the American Revolution, visitors to the New World were stunned by the numbers of Americans “whose ‘whole thoughts’ were ‘turned upon profit and gain.’”<sup>21</sup> In *Letters from an American Farmer*, written during the American Revolution, French-American J. Hector St. John de Crèvecoeur stated “we are all animated with the spirit of an industry which is unfettered and unrestrained, because each person works for himself. . . . Here the rewards of his industry follow with equal steps the progress of his labour; his labour

is founded on the basis of nature, SELF-INTEREST: can it want a stronger allurements?"<sup>22</sup>

By mid-nineteenth century, this focus on productive achievement had been ingrained in the nation's soul. As one commentator notes:

Almost without exception, visitors to the Northern states commented on the drawn faces and frantic busyness of Jacksonian Americans and complained of bolted meals, meager opportunities for amusement, and the universal preoccupation with what Charles Dickens damned as the "almighty dollar."<sup>23</sup>

It's hard for us to grasp today just how central productive work was to American life during this country's first century and a half. People of that era showed up to cheer the launch of new bridges and trains the way Americans today greet the Super Bowl. Popular music celebrated technological achievements such as the telephone and the automobile. Daniel Yergin notes in his history of oil that during the late nineteenth century, "Americans danced to the 'American Petroleum Polka' and the 'Oil Fever Gallop,' and they sang such songs as 'Famous Oil Firms' and 'Oil on the Brain.'"<sup>24</sup>

Summarizing America's obsession with productive achievement, Viennese immigrant Francis Grund observed in the early nineteenth century:

There is probably no people on earth with whom business constitutes pleasure, and industry amusement, in an equal degree with the inhabitants of the United States of America. Active occupation is not only the principal source of their happiness, and the foundation of their national greatness, but they are absolutely wretched without it, and . . . know but the horrors of idleness. Business is the very soul of an American: he pursues it, not as a means of procuring for himself and his family the necessary comforts of life, but as the fountain of all human felicity; . . . [I]t is as if all America were but one gigantic workshop, over the entrance of which there is the blazing inscription "*No admission here except on business.*"<sup>25</sup>

This distinctively American spirit was bolstered by the distinctively American system of government. Before the creation of the United States,

every system of government took it for granted that some people were entitled to rule others, to take away their freedom and property whenever some allegedly “greater good” demanded it—that, after all, is what enabled the European nobility to live those lives of leisure. Such systems were rigged against any outsider or innovator who wanted to challenge convention, create something new, and rise by his own effort and ability rather than through political privilege. But building on the achievements of thinkers like John Locke, the Founding Fathers established a nation based on the principle, not of economic equality, but *political equality*.

Political equality refers to equality of *rights*. Each individual, the Founders held, is to be regarded by the government as having the same rights to life, liberty, and the pursuit of happiness. When the Founders declared that “all men are created equal,” they knew full well that individuals are unequal in virtually every respect, from intelligence to physical prowess to moral character to wealth. But in one respect we *are* equal: we are all human beings, and, despite our differences, we all share the same mode of survival. Unlike animals that have to fight over a fixed amount of resources in order to survive, our survival is achieved by using our minds to *create* what we need to live. We have to think and produce if we want to live and achieve happiness, and as a result we must have the *right* to think and produce (and to keep what we produce) if we are to create a society in which individuals can flourish.

What can violate those rights? What can stop us from supporting our lives through thought and production? Basically, just one thing: physical force. The only way human beings can coexist peacefully is if they “leave their guns outside” and agree to live by means of production and voluntary trade rather than brute violence. As Locke explained, this was the purpose of government: to protect the rights of the “industrious and rational” from violation by “the quarrelsome and contentious.”<sup>26</sup>

By making the government the guardian of our equal rights rather than a tool through which the politically privileged controlled and exploited the rest of society, the Founders transformed the state from an instrument of oppression into an instrument of liberation: it liberated the individual so that he was free to make the most of his life. (That the Founders failed to fully implement the principle of equality of rights, above all by allowing the continued existence of slavery, is an important but separate issue.)

This was the foundation of the American Dream. The reason America became a land in which there was “opportunity for each according to ability or achievement” was because political equality ended the exploitation of the individual by the politically powerful. If you wanted to make something of your life, nothing would be given to you—but no one could stop you. In place of the guild systems, government-granted monopolies, and other strictures that had stifled opportunity in the Old World, the New World provided an open road for the visionaries, inventors, and industrialists who would transform a virgin continent into a land of plenty.

Is it any wonder, then, that the nation was obsessed with commerce? In America, if you decided to devote yourself to productive work, it was within your power to rise from rags to riches—or, at the very least, to rise further than was possible anywhere else on the globe. If you could offer a better product or a better service or a lower price or better skills, no one could prevent you from improving your station in life. Freedom made success primarily a matter of choice rather than chance, of merit rather than privilege. That is what drew millions of immigrants to our shores. This 1850 poster calling for Irish immigrants was typical of this view:

In the United States, labour is there the *first* condition of life, and industry is the lot of all men. . . . In the remote parts of America, *an industrious youth* may follow any occupation without being looked down upon or sustain loss of character, and he may rationally expect to *raise himself* in the world by his labour.

In America, *a man's success* must altogether rest with himself—it will depend on his *industry, sobriety, diligence* and *virtue*; and if he do not succeed, in nine cases out of ten, the cause of the failure is to be found in the *deficiencies* of his own character.<sup>27</sup>

To be sure, political equality and the opportunity it unleashed went hand in hand with enormous economic inequality. There was no contradiction in that fact. Political equality has to do with how individuals are treated by the government. It says that the government should treat all individuals the same—black or white, man or woman, rich or poor. But political equality says nothing about the differences that arise through the voluntary decisions of private individuals. Protecting people's equal rights

inevitably leads to enormous differences in economic condition, as some people use their freedom to create modest amounts of wealth while others reach the highest levels of success. The reason Americans have never cared about economic inequality is precisely because they recognized that it was the inevitable by-product of an opportunity-rich society.

But Americans *are* concerned about the state of opportunity today—and rightfully so. When the inequality critics say that the American Dream is on life support, their arguments often resonate because, in many instances, the problems they are pointing to are real (if sometimes exaggerated). In some ways, the road to success is *not* as open as it once was. Progress *is* slower than it should be. There *are* people getting their hands on money that they do not deserve. But these things are not happening in the ways, or for the reasons, that the inequality critics say.

### THE REAL THREAT TO THE AMERICAN DREAM

If we agree with the opponents of economic inequality about anything, it's that today's status quo is unacceptable. There are genuine barriers to opportunity, and the deck *is* becoming stacked against us—but not because “the rich” are too rich and the government is doing too little to fight economic inequality. The real threat to opportunity in America is increasing *political* inequality.

In a land of opportunity, an individual should succeed or fail on the basis of merit, not political privilege. You deserve what you earn—no more, no less. Today, however, some people are being stopped from rising on the basis of merit, and others are achieving unearned success through political privilege. As we'll catalog in the pages ahead, the source of this problem is that we have granted the government an incredible amount of arbitrary power: to intervene in our affairs, to pick winners and losers, to put roadblocks in the way of success, to hand out wealth and other special favors to whatever pressure group can present itself as the face of “the public good.” Some of these injustices *do* increase economic inequality, but it isn't the inequality that should bother us—it's the injustice.

When a bank or auto company that made irrational decisions gets bailed out at public expense, that *is* an outrage. But the root of the problem

isn't their executives' ability to influence Washington—it's Washington's power to dispense bailouts. When an inner-city child is stuck in a school that doesn't educate him, that *is* a tragedy. But the problem isn't that other children get a better education—it's that the government has created an educational system that often doesn't educate, and that makes it virtually impossible for anyone but the affluent to seek out alternatives.

*Of course* people will try to influence a government that has so much arbitrary power over their lives, and *of course* those with the best connections and deepest pockets will often be the most successful at influencing it. The question is, what created this situation, and what should we do about that? The critics of inequality tell us that the problem is not *how much* arbitrary power the government has, but *whom* the government uses that power for. They say that by handing the government even more power, and demanding that it use that power for the sake of “the 99 percent” rather than “the 1 percent,” everyone will be better off. We believe that only when the government is limited to the function of protecting our equal rights can people rise through merit rather than government-granted privilege, and that the cure for people seeking special favors from the government is to create a government that has no special favors to grant.

But as important as it is to identify what's wrong with America today, we also need to identify what's *right* with America today. Whatever our problems, we still have a substantial amount of freedom and we're still using that freedom to improve the world around us. Modern life, as a result, is amazing. We're living longer, healthier, richer lives than at any time in history. We have more ways than ever to learn, travel, create, and communicate. And more and more people are gaining access to this amazing world: among *poor* Americans today, nearly 75 percent have at least one vehicle, 50 percent have cell phones, two-thirds have cable or satellite TV, half have at least one personal computer, and 43 percent have access to the Internet.<sup>28</sup> And for anyone who wants to make something of his life, there are still abundant economic opportunities available. The Internet alone has dramatically lowered the barriers to gaining new knowledge and skills, to finding work, and to launching new business ventures.

None of this is to deny the real struggles millions of Americans face, or to suggest that we can't do better. On the contrary, the reason it's vital to talk about these achievements is so we can learn what made them possible

and put those lessons to work. But all too often the critics of economic inequality *don't* want to talk about these achievements, because, as we'll see, the forces that have made modern life possible go hand in hand with *enormous economic inequality*. Only when people are free to act without arbitrary interference by the government and to amass great fortunes do we get an innovative, prosperous, opportunity-rich society. Silicon Valley wasn't built by paupers and ascetics.

Given this link between opportunity and economic inequality, some commentators have proposed that we make a distinction between *good* inequality—the inequality that arises from unequal achievement—and *bad* inequality—the inequality that arises from expropriation and other forms of government favor-seeking.

Obviously, the distinction between earned wealth and unearned spoils is vital, but those who suggest distinguishing “good inequality” from “bad inequality” miss the larger point. There is no rational reason to put such a distinction in terms of “inequality.” We don't admire innovative entrepreneurs because they create “good inequality” and we don't despise frauds, thieves, and lobbyists because they create “bad inequality.” (Nor do we condemn a bum who robs a doctor because he creates “bad equality.”) What's relevant is the nature of their actions—not whether the outcomes of those actions make people more or less equal. Before we go about trying to distinguish between different kinds of inequality, we should ask why we should care about relative differences in economic condition in the first place. If what we're concerned about is opportunity, then the answer is: we shouldn't care.

That, anyway, is what we aim to show. In the next chapter, we'll look in depth at the case *against* economic inequality, and see that the story told by the critics—that the American Dream flourishes when we fight inequality and flounders when we don't—simply does not add up.

In Part 2, we'll discover the real key to the American Dream: political equality and the freedom it unleashes. To the extent a society is free, those at the top have neither the incentive nor the power to exploit those below—they can gain only through productive achievement and mutually beneficial voluntary exchange. In a country in which the government acts as the guardian of our equal rights, the door is open to merit and closed to political privilege, regardless of differences in wealth or income.

In Part 3, we will see how disturbingly far we've moved away from that ideal. The government is making it harder and harder for anyone to rise by their own effort—especially if they're starting at the bottom—and it's making it easier and easier for everyone—rich, poor, or anywhere in between—to obtain unearned benefits at the expense of their neighbors. Although the American Dream is far from dead, it is also far from healthy—and fighting economic inequality will only make things worse.

Finally, we will discover what's behind the crusade against inequality. The critics of inequality are attempting a bait and switch: in claiming we must fight economic inequality in order to protect the American Dream, they are in reality attempting to get us to substitute the goal of fighting inequality *for* the American Dream. The American Dream was of the opportunity to rise as far as a person's ability and ambition would take him. In condemning inequality and proposing to bring down those at the top, the inequality critics are seeking to punish those who *epitomize* the American Dream and to move America further in the direction of the European regulatory-welfare states the inequality critics admire.

There is a reason *America* became the land of opportunity, and it was not because we modeled ourselves after the Old World. It was because we did something unprecedented: we liberated human ability and celebrated human achievement. Our future will be determined by whether we recommit ourselves to the ideal of opportunity—or whether we abandon that ideal in the name of waging war on economic inequality.