



Written by [Thomas Sowell](#) on January 28, 2014

The Inequality Bogeyman

During a recent lunch in a restaurant, someone complimented my wife on the perfume she was wearing. But I was wholly unaware that she was wearing perfume, even though we had been in a car together for about half an hour, driving to the restaurant.

My sense of smell is very poor. But there is one thing I can smell far better than most people — gas escaping. During my years of living on the Stanford University campus, and walking back and forth to work at my office, I more than once passed a faculty house and smelled gas escaping. When there was nobody home, I would leave a note, warning them.



When walking past the same house again a few days later, I could see where the utility company had been digging in the yard — and, after that, there was no more smell of gas escaping. But apparently the people who lived in these homes had not smelled anything.

These little episodes have much wider implications. Most of us are much better at some things than at others, and what we are good at can vary enormously from one person to another. Despite the preoccupation — if not obsession — of intellectuals with equality, we are all very unequal in what we do well and what we do badly.

It may not be innate, like a sense of smell, but differences in capabilities are inescapable, and they make a big difference in what and how much we can contribute to each other's economic and other well-being. If we all had the same capabilities and the same limitations, one individual's limitations would be the same as the limitations of the entire human species.

We are lucky that we are so different, so that the capabilities of many other people can cover our limitations.

One of the problems with so many discussions of income and wealth is that the intelligentsia are so obsessed with the money that people receive that they give little or no attention to what causes money to be paid to them, in the first place.

The money itself is not wealth. Otherwise the government could make us all rich just by printing more of it. From the standpoint of a society as a whole, money is just an artificial device to give us incentives to produce real things — goods and services.

Those goods and services are the real “wealth of nations,” as Adam Smith titled his treatise on economics in the 18th century.

Yet when the intelligentsia discuss such things as the historic fortunes of people like John D. Rockefeller, they usually pay little — if any — attention to what it was that caused so many millions of



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people to voluntarily turn their individually modest sums of money over to Rockefeller, adding up to his vast fortune.

What Rockefeller did first to earn their money was find ways to bring down the cost of producing and distributing kerosene to a fraction of what it had been before his innovations. This profoundly changed the lives of millions of working people.

Before Rockefeller came along in the 19th century, the ancient saying, “The night cometh when no man can work” still applied. There were not yet electric lights, and burning kerosene for hours every night was not something that ordinary working people could afford. For many millions of people, there was little to do after dark, except go to bed.

Too many discussions of large fortunes attribute them to “greed” — as if wanting a lot of money is enough to cause other people to hand it over to you. It is a childish idea, when you stop and think about it — but who stops and thinks these days?

The transfer of money was a zero-sum process. What increased the wealth of society was Rockefeller’s cheap kerosene that added hundreds of hours of light to people’s lives annually.

Edison, Ford, the Wright brothers, and innumerable others also created unprecedented expansions of the lives of ordinary people. The individual fortunes represented a fraction of the wealth created.

Even those of us who create goods and services in more mundane ways receive income that may be very important to us, but it is what we create for others, with our widely varying capabilities, that is the real wealth of nations.

Intellectuals’ obsession with income statistics — calling envy “social justice” — ignores vast differences in productivity that are far more fundamental to everyone’s well-being. Killing the goose that lays the golden egg has ruined many economies.

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