

Justice and Redistributive Taxation: James Buchanan versus Ludwig von Mises

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The phrase “redistributive taxation” is in a sense misleading. The modifier “redistributive” suggests that some taxation is *not* redistributive. A moment’s reflection will show that this is not the case. There would be no point in taking money from someone in taxation and returning to him precisely that amount. Unless taxation shifts resources, it achieves nothing. (It can of course work out that some people receive in benefits about what they pay in taxes; but this can hardly be the aim of the system.)

I address redistribution in a narrower sense here. It has sometimes been argued that the poor or those in other ways needy ought to receive compulsory benefits from those better off than they. Along the same lines but neither implying nor implied by the view just stated, some argue that too much difference among members of a society in wealth or income is usually undesirable and that the state ought to level income or wealth.

The arguments for these positions are many and various, but two limitations render the topic proposed for discussion here more manageable. First, only redistribution confined to a particular society (understood as equivalent to a modern nation-state) will be addressed here.¹ Claims that, e.g., citizens of the United States ought to give substantial amounts of their income to the impoverished in other parts of the world will be passed by. Also,

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¹Gordon Tullock has noted that most people who are poor by U.S. standards are well off by comparison with Third World inhabitants. Why, then are the usual arguments in favor of redistribution restricted to a particular society? Gordon Tullock, *The Economics of Wealth and Poverty* (Sussex: Harvester, 1986), p. 19.

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our subject is redistributive taxation, within an economic system not centrally directed by the state. Some writers maintain that egalitarian (or other) reasons require the replacement of a market system with socialism or some other system, e.g., an economy controlled by workers' cooperatives. Others believe that a market system is not morally objectionable, provided that it is supplemented by measures deliberately aimed at redistributing income or wealth. It is the latter position that will be addressed here.

More specifically, I shall first discuss the arguments for redistribution advanced by James Buchanan, probably the leading free market defender of this policy. Then, more briefly and by way of contrast, an Austrian approach to the issue will be presented.

I

A standard libertarian contention is that everyone possesses the right to acquire and hold property. Once acquired, persons' property may not be taken from them even if, in the opinion of some, others need it more. To deny this seems at first sight to endorse robbery: What else can one term the forcible taking of property? That the takers assume the role of Robin Hood, taking from the rich and giving to the poor, hardly seems good moral justification for their activities.

One might expect James Buchanan, usually a strong supporter of the free market, to sympathize with this argument. In fact he does not. Redistributive taxation counts as robbery only if those who are taxed own the resources that are extracted from them. But suppose that they own their income only subject to the limit that part of what they own may be taken for purposes of redistribution. If so, no theft is involved; on the contrary, withholding one's money would violate the rights of those entitled to it.

The most direct argument in favor of this view is that justice demands such redistribution of property. Buchanan avoids completely this defense of redistribution. Although, as will soon become apparent, his defense of redistribution strikingly resembles the contractarianism of John Rawls, he makes no appeal whatever to the requirements of morality. In Buchanan's conception, all moral values are subjective preferences. The statement "it is wrong to kill for fun" tells us nothing about the world. It is neither true nor false; rather, those people who act in accord with it rank "not killing for fun" higher than "killing for fun" on their preference scales.²

²James Buchanan, *Liberty, Market and State* (Sussex: Harvester, 1986), p. 126.

Lest at the outset we misrepresent Buchanan, it does not follow at all that he thinks moral judgments do not matter. Preferences can be extremely strong; most people, e.g., will regard those who kill for fun with great horror. His point about subjectivity does not concern the importance of moral views. Whatever the importance of moral views are to those who hold them, there is no objective way to settle conflicting judgments about moral situations. No doubt most of us would regard someone who believed in killing for fun as a moral monster. This would not show that he was incorrect in his view, in the sense that someone would be incorrect who thought that increased demand reduces price.

If moral judgments merely state or express preferences, how can Buchanan's case for redistribution proceed? He can of course say that he favors redistributive taxation, but this gives no one who does not share Buchanan's preference a reason to alter his position. Buchanan, of course aware of this problem, seeks to evade the seeming implications of the moral subjectivism he professes by an ingenious stratagem.

Although there is no objective truth in morality, something does exist that for practical purposes is just as good. (In fact, as will be explained below, it is Buchanan's opinion better.) The substitute for truth is consensus. If everyone in a society agrees to something, this offers a good reason to establish the measure in question: "Good reason" not in the sense that it is objectively right that people ought to get what they want, but rather in the sense that if we wish to realize our own preferences, we will favor it.

At first sight this proposal appears to get us nowhere, since so far as redistributive taxation is concerned, there is no consensus. Some favor it, going so far as to think everyone should have an equal income; others oppose it altogether. On Buchanan's subjectivist doctrine, must we not fight it out on an arbitrary basis? How else can a redistributive policy be settled on, in the absence of either objective truth or agreement?

It is precisely in the midst of this apparently irresolvable warfare that Buchanan finds an escape. To establish a society's system of rights, we must start somewhere. To him, a proper beginning is a state of affairs in which people accept no moral constraints and must establish a constitutional order either by agreement or fighting.³ To assume at the outset that certain

³James Buchanan, *Freedom in Constitutional Contract* (College Station, Texas: Texas A & M University Press, 1977), p. 84.

rights exist would give these a privileged position: In a subjectivist outlook, doing so is completely arbitrary.

Again it appears that Buchanan has backed himself into a corner. People in the Hobbesian state of nature he has invoked might come up with anything at all or nothing. Would not the outcome depend on which preferences people actually had in this situation, and how strong or persuasive the various persons happened to be?

Buchanan dissents. He thinks that almost all people in the state of nature would agree on a group of rights that secure to each individual a standard set of civil liberties including the freedom to own property. In the absence of continual bickering and warfare, each person can better endeavor to attain his goals. Almost no one wants to be in Hobbesian "war of all against all": hence the strong incentive to agree on minimum terms to exit from it.⁴

One might object that if some people liked the war of all against all, Buchanan cannot gainsay them; their preference is objectively on the same level as the wishes of their more pacific neighbors. No doubt; but so long as almost everyone disagrees with them, they can be compelled to conform. After all, there exist no objective moral restraints against the use of compulsion.

Buchanan may be right, but so far we have justified no redistributive measures. How do we know that people in the state of nature would favor them? Buchanan's response to an extent resembles that made famous by Rawls in *A Theory of Justice* (Cambridge, Mass.: Harvard University Press, 1971).⁵ If vast inequalities of possessions exist in the state of nature, those with few possessions may not find it desirable to agree to a property rights system with no redistribution. Instead, they may find it to their advantage to refuse to cooperate and, relying on the force of superior numbers, gang up on the few wealthy. To counter this, the wealthy must buy them off.

Another consideration tells in favor of some degree of redistributive taxation. Although Buchanan's rational contractors do not operate behind a "veil of ignorance," many of them will have some doubt about their future prospects. If so, they will demand redistribution as an "insurance policy" against their failure.

⁴Ibid., p. 129.

⁵If some players of a game have superior capacities, then our "ordinary sense of fairness" seems to be violated when such players are put on equal terms with those who have relatively fewer advantages but who must, nonetheless, participate in the same game. Buchanan, *Liberty, Market and State*, p. 130.

Additionally, Buchanan believes that widespread agreement exists on certain procedural "rules of the game." Questions about euthanasia or abortion may well polarize people; but almost everyone thinks that people deserve a fair shake. Allowing too much inequality would be the equivalent of starting people off unequally in a race.⁶

Equality can, however, go too far. Once some measure of redistribution has been instituted to start people off in a reasonably equal fashion, people are in Buchanan's view, free to use their varied incomes to their greatest advantage, even though, as a result of different abilities as well as accidental factors, inequalities are bound to rise.

How much is too much? Besides taxes for redistribution, Buchanan supports high inheritance taxes. Public education, financed by taxation, may also be justifiable on egalitarian grounds.⁷

There is an upper limit. In the presentation of the case for redistribution, many readers will probably have wished to interpose an objection. Even if the poor have to be bought off by redistribution in order to obtain their agreement to depart from the state of nature, why do the non-poor have to unite with them in a single society? What if the well-off form their own society and exclude those whom they regard as predators, i.e., the redistributionists?

To this there are two replies. First, as already mentioned, Buchanan thinks it false that only those who directly benefit from redistribution support it. Second, he entirely accepts the substance of the point just raised while denying that it has created any problems for his position. If wealthy people (or anyone else) do not like the conditions existing in their society, they are free to depart. Since everyone knows the wealthy can do this, redistribution must be below the lowest amount that will cause them to go. Higher rates of redistribution will be self-defeating.

There is one catch, however. If only a few people leave to form a society of their own, it will be very difficult for them to create an economy with any semblance of productivity. In almost all circumstances, the wealthy will find it to their advantage to remain within the larger society.

⁶Henry Jaffa, is another professed supporter of the market who uses this metaphor.

⁷*Ibid.*, pp. 133–35.

Before turning to an evaluation of Buchanan's argument, one further point requires mention. He deems it of crucial importance that the agreement by which a society constructs a system of rights is not subject to the vagaries of day-to-day politics. It establishes a constitution for the society; although naturally some room for legislative discretion remains, persons' property rights are in place and difficult to alter.

Buchanan's provocative attempt to show that a free market order not only permits but virtually demands redistribution does not succeed. This essay has as its theme taxation, not the foundations of ethics. But it should at least be noted that Buchanan gives no convincing arguments for his fundamental assumption that all values are subjective.

This issue crucially affects the validity of his case for redistribution. Since preferences need not justify themselves before any external court of appeal, people in the state of nature are morally at liberty to agree to any arrangements they find to their mutual advantage. If, in contrast, the right and the good are not entirely matters of free choice, the situation altogether changes. If, e.g., everyone has certain rights by nature, people are morally required to acknowledge them rather than substitute something else as takes their fancy.

In support of his subjective view of morality, Buchanan claims that the position he opposes, i.e., that moral statements are true or false judgments about the world, leads to intolerance. If one believes that smoking is immoral and intends by this more than an expression of dislike, one will be apt to think it justifiable to suppress smoking. Smokers will not like this; but they are wrong and that is that. If one adopts Buchanan's view, one will live and let live; one will recognize that another person's preference is just as good as one's own.

Buchanan acknowledges an objection to his contention. What if someone thinks it objectively wrong to impose his views on others, even though the views are correct? (Of course, some things *should* be imposed on others; those who like assaulting others should not have this expression of preference tolerated. But this is not an area of dispute between Buchanan and his critics.) Libertarians, in point of fact, believe just this. Those libertarians who base their position on natural rights do not endorse forcible indoctrination of people with their views, even though they believe them true. Their very position forbids this.

Buchanan remains unshaken. While he does not deny that some moral realists are tolerant, he holds that *his* attitude leads

to more tolerance. Therefore, subjectivism remains preferable over this approach.

His argument strikes me as unconvincing, but a full discussion is not needed. Suppose that he is right: His subjectivism leads to more tolerance than competing interpretations of morality. So what? Why should this be the test by which a moral theory is judged? No doubt tolerance is a virtue; but this does not make true an analysis of morality whose general adoption would result in tolerance. Except to pragmatists, truth and good consequences are two very different things.

As to the argument itself, the mere fact that someone thinks that values are subjective hardly seems in itself sufficient to induce tolerance. Why should I not try to impose my tastes and desires on others, if I can? Tolerance, after all, is in Buchanan's view just a preference which I may or may not share.

When Buchanan says that moral values are preferences, in one sense he is clearly right. To the extent that one's moral principles guide action, they prescribe choices. But nothing about objectivity follows from this. Anything that one chooses is, by definition, part of one's preference scale. Where there exist principles that tell us what we ought to choose is another matter entirely.

The preceding few paragraphs may have seemed remote for our topic, but in fact they are not. Without his doctrine of value subjectivity, Buchanan would have no basis for his claim that whatever people agree to in the state of nature provides a fit basis for rights.⁸ If values are objective, the possibility exists of moral criticism of the agreements emerging from the Hobbesian situation (unless objectivity mandates; but, as we shall soon see, it does not). Buchanan says, in effect, "Given the absence of agreement, we have to start somewhere; and the Hobbesian state of nature seems a natural starting point." Given true moral principles, we do not have to start from an amoral position.

An important question yet remains. Even if the criticisms given of the Hobbesian starting point are right, many economists and philosophers have found contractarianism of this sort illuminating. If so, it is of more than a little interest to see whether Buchanan's redistributive conclusion follows from his Hobbesian premises.

⁸A "fair rule" is one that is agreed to by the players in advance of play itself . . . fairness is defined by agreement; agreement does not converge at some objectively determined fairness." *Ibid.*, p. 126. Of course, one might maintain that morality objectively requires Hobbesian agreement, but Buchanan does not take this line.

The issue unfortunately cannot clearly be resolved, since Buchanan's case appeals to intuitive plausibility rather than rigorous logic. He nowhere offers a proof that his rational contractors will agree on redistribution. His strongest argument is that the less well off will not agree to leave the state of nature unless they are promised redistribution in their favor. No doubt it is correct that they will prefer this; but those from whom the taxes will be taken will not share this preference. (This abstracts from Buchanan's claim that *everyone* supports redistribution. This view will be discussed next; here we consider the matter just from the point of view of self-interested actors.) Why should either preference always win? The question appears incapable of decision at the *a priori* level.

But does this not ignore Buchanan's argument that, in the absence of redistribution, the poor will refuse to enter society? In reply, a point Robert Nozick has raised against Rawls speaks precisely to this issue. Why do the poor need society less than the rich? Both groups benefit from leaving the state of nature; and threats and strategic behavior by one group are a monopoly of neither side.⁹ Buchanan has failed to show an asymmetry between the rich and the poor which operates to the advantage of the latter in the bargaining.

A counter thesis is tempting here, but it too must be rejected. One might at first glance think that because the advantages of social cooperation over the state of nature make it imperative to reach agreement, everyone will arrive at terms likely to be universally satisfactory rather than hold out for their special interests. If so, will not the easiest point of agreement be on a system with property rights but no redistribution? Since we assume that people desire a regime with property rights, why increase the difficulty of agreement by requiring more than the minimum needed to exit the state of nature?

Exactly this argument has been recently advanced by the libertarian philosopher Jan Narveson.¹⁰ But it fails because no clear criteria show what is the simplest system of property rights. An agreement that incorporates limits on the permissible degree of inequality seems offhand as simple as one without this feature.

⁹Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), pp. 192ff.

¹⁰Jan Narveson, *The Libertarian Idea* (Philadelphia: Temple University Press, 1988), p. 177. Of course, one might maintain that morality objectively requires Hobbesian agreement, but Buchanan does not take this line.

We have so far argued that Buchanan has failed to prove that the state of nature is the proper starting point for determination of rights; and that even if it were, he has not shown that people would agree to redistribution. But we can go one step further. The state of nature, far from being a good starting point, is morally unacceptable. In it, people are at perfect liberty to threaten or use force against one another. An agreement made under such terms has exactly the same moral force as any other agreement made under duress—little or none. To say that such agreements are the *fons et origo* of morality strikes one as wildly implausible.

Buchanan himself is aware of this objection. As he notes, slavery for some might be sanctioned by the agreement. If, in the state of nature, some people are too weak effectively to resist the force of others, a contract that allows slavery under fixed conditions may be to the advantage of both slave and master. Buchanan notes that many philosophers consider this morally outrageous. In reply, he again remarks that in the absence of agreement, there is no other natural starting point but the one he advocates.

His reply presupposes just the moral skepticism that we have already discussed. Unless one adopts Buchanan's view that morality rests on subjective preferences, nothing requires acceptance of his starting point; and, as we have just seen, a good deal calls for its rejection.

Buchanan's remaining arguments for redistribution of income seem detachable from his Hobbesian framework. In brief, he contends that almost everyone finds plausible certain fair rules of procedure that strongly tend in the direction of equality. To start some people far ahead of others in the race of life seems unfair.

Here one can appropriately cite Buchanan against himself. Some people no doubt feel the way he believes fitting about inequality. But others do not. Even if Buchanan is himself in the former group, this counts on his own theory as a mere preference. In the absence of general agreement on redistribution, why should Buchanan's preference be of more than biographical interest?

Paradoxically, it might be better for Buchanan if he is wrong in his subjectivist view of morality. We can then ask the question, has he given any sound arguments in support of redistributive taxation? On his own view of morality, this question cannot arise. There are no sound or unsound arguments about morality—just preferences. There can of course be arguments about the consequences of preferences or about how one can best put one's

preferences into effect. But remarks about fairness cannot be objectively true or false on Buchanan's doctrine. The issue of whether arguments are persuasive is another matter entirely. People may be persuaded by good arguments and fail to be persuaded by bad ones—if, contrary to Buchanan's position, one can speak of good and bad in this context.

Buchanan, however inconsistently, does advance some considerations in support of redistribution. As indicated already, these address the alleged unfairness of too much inequality. It is unclear whether he thinks that since most people actually hold these views, he can by calling attention to them induce support for redistribution or whether he thinks that the views are right regardless of whether others agree with him. Since, in my opinion, his view of morality as preference is wrong, his arguments will be taken in the latter way. The contention that it is unfair that people start too unequally relies uncritically on the metaphor of life as a race or competition. Of course, competition is basic to a free market economy, but this does not show that life itself is a race. People begin life with very different financial prospects; but there is no reason to assume that one has failed unless one finishes first. It might be replied here that the opportunity to become extremely wealthy is one many people desire, even granted the point that life as a whole is not a race. Initial inequality makes it much harder for some people to attain this goal.

This is certainly true; but it is not clear why people ought to be equal in the pursuit of every goal that many find desirable. People's physical appearances often make a great deal of difference to their attaining important goals, yet few find this reason to rectify matters along the lines of L.P. Hartley's *Facial Justice* (London: Hamish Hamilton, 1960).

If, further, people are concerned about inequality, Buchanan's redistributive measures will not allay their worries, since a great deal of arbitrary differences are left untouched by them. Well aware of this, Buchanan counters that even if practical obstacles and the value of liberty make complete equality incapable of achievement, at least redistribution will result in more equality than otherwise.

This is by no means certain. If differences in levels of income are reduced, other inequalities may become more important. Nothing rules out greater inequality as the net effect of Buchanan's proposals. Whether this outcome or some other more in line with Buchanan's wishes results is a matter on which we will not

here conjecture. It is enough for our purposes to note that Buchanan's claim that income redistribution moves a society toward equality of opportunity is unsupported.

Buchanan's case for redistribution thus fails. An additional problem for his fairness arguments enters the scene when these are combined with his contractarian framework. In the state of nature, people are not supposed to be influenced by preferences about justice, since the very point of the contract is to arrive at rules of justice. If moral views about fair procedure are allowed as an exception, why cannot people use other moral views to help determine their course of action in the state of nature? If they can, why not allow the preference of those who think redistribution unjust into the initial position? By not allowing this, Buchanan has skewed matters so that his contractors will arrive at the results he favors.

Buchanan's support for redistribution fits together poorly with his general stance of sympathy for the free market. He strongly supports individual liberty: one of his reasons for favoring moral subjectivism is that this will encourage people to mind their own business. In his view, people ought not to impose their personal preferences on others. However much one may disagree with Buchanan on the foundations of ethics, there is something both appealing and right in his wish to minimize the activities of moral busybodies. But is not the preference for equality just the sort of interference Buchanan elsewhere opposes? What is this preference but a wish to alter the incomes of other people—so that they do not from one another by more than a prescribed margin? Why does not the prescription mind your own business apply to proponents of redistribution?

II

The Austrian view of redistribution differs entirely from that of Buchanan. By "Austrian," I here intend the views of Ludwig von Mises and Murray Rothbard, in my opinion the most consistent representatives of the Austrian school. No claim is made here that all Austrian economists agree with these writers about redistribution.

One feature sharply and immediately characterizes the thought of both Mises and Rothbard. Each author distinguishes "without confusion, without separation" economics from ethics. Unlike Buchanan, who because of a subjectivist analysis of morality tries to use elementary economic theory to do the work of

ethics, Rothbard believe that ethics is a discipline with its own methods and criteria.

Thus, in "Toward a Reconstruction of Utility and Welfare Economics" Rothbard (in Mary Sennholz, ed. *On Freedom and Free Enterprise*, Princeton: D. Van Nostrand, 1956, pp. 250–52) hammers home the theme that since interpersonal comparisons of utility cannot be made, economics is in no position to claim that income transfers make anyone better off. If two people make an exchange, one can say that in their own view, each thinks himself better off than before. But if a transfer is not voluntary, the economist can say nothing. One person wishes the forced transfer, and the other does not. Assessment of this requires an ethical judgment.

It would not be a good reply to this to say that the economist cannot say that anyone is made worse off by the transfer, since this too involves an interpersonal utility comparison. (We abstract here from the cost of the transfer program and its effect on productivity.) This is exactly the point: the economist cannot say anything about the justice or injustice of the measure. This is not his business.

It of course does not follow from this that nothing can be said about the justice of redistribution, apart from facts about what people prefer and how they may realize their preferences. This is Buchanan's position: but, to reiterate a vital truth, this is not part of economic science. In particular, it is not a consequence of the subjective theory of value. Neither is it a consequence of economics that people ought to get what they prefer; this too brings in an assumption about ethics.

Mises was a utilitarian, and Rothbard is a defender of natural rights, two very different theories. However much they clash on ethics, both avoid the problem just mentioned. Mises, to be sure, in one respect resembles Buchanan. He asks the same fundamental question: how can people be enabled to realize their preferences? But Mises poses the question because he is a utilitarian: he does not, like Buchanan, abandon ethics but rather adopts the criterion of satisfaction as an ethical principle.¹¹ The case is even clearer with Rothbard, whose opinion of redistributive taxation stems from his analysis of the rights of self-ownership and property. Neither Mises nor Rothbard considers the question that

¹¹I now think this view of Mises mistaken. See David Gordon, "The Philosophical Contributions of Ludwig von Mises," *Review of Austrian Economics* vol. 7, no. 1 (1994): 103–9.

principally interests Buchanan: what would people do in an amoral state of nature? In the absence of an argument showing that this topic has anything to do with ethics, it is the merest irrelevancy.

Rothbard carries out the separation of ethics from economics with even greater completeness than Mises. Although Mises never equates ethics and economics, he does at times rely on an argument for capitalism that in his view depends on no ethical premises. Intervention in the free market will not work, from the point of view of its advocates. Minimum wages, e.g., will produce unemployment, and prices controls, shortages. Thus, for Mises, it requires no ethical judgments to determine whether these measures should be put into effect. Assuming that people wish to realize their preferences (a principle of rational action rather than ethics),¹² they have no alternative but to reject these futile endeavors.

As Rothbard has rightly noted, not even this argument succeeds in avoiding a reference to ethics. First, it assumes that people ought to be concerned with their material welfare. No doubt most people *do* care about this, a fact Mises was not slow to note. But it does not follow from this that they ought to be, or that their preferences for material wealth ought to be overriding. Mises's use of this argument largely succeeds in bypassing this objection when it is taken within the context of his ethics. Given his utilitarian outlook, he can fairly readily supply the ethical premise we have just indicated he requires.

More controversially, Mises assumes that people ought to rank foremost the attainment of everyone's long-term material interests. But what if some people prefer their own interests to those of society? What if a group of workers prefer higher wages for themselves by the use of coercion, at the expense of unemployment for others? Perhaps they should not act on this preference, but an argument to this effect cannot appeal merely to premises which everyone accepts. Exactly the same point applies to the issue of whether long-term interests, *selfish* or not, are to be favored over short-term. Mises can again avoid much of the force of this objection, if his claim is taken as part of a utilitarian argument.

¹²Note the difference between "people wish to realize their preferences," apart from some "trick cases," a principle of rationality; and "it ought to be the case that, other things being equal, people be able to realize their preferences," a proposition of ethics.

Mises's utilitarian ethics led him firmly to reject redistribution of income by taxation. He stressed in this regard that the only permanent way to eradicate poverty lay in an increase in production. With greater total production, the poor, along with everyone else, would be better off than as the "beneficiaries" of costly programs which, by taxing income that might have been invested, lowered wealth.

It might be objected here that even if productivity rises, the poor need not share in the gains that result from this. Mises's thinking followed an utterly different line: in his opinion, capitalism was primarily a system of "mass production for the masses" and the unhampered operation of this system would be to nearly everyone's advantage. Because of their large numbers, the less well off when acting as consumers control much of the economy by indicating through their dollar votes what they want. In brief, Mises's argument against redistribution is that it is not the best means to aid the poor.

Rothbard's natural rights view of redistribution is consistent with Mises's position, though neither implied by it or implying it. In Rothbard's view, rights stem from self-ownership: each person has the exclusive right to control his or her own body. One of the activities people are at liberty to perform is to acquire unowned property: this can be done through a "Lockean" principle of labor mixture. Once acquired, property can be transmitted by gift, sale, or bequest.

The rights of people in this scheme of things preclude compulsory redistribution through taxation. To take away income from some on behalf of others is theft, just in the way suggested in the initial part of the discussion of Buchanan. In addition, income transfers in effect compel some to work on behalf of others, i.e., they involve forced labor. The fact that those who receive the transfers are handicapped or poor does not alter the case. It is not part of this position that people have no moral duty to be charitable.¹³ But the condition of being *needy*, even if one sets aside the arbitrariness involved in determining who counts as needy, does not generate any rights to the person or property of others. Charity cannot violate the demands of justice.

Limits of space preclude a full discussion of this challenging position. It seems to me one of very substantial appeal and insight and deserves to be addressed by anyone who favors redistribution.

¹³Rothbard's political ethics makes no assumptions about moral duties that are not enforceable through coercion.

It is interesting to note that self-ownership has strong intuitive appeal even to those of quite other political persuasions than Rothbard's. G.A. Cohen ("Self-ownership, World-ownership, and Equality," Part 2, *Social Philosophy and Policy* vol. 3, no. 2 [Spring 1986]: 77–91) for example, a leading analytical Marxist, believes that socialists have failed to realize the full force of this principle. Few people think that someone who has two good eyes owes one of them to a blind person, even though in some sense the blind person needs it more. Nothing immediately follows about property; but granted the plausible additional premise that property is initially unowned (in the sense that until people acquire property through Lockean labor mixture, no one owns anything other than his or her own body), it seems difficult to avoid the Lockean position that self-owners can legitimately acquire and hold property. Cohen denies that property is initially unowned but as it seems to me gives no plausible arguments for this.

The point at which defenders of redistribution will be most apt to attack Rothbard's argument is the nature of initial acquisition. Like Buchanan, they will wish to limit property rights so that holders of wealth or income acquire a liability to taxation. If property is initially unowned, however, it is difficult to see how this limit can be supported. If the requirements of the poor can restrict the right to hold property, this suggests that they initially possess rights over the property which persons appropriate.¹⁴ Otherwise, why do they have the right to part of the income from the property? Alternatively, defenders of this view might assume that someone else (the government? society?) has ownership rights to property before people begin to acquire it. Although in my opinion it is intuitively obvious that property is initially unowned, those who support redistribution will disagree. They are certainly not bound to accept a principle just because it is evident to libertarians; but they owe us explicit recognition of the fact that they *do* assume some form of collective initial ownership, and a justification for doing so. They will not have any easy time of this; and if there *are* any good arguments for redistributive taxation, James Buchanan for one has failed to present any.

¹⁴Or do these rights operate directly through limits on the activity of acquiring unowned property?

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Austrian Economics: Tensions and Directions

edited by **Bruce J. Caldwell, Stephan Boehm**

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The book successfully criticizes many topics related to the Austrian school of thought. Starting with the historical and methodological issues, it examines subjectivism, market coordination, institutions, political economy and evolutionary theory. It concludes with an Afterword by Mario Rizzo and Larry White, which both appraises the contents and assesses the approaches propounded in the volume.

Contents and Contributors

Editors' Introduction. 1. Austrian Economics Between the Wars: Some Historiographical Problems; *S. Boehm*. Comments; *M. Blaug*. 2. The Market as an Isolated Causal Process: A Metaphysical Ground for Realism; *U. Maki*. Comments; *B. J. Caldwell*. 3. Kirzner's Theory of Entrepreneurship – A Critique; *M. Ricketts*. Comments; *I. M. Kirzner*. 4. Subjectivism, Explanation and the Austrian Tradition; *J. Shearmur*. Comments; *P. E. Earl*. 5. Market Coordination; *B. J. Loasby*. Comments; *C. Torr*. 6. Orders and Organizations: Toward an Austrian Theory of Social Institutions; *R. N. Langlois*. Comments; *G. M. Hodgson*. 7. On the Possibility of Austrian Welfare Economics; *A. P. Hamlin*. Comments; *R. Sugden*. 8. Turning Austrian Economics into an Evolutionary Theory; *U. Witt*. Comments; *J. Foster*. Index.

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