

### 3. DO WE OWN OURSELVES? / LIBERTARIANISM

Each fall, *Forbes* magazine publishes a list of the four hundred richest Americans. For over a decade, Microsoft founder Bill Gates III has topped the list, as he did in 2008, when *Forbes* estimated his net worth at \$57 billion. Other members of the club include investor Warren Buffett (ranked 2nd, with \$50 billion), the owners of Wal-Mart, the founders of Google and Amazon, assorted oilmen, hedge fund managers, media moguls, and real-estate tycoons, television talk show host Oprah Winfrey (in 155th place, with \$2.7 billion), and New York Yankees owner George Steinbrenner (tied for last place, with \$1.3 billion).<sup>1</sup>

So vast is the wealth at the top of the American economy, even in a weakened state, that being a mere billionaire is barely enough to gain admission to the *Forbes* 400. In fact, the richest 1 percent of Americans possess over a third of the country's wealth, more than the combined wealth of the bottom 90 percent of American families. The top 10 percent of American households take in 42 percent of all income and hold 71 percent of all wealth.<sup>2</sup>

Economic inequality is steeper in the United States than in other democracies. Some people think that such inequality is unjust, and favor taxing the rich to help the poor. Others disagree. They say there

is nothing unfair about economic inequality, so long as it is the result of force or fraud, through the choices people make.

Who is right? If you think justice means equality of resources, you might favor wealth redistribution, on the grounds that if we take \$1 million from Bill Gates and divide it among 100 needy recipients, giving each of them \$10,000, the utility of the needy would likely increase. Gates would scarcely notice the loss, and most of the recipients would derive great happiness from the money. Their collective utility would go up more than Gates's would fall.

This utilitarian logic could be extended to justify any redistribution of wealth; it would tell us to take from the rich to the poor until the last dollar we take would do as much as it helps the recipient.

This Robin Hood scenario is open to at least two objections. From within utilitarian thinking, the other objection worries that high tax rates, especially on the rich, are an incentive to work and invest, leading to a decline in the economic pie shrinks, leaving less to redistribute. If the utility might go down. So before taxing Bill Gates too heavily, the utilitarian would have to ask whether it would lead them to work less and so to earn less money, thereby reducing the amount of money available for redistribution.

The second objection regards these calculations. It argues that taxing the rich to help the poor violates a fundamental right. According to this objection, taking from Gates and Winfrey without their consent is coercive. It violates their liberty to do as they please. Those who object to redistribution of wealth are often called "libertarians."

Libertarians favor unfettered markets and free trade, not in the name of economic efficiency but in the name of human freedom. Their central claim is that

is nothing unfair about economic inequality, provided it arises without force or fraud, through the choices people make in a market economy.

Who is right? If you think justice means maximizing happiness, you might favor wealth redistribution, on the following grounds: Suppose we take \$1 million from Bill Gates and disperse it among a hundred needy recipients, giving each of them \$10,000. Overall happiness would likely increase. Gates would scarcely miss the money, while each of the recipients would derive great happiness from the \$10,000 wind-fall. Their collective utility would go up more than his would go down.

This utilitarian logic could be extended to support quite a radical redistribution of wealth; it would tell us to transfer money from the rich to the poor until the last dollar we take from Gates hurts him as much as it helps the recipient.

This Robin Hood scenario is open to at least two objections—one from within utilitarian thinking, the other from outside it. The first objection worries that high tax rates, especially on income, reduce the incentive to work and invest, leading to a decline in productivity. If the economic pie shrinks, leaving less to redistribute, the overall level of utility might go down. So before taxing Bill Gates and Oprah Winfrey too heavily, the utilitarian would have to ask whether doing so would lead them to work less and so to earn less, eventually reducing the amount of money available for redistribution to the needy.

The second objection regards these calculations as beside the point. It argues that taxing the rich to help the poor is unjust because it violates a fundamental right. According to this objection, taking money from Gates and Winfrey without their consent, even for a good cause, is coercive. It violates their liberty to do with their money whatever they please. Those who object to redistribution on these grounds are often called "libertarians."

Libertarians favor unfettered markets and oppose government regulation, not in the name of economic efficiency but in the name of human freedom. Their central claim is that each of us has a fundamen-

tal right to liberty—the right to do whatever we want with the things we own, provided we respect other people's rights to do the same.

### The Minimal State

If the libertarian theory of rights is correct, then many activities of the modern state are illegitimate, and violations of liberty. Only a minimal state—one that enforces contracts, protects private property from theft, and keeps the peace—is compatible with the libertarian theory of rights. Any state that does more than this is morally unjustified.

The libertarian rejects three types of policies and laws that modern states commonly enact:

1. No Paternalism. Libertarians oppose laws to protect people from harming themselves. Seatbelt laws are a good example; so are motorcycle helmet laws. Even if riding a motorcycle without a helmet is reckless, and even if helmet laws save lives and prevent devastating injuries, libertarians argue that such laws violate the right of the individual to decide what risks to assume. As long as no third parties are harmed, and as long as motorcycle riders are responsible for their own medical bills, the state has no right to dictate what risks they may take with their bodies and lives.

2. No Morals Legislation. Libertarians oppose using the coercive force of law to promote notions of virtue or to express the moral convictions of the majority. Prostitution may be morally objectionable to many people, but that does not justify laws that prevent consenting adults from engaging in it. Majorities in some communities may disapprove of homosexuality, but that does not justify laws that deprive gay men and lesbians of the right to choose their sexual partners for themselves.

3. No Redistribution of Income or Wealth. The libertarian theory of rights rules out any law that requires some people to help others, including taxation for redistribution of wealth. Desirable though it may be for the affluent to support the less fortunate—by subsidizing

their health care or housing or education—to the individual to undertake, not mandating to the individual, redistributive taxes, even theft. The state has no more right to support social programs for the poor than it has the right to steal money from a rich person and give it to the poor.

The libertarian philosophy does not mean that libertarians are on the far right of the political spectrum. Conservatives who favor laissez-faire economics often join ten part company with libertarians on certain issues, such as prayer, abortion, and restrictions on pornography. Elements of the welfare state hold libertarian views on civil rights, reproductive rights, freedom of speech, religion, church and state.

During the 1980s, libertarian ideas found a new voice in the pro-market, antigovernment rhetoric of Margaret Thatcher. As an intellectual doctrine, libertarianism was earlier, in opposition to the welfare state. In 1960, the Austrian-born economist-philosopher Friedrich Hayek (1889–1992) argued that any attempt to achieve equality was bound to be coercive and destructive. In *Capitalism and Freedom* (1962), the American economist Milton Friedman (1912–2006) argued that many welfare state programs are illegitimate infringements on individual liberty. He gave as one example or any mandatory, government-run retirement savings plan. He gave prime examples: “If a man knowingly puts his resources for current enjoyment, despite his advanced and serious old age, by what right do we prevent him from doing so? A man asks. We might urge such a person to save for his old age, but are we entitled to use coercion to prevent him from doing so if he chooses to do so?”<sup>4</sup>

Friedman objects to minimum wage laws. He argues that government has no right to prevent employers from paying whatever, however low, that workers are prepared to accept.

their health care or housing or education—such help should be left up to the individual to undertake, not mandated by the government. According to the libertarian, redistributive taxes are a form of coercion, even theft. The state has no more right to force affluent taxpayers to support social programs for the poor than a benevolent thief has the right to steal money from a rich person and give it to the homeless.

The libertarian philosophy does not map neatly onto the political spectrum. Conservatives who favor laissez-faire economic policies often part company with libertarians on cultural issues such as school prayer, abortion, and restrictions on pornography. And many proponents of the welfare state hold libertarian views on issues such as gay rights, reproductive rights, freedom of speech, and the separation of church and state.

During the 1980s, libertarian ideas found prominent expression in the pro-market, antigovernment rhetoric of Ronald Reagan and Margaret Thatcher. As an intellectual doctrine, libertarianism emerged earlier, in opposition to the welfare state. In *The Constitution of Liberty* (1960), the Austrian-born economist-philosopher Friedrich A. Hayek (1899–1992) argued that any attempt to bring about greater economic equality was bound to be coercive and destructive of a free society.<sup>3</sup> In *Capitalism and Freedom* (1962), the American economist Milton Friedman (1912–2006) argued that many widely accepted state activities are illegitimate infringements on individual freedom. Social Security, or any mandatory, government-run retirement program, is one of his prime examples: “If a man knowingly prefers to live for today, to use his resources for current enjoyment, deliberately choosing a penurious old age, by what right do we prevent him from doing so?” Friedman asks. We might urge such a person to save for his retirement, “but are we entitled to use coercion to prevent him from doing what he chooses to do?”<sup>4</sup>

Friedman objects to minimum wage laws on similar grounds. Government has no right to prevent employers from paying any wage, however low, that workers are prepared to accept. The government