Episode 519: Debate/Discussion: Should Libertarians Support a Basic Income Guarantee?

Guest: Matt Zwolinski

WOODS: This is one of those episodes where the show notes page will be really, really important so that people can read your paper for themselves and they can read any follow-up or previous blog posts that you've written on this general subject. We're going to link to Bleeding Heart Libertarians over there; there's going to be a lot of stuff that'll be valuable if people really want to get the most out of this discussion, so that's going to be TomWoods.com/519.

Now, this is a subject on which you and I have a disagreement, and I want to state at the outset that I think you're a perfectly nice guy, a very smart guy; I think you've made very important contributions. When I spoke, I guess it was at the University of San Diego several years ago, you were a very kind host. Now, maybe not all of your friends are not always quite so nice, but my friends aren't that nice sometimes either, and to be perfectly honest with you, sometimes I'm not very nice. But I have my Nice Hat on with a big "N" on it for today. Let's just have a friendly exchange of views and see what productive results come out of it.

ZWOLINSKI: I love it, Tom. I always enjoy talking with you, so I'm really looking forward to this.

WOODS: All right, now given that — I will say that you are probably coming at this from the weaker perspective, not only because I'm the host and the audience is already sort of sympathetic to me, but also because as you would admit, the kind of idea you're talking about at first glance is going to look like the absolute opposite of libertarianism. And when I told some people in my private Facebook group that I was doing this, they really couldn't believe there could be any discussion at all, and I said, well, hold on a minute; he argues it very cleverly. So I want to give you a chance.

Now, you said to me in private that there are two ways you can talk about this. You can talk about your idea as a practical alternative to the existing system, or you can talk about it from a justice standpoint, from a more Georgist angle. And in way, I think I'd like to do both, because I think the argument is incomplete without both. So can you try to give both angles in your opening overview?

ZWOLINSKI: Sure. I would be happy to. The first more pragmatic argument is one that I set forth in a Cato Unbound symposium on the basic income. I think I called it "The Pragmatic Libertarian Case for Basic Income." And the basic idea there is that if we're going to be stuck with a welfare state, because, after all, we libertarians don't control the body politic; if we're going to be involved in politics at all, we have to compromise with people who don't share our beliefs, and a lot of those people think that we not only ought to have a welfare state, but that we ought to have a welfare state that is much bigger than the one we have right now, much more intrusive, much more costly, and so forth. I think that there's a good case to be made for a basic income policy as a kind of libertarian compromise with reality, so to speak, with the realities of politics.

So first of all, let me say what a basic income policy is, what I mean by that phrase. It encompasses actually a number of different policies. Some people describe Milton Friedman's negative income tax as a kind of basic income proposal. But the basic idea that all of them have in common is that, first of all, you're giving people cash, so it's unlike, say, food stamps where you're giving them in kind benefits. It's unlike housing vouchers where you're giving them vouchers that they have to use on a particular kind of good. You're giving them money that they could spend on whatever they want. Most basic income policies are fairly universal, so everybody or just about everybody gets the cash payout, and it's not means tested. Generally speaking, your eligibility for the program isn't dependent on what your other income is, nor is it based on your status, whether you're working or not or whether you're even willing to work or not.

So why would a libertarian favor a policy like that as a substitute or a replacement for our existing welfare state? The basic idea is that it has a number of sort of libertarian-friendly advantages. So a state like that would be significantly less paternalistic. It would involve a lot less of the government telling poor people how to live their lives, what they really need, whether they need food or housing or whatever the government thinks they ought to spend their money on, and allowing people to make their own choices, which might be buying food or housing, or it might be saving money; it might be paying their telephone bill; it might be gambling or drinking beer. Who knows? The idea is they know what they need better than the government does.

It's less invasive in their lives. There's less bureaucracy, because you don't have a lot of complicated bureaucratic machinery to administer a basic income program. It's basically mailing people the check, or perhaps in some version, seeing what their income is and then mailing them a check. It's less prone to rent-seeking, because it's a similar policy; it's less complicated; there's less room for political maneuvering to direct benefits towards various special interest groups. And depending on the kind of basic income policy you arrive at and the level of funding that you direct, it might wind up being cheaper. That's one thing I've become less certain about over time, but we can talk about that more as it goes on. So that's the kind of pragmatic case for a basic income as a compromise policy, so to speak.

WOODS: All right, so let's start there with the pragmatic aspect, because of course there are moral objections that libertarians would raise, and you have dealt with a lot

of these kinds of objections, so I'm going to throw some of these at you in a little while to see what the response is.

ZWOLINSKI: Yep.

WOODS: As I say, since I've read your main article on this in *The Independent Review*, which did a whole symposium on the subject of — they're abbreviating it BIG, and here you are trying to say maybe it might save money, and the acronym is "big," basic income guarantee. But I've read that symposium; I've read your contribution. But anyway, so I won't get into right now, "Isn't that a violation of property rights?" because you have responded to that. Let's get into practical questions.

In that symposium, no doubt you read the contribution by David Henderson at Stanford University's Hoover Institution, and he just was doing some back of the envelope calculations. He said that in correspondence with you, you said, just picking a reasonable figure, that maybe we'd be talking about $10,000 per person per year — per adult American. So he calculated the number of adult citizens we have in the U.S. He came out at something like 206, 207 million of them. So when we multiply that by $10,000, he says this is going to come to $2.068 trillion per year, and given that it's unconditional, it is not conditional on willingness to work, on wealth or on poverty, this would be the cost, and this is supposed to be an improvement on an existing system that costs only $952 billion. How do you respond to that?

ZWOLINSKI: Right. So the $10,000 number that I picked out was essentially borrowed from Charles Murray, who used that number in his book defending a kind of basic income proposal, called *In Our Hands: A Plan to Replace the Welfare State*. And that, too, was meant to be a kind of libertarian argument in favor of replacing currently existing welfare programs with a basic income. However, on Murray's proposal, the $10,000 is not entirely universal, and it's not entirely non-means tested either. So the payment that Murray was figuring was going to be in the first instance given only to adults. So I believe by that he meant people possibly aged 21 and older. It might have been 18, but I think he said actually 21 years or older. So we're not giving this to children. We're giving it only to adults, so each adult in the household would receive a $10,000 grant, regardless of how many children they had.

Second, Murray's proposal had built into it a kind of progressive tax on the benefit that would vary proportionally to your income, so essentially you wouldn't pay any tax on the grant up to a certain amount of income, and it might have been something like $25,000; I can't recall off the top of my head. And then for every additional, say, $5- or 10,000 you earn, that progressive tax would increase. So that significantly reduces the cost of the program, those two features, to such an extent that on Murray's cost estimates, it would have been cheaper than the current system if existing trend lines continued at the time that he was writing the book, and I haven't done the math to check whether that's happened yet; the book was written some time ago. But his projections were it would be more costly if you did it right then when he was writing, but given the growth of Social Security and related programs, the basic income would

be cheaper than the current welfare state in the next, like, 10, 15 years, something like that.

WOODS: All right, so one of the ways that he would make it cheaper than an outright $10,000 grant-and-that's-the-end-of-it plan would seem is this increase in the marginal tax rate on people who start earning $25,000. At the $50,000 level, $5,000 of the grant would be paid back, and so it's not quite the same thing as just a flat-out $10,000 payment. But the trouble with that as a response to my question is you wrote in one of your pieces on this, "With a basic income guarantee, the money you get is yours to keep. You don't lose it if you take a job and start earning money." But in Murray's plan, that's how he saves money, is that you do lose it if you take a job. So are you changing you plan?

ZWOLINSKI: Well, I think — I'm undecided on the specific policy details of the basic income. Right, like I said I think the basic income is best understood as a kind of family or proposals that all have some rough characteristics in common, and I think that something in the neighborhood of that family is a good idea. But I'm not an economist, and so I defer to people who are to inform me of the comparative advantages and disadvantages of different versions of the plan. So I think there's a trade off here, right?

On the one hand, one of the big advantages of a basic income guarantee relative to the current welfare state is precisely in the unconditionality of the grant, because the unconditionality of the grant means that that kind of transfer program doesn't have the same disincentives to work as our current welfare state does. Right now, the current welfare programs that we have cut off at various income points, and what that means is that poor people face in some cases an extremely high marginal tax rate, because if they work an additional, say, 10 hours a week, not only are they paying taxes on that additional 10 hours worth of income, but they're also in effect "paying" via the lost benefits that they're giving up as a result of their income rising too high. So that's a benefit of unconditionality. The con of unconditionality obviously is it makes the program significantly more expensive in terms of the benefits you're paying out.

So if you're just considering this from a kind of pragmatic perspective and we're not getting into the morality of property rights, things like that, then there's a tradeoff here that needs to be addressed, and I'm not entirely sure what the right way of addressing it is, but I lean towards thinking something less than full unconditionality, something more like Murray's proposal or like Milton Friedman's negative income tax is better than the kind of idealized everybody-gets-the-cash-no-matter-what version of the program.

WOODS: All right, well I appreciate your frank acknowledgement of that. I'm looking at the numbers here on Murray's proposal, and I realize that this is not fundamentally an argument about numbers. I think it's more fundamentally an argument about justice and morality, and we'll get to that later. I mean, if you can make an appeal based on

efficiency, that's nice too, but I don't think that's fundamentally what the argument is about.

But nevertheless, he says that in his plan, the incomes of — basically what you're getting is an increase in marginal tax rates over a range of incomes by 20 percentage points once you reach a certain fairly modest level of income. So when you add that to the fact that such modest income earners are already in a 15% federal tax bracket, then a 7.65% payroll tax, 2-3% state tax bracket, they're already at a 24-25% tax bracket. Then you add 20 percentage points to that, now you're dealing with a very substantial disincentive to work that could undermine the whole, what was thought to be, the merits of the program. So it seems like the nuts and bolts are still very, very much cloudy and would need clarifying.

What's more interesting I would think to my audience would be how do you respond to the claim that as libertarians we — well, I was going to say we presume existing property titles to be valid. That's the rub, isn't it?

ZWOLINSKI: Ah. Yeah.

WOODS: Why don't you go ahead and address that argument?

ZWOLINSKI: Right. So there's a libertarian instinct I think, and it's an instinct that I myself share in some cases, to react against redistributive policies on the grounds that those redistributive policies violate property rights, and as libertarians we're defenders of property rights, so we therefore must oppose these redistributive policies on principle. But as you suggested with your laugh there when you were putting forward this position, there's a big difference between defending property rights as an ideal and defending the existing property rights that we happen to have, because although libertarians believe that some kind of property system can be justified — we believe that it's possible to appropriate natural resources, to mix your labor with them, to transfer them to others voluntarily, and all that stuff — if that's not the way that existing property titles actually came about, then it looks like those property titles don't have the right kind of pedigree from a libertarian perspective to be worthy of defense by a libertarian. So there's a real problem I think in libertarian defenses of the status quo based on idealized, kind of theoretical arguments about how property titles might have come about in a morally permissible way.

WOODS: I think one of the troubles with that argument is that you too have to rely on questions involving how property rights might have come about such that we wind up with the current distribution. Almost nobody — and I don't mean to be making entirely a practical argument here, but that is part of it. How can we trace back? There's no way I can say, well, there was an injustice 300 years ago, and that's why people are in poverty today. I think it's safe to say, and I know it's not considered socially acceptable to say, but there are certain behavior patterns that we associate with people who tend to be ambitious and successful, and there are certain behavior patterns we associate with people who tend to be poor. Now obviously plenty of people are poor because they're just down on their luck or things beyond their control, but there are

consistent behavioral patterns, which I would say would vastly more successfully account for the wealth and poverty disparities we see today than the fact that land acquisition 500 years ago was skewed.

ZWOLINSKI: I'm not so sure. And you're right; it's incredibly hard to disentangle, especially if we're talking about injustices that occurred 500 years ago. Maybe not so hard if we recognize the fact that it's not just injustices that occurred 500 years ago, right? I mean, we're still not living in a libertarian society. It's true that we're not committing sort of acts of military imperialism at home and stealing people's land wholesale like we did several hundred years ago, but we've still got cronyism; we've still got rent-seeking; we've still got all kinds of processes that are properly viewed as unjust from a libertarian perspective that feed in to the existing distribution of property rights. So it's not merely this kind of long ago historical problem that we're trying to get over.

WOODS: Right.

ZWOLINSKI: There's also — and this is something that I go into a bit in *The Independent Review* piece — there's also a more kind of theoretical problem, right? So to my mind, you've got two serious problems with libertarian opposition to redistribution based on the sanctity of private property. One is the kind of historical injustice argument that we've just mentioned. The other is a more, again, kind of principled argument which says that even if things had gone as libertarians hope they might have gone — so even if we follow a peaceful process of labor mixing and voluntary exchange, homesteading, whatever you will — there's still a problem in justifying full property rights to the economic value of natural resources. And this is the kind of Georgist argument that I've come to have increasing sympathy, despite not really wanting to. I've sort of fallen into thinking that Henry George was perhaps on to more than many people give him credit for.

But the basic Georgist position is, look, you own yourself. Locke was right about that. Self-ownership is a correct moral principle. You own yourself, you own your labor, and you own the things that you produce with your labor. But even if we grant all of those premises, that's not enough to justify full ownership of what he called land, but what I think is probably better referred to as natural resources, because you didn't create those natural resources with your labor. There was a preexisting thing there that you in a sense put a fence around and said nobody else gets to use this without my consent, and I'm going to claim the right to use coercion to enforce my claim upon this land and the economic value that that land produces.

And George thought that that was a great injustice, and so he proposed this famous idea of a single tax, which would involve putting a tax on the unimproved value of the land, so just the value of the natural resource itself apart from whatever labor you put into it. So you own whatever you create. If you genuinely create something with your labor on that land, you build a shed or you till the soil or something like that, that's all yours. But the labor of the land itself, apart from the contribution of your labor to it,

what right do you have to that, and what objection do you have if society imposes a tax upon that value to redistribute to society as a whole?

WOODS: All right, let me try and go through this. I want to back up to the first part of your answer, which was about trying to disentangle in the past — and in the present, as you rightly point out — the various layers of injustice that have existed either privately or publicly, and then try to figure out who's deserving of what when all is said and done. And we both can see that's an extremely difficult problem, which is part of the reason that, given that we can't trace these things back, it kind of makes me wonder why don't we just abandon this whole approach and think a different way.

It's true that the state is guilty of many outrages even today, but even our top people, like Roderick Long, for example, and Peter Klein, who are both experts in their respective fields, they can't even agree on whether on net the state benefits or harms big business. Now, those are our two — I mean, Peter Klein is one of the top entrepreneurship theorists we have. Roderick Long's one of our philosophers. If our best people can't even figure out what direction the problem moves in, then certainly to de facto say to the state, well, because you're guilty of many and sundry injustices against us, well, we're going to almost say everything's up for grabs. I mean, I know you're not quite putting it that way, but seems like it's just not justified. If our people don't even have a sense of what's happening, then certainly some government bureaucrat is not going to be able to have a sense of what's going on. So that's one thing.

And then secondly, I don't think we can know which people deserve the compensation. It's not necessarily always the poor. Maybe the middle class deserve compensation. In some cases, maybe the rich deserve compensation. I don't see — and there are programs today that do in fact benefit the poor at the expense of other people. I'm not sure how you could ever possibly sort that out, so then to just say, well, we can't possibly sort this out, so let's just say everybody gets $10,000 I think is going to strike a lot of people as very sloppy.

ZWOLINSKI: On the other hand, saying we can't sort things out, so let's just leave them as they are sounds a little convenient when it comes from people like me who have sort of come out on the top of this pile. Like, I'm doing really well economically, relatively speaking, I guess, compared to the rest of the world. So to say that, look, you know, a lot of stuff happened in the past, somebody hit somebody else, I don't know who it was, let's just sort of leave things as they are and move forward, that sounds like a rationalization of privilege and of kind of whitewashing over of injustice — and not the sort of privilege and sort of sloppy social injustice that people on the Left talk about sometimes, but like real, serious privilege and injustice that we ought to be able to recognize from a libertarian perspective.

So neither answer's good is the point. I'm not saying that my answer's perfect and the answer you're proposing has no merit to it at all. They both have serious, serious problems with them, but I guess I'm a little less pessimistic than you about the prospects of identifying winners and losers.

I think, for instance, it's not implausible to make the argument that African Americans in the United States today are still suffering from the legacy of slavery, from the legacy of Jim Crow, from the legacy of a whole host of unjust policies on the part of the U.S. government. Now, how exactly we should respond to that I think is complicated and difficult, but I think it's pretty clear that we can make a case that there's a causal effect there.

WOODS: All right, let's say that we could. Why wouldn't that justify a one-time payment? What would be the justification for an ongoing, year-after-year, generation-after-generation payment?

ZWOLINSKI: Yeah, that's a good question, and I'm not sure that you wouldn't be right in pressing that point. I mean, maybe the appropriate response would be a one-time payment rather than an ongoing thing.

WOODS: And then also you're probably familiar with David Friedman's critique here on this point? Because his argument would be that surely some of the Africans in Africa who were involved in the slave trade — I mean, presumably they earned some net benefit from that, so what that would mean perversely, at least if I'm following your logic correctly, is that we'd have to go to poor Africans today and have them subsidize much, much better off African Americans.

ZWOLINSKI: Yeah, so — possibly so. I mean, there's obviously pragmatic difficulties there, but in terms of what ideal justice would require in terms of if we could actually abide by it, that might be right. As far as the one-time payment thing, I mean, you could make the argument that the kinds of harms that have been imposed on African Americans by U.S. policy are simply by their nature not the kinds of things that can properly be corrected by a one-time cash payment. If the harms are kind of cultural in nature, these are destroyed families, you've affected the work ethic of a population in a sense, then it might not be the kind of thing that you can simply correct by writing a check and then walking away from it.

But I want to make a more general, kind of theoretical point here, which is that libertarianism, at least the kind of libertarianism that's associated with people like Ayn Rand and Robert Nozick and Murray Rothbard, is meant to be a kind of deontological and historical theory of justice, meaning that it's a theory of justice based on claims about people's natural rights. And those right claims are historical in nature, meaning that when we look at a distribution of resources across a society, the way to determine whether that distribution of resources is just or unjust is by looking at how it came about, what's the historical process by which it came about. The mere fact that you got inequality within a society for a libertarian doesn't suffice to show that the distribution is unjust, because there are just ways in which you can get inequality and there are unjust ways in which you can get inequality.

WOODS: Right.

ZWOLINSKI: So if you're only going to stick with that kind of theory, then the mere fact that achieving justice would be kind of pragmatically difficult doesn't, it seems to me, give you good reason not to attempt to pursue them.

WOODS: No, I want to make sure I say, because these are difficult questions, and I think in general, I do agree with you that the mere fact of difficulty doesn't mean that you shouldn't do it. You know probably Walter Block's view is that he does believe in compensating people for long, long past injustices if they can demonstrate that they have been subject to injustice and they've got some kind of claim, because otherwise at some point, you do come up against practical problems when you go back into the mists of time. But that doesn't mean that there's a moral problem with trying to go back into the mists of time. I'm not objecting there.

But in any case, much as it would be fun to continue that, I want to make sure we get into a discussion of the Lockean proviso, which indirectly ties into some of the Georgist points that you were making. So I'd like you actually to explain to people first what the Lockean idea of homesteading is — I'm sure most listeners know that — but maybe fewer people know about the proviso that Locke inserted later. I think some people think it's just homesteading, and that's the end of it. There is an important proviso that's become known as the Lockean proviso that actually plays an important role in some of the argument you've made on this.

ZWOLINSKI: That's right; that's right. So the elements of Locke's theory of property that most libertarians are going to be familiar with is I think, as you said, the homesteading doctrine, which holds that individuals can come to acquire legitimate property rights in unowned resources by, in Locke's words, mixing their labor with those resources, the idea being that because you own yourself and because you own your labor, if you mix your labor with an acorn, in one of Locke's examples, or a bit of land or a deer, then you come to acquire a property right in those external objects. And that's the kind of famous homesteading idea, right? So you mix your labor with stuff; you own it. And then once you own it, you can transfer it around in the ordinary ways. You can give it away; you can sell it. And so that labor mixing is just an issue with the original act of appropriating something out of the state of nature. Once all the stuff has been appropriated, then we just shuffle it around by trade.

Now as you noted, there's an additional element to Locke's theory. So on Locke's view as I understand it — and this is somewhat controversial; not every Locke scholar agrees with this — but as I understand Locke, he does not hold labor-mixing to be a sufficient justification for property rights. You need something else as well, and what you need is to satisfy the so-called Lockean proviso — he didn't use that phrase — which requires you to leave enough and as good for others.

So what does that mean? That means that if you have just landed on a continent, and there's whole swaths of unused land in front of you, and you take a parcel of that land, and you put a fence around it, and you say this is mine now; I'm going to live here; I'm going to grow my turnip farm; everybody else stay off of it, that's not a problem, because there's plenty of other land for everybody else to use. And Locke says what

that shows is that you haven't really harmed anybody. The fact that there's plenty of other land, enough and as good, for others means that you haven't done anybody any injury by taking some of that land and claiming it for yourself.

But if you don't do that, if you fail to leave enough and as good for others, if you put a fence around the whole continent and say this is all mine, everybody else get off and go swim in the shark-infested waters, then you've failed to satisfy the Lockean proviso, and in Locke's view you don't then have a legitimate property right.

WOODS: All right, now I'd like you to take that and then tie that into how this can be relevant to the basic income guarantee argument and how you can therefore say that you're not actually violating property rights. I think you hinted at that in the end, but spell it out.

ZWOLINSKI: Good, okay. Yeah, so it's actually a somewhat complicated, multi-step argument, but let me try to see if I can get it clear enough in my mind to dissipate it in a somewhat simple way. So the idea is you've got to ensure that the property rights that are being appropriated out of the state of nature don't set back the interests of those who aren't party to those rights, and one way you could do that is by leaving enough and as good. But the basic idea is kind of underlying the enough and as good. The point of leaving enough and as good for other people is not to harm them, not to set back their interests. And so one move you can make, and this is the kind of move that I make in this *Independent Review* paper is to say, well look, for most people in a capitalist society, that proviso, that no-harm proviso is going to be satisfied simply by the tremendous productivity and wealth generation that a system of private property rights and free trade generates.

So a way to think about it is this: suppose that you're looking around the United States and you say, hey, there's nothing left to appropriate here. Like, all the land is gone; somebody else got here first, and they didn't leave any for me. What a bummer, man; I got ripped off. I wish I'd been one of the homesteaders and I could have taken that bit of land. Boy, think about what it'd be worth now. That's a mistaken way of thinking about your situation vis-à-vis the original appropriators, because actually you're much better off than they were. It's true that they had access to free land that you don't have, but in almost every other respect they were miserable, and they were miserable precisely because the land around them hadn't been appropriated and developed yet.

WOODS: That's an excellent point, by the way. Excellent point.

ZWOLINSKI: Yeah, they were living in a commons where resources were free, but precisely because those resources were free, nobody was doing anything with them, and so they didn't have indoor plumbing; they didn't have medicine; they didn't have cell phones. All these things that we take for granted were actually the product of and possible only because of those prior acts of appropriation. So I think for the vast majority of people the Lockean proviso is satisfied even if strictly speaking there isn't any unowned property left to appropriate, because we've been more than

compensated for that fact by the wealth and productivity that that appropriation made possible.

WOODS: That's funny that you say that, Matt, because I was going to use that argument against you. (laughing) Okay, all right, good.

ZWOLINSKI: (laughing) Yeah. So I think that's true, and that's a point that I — actually, I think Lysander Spooner might have been the first person to make that point that I'm aware of. I think he makes that point, it's either in his letter to Grover Cleveland or possibly in his essay on intellectual property. But one of the most eloquent contemporary statements of that position and one that I cite in the paper is an essay by David Schmidtz, who is my friend at the University of Arizona, has a really nice paper called "The Institution of Property," which I'll email you a link to put up on your site.

WOODS: Oh great, I like him a lot.

ZWOLINSKI: Yeah, he's terrific. He's a terrific philosopher. So okay, most people, not a problem. The Lockean proviso's already satisfied by this wealth generation. But there's this possibility and maybe more than a possibility that the proviso's not going to be met for everybody, that some people are going to slip through the cracks. We've got this rising tide of wealth, it's true, and that rising tide certainly lifts most boats, but you can make the argument I think that not all boats get lifted or lifted to a sufficient degree that the Lockean proviso would require. And so if that's true, if you grant that premise, which is an empirical premise, that there are some people who are slipping through the cracks, then I think you can look to the Lockean proviso to justify a kind of safety net to ensure that everybody is lifted up to a level of sufficiency such that in a sense we're all winners from this game that we're playing, this game of private property and free markets.

WOODS: All right, I'm going to throw some things at you, and let's see what sticks here.

ZWOLINSKI: Yeah, okay.

WOODS: Even today, of course most people are not significant landowners. They're not significant owners of any type of natural resource. What they benefit from is just exchanging services with other people, and this condition of their lives does not put them at a disadvantage. They do very well. So it seems odd to say that the condition of poor people today would in some way be at all related to the original appropriation and their lack of access to it, given that the original appropriation was dealing with raw resources the vast majority of people don't even own today and do quite well.

If we look at the distribution of natural resources around the world, the Japanese have almost none, and they're prospering very well, and Africa's full of them, and it's not prospering as much. So if the point is that people have suffered and therefore there

should be some compensatory measure, you first have to show that they've suffered because of this, and I think it's hard to do that.

There's another problem. There's a problem with the proviso itself, and you tell me if this sticks to your argument or not.

ZWOLINSKI: Yeah.

WOODS: Well, there are two problems. One is, at least in Nozick's interpretation of Locke, his view is that if the proviso can't be met or is not met, if the acquisition of property is leaving people worse off, then it's not enough to say, well, we'll do some compensation and that will fix it. His view is that knocks out the whole system. It knocks out all the property titles, so you can't say we'll keep the 90% of the system that works, and we'll just have compensation. His view is the whole system is knocked out by this.

But secondly, the much bigger problem is imagine if we have the state of nature, and we have no individual property titles anywhere, and then we get our original appropriators, our original homesteaders. And then let's say we get down to the very last person who would be able to appropriate in such a way that he could comply with the proviso, that he would be leaving as much and as good for everyone else. But he's the last one who can do it. And so the next person, then, therefore by definition cannot appropriate. Therefore wouldn't we say that if he can't justly appropriate because he'd be violating the proviso, why wouldn't we say that the previous person by leaving him in that situation is also unjustified in his appropriation, and then we continue to go in reverse, we find that no appropriation is allowable under the proviso. Maybe we therefore have to chuck the whole proviso.

ZWOLINSKI: Right, right, yeah. Sort of the regress argument or the backwards induction argument against appropriation. Yeah, that was actually the dominant philosophical interpretation of the Lockean proviso prior to that David Schmidtz article that I mentioned earlier. So most philosophers thought in effect that the Lockean proviso was impossible to satisfy. And since most academic philosophers are not, shall we say, great fans of private property and free markets, this was a conclusion that they reached with some glee I think.

WOODS: Right.

ZWOLINSKI: The best defense of private property actually ended up not defending private property.

WOODS: But it does if you don't have the proviso.

ZWOLINSKI: Right, if you ditch the proviso. Schmidtz' argument was you could sort of block that backwards induction move via the kind of compensation argument that he was suggesting.

WOODS: That's why I wasn't sure that it would really stick to what you were saying.

ZWOLINSKI: Yeah, that's right. And even with Nozick, you know, I'm not sure. I don't have the text right in front of me, so I can't go to the particular chapter and verse on this, but Nozick thinks that the Lockean proviso, the kind of Nozickian version of the Lockean proviso can kick in in certain ways without entirely invalidating the whole chain of property titles that sprung up out of the original act of appropriation. So for instance, he has this kind of famous example of a waterhole in the desert. So you own a watering hole, and supposedly there's a whole bunch of watering holes, so it's you and a hundred other people have watering holes, and you get your drinks.

And then by some freak act of nature, everybody else's waterhole dries up except yours, and so now you're left with the only waterhole in town. What Nozick doesn't say there is that you no longer have a property right to that waterhole. He doesn't say that. So it's not that you lose your property right altogether. What he says, though, is that you're no longer able to charge just whatever you want for access to that water. In a competitive economy where there's a hundred different waterholes, sure, charge whatever you want for the water. But once you're the only game in town, you've got this monopoly, then Nozick thinks that kind of triggers the proviso into effect, but that just limits what you can do with your property right so to speak, not whether you have the property right at all.

WOODS: Ah.

ZWOLINSKI: So I think something similar is kind of going on with the argument for redistribution. You could say that if things happen such that people kind of fall below the level that they're required to be at by the Lockean proviso, then that triggers the Lockean proviso into effect, not then invalidating the whole system of property rights, but limiting it in a way and giving rise to this duty of compensation.

WOODS: Now, what form does that compensation take? Would it be a property tax, given that we're dealing with supposedly a maldistribution of property? How could it be used to justify an income tax?

ZWOLINSKI: That's exactly right; that's exactly right. And I think, yeah, that's getting back —

WOODS: And now we're getting back to Georgism?

ZWOLINSKI: And this gets us back to Georgism. So the question is — because it's not just any tax that's going to be morally acceptable on this view. It's justifying a fairly narrowly constrained tax. You're putting a tax on the thing that by virtue of your theory of property rights, you're saying that people don't have a fully extensive property right to. So nothing in this argument here undermines an individual's full claim to self-ownership and to ownership of his or her labor. All it does is, not undermine, but chip away at, so to speak, your ownership of land, and so that's the thing that the tax has got to fall on if there's going to be a tax at all. And this is what

Henry George said too. Income taxes are invalid, head taxes are invalid, precisely because they violate an individual's right to self-ownership, but property taxes are not invalid, because they don't violate any actual property right that the individual is morally entitled to.

WOODS: All right, I've got a few more things that I want to raise with you to see what your thoughts are. Now, this one again is not going to be a theoretical knockout, but it's a very, very difficult practical problem to overcome.

ZWOLINSKI: Okay. Actually, can I just go back, because I don't want to seem like I'm avoiding — you asked a whole bunch of questions there.

WOODS: Oh yeah, you take your time. Yeah, I'm just dying to ask you this next one, but you take your time.

ZWOLINSKI: Well, I actually just want to point out that the first question you asked in that last series of questions was a really, really good one, and one that I don't have a totally persuasive answer to.

WOODS: Well it's just as well; I've already forgotten what it was.

ZWOLINSKI: What you said was, look, a lot of people don't own land, and they're doing just fine, so why think that individuals being deprived of access to land triggers this kind of suffering that then calls for compensation under the Lockean proviso? And I think that's a really strong point on your side of the argument, because not every kind of poverty is going to call for compensation on the kind of argument that I'm putting forward. So if your poverty is the result of, say, your bad choices, then you don't have a claim against me on this argument. You only have a claim against me on this argument if your poverty can somehow be traced to my restricting or somebody's restricting your free access to this —

WOODS: Okay, I get that, but then why isn't the basic income guarantee affected by this, because in your view, it doesn't matter whether anybody has a legitimate claim on you. We all have to be earning and then giving up on average $10,000 a person.

ZWOLINSKI: Yeah. Yeah, yeah, yeah. Right. Here's where I kind of — this is the fudge point in my argument, Tom, to be honest. So I wanted to draw attention to it, because I'm all about being completely transparent with this stuff. But I think the fudge move that I make there is a kind of pragmatic one, which is, given that there are some individuals out there with a legitimate moral claim and given that we have a very difficult time in distinguishing between those individuals who have a legitimate moral claim and those individuals who don't have a legitimate moral claim, we can only go one of two ways.

One way we can go is to say, eh, fudge it, we're recognizing the fact that some people have a legitimate moral claim, but because we can't tell a difference, we're not going to give anyone anything. The other way to go is to say, well, because we can't tell who

has a moral claim and who doesn't, we're going to give everybody something, and that's sort of minimizing the false negatives rather than minimizing the false positives. So the basic income proposal kind of fudges in the second of those two ways, but it's a fudge. It's a kind of pragmatic concession to the fact that the kinds of moral determinations that are required by the theory are really difficult, perhaps impossible, to make in practice. And so for pragmatic reasons, we sort of cast a wide net, because that's the only way of ensuring that we catch everybody who deserves to be caught in it.

WOODS: All right, I want to come back to that toward the end, but what I want to ask you is you said earlier that you're doing very well. I mean, certainly you're a college professor, you have more free time than a roofer, you don't have to work in the 90 degree heat and so on, and you're doing pretty well, and certainly by historical and even current standards you're doing great. But if you're going to make that kind of argument — I think you know where this is going — all Americans are doing great.

ZWOLINSKI: Yeah. Right.

WOODS: Even by modern standards. So the question becomes, according to your argument, do you believe there would therefore have to be — given that the United States has been involved in imperialist ventures, and we can't know whose fortunes were harmed or benefited by that — therefore, don't we need international redistribution, which would mean a severe decline in the standard of living of all Americans?

ZWOLINSKI: In theory, yeah. That's absolutely right. I think that's exactly what the principles I've articulated lead to in terms of their conclusion. Look, yeah, Americans are already doing much better off in general than most of the world's population. We've obviously committed severe injustices against many of the world's peoples, both through our military imperialistic ventures; I believe we commit further injustices against them by means of suppressing their freedom of movement with immigration restrictions, so all of these things are injustices that cry out for some kind of redress, and then the question is, well, how do you do that, can you do that.

I think in principle, if we had some way of sort of snapping our fingers and putting that redistribution into effect, even if that would dramatically lower the standard of living of Americans, I think we would have good reason to do it. Obviously we don't have any kind of finger-snapping mechanism like that. All we've got instead is something like the United Nations, which is a far, far cry from the kind of ideal redistributive mechanism that I would like to envision, and so I think that puts us in a difficult bind. It might be that the only practical means that we would have of engaging in a kind of global redistribution would actually do more harm than good, in which case it would be a rather sorry form of compensation.

WOODS: So are you saying that in theory, if all the conditions could be met, that what you're calling for would require some kind of world government to carry it out?

ZWOLINSKI: Uh, yeah. I think "world government" is a kind of broad term, because when we talk about a world government, we imagine a government that's sort of all-encompassing and it's got its tentacles into all aspects of people's business. And I don't know that we'd need that kind of thing necessarily. But some kind of international mechanism for carrying out the redistribution, yeah, if you want to call that a government, fine, but it doesn't need to be anything like the kind of monopolistic government that currently governs territories like the United States.

WOODS: All right, now, I hope you won't think this is below the belt, but there is one thing you could do. You could write out a check with Matt Zwolinski's name in the upper left corner and send it and live at a much lower standard of living. You could lead by example.

ZWOLINSKI: Yup, that's right. That's right. And I think people have a moral obligation, myself included, to do that to a certain extent. Maybe my moral obligation is to do it to a greater extent than I currently do, but I do think people have these kind of positive moral duties of aid. It's a separate question of whether those duties are the kinds of duties that can be coercively enforced by other people. I think sometimes the answer to that is yes, but that is a separate question. But I think it's pretty clear that we do have these moral duties, partly just based on beneficence and our duty to our fellow human beings as human beings, but partly it's a kind of compensation-based justification. If you're benefiting from harms that you've done to another person or that have been done in your name to another person, then you owe that other person something to make it up to them.

WOODS: All right, I know I've kept you longer than I said, but on the other hand, I told you this one's going to be open-ended, because this could just go on.

ZWOLINSKI: And I told you I'd enjoy it, and I am.

WOODS: That's great. And the thing is I want you to have a chance to say what you want to say. I don't want you to hang up and feel like, well — "hang up," I'm using old fashioned language — but I don't want you to think, well, I only got to say what Woods was leading me to say. I want you to feel like you've said everything you want to say. But at the same time, I do want to ask questions, and I hope they're question that evoke more of your argument.

ZWOLINSKI: Yeah, these are terrific questions, Tom, and honestly, look, this is an issue that I'm still thinking through. All these issues, about the justification —

WOODS: Yeah, and I appreciate your frank honesty about that, because sometimes I like to come out and tell people, look, this is an area that I wish I knew more about and I know I have a weakness here, but I'm human, and sometimes I cover up my weaknesses or I bluff my way through, and I appreciate your candor, because it's very refreshing. Now let's return to the devastating line of questions. Okay, the first one is, just out of curiosity, do you believe that today, in the United States today, that most people — let's say the top 5% of the income distribution — that most of those people

have earned their wealth disreputably? And I have no follow-up question; I'm just curious.

ZWOLINSKI: Uh — disreputably is a difficult —

WOODS: I'm letting you define that how you want.

ZWOLINSKI: Yeah, it's a good question, and obviously my opinion on this is just my opinion. I haven't done any kind of careful study of the characteristics of the top 5% of income earners. But just to make a philosophical distinction here, so we could distinguish between two kinds of people who acquire their wealth through unjust means. There are those who do so culpably. They knew what they were doing, and they knew what they were doing was wrong, and yet they did it anyways because they were selfishly motivated. They knowingly violated the rights of others.

And then there are those who do it non-culpably. So you have people who take part in the system, and that system might be unjust, but maybe they don't know it's unjust or maybe they've got some kind of excuse for participating in the unjust system anyways, because after all the unjust system is the only game in town, and so the cost of not participating in that unjust system might be really, really high. And so you might want to say those people aren't culpable too.

So I think if you make that distinction between culpable and non-culpable participation in injustice, then I think I would probably want to say yeah, most of the people in the top 5% of income earners have earned their money in a way that involves injustice, but they might not be culpable for it. I'm not sure enough about that; I would have to know more about those people.

WOODS: Okay. I mean, that's just a —

ZWOLINSKI: But if the system as a whole as enough kind of systematic injustices to it, then it's hard to avoid participating in it to a certain extent.

WOODS: Okay, right. Yeah, that is a troubling aspect of the whole system. But speaking of injustice, let me raise this: there are two approaches that we could take, and they're not mutually exclusive. We could take your basic income guarantee approach, and we could say there are injustices, and this is an admittedly blunt way of dealing with them, but it's better than not dealing with them.

ZWOLINSKI: Yeah.

WOODS: The second approach would be to say let's systematically go through and find in society all the ways that injustice is in a systematic way perpetrated, and let's try to get rid of them, knock them out one by one, whether it's the War on Drugs or the regulatory state or whatever it is, let's knock them out one by one. Now, I know that chances are you would say, well, I don't see any contradiction between the two, and

there isn't any necessary contradiction. But there's a fundamental difference between the two approaches.

In my approach, which is focus our attention on knocking out anything that could be leading to systemic injustice, I know for a fact there is no possibility that I will be involved in an injustice there, because if I get rid of state coercion in some aspect of life, basically unless we're dealing with an extremely convoluted situation, there's no chance I'm going to be perpetrating injustice; quite to the contrary.

But on the other hand, if I'm engaged in your basic income guarantee, which is a redistribution of property, there's a strong possibility of injustice, because as David Friedman says, if I owe you 40 cents and you take a dollar from me, the resulting distribution is less just, not more just than before. And given how completely in the dark we are as to exactly what individual has gotten what ill-gotten gain through what indirect means that even our best people can't quite pin down, then the chance of injustice seems to me to be overwhelming, not to mention the possibility that it would lead to much greater spending, much greater taxation, much greater government authority, and it would be impossible to keep limited given that government never is able to keep anything limited.

Why not just say, you know what, this was an interesting idea that Matt Zwolinski entertained for a while and made us entertain some worthwhile thoughts, but the dangers are just too great, and we should just stick to old fashioned libertarianism and strike out all state involvement?

ZWOLINSKI: Yes.

WOODS: Have I persuaded you?

ZWOLINSKI: Ah, not quite, Tom.

WOODS: Not quite, but I gave it my best.

ZWOLINSKI: No, I think I don't see the asymmetry that you're trying to paint between the two options in terms of involvement with injustice. So you're saying that if we go my route and we endorse some kind of compensatory scheme, then there's a great deal of likelihood, maybe even a certainty, that we're going to involve ourselves in injustice, whereas if we go your route — and here's what you didn't say. If we go you're route and we leave the current system in tact except for those injustices that we can actually identify, then there's no chance that we'll be involved in injustices, because after all, we're only going to be doing stuff to those injustices that we've identified as injustices. So the only thing we're going to be changing are the things that we positively identified as unjust.

The problem with that there is that you're leaving a lot of stuff unchanged, which might be really, really unjust, and you're actively involved in that. I mean, I think this sort of sounds like you're maybe trying to draw a kind of active/passive distinction

there. I'm not actively involved in injustice if I just kind of leave things alone, if I only tinker with the bits that I've identified as unjust.

But I actually think that's a mistake. I think the property system that we have in place in the United States or even the property system that we would have in place in an ideal libertarian society is a kind of coercively maintained system. I don't think all coercion is bad. I think some coercion's good; the kind of coercion that we exercise in protecting people's legitimate property rights I think is a defensible kind of coercion. But it's a coercively maintained system, right? We've got the police out there enforcing these property rights. The government is standing behind it with its guns and all that. So if that property system is unjust in some deep way, then we're complicit in injustice in maintaining it and only tinkering with those things that we actually identify as unjust, but if we miss some stuff we're still complicit.

WOODS: Well, I think, Matt, I'm going to leave things there, and I'm going to link at TomWoods.com/519, I'll link to everything you send me. I'm going to link to this symposium in *The Independent Review* in which you had a contribution and people went back and forth on this general subject. I may link to some other — well, mostly what I would want to link to was already in there. I'll link to your Cato Unbound piece; I'll have Michael Humor's response. This is just going to be a smorgasbord of pro-Zwolinski and anti-Zwolinski stuff all in one place. Before I let you go, why don't you give us a minute overview of Bleeding Heart Libertarians and give us the website.

ZWOLINSKI: Ah, so Bleeding Heart Libertarians is a group blog of academic philosophers, economists, and legal theorists, all with an issue in kind of classical liberal, libertarian political thought, and I think with some belief that there are some affinities between certain elements of libertarianism and certain elements that have traditionally been identified as progressive or leftist. So it's got some similarities with so-called left libertarianism, the sort of thing that Roderick Long espouses, and he is in fact on our blog as a Bleeding Heart Libertarian, but some differences too. It's basically a really diverse group of kind of interesting people, all of whom have too many weird opinions about all kinds of things to fit into any one neat party line.

WOODS: Right, and that's the impression I've gotten, because any blog that will allow Kevin Vallier to post —

ZWOLINSKI: (laughing)

WOODS: (laughing) I'm just kidding you; I've known him for years.

ZWOLINSKI: I know.

WOODS: All right, listen Matt, thanks a lot. TomWoods.com/519 is where to go to get everything we've been talking about, and I think this may have been the longest episode I've done — I've done some episodes where it's just speeches of mine, but the longest actual interview-style episode ever, because I just couldn't stop talking, and I

think it was great, so maybe people will be debating this among themselves, and then we will have done a service for everybody. Thanks so much for your time today.

ZWOLINSKI: Tom, you're a gentleman and a scholar and I always enjoy talking with you. This was really a lot of fun for me. Thank you.