Episode 875: Taxation Isn't Theft Because It's Not Your Money

Guest: David Gordon

WOODS: I'm linking to this article — so assume that people have access to it — on why taxation isn't theft. And I have to say, when I got to the end of this article and I found out the author was a professor of philosophy, I was a bit surprised. I thought this was going to be some kid with a blog. I really could not believe this is a professional philosophy professor. Now, maybe philosophy professors are much worse than I thought they were or something, but let me just ask you right from the start, is it just that I'm not familiar enough with philosophical arguments, or is it that this really is a pretty weak — I mean, were you surprised this was a philosophy professor saying this?

GORDON: Well, what surprised me about the article was that political philosophy isn't this guy's specialty. His name is Philip Goff. His specialty is metaphysics. He's known for working on panpsychism, which is the view that all matter has some mental properties. He has a book coming out with Oxford on that. But he doesn't usually write on political philosophy. What he's doing in the article, he's really just popularizing two influential arguments that — one was where he discusses, Do people have a legal right to their pre-tax income?, he's just popularizing a line of argument in a book by Thomas Nagel and Liam Murphy called *The Myth of Ownership*. And then the other part, which is on the moral question which I think would account for your low view of it, he's really again just pointing to certain kinds of popular — but he doesn't do a very good job of explaining it. He just seems to say, Well, isn't it obvious we don't deserve our incomes? But he doesn't really explain why he thinks that very coherently.

WOODS: Right, so let me take over here and give people a sense of what's being said here. What this Professor Goff is trying to say is that we often hear it said that we should cut taxes so that people can keep more of their money. Now, he's willing to entertain the possibility that you might want to cut taxes to foster — whatever, capital investment or something. Fair enough. But to say that we need to cut taxes to give people more of their money contains a number of assumptions that he believes are faulty.

Now, the legal one he doesn't spend that much time on. It's the moral claim — he's basically claiming you don't really have any moral claim on the income that you receive on the market, because the market is amoral and arbitrary. It just happens to have bestowed this money on you. And he gives the example of a banker who earns a lot of money versus a scientist researching a cure for cancer. Well, virtually everybody would think the scientist is providing the more valuable service, so therefore it's totally arbitrary from a moral standpoint that he earns as little as he does as

compared with the banker. So how can we say, Well, these market outcomes are the best outcomes there are? These market outcomes precisely award people what they morally deserve. Certainly they don't, so why do we hold them in this superstitious reverence. So that's what I'd like to hear your response to.

GORDON: Well, I think the fundamental problem with what he says is he's making a confusion between desert and entitlement. When he's talking about desert, he means something like, is it due to some kind of moral virtue on your part that you have money? Is it, say, this banker — has the banker done something that's morally better than, say, a poor school teacher who's slaving away? Or say Frank Sinatra made a whole lot of money, but was he a very good person? Probably not. So what this view is, well, people don't really deserve their — especially their high incomes, because the income isn't proportional to their moral merit.

The mistake there is — on the view that I think is the most plausible one: people have rights over theirselves and their property because they've acquired them through just procedures. So it isn't that you're morally better if you're earning a high income, but if you're doing it in a way that didn't violate anybody's rights, you're entitled to it.

Perhaps this would bring out the point a bit better. Suppose most people, most contemporary left-wingers would say people have free speech rights. We'll put aside the question of there are certain forbidden topics where you don't have free speech rights. Most leftist-inclined philosophers would say we have free speech rights. But we could say that some people like you, Tom, are extremely articulate. Is this because you deserve this morally? Maybe you should be penalized as against a less articulate person like me. You didn't morally deserve to be a very good speaker, so maybe you should be penalized. We would see it's pretty obvious this is not the right way to look at it. I's just you are entitled to entitled to your free speech rights. It isn't that you are especially virtuous or not virtuous and that determines whether you have the right or not. But it's just if, according to what you consider to be the best account of moral theory, you have the right to your speech or the right to your property, then it can't be taken away from you.

WOODS: But there would be the source of the disagreement. They would say that there's something wrong with that moral theory if it allows somebody who they believe is contributing nothing but trivia to society. Let me take something that's dear to your heart, David Gordon, and we'll say wrestling.

GORDON: [laughing] Yeah.

WOODS: There would be a lot of people who would say that a wrestler who wrestles for entertainment is not providing as much value to society, let's say, as a school teacher, who, without thinking of his own material well-being, is imparting knowledge to young people, and yet the wrestler winds up with all this dough. Now, you may have some libertarian theory of rights that tells you that the wrestler can keep what's given to him, but that's precisely what we're disputing here. The libertarian theory of rights gives us such a morally grotesque outcome that we have to throw the whole thing out.

GORDON: Well, if they said that, then one would want to know why do they think this is a morally grotesque outcome. They might have some view in mind: well, there are certain types of goods or values that are objectively higher than others, and so distribution should be in accordance with those. Say pro wrestling isn't in their view very valuable, so pro wrestlers shouldn't really get large sums of money. And of course they have to give some argument in defense of that.

But I think just trying to take the argument on their own terms, we could say — and this is the point that Ludwig von Mises stressed a great deal — the market is giving consumers what they want. It may not be satisfying the values of the people who, say, have negative values of wrestling. Of course they're bad people anyway. But people do want wrestling. People are willing to pay large sums of money to see wrestling. It adds up, so people want to see wrestling. That's why wrestlers are able to earn high salaries. So people are getting — you're getting income in the free market according to the way you provide services to consumers.

Now, one point I think additionally that could be raised here, and this is one that Friedrich Hayek stressed a great deal: if we talk about sort of a set of objective values and try to distribute in accordance with that, that would suggest that all of the resources are owned by society, some kind of collective body, and that we have to assign these resources to various people and according to some objective scale of value.

But just what we have in a market system is that this isn't true. There are just individuals who start off with certain allotments of property and income, and then we have a process by which people engage in exchanges and investment and so on, and then people will then get more income to the extent that they satisfy the wishes of the consumer. So there's no central process of distribution in accord with one set of values.

And Hayek also points out, if we try to say, Oh, well, maybe we should just get rid of the market, just have some process where we do distribute in terms of this set of values, there are going to be all sorts of disagreements about what this objective scales of values is, and the result will tend to be a totalitarian imposition of a particular set of values on the rest of society.

WOODS: This is in some ways a subset of the larger question that philosophers have wrestled with about the moral significance of luck more generally —

GORDON: Yes.

WOODS: — and how we're to make a reckoning of luck. I mean, I think John Rawls tries to deal with the question of luck, because of course your endowments, your mental endowments, let's say, or your physical ability or whatever, these things are again, they would say, something you did not deserve. You were born with them. You just got them. And so therefore, they can imagine a moral scenario in which it makes sense that the fruits of those talents — namely, the income that you might enjoy — ought to be redistributed to people who through no fault of their own did not come into possession of those same talents. These might be people who work just as hard — or actually, I shouldn't even say "work just as hard," because a work ethic is also luck in

the view of some of these people, that even that isn't something you should point to and say, "I did this."

But anyway, look, it could be the case that I am a really terrific chess player, and you, David Gordon, on the other hand, are a brilliant surgeon and a physician and you've just sold a brand new drug for $200 million. Now, it's just too bad that the talent I have doesn't generate really any income and the talent you have generates all that income. That's the society that I'm unlucky enough to live in, unfortunately.

So anyway, the bottom line is because of luck people are in the situation they're in, and then we go from there to what seems to be the non sequitur of: therefore the state plays a role. The state should basically take your extra stuff. And of course they're going to redistribute it after they skim their fee off the top. But is this basically the same issue? I'm sorry if I keep dwelling on this, but I feel like we have to have an absolute smash, pithy home run to that.

GORDON: Oh yes. Well, I think one suggestion might be if we got rid of everything they considered to be luck, there'd be nothing left. There's no persons at all. They would just eliminate all the attributes of anyone. And then you would have a question — They'd gotten rid of desert altogether, so their view is really contradictory. They're saying nobody deserves anything because of luck, but then the people they want to favor — say, the poor and various other people — really deserve to get more than they do now. It's really an odd view. Nobody deserves anything, but some people really deserve more than they're getting on the market.

WOODS: Okay, so there is a bit of a problem, then, logically with what they're saying. "These people definitely deserve X, but nobody really deserves anything."

GORDON: Yes. And one point —

WOODS: But I think this — hold on a minute. But I think Professor Goff, though, is not saying we can't figure out desert; it's that I certainly know that the arbitrary judgments of an impersonal market is definitely not yielding a result that I need to respect.

GORDON: Well, but then if he says that, then he evidently has in mind some view of what people should be getting, what desert is. He has in his mind some view of what is the proper distribution, but he doesn't really tell us what it is. And here I think there's another basic problem with this luck view, that some people are unlucky, others would apply to what Goff is saying, that people don't deserve what they get in the market. When you talk about luck, people are very lucky, this is relative to a certain idea of what you think the proper distribution should be. Say if you think everybody should get an equal amount of resources, then people who have certain natural endowments that enable them to make a lot more, you could say you're very lucky.

But I mean, supposing you held a view that really we should have the people who are born with certain superior endowments should get nearly everything, kind of the view that Nietzsche held, that we should really try to help those that are the great creative geniuses. So then you could say, if they're getting — they might be even getting a lot

of money — maybe they're unlucky because they're not getting as much as they should be, according to that theory. So the problem for the luck egalitarians, you can't specify whether people are lucky or unlucky unless you have a particular distribution in mind that you think is the correct one, but then it's circular if you say that people are getting the wrong amount of money because they're either lucky or unlucky.

It's relative to distribution — this is a point that was made by Murray Rothbard years ago, and there was a philosopher, Susan Hurley, who had a book just dealing with this. And she's not at all libertarian, but she had a very, very long book just going into this view, problems of how luck is relative to distribution. So the basic point I make about Goff's article is — one, he says, "Oh, isn't it obvious that people aren't getting what they deserve? The market is just rewarding people arbitrarily." I think he just puts it right there. The answer is no, it isn't obvious at all. We want to ask him, "Well, what is the account that you have that permits you to say that? Why should we hold this?" And if he says, "Well, look, isn't it objectively the case that certain activities are better than others? You could say then, "Even if you're right, what is the reason for thinking that people should earn incomes in accord with how they produce according to a set of objective values. The article is just really a string of assertions on his part.

WOODS: And then there is I think a utilitarian point to be made, that we would be stuck in endless disputes with one another because we do have different value systems, a lot of us, from each other, and maybe I think one particular class of people who work in some field deserve money more than people in some other field, and Professor Goff may think it's the other way around. So how are we ever to resolve who is to get what if not just, well, let people get what people are voluntarily willing to give them?

GORDON: Yes, I mean, this is a point that Hayek stressed a great deal. One thing, we can draw a parallel here. Of course we have disputes in politics all the time. Some people favor certain policies; others don't. We have irresolvable disagreements. Now, there's one way that's generally accepted. I mean, libertarians would have some problems with it. We could use this argument against people like Goff who share generally leftist views. The one way we try to solve these political problems is we have the democratic system, in which people vote on what they prefer, and the ones who are in the majority win out.

As Mises stressed a great deal, this is what happens in the free market. We have these conflicts — say we have conflicts where some people like wrestling, others like going to classical symphonies. So we have people who are voting for what they want by purchasing the various products. And the advantage of the free market over political democracies, in most democratic systems, if you're in the minority then you don't get what you want. But in the free market, you still can, as long as there are enough people who have similar preferences to make production of what you want profitable. So the way we settle disputes about values in the free market is quite similar but better than the way we settle disputes about political values in a democratic political system.

WOODS: I want to ask you something that's unrelated to this article directly, but it touches on the same sort of thing. Of course when taxation comes up and we talk about really fundamental questions, like is taxation just, is taxation theft, one of the

things that comes up in defense of taxation, of course one of the arguments is the social contract and we've implicitly agreed to abide by what the state says and to make contributions and whatever. But that's a fairly weak argument and there are a lot of problems with the social contract, and so libertarians have been pretty good at answering those.

But I had somebody raise in my private Facebook group the following objection to that, just to play devil's advocate. He said, Well, if you're going to argue that the social contract is not valid because one way or another I never really consented to it, what do we say about a child who is born on private property, as nearly all of us are, and has not consented to anything, and yet we treat that person as if he has consented to abide by the rules of private property? Isn't that just as illegitimate as taxation he social contract? Why are we willing to accept this kind of reasoning when it comes to private property, but we reject it indignantly when it comes to the state? What's the difference?

GORDON: Well, I think that objection — interestingly, I don't think the person would really want to press that, because what he would be saying is, because of the way we treat children, it's justifiable for the state to treat us as if we were children. I don't think that's a direction that seems very promising. Presumably the reason we think that children lack — they gain as they grow up, but they lack rational faculties, so they're unable to think and decide for themselves — lack both rational faculties and their physical capacity to do so until they mature. So what this objector is saying is, Well, so since children don't consent and there's just as much justification for treating adults as if they were children, I don't think that's a very good — I mean, if that's the way he's going to justify the state, I think we could say — Kant says in a preface to — he says, "God protect me from my friends. From my enemies I can defend myself." That isn't a very good defense of the state, is it?

WOODS: But let me try to give it a more reasonable exposition, then. All right, so that's true that just because we treat children a certain way doesn't mean we would want the state to treat adults that way. I get that. But then doesn't that just postpone the question? Because is there a moment when we can say that as we get older we expressly consent to the rules of the private property order and we say, This is the society I want to live in? And what form does that consent take? And how is that consent more explicit than the alleged consent of the social contract?

GORDON: Oh, I see. That's a very interesting point. The problem there is that, suppose you say that you have a right not to be assaulted by me or anyone else. I can't just come up to you and punch you out. That wouldn't be a very good way of — It wouldn't have good consequences for me if I did that. The rights people have, those natural rights don't rest on consent at all, so it isn't that, say, imagine you're an adult and you're finding people have all these property rights. Here's this billionaire over here that has all these assets. Maybe I'd like to take them and now they say I can't do it because it's his property. Well, I never consented to that. But property rights don't rest on consent or people accepting that arrangement; it's just, according to the libertarian view, people just have those rights.

The difference in politics is that the state is claiming to have certain rights over us that aren't natural rights. And then one of the reasons that they say they can do these

things even though they don't have a natural right to it is that people have consented to it. You've agreed to it. And then of course arguments that in fact you haven't agreed are very relevant. But the case is quite different with libertarian rights, because it isn't that the libertarian view rests on some sort of social contract by which we all agree to recognize libertarian rights. It's not a contractual view at all.

WOODS: But again, just to play devil's advocate one last time, given that there are plenty of people who disagree with libertarian rights theory — in fact, well, let's be honest. Almost everybody. I mean, they accept it to some degree, obviously. Everybody to some degree accepts the idea of the right of property. But they would say, "Look, most of us don't accept your crazy, extreme libertarian view, and yet you're just going to belligerently claim that our consent isn't really necessary because these rights are all natural. Well, I don't think they're natural. And then we're stuck" — is what they would say.

GORDON: Yes, well, I think there, if they said that, I think one would just say we believe that you'll find that — if you follow the rules, you'll find it's in your long-term interests to do so. But I would be inclined to push back a bit at this style of argument. I mean, supposing, let's say you believe that abortion is morally wrong, that people who provide abortions are engaged in something tantamount to murder, and then you say we should have laws against it. I don't think you would entirely find a convincing argument, although there are certainly people who have made this style argument — I wouldn't find it convincing — to say something like, Well, even if you think that, you have to realize that many if not most people don't think that, at least in all the circumstances that you do, so how can you justify forcing people to accept what you think is the correct view when they don't?

I don't think in general — although it certainly has to give weight to people's view of the thing. I don't think there's a general right, or at least I haven't consented to such a right, where people get to refuse to accept any rights claims that they don't find plausible. I mean, there could be certainly practical problems of figuring a society where most people don't accept the view you think is correct, how you're going to secure that view. But that's a different question from if people have certain rights, then they're entitled to have them regardless of whether other people accept that or not.

I mean, supposing let's say in another case — I mean, supposing you practice some kind of religion that is very unpopular, so you say you believe you have freedom of religion. I don't think it would be such a good response to say, Oh, you may think you have freedom of religion, but people didn't agree to that, they don't consent, they don't really like your religion, so therefore you'll have to put up with certain measures of suppression against it.

WOODS: Before I let you go, David, I want to ask you who do you think right now, living today are some good libertarian philosophers? Are there any?

GORDON: Oh yes, I think there are some very good people. I mean, I like Hans Hoppe a great deal. I lot of people —

WOODS: No, I don't believe that. Really? I'm just kidding [laughing].

GORDON: Yeah, I would say he's the most maligned of all the libertarian philosophers, but he has a very original way of looking at things. Another one I like, Doug Rasmussen, Doug Den Uyl, Eric Mack, Loren Lomasky, Michael Humor. Gary Chartier has some interesting things, although I don't always agree with him. But I don't always agree with — I don't even agree with myself all the time. But one thing I think there's a libertarian philosophy, political philosophy that's quite promising, Jason Brennan is another one who's attracted some attention, is very prolific. I think all these people are worth reading. But I personally think the Rothbardian view is the correct one. And unfortunately, a lot of some of the younger libertarian philosophers don't read Rothbard as much as they should. Another one's named David Schmidtz at the University of Arizona, is certainly worth reading. Jerry Gaus at Arizona. There are various people who are connected in some ways or other with libertarian approaches. They're unfortunately not as hardline as I would like, but it is quite a growing field of thought, I think.

WOODS: I think just, if I'm getting this right, I think every single name you mentioned has been a guest on this show, which is in one way really great. It means I've found some really great people. On the other hand, that's depressing. I don't want to know all the great thinkers. I want there to be so many I couldn't possibly know them all. But anyway, at least I'm on the right track, and that's —

GORDON: Oh, yes, well, that's like Murray said one time, the libertarian movement started out in his apartment. So maybe we could say the libertarian philosophers are starting out as appearing on your show —

WOODS: On my show, exactly. Now, I should correct myself there, though. The person I get the most requests for is Hans, and he's more or less retired from doing audio interviews. I've discussed this with him on more than one occasion. And in fact, he emailed me — how long ago was it? — and he asked me something or did I want to come to his event, and I just said I just couldn't make it work, but short of that, I'd love to have you on the show. And then crickets. [laughing] No reply. He just does not want to do that stuff anymore. So I get that question all the time, so if you were inclined to email me, "Why don't you get Hans Hoppe on?" it's fruitless. It's not going to happen. But I can talk to David Gordon, which is just as good, so thanks again, David.

GORDON: Thanks, Tom. Nice talking to you.