

Libertarianism and Taxation

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I shall discuss the implications of libertarianism for just taxation. Libertarianism holds that agents fully own themselves and have certain moral powers to appropriate natural or abandoned resources. Some versions of libertarianism preclude the possibility of just taxation, but others, I claim, can, under very limited circumstances, endorse two kinds of taxes as just: taxes on right-infringers for the cost of rights-enforcement and taxes on those with excess shares of the value of ownership rights over natural resources. Other kinds of taxation, such as income taxes, human resource wealth taxes, and artifactual wealth taxation are not just on any version of libertarianism.

1. Taxation, Justice, and Libertarianism

Our topic is the justice of taxation according to libertarianism. Let us start, then, by clarifying the notions of taxation, justice, and libertarianism.

A *tax* is, roughly speaking, a financial charge made by a state upon an entity (e.g., individual or corporation) for the support of state operations and programs and subject to forcible extraction and perhaps penalty if not paid. For accounting or legal purposes, taxes are sometimes distinguished from: (1) compulsory payments for social insurance (e.g., unemployment insurance, health insurance, or pension plans), (2) user fees for state-provided services (e.g., for using parks, sewage disposal, or roads), and (3) miscellaneous other revenue (e.g., fines). I shall, however, understand taxes broadly to include all of these, so that the justice of forcibly requiring such payments to the state can be assessed. Taxes in this broad sense include enforceable payments owed to the state to fund the basic government (legislative, judicial, and executive) operations or to fund the state-provided goods and services.

If taxation requires a state, and, if, as many libertarians claim, no non-consensual state can be just, then there can be no just taxation. I believe, however, that something resembling a state can be just according to libertarianism. The basic idea is that a private rights-enforcement organization can effectively rule a territory and claim a monopoly on the use of force in that territory without acting unjustly, if it enforces only prohibitions of activities that violate someone's libertarian rights. If the enforcement organization protects everyone's rights in the territory, then it is, in at least in several important respects, a state. (See Vallentyne 2007 for elaboration.) In what follows, I shall assume that it is a state and focus on the question of whether such an organization could justly finance its operations. It could in principle, since it might receive enough charitable donations. We shall focus, however, on the question of whether such a state-like organization can justly tax individuals in its territory.

Our main question then is: What kinds of taxation, if any, can be just according to libertarianism? The term "just" is used in different ways by different authors. Sometimes it

means “distributively fair” (e.g., in accordance with comparative desert); sometimes it means “infringes no duty owed to someone” (i.e., wrongs no one); and sometimes it means “infringes no enforceable duty”, where an enforceable duty is one that someone is permitted to forcibly ensure compliance (e.g., the duty not to kill, but not the duty to keep your promise to your mother). I shall here understand “just” in the second sense. It is important to keep in mind that my arguments do not automatically apply to the other senses. If, however, one holds, as I do, that all and only duties owed to someone are enforceable (in principle), then the arguments will also apply to the third sense.

Our focus is on the justice of taxation according to libertarianism. Libertarianism, as I shall understand it here, is the moral doctrine that individuals initially fully own themselves, that natural resources are initially unowned, and that individuals initially have certain unilateral moral powers (requiring no consent from others) to use and appropriate unowned natural resources.¹ For present purposes, libertarianism can be understood to include both the view that this is a matter of basic natural right and the view that this is derivatively true on the basis of theories such as rule consequentialism or rule contractarianism.

In order to assess libertarianism’s stance on taxation, we must address its views about self-ownership, the ownership of natural resources, and the ownership of artifacts. First, however, I shall suggest that there is one kind of taxation that almost all forms of libertarianism can endorse.

2. Taxing Right-Infringers for Enforcement Costs

Although it is possible for libertarians to be radical pacifists and to hold that the use of force is always unjust, almost no libertarian holds this view. Most hold that an individual is permitted to

use appropriate force to protect her rights (both primary rights, such as the right against bodily assault, and rectificatory rights, such as the right to compensation for a past bodily assault). Moreover, most hold that at least some other individuals are also permitted to use such force on behalf of the individual. If we make these assumptions (as I think we should), I would argue that those who enforce rights are permitted to extract the costs of enforcement from the individual who infringed, or attempted to infringe, the rights of others. Rights-infringers, that is, have an enforceable duty, not only to compensate their victims, but also, to pay for the enforcement costs associated with their rights infringement. (The relevant rights, of course, are libertarian rights, which are self-ownership and ownership rights over other things.) This is much more plausible than the view that the victim must bear these costs or the view that other members of society must somehow bear them. If this is correct, then non-pacifist libertarianism can endorse the justice of at least this form of taxation.² This is admittedly not a tax in the strict accounting sense. Still, it is a payment owed to the state that may be forcibly extracted and used to finance the enforcement of rights.

There are, of course, many important questions here. Does the person whose rights are enforced have to consent to the enforcement of those rights by others, or is it enough (as I would argue) that she not dissent and that she not be disadvantaged by the enforcement? Are the recoverable costs of enforcement limited (as I would argue) to something like the market value of the provided enforcement services (as opposed to the actual cost for a given enforcer, which might be more, if she is an inefficient enforcer)? Do the costs of enforcement include a mark-up (as I think they should) for the expected losses in cases where the enforcement costs are not fully recoverable?

These are all important questions, but I won't attempt to address them here.³ The

important point is simply that, on this (plausible, I claim) view, the state has a moral liberty to forcibly extract some of the costs of providing enforcement services. This, then, is one tax (in the broad sense) that all non-pacifist libertarians can endorse in principle. There are, however, two important qualifications. First, the state is not at liberty to enforce an individual's rights, and hence has no liberty to extract enforcement costs from a rights-infringer, in cases where the individual has not authorized such enforcement (e.g., by consenting, or at least by not dissenting). Second, even where the state is at liberty to enforce the rights and collect the costs of doing so, the state may have no moral monopoly on this. Others (e.g., the agent herself, other individuals, private enforcement organizations) may also be authorized to provide the enforcement services. If so, the state may only collect the costs of the enforcement services that it provides.⁴

Thus, taxation of rights-infringers for the cost of enforcement services against them can be just. This, however, will be enough to finance, at most, the judicial branch of the state and the military protection and law enforcement functions of the executive branch. It would not be enough to also finance the legislative branch, public goods, or transfer programs to promote distributive fairness (e.g., satisfying basic needs or promoting suitable equality of opportunity). Let us therefore now consider whether there are other kinds of taxation that libertarianism can judge just. This will require looking at libertarian views about self-ownership, ownership of artifacts, and ownership of natural resources.

3. Limitations on Taxation from Self-Ownership and Ownership of Artifacts

Because libertarianism is committed to *full self-ownership* (the thesis that each agent, initially, fully owns herself), it rejects any taxation for the use of one's own person, or for the exercise or

possession of the rights of self-ownership. Thus, it rejects user fees for the use of one's person (either by oneself or by those to whom one has granted permission), per capita taxation (the same amount for all), human resource taxation (e.g., based on the market value of one's human endowment), taxation of income from labor, taxes on the transfer of rights of self-ownership (e.g., transfer ownership of one of one's kidney's to someone else), and taxes on the exercise of enforcement rights.

Let us now consider the taxation of *artifacts*, which are things created by agents from natural resources and other artifacts (i.e., products of human labor). It is often thought that libertarianism is committed to the "right to the fruits of one's labor" understood as a right to the *marginal product* of one's labor (the fruits). So understood, this right does *not* entail that one comes to own plot of land merely by mixing one's labor with it and producing some orange juice. It merely asserts that, under the right conditions, one owns the orange juice (the product).

It is generally supposed (e.g., Nozick 1974: 224-27) that the right to the fruits of one's labor follows logically from full self-ownership, but this is a mistake. Self-ownership concerns rights over the use of one's person, whereas ownership of the (artifactual) fruits of one's labor typically concerns rights over the use of external things. There is nothing incoherent in the notion of everyone being a full self-owner but the products of their labor remaining in the commons.

Even though the right to fruits of one's labor does not follow from full self-ownership, it might still be an independent commitment of libertarianism. This, however, is not so. Libertarianism denies that a trespasser owns the orange juice that she produces by secretly growing an orange tree on your land without your permission. She has simply forfeited her labor. Libertarians only claim that an agent has the right to what she produces (or at least the value thereof) when she has a right to *all* the factors (natural resource capital, artifactual capital, human

capital) that went into its production (because she owns or rented them, or because they were freely given to her by others).

The right that libertarians endorse is *the moral right to the products (or fruits) of one's moral property* (human capital or otherwise). This need not involve one's labor at all. Suppose that I acquired the full moral ownership of a factory as a gift from someone I had never interacted with and that a trustworthy friend kindly donates his services to run the factory. In this case, the products of the factory are not the product of my personal labor, but libertarians still hold that I have a right to them, as long as I have a right to all the factors of production. (See Attas 2005 for enlightening discussion of this issue.)

The core of the right to the products of one's property concerns the case where one has *full* ownership of the factors of production. Full ownership is the strongest bundle of property rights over the thing that is compatible with someone else having the same bundle of property rights over everything else (other than one's person and the space that one occupies).⁵ Simplifying somewhat, the core right to the product of one's property is this: If you fully own all the factors of production, then you fully own the product. More carefully: If each factor of production is such that either (1) you fully own it, or (2) the owner of the factor, if any, has (implicitly or explicitly) validly transferred all rights to the product to you (as a gift or for a payment), and the conditions for morally permissible use of the factor have been met (e.g., payment made), then you fully own the product.⁶ There are, of course, many cases where this condition does not hold for a given artifact. In what follows, I shall simply ignore such cases. Dealing with them would be complex, and I doubt that they would shed any new light on the justice of taxation.

Because libertarianism is committed to the *full* ownership of products when one fully

owns each factor of production, it rejects the following kinds of taxation in those cases where the agent fully owns the factors of production: taxation of artifactual wealth, taxation of income from artifactual wealth, user fees when an artifact is used by the owner or those to whom she gives permission, taxation on the transfer of the artifactual ownership rights (by sale or by gift), and taxation on the exercise of the associated enforcement rights.⁷

We shall now see that some forms of libertarianism deny that agents ever fully own one of the factors of production: natural resources (“land” in generic sense).

4. Taxing the Value of Ownership of Natural Resources

So far, then, we have found only a very limited basis for taxation in libertarian theory: the enforceable duty of rights-infringers to pay for the enforcement costs associated with their infringements. In addition to self-owning agents and the artifacts they produce, however, there is a third kind of resource: *natural resources*. These are things that have no moral standing (i.e., not protected by morality for their own sake) and that have not been transformed (e.g., improved) by any (non-divine) agent. Thus, land, air, seas, minerals, etc. in their original (unimproved) states are natural resources, whereas such things as chairs, buildings, and land cleared for farming are *artifacts* (composed partly of natural resources). Many forms of libertarianism, we shall see, hold that those who appropriate more than their fair share of natural resources owe a payment to others for their excess share. This, I shall claim, can provide a further basis for just taxation.

Different versions of libertarianism result from different views about the moral powers that agents have to appropriate natural resources. *Radical right libertarianism*—such as that of Rothbard (1978, 1982) and Narveson (1988, ch. 7; 1999)—holds that there are no fair share constraints on use or appropriation. The first person to stake a claim in the appropriate manner

(e.g., with labor mixing) over specified natural resources fully owns them. This view rejects any duty to compensate others for any resulting disadvantage or to share with others the benefits that appropriation brings. Thus, on this view, the ownership of natural resources provides no basis for taxation.

All other versions of libertarianism accept that there is some kind of fair share condition restricting appropriation. After all, no human agent created natural resources, and there is no reason that the lucky person who first claims rights over a natural resource should reap all the benefits that the resource provides. The standard fair share condition on appropriation is the *Lockean proviso*, which requires that “enough and as good be left for others”.⁸ Indeed, as long as this clause is allowed to be interpreted loosely, the Lockean proviso simply is the requirement that some kind of fair share condition be satisfied.

Throughout, we will interpret the Lockean proviso (following Nozick 1974: 174-82) to allow that individuals may appropriate more than their fair share of natural resources as long as they compensate others for their loss from the excess appropriation. The Lockean proviso, that is, is a requirement that a fair share of the *value* of natural resources be left for others. It thus provides the basis for a duty for some to make payments to others. We shall now consider the main versions of libertarianism that accept a Lockean proviso on appropriation. Each interprets the proviso differently. Throughout, I shall assume that the duty imposed by the Lockean proviso is enforceable, that is, one for which force may permissibly be used to ensure compliance.

Nozickean right-libertarianism (e.g., Nozick 1974) interprets the Lockean proviso as requiring that no individual be made worse off by the appropriation compared with non-appropriation. It holds that those who appropriate have an enforceable duty to compensate those made worse off by the appropriation. Although it recognizes an enforceable duty to make

payments to others, the total payment owed by a given individual is determined simply by summing the specific payments owed to specific others. These are private debts and thus provide no basis for taxation. State enforcement of a private debt is not a tax, since it is not a payment to the state.

Sufficientarian (centrist) libertarianism interprets the Lockean proviso as requiring that others be left an *adequate* share of natural resources (on some conception of adequacy) to the extent that this is compatible with one having an adequate share.⁹ Adequacy might, for example, require enough for basic subsistence or perhaps enough for “minimally decent” life prospects. Is the payment owed a private debt, or does it provide the basis for taxation to fund distributive justice programs? That depends on whether the appropriator has *discretion* with respect to the issue of *to whom* the payment must be made. Different versions of sufficientarianism can take different positions on this. If the appropriator’s excess share (beyond her adequacy share) is sufficient to compensate fully each of those who is not left enough for an adequate share, then the appropriator has no discretion over to whom to make payments, and the debts are simply private debts. Consider, however, a case where the appropriator’s excess share is *not sufficient* to give everyone his adequate share. If she is required to pay each person the *same proportion* of his shortfall from his adequate share, then she has no discretion over whom to pay, and these are merely private debts. If, however, the appropriator can discharge her debt by making shortfall payments to *anyone* who has less than her adequate share, then she has discretion over to whom she makes payments, and this is not a straightforward private debt. In this case, I claim, the payment owed for appropriation provides a basis for taxation. As we shall see below, there are various further conditions that must be provided in order for this to be just taxation, but if the state forcibly requires such payments from appropriators, it is, I claim, a form of taxation in the

broad sense.

Let us now consider *left-libertarianism*.¹⁰ It holds that the value of natural resources belongs to everyone in some egalitarian manner. There are two main versions. *Equal share left-libertarianism*—such as that of Henry George (1879) and Hillel Steiner (1994)—interprets the Lockean proviso as requiring that one leave an equally valuable per capita share of the value of natural resources for others. By contrast, *equal opportunity left-libertarianism*—such as that of Otsuka (2003)¹¹— interprets the Lockean proviso as requiring that one leave enough for others to have an opportunity for wellbeing that is at least as good as the opportunity for wellbeing that one obtained in appropriating natural resources. The latter view requires that those with less advantageous internal endowments (e.g., capacity for intelligence) receive a larger share of the value of natural resources. Indeed, it can require that individuals with internal endowments that are especially conducive to wellbeing receive none of the value of natural resources (if there is not enough to equalize opportunities for wellbeing). On both views, individuals who appropriate more than their fair share are required to pay the *full competitive value of their excess share* to those deprived of their fair share (equal share or equal opportunity share). As with sufficientarian-libertarianism, some versions leave appropriators no discretion over to whom the payments must be made (e.g., if each person is owed the same proportion of her shortfall), and some versions leave appropriators discretion (e.g., shortfall payments can be made to anyone who has a shortfall). The appropriation payments of the latter, but not the former, versions provide a basis for just taxation.

I have claimed, then, that some versions of sufficientarian-libertarianism and left-libertarianism provide a basis for taxation. They do this if they (1) recognize an enforceable duty of appropriators to make payments to others for the value of their excess share, and (2) leave

appropriators some discretion over the matter of to whom they must make these payments.

Below, we shall address the question of whether such taxation can be just.

Above, I represented, as is common, the libertarian positions as holding that it is only appropriators that owe the payment for their excess share. I believe, however, that a more plausible view is that the rights acquired in appropriation are always *conditional* upon periodic payment for the rental value of these rights, rather than a one-time payment. In agreement with Nozick (1974: 180), I claim that the Lockean proviso is an *on-going limitation* on acquired property rights rather than a one-time requirement at the time of appropriation. (This aspect of Nozick's view on the proviso is generally underappreciated. For discussion of Nozick's view, see Vallentyne (2011).) This reflects the fact the value of natural resources changes with the circumstances (e.g., drought or the invention of oil technology) and the fact that new people may later come into existence with claims to their fair share of the value of natural resources. Thus, a periodic payment, based on the current value of the rights for the period, is needed. Moreover, if the rights are transferred to someone else (e.g., by gift or sale), the rights remain conditional upon making the periodic payment. Thus, this provides the basis for an annual wealth tax on the value of the excess share of the rights over natural resources.

I have claimed that wealth taxation on the value of the excess share of rights over natural resources can provide the basis for taxation on certain libertarian views. This does not mean, however, that such taxation is always just according to these libertarian views. First, if the person having the enforceable duty to pay for the value of her excess share makes that payment directly to relevant individuals on her own, then the state cannot justly tax her for that purpose. Second, even where the person still has not discharged her duty to make the payment, the state can justly extract that payment only to the extent that it will distribute the funds to those with less than their

fair share. If the state will use the funds for other purposes, it cannot justly tax the individual owing the payment. Likewise, if the state is inefficient in distributing the funds to the relevant persons (compared with actually existing alternatives, such as leaving the funds with the individual or some non-state organization taking charge of them), the state cannot justly tax the individual for her natural resource wealth. Thus, the justice of the taxation of natural resource wealth is highly contingent on the effectiveness of the state in distributing the revenues appropriately. Still, if the state will distribute the funds in the appropriate manner, relative to a given left-libertarian theory, then the taxation will be judged just.

Above, I wrote as if those with natural resource shortfalls were entitled to cash payments, but there is no reason not to allow payment in kind, where the goods provided have the requisite competitive value. This raises the question, however, of whether the state could provide *services* (police services, road services, park services, etc.) of comparable value instead of payment.

There is no problem with the state providing a *transferable right* to a service (e.g., ten visits to a park), since that right has a competitive value and can be sold just as a good can be. More problematic, however, are *non-transferable rights* (e.g., the right to use certain police and court services), since they have no competitive value. Still, a version of equal-share libertarianism could hold that, when an individual exercises a non-transferable right to use state services, the amount owed to the individual is reduced by the maximum cash value that she would pay for that particular exercise of the right. Individuals who do not exercise the right have no associated reduction, and individuals who exercise the right but wouldn't much pay to exercise the right would have only a small reduction.

A similar problem arises when the state *simply bestows certain benefits* on individuals with no associated rights (e.g., when the military protects the country from invasion or when

beautiful flowers are planted on state-owned land that are clearly visible from nearby private land). Here too a version of libertarianism could hold that the amounts owed to individuals are reduced by the actual cash value to them of the benefits provided.

Above, I focus on equal-share left-libertarianism, but a similar move is possible for equal opportunity left-libertarianism. Here, the individual is not owed some amount of competitive (cash) value. Instead, she is owed a certain increase in the (wellbeing) value of her opportunity for wellbeing. This value of opportunity for wellbeing debt can be decreased by the value for such opportunities generated by the good or service provided. Of course, there are many questions about how exactly this might be done, but the general idea should be clear enough for present purposes.

It thus seems that a suitably specified version of left-libertarianism can judge just a certain kind of taxation (roughly, wealth taxation on the excess value of rights claimed over natural resources) as long as the taxes are efficiently spent by providing cash, goods, or services to those who are owed payments. There is, however, another hurdle to overcome. If the state is to provide services as a way of discharging the claims of those with natural resource shortfalls, then typically it must first invest in various goods (e.g., equipment for police, materials for roads, or buildings for schools). If individuals are owed periodic (e.g., monthly or annual) payments for their natural resource shortfalls, it would seem unjust to invest the funds rather than making the payments directly. Thus, there may seem to be no basis for state investment to provide public services.

This problem arises, if individuals with natural resource shortfalls are entitled to *immediate* periodic payments for the value of their shortfall during the period in question. A version of left-libertarianism could, however, endorse a slightly weaker right. Instead of a right

to immediate payment (in cash or kind) of a given amount, individuals may only be entitled to a *stream of benefits* for which the expected present value (i.e., discounted for probability of payment and lost interest for delayed payment) is no less than the specified amount. On this approach, a suitable investment can discharge a debt.

My claim here is that a version of libertarianism could, with some plausibility, adopt this position, not that it must. Obviously, the plausibility of such an approach depends on the exact form that it takes. Here, as a way of flagging some issues that require more careful treatment, I shall simply note some features of one possible approach. The credit for investment could be available to anyone who owes a natural resource rental payment, not just the state. The credit could be only for the benefits provided by those owing natural resource payments to those owed payments (i.e., no credit for benefits provided by those not owing payments or to those not owed payments). The credit could be based on the investment's expected present value of benefits, not on the amount invested, and thus there could be no credit for investments with a negative expected value to those owed payments. The credit for benefits provided could include direct benefits (e.g., from investments in police services, roads, or schools) and indirect benefits from increased natural resource revenues generated (e.g., due to vicinity to a park). Finally, an individual owing a payment, net of any credits, would have an obligation to make an immediate payment to some individual(s) owed payments.

Above, I have written as if the duties that states have to compensate individuals for their natural resource shortfalls concerned individuals who reside within the state's territory. This is certainly a possible version of libertarianism, but it is not the most standard one, at least for contemporary left-libertarianism. More common is a cosmopolitan version, according to which state borders have no intrinsic moral significance (although lots of practical significance). On

this view, residents of one state (e.g., a resource-rich one) may owe natural resource payments to residents of other (e.g., resource-poor) states. If this is so, then it will be more difficult for the state to invest to provide direct benefits to such individuals (e.g., since they will be far from the roads and schools constructed). It is still possible, however, for the state's investments to benefit them indirectly by increasing the rents owed by others for natural resources near the services provided by the state. Thus, there is no fundamental problem, if there is a duty to compensate residents of other countries. Indeed, the situation is similar to that within a country, where a local jurisdiction provides local services that increase the rent owed for natural resources.

5. Conclusion

We have explored the possibility of just taxation according to libertarianism. Pacifist versions of libertarianism (which are possible but almost never endorsed) reject all enforceable duties and hence reject the possibility of a just state and *a fortiori* of just taxation. For non-pacifist versions, I have claimed that something approximating a state can be just on libertarian theory, but only if the state limits its use of force to enforcing libertarian prohibitions. This leaves open, however, whether the state can justly tax.

Throughout this paper, I have limited myself to the question of whether it is *possible* for reasonably plausible versions of libertarianism to endorse certain kinds of taxation. I have not addressed the question of whether plausible versions *must* endorse such taxation. The latter topic requires much more elaborate analysis than that provided here.

I have claimed that right-libertarianism, sufficientarian-libertarianism, and left-libertarianism can hold that it is just to tax those who infringe libertarian rights for the reasonable costs of enforcement provided by the state. (This tax, however, is unlikely to finance the full

costs of enforcement provided by the state, since some enforcement cost will be unrecovered.)

Because all forms of libertarianism endorse full self-ownership and the full right to the products of that which one morally fully owns, they hold that it is unjust to tax (non-consensually) individuals for the use of their person or artifacts they own, or for the possession or exercise of the rights that they have over these entities. This rules out the justice of taxes (except perhaps for rights-infringing negative externalities) *on these resources* in the form of income taxes, wealth taxes, consumption/use taxes, or transfer taxes (e.g. gift taxes, sales taxes, and excise taxes).¹²

The only possible source of just taxation, beyond the tax on rights-infringers, is a tax on the possession or exercise of rights over natural resources. Radical right-libertarianism rejects the justice of such taxes because it rejects any fair-share proviso on appropriation. Nozickean right-libertarianism accepts a Lockean proviso on appropriation, but it holds that payments owed for excess shares are owed to specific individuals (those who are disadvantaged by the appropriation). Thus, the payments owed are private debts and not taxes.

Left-libertarianism, by contrast, can view such payment as forms of taxation. To this, it must view (as is plausible) the proviso on appropriation as an on-going limitation on the rights over the natural resources (i.e., the rights are conditional on the payment of competitive value). It must view the payment owed as dischargeable by making the payment in cash or in kind (goods or services) to anyone who has less than their fair share of the value of natural resources. The payment is thus not a private debt, since it is not owed to any specific individual (as it would be, for example, if anyone with less than her fair share were owed an equal proportion of her debt). Finally, in order for the state to be able to justly invest for the provision of goods and services, the payment owed must not be owed immediately. Instead, the debt must be a stream of benefits

expected present value of which is at least as great as some specified amount.

If all these conditions are met, then the enforceable duty to make a periodic payment for the value of one's excess share of rights over natural resources can, according to left-libertarianism, provide a basis for just taxation.

The *just tax base* for libertarianism is limited (at most) to (1) the costs of rights-enforcement imposed by rights-infringers and (2) the competitive value of the natural resource use or appropriation. Moreover, the taxes so generated are morally "earmarked" according to libertarianism. *Tax revenue spending* is limited to (1) spending the rights enforcement taxes on rights-enforcement, and (2) spending the natural resource taxes (if any) to compensate those with less than their fair share of rights over natural resources. Moreover, taxation will be just only if the state efficiently uses the funds for the "earmarked" purpose. If the state is inefficient in this regard, or just plain corrupt, the taxation will not be just.

Although it is possible for libertarianism, and left-libertarianism in particular, to judge some taxation as just, it probably condemns all existing systems of taxation as unjust. No existing system limits taxes to (a) taxes on rights infringers for the associated enforcement costs provided by the state and (b) payments by individuals who have excess share in the value rights over natural resources. Moreover, no existing state limits state spending to (a) compensating those who enforce rights and (b) compensating those with less than their fair share of rights over natural resources.

Libertarianism is thus inconsistent with the justice, even approximate justice, of any modern state. Some will view this as a compelling reason to reject libertarianism. Others will view this as a reason to radically change the structures of actually existing states.¹³

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¹ I here set aside views according to which natural resources are initially privately owned, either by some individual (e.g., God’s designated king) or jointly (e.g., by all under some collective decision-making procedure).

² Otsuka (2003, ch. 2) argues that those who violate the rights of others may be taxed to help meet the needs of those unable to meet them on their own. Although I agree with this in the special case where the victim of the violation is no longer capable of being compensated (e.g., because dead or incapable of wellbeing), I would argue that once infringers have fully compensated their victims and those who enforce the rights of their victims, they have no further special duty to aid others.

³ I address these issues in more detail in Vallentyne 2007.

⁴ Nozick (1974), of course, argued that even a state with these stronger moral liberties and

powers can be judged just by libertarianism, but almost no one thinks that his argument is successful. For discussion, see Vallentyne (2006).

⁵ The qualification about the other person not having rights over one's person or the space one currently occupies is needed to rule out the possibility that one is infringing the rights of the other by using one's person or occupying that space (and thus perhaps losing some rights). In addition, strictly speaking, the definition of full ownership should characterize it as *a* strongest set of property rights rather than *the* set of such rights. This is because there is some indeterminacy in with respect to compensation rights, enforcement rights, and the corresponding immunities to loss. For elaboration, see Vallentyne, Steiner, and Otsuka (2005).

⁶ What would be the situation if the owner of a factor has simply renounced his rights to the product rather than transferring them to you? In this case, the rights, like all abandoned rights, "revert to the commons" and are treated as natural resources, which can be appropriated under certain conditions discussed below.

⁷ It's worth noting that many libertarians, right and left, reject intellectual property rights. They restrict the full ownership of products to physical products.

⁸ For simplicity, I here interpret the Lockean proviso as applying only to acts of appropriation (acquisition of ownership rights). I believe, however, that the proviso also applies to mere use (e.g., using a bench that remains in the commons). For defense, see Roark (2006).

⁹ Simmons (1992, 1993) defends a position roughly of this sort.

¹⁰ Left-libertarian theories have been propounded for over three centuries (although not under that title). For selections of the writings of historical and contemporary writings, see Vallentyne and Steiner (2000a, 2000b).

¹¹ Van Parijs (1995) is in the same spirit as equal opportunity left-libertarianism, but he denies that moral ownership of things includes the unrestricted right to transfer them to others without taxation. He holds that both gifts and job rents (wages in excess of the market-clearing wage) are fully taxable.

¹² Corporate taxation is not necessarily unjust. Corporations are morally artificial legal persons (with limited liability for shareholders) recognized by the state. The state may impose taxation requirements as a condition of legal incorporation. Of course, limited liability is problematic within libertarian theory. Although there is no problem with limited liability being imposed as a contractual condition (e.g., of an employment, sale, or purchase), libertarianism holds that third parties retain their moral right to compensation when their rights are infringed (e.g., when a factory toxically pollutes the environment).

¹³ For helpful comments, I thank Dani Attas, Mike Otsuka, Martin O'Neill, Hillel Steiner, and an anonymous referee.