

Libertarianism and the Justice of a Basic Income

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Abstract—Whether justice requires, or even permits, a basic income depends on two issues: (1) Does justice permit *taxation* to generate revenues for distribution to others? (2) If so, does justice require, or even permit, *equal and unconditional* distribution for some portion of the tax revenues? I shall claim that: (1) Although all forms of libertarianism reject the non-consensual taxation of labor and the products of labor, all but radical right-libertarianism allow a kind of wealth taxation for rights over natural resources. (2) Some versions of libertarianism allow the equal and unconditional distribution of such revenues and some do not.

Keywords—basic income, libertarianism, taxation, justice, natural resources, property rights

1. Background

Our question concerns the justice, according to libertarianism, of a basic income. I understand a *basic income* to be periodic income provided by the state to all citizens unconditionally.

Eligibility does not depend on need or willingness to work.

Libertarianism, as I shall understand it here, is the moral doctrine that individuals initially (prior to making choices) fully own themselves and have certain unilateral moral powers to appropriate unowned natural resources.¹ For present purposes, this can be understood to

¹ For brevity, I here consider only versions of libertarianism that recognize, as almost all do, a unilateral moral power to appropriate (which does not require the consent of others). I thus set

include both the view that this is a matter of natural right and the view that this is derivatively true on the basis of theories such as rule consequentialism or rule contractarianism.

Throughout, I shall focus on libertarianism in this specified sense. I shall not address the implications of *classical liberalism*, a closely related view that holds that individuals have the two core libertarian rights except that they are weakened to be compatible with an asserted enforceable duty to pay one's fair share of the cost of providing public goods (and perhaps also of the costs of overcoming other market-failures). I suspect that the implications of classical liberalism for the justice of a basic income regime are the same as those for libertarianism, but I shall not attempt to address that issue here.

We shall be asking what kind of libertarian theory, if any, can hold that state provision of a basic income is permitted, or even required, by justice. Philosophers, alas, use the adjective "just" to mean many different things. It can mean: (1) "in accordance with morally permissible principles governing social/political institutions", (2) "fair" in the sense of compatible with the requirements of comparative desert, (3) "wrongs no one" in the sense of infringing no duty owed to someone (as opposed to an impersonal duty, which is owed to no one), and (4) "infringes no enforceable duty" as opposed to those duties that one is not permitted to enforce (e.g., minor promises to one's mother). Libertarianism is typically defended as a theory of justice in one of the latter two senses. Given that almost all libertarians hold that all and only duties owed to

aside joint-ownership left-libertarianism, which holds that one can come to have private ownership of natural resources only with the collective consent of the members of society. This view, I would argue, is implausible and would not endorse a basic income. See Vallentyne (2000) for elaboration.

others are enforceable, the two notions coincide on most libertarian views. For simplicity, I shall focus on justice as infringing no enforceable duty.

A basic income is normally understood as a payment provided *by the state* from tax revenues. There is, of course, an important question of whether libertarianism can judge any kind of non-consensual state to be just.² Although I believe that the most plausible version of libertarianism will judge a state to be just only if *each* of the governed individually validly *consents* to it (see Simmons 2001, 2005 for related discussion), I believe that something *resembling a state* can be just according to libertarianism if it only enforces prohibitions of activities that violate someone's libertarian rights (see Vallentyne 2007 for elaboration). Thus, if I have an enforceable duty to make a certain payment to you (e.g., to repay a loan), then the state may use force, with your consent, to ensure that I make the payment (just as you could or someone else could on your behalf). Libertarianism recognizes no non-consensual duty to make tax payments *to a state*, but if individuals have, as I shall suggest below, enforceable libertarian duties to make certain payments to others, then the state, like any individual, may use force to collect those payments and transfer them to the relevant individuals. If those payments take the form of a basic income, then libertarianism can recognize the justice of a basic income.

Throughout, I focus on the justice a basic income *in the absence of valid consent* from those required to finance the basic income. All libertarians agree that justice permits, indeed requires, a basic income when the financing individuals have consensually committed to provide

² Those who endorse a global basic income (for everyone in the world) typically hold that the payments are to be made by international institution, which need not be a state. This view thus need face the problem of the justice of the state according to libertarianism.

it. The interesting case for libertarianism is the one where there is no such consent.

2. Financing a Basic Income

All forms of libertarianism endorse full self-ownership and full ownership of the products of one's labor (suitably understood). Non-consensual wealth taxes, income taxes, or use taxes on artifacts or on personal internal endowments are deemed unjust. Thus, this way of financing a basic income is rejected by libertarianism. In addition to self-owning agents and the artifacts they produce, however, there are *natural resources*.³ These are those things that have no moral standing and that have not been transformed (e.g., improved) by any (non-divine) agent. Thus, land, seas, air, 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. We shall examine whether this required payment could justly finance a basic income.⁴

³ Abandoned artifacts arguably revert to the "commons" and, if so, they have the same status as natural resources.

⁴ For simplicity, I here ignore one important issue. The most plausible versions of libertarianism, I believe, would deem national boundaries to be irrelevant to the duty to compensate those who do not have their fair share of natural resources. Thus, I believe, that if they support a basic income, they support one for all citizens of the world and not just those of the same country.

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, pp. 79-93; 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. There is thus no basis for the just financing of a basic income (or anything else!).

All other versions of libertarianism accept that there is some kind of fair share condition on appropriation and subsequent ownership of natural resources. 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, and the inheritors of those rights, should reap all the benefits that the resource provides. The standard fair share condition is the *Lockean proviso*, which requires that “enough and as good be left for others”. Indeed, as long as this clause is allowed to be interpreted loosely (as we shall), the Lockean proviso simply is the requirement that some kind of fair share condition be satisfied.

Throughout, we’ll interpret the Lockean proviso (following Nozick) to allow that individuals may appropriate and own more than their fair share of natural resources as long as they compensate others for their loss from the excess ownership. 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 an enforceable duty to make payments to others.

Although the proviso is usually interpreted as a proviso on *appropriation*, it is most plausibly understood, I believe, as a proviso on *ownership* of natural resources generally. It

imposes restrictions, not merely on the initial act of appropriation, but also on, on-going ownership. Indeed, this is Nozick's own view (see Vallentyne 2011 for discussion). Thus, it may require on-going payments and not merely an initial payment at the time of appropriation. In any case, I shall assume this below.⁵ Whether this provides the basis for a basic income depends on whether an equal payment is owed to all citizens unconditionally. Let us turn to that issue.

3. Distributing Natural Resources Revenues

We shall consider the main versions of libertarianism that accept a Lockean proviso on appropriation. Each interprets the proviso differently.

Nozickean right-libertarianism interprets the Lockean proviso as requiring that no individual be made worse off by one's ownership rights over natural resources compared with those resources remaining unappropriated (and subject to common use). It holds that those who have such rights have an enforceable duty to compensate those made worse off by their possession of those rights. Although it recognizes a duty to make payments to others, the payments are only to those disadvantaged by one's possession of the rights over natural resources. Nonetheless, as I shall explain, Nozickean right-libertarianism can, rather surprisingly, judge a basic income to be just.

According to one version of Nozickean libertarianism, each person owes a tax equal to the *gross* total amount of compensation owed to others for the disadvantage imposed on them by

⁵ For simplicity, I here interpret the Lockean proviso as applying only to ownership of natural resources. I believe, however, that the proviso also applies to mere use. For defense, see Roark (2008).

her ownership of natural resources. The total amount owed is then divided up based on the varying levels of disadvantage suffered by individuals. The crucial point is that, under normal circumstances, effectively everyone will be owed some compensation for someone's ownership of natural resources. Even a large landowner can be disadvantaged by the ownership of land by others.⁶ Of course, someone's ownership of natural resources does not always impose a disadvantage on others. Often it provides valuable opportunities (for jobs, goods, or services). Still, everyone may be owed some compensation by at least one other person. If this is so, then, even though the fund will be divided up unequally, there is some positive amount such that everyone is entitled to a payment of at least that amount. Nozickean right-libertarianism can thus judge the financing and provision of basic income to be just! Indeed, under the above conditions, it judges the basic income to be *required* by justice (and not merely permitted).

Above, I considered a version of Nozickean right-libertarianism for which the enforceable duty to make certain payments to others is the *gross* amount owed, prior to deductions for any amounts owed to the payer. There is, however, another version that appeals to the *net* amount (net of payments owed to the payer). To see the importance of this distinction, suppose that there are just two of us, that my ownership rights over natural resources impose \$100 of disadvantage on you, and that your ownership rights over natural resources impose \$50 of disadvantage on me. If our enforceable duty is to pay these *gross* amounts into a social fund,

⁶ Crucial here is the fact that the proviso is applied to ownership rights of each individual, keeping all else equal. The proviso is sometimes applied to *systems* of ownership rights (e.g., one allowing private appropriation vs. one in which all natural resources remain commonly owned), but this is not a libertarian idea, since it is not suitably focused on the actions of individuals.

which is then divided up to give me \$50 and you \$100, then there is a basic income of \$50 (for all, with you owed a supplementary \$50). If, however, our enforceable duty is only to pay the *net* amount owed, then I would owe \$50 to the fund and you would owe nothing. Moreover, the social fund would give me nothing and you'd get \$50. In this case, there is no basis for basic income.

The two approaches are equivalent in the outcomes that they produce. In both cases, we end up with the same ownership rights over natural resources, with a net transfer of \$50 from me to you. There is a difference, however: If individuals only have an enforceable duty to make the *net* payment, then it is unjust for the state to force them to pay more than that (even if they will get a refund). It would be like a thug forcing me to give him some money, and then his returning it to me.

So, the gross and net payment versions of Nozickean right-libertarianism give very different assessments of the justice of a basic income, even though they lead to the same distribution of ownership rights and net payments. Similar implications will be raised below for other forms of libertarianism. I'm fairly sure that most libertarians would endorse the net payment version of the theory they endorse, but the gross payment versions are possible, and they open the door to the libertarian justice of a basic income.

Sufficientarian 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 the owner of natural resources having an adequate share.⁷ Adequacy

⁷ Simmons (1992, 1993) defends a position roughly of this sort—although his position is not strictly libertarian in a few respects.

might, for example, require enough for basic subsistence or perhaps enough for “minimally decent” life prospects. Where several people have more than adequate shares, the duty to provide for those who do not have adequate shares is apportioned in some specified manner (here left open).

The most natural version of sufficientarian libertarianism is the *net payment* version, and it judges a basic income *unjust*. This is because those who have excess shares of rights over resources pay only their fair share of the amount needed to compensate those without adequate shares. Because it is the net payment version, only those who do not have adequate shares are entitled to payments from the fund. If there is any tax fund at all, then there must be at least one person with an excess share, and that person is not entitled to any payment from the fund. Moreover, if the adequacy level is set, for example, no higher than the average level in society, then there will typically be many people who are not entitled to any payment. The provision of a basic income is thus judged unjust.

It is possible, although rather strained, to have a *gross payment* version of sufficientarian libertarianism. It might hold, for example, that (1) everyone owes rent on the full competitive value of the rights over natural resources that they have, and (2) the fund first compensates those who do not have adequate shares, and then refunds everyone else’s payment less a prorated share of the compensation amounts (e.g., if 10% of the fund is used to compensate those with inadequate shares, then everyone else receives back 90% of his/her payment). Given that everyone will receive some positive amount from the fund, this version of sufficientarian libertarianism can, with one qualification, judge a basic income just. The qualification is that the rent fund is large enough to compensate fully those with inadequate shares. If it is not large enough, then there will be no refund, and those making payments will not receive any

distribution. The just distribution would not be a basic income.

Let us now consider *left-libertarianism*. It holds that the value of natural resources belongs to everyone in some egalitarian manner.⁸ There are two main versions: the equal share version and the equal opportunity for wellbeing version.

Equal share left-libertarianism (e.g., George (1879) and 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.⁹ Those who have rights over natural resources owe competitive rent for the value of those rights. As with Nozickean right-libertarianism, we can distinguish between the gross payment view and the net payment view. On the *net payment* view, payment is owed only for the competitive value of the rights over natural resources *in excess* of the equal per capita value. The payments are then distributed to those who have less than their per capita share of natural resources. Those who already have at least their per capita share receive no payments. Thus, this version of equal share left-libertarianism judges a basic income *unjust*. On the *gross payment* version, by contrast, payment is owed for the entire competitive value of the rights over natural resources one has (and not merely for the excess share), and the payments are distributed

⁸ Left-libertarian theories have been propounded for over three centuries. For selections of the writings of historical and contemporary writings, see Vallentyne and Steiner (2000a, 2000b).

⁹ Van Parijs (1995) is in roughly the same spirit as equal share left-libertarianism. His requirement of undominated diversity, however, moves his position partially towards the equal opportunity for wellbeing version. Moreover, his position on the taxation of gifts and job rents arguably disqualifies his position as strictly libertarian.

equally to all. This provides a very direct and strong justification of basic income.¹⁰ Indeed, a basic income is a requirement of justice on this view. As with Nozickean right-libertarianism, the gross and net views lead to the same results. The difference simply concerns the justice of forcing individuals to make gross, rather than net, payments.

Consider, finally, *equal opportunity left-libertarianism* such as that of Otsuka (2003). It interprets the Lockean proviso as requiring that one leave enough natural resources 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. Unlike the equal share view, it will differ from the equal share view in that it will require different payments as a way of promoting equality of opportunity for wellbeing. More exactly, it requires that larger shares of the value of natural resources to be given to those whose initial internal (personal) endowments (e.g., genes) and external social conditions (e.g., family environment, financial inheritance) provide less favorable effective opportunities for wellbeing.

Once again, we can distinguish between a gross payment version and a net payment version. The *net payment* view straightforwardly judges a basic income unjust. Since payments are owed only for one's *excess* share of rights over nature resources, those who owe payments do not receive any distributions from those payments. Hence, it judges a basic income to be unjust.

¹⁰ For developed countries, the annual rental value of rights over natural resources is arguably 15-20% of GDP (see, for example, Foldvary 2006). This includes, however, location value based on public goods (such as roads and police protection) provided by the state. Thus, the amount available for distribution as a basic income would be net of the efficient cost of providing such public goods.

The *gross payment* view, by contrast, can, under special circumstances, judge a basic income just. This will be so if the total of the competitive rents owed exceeds the minimum amount required to equalize opportunities for wellbeing. Where this is so, everyone will receive some distribution from the payments collected, and hence a basic income will be just. There is, however, no guarantee that the rents owed will be sufficient to eliminate the inequality (and I suspect that they will be insufficient under actual conditions). The payments are based on the competitive value of the natural resources, and if people's initial opportunities for wellbeing are sufficiently unequal, the payments will reduce, but not eliminate, the inequality. Under such conditions, at least some of those with the most advantageous initial situations (genes, family environment, inherited financial wealth) will get no payment from the fund. Hence, a basic income will be unjust.

4. Conclusion

The net payment versions of the libertarianism discussed above judge a basic income unjust, but the gross payment versions, with two qualifications, judge a basic income just (indeed required by justice). The qualifications are these: (1) Gross payment sufficientarian libertarianism will not judge a basic income to be just in extreme conditions where the competitive value of natural resources is not sufficient to give everyone an adequate share. (2) Gross payment equal opportunity left-libertarianism will not judge a basic income to be just where the competitive value of natural resources is not sufficient to equalize initial opportunities for wellbeing. In each case, no payments will be made to at least some individuals. My best, but uninformed, guess is that the competitive value of natural resources is sufficient to give everyone an adequate share on any reasonable minimal construal of adequacy, but it is not sufficient to equalize equality of

opportunity for wellbeing (given the gross disparities).

Most libertarians, I believe, will endorse a net payment version, since it seems unjust for the state, or others, to forcibly take resources from someone, if they are only going to return them. If so, then most versions of libertarianism that someone actually endorses will judge a basic income to be unjust.

There is also, I believe, good reason to doubt that the most plausible version of *gross payment* libertarianism judges a basic income to be just. I believe this because I believe that the most plausible version is equal opportunity left-libertarianism and I further believe that the funds from the gross payments are insufficient to achieve equality of opportunity for wellbeing. Thus, at least some of the more advantaged individuals are not entitled to receive payments. I won't, however, attempt to defend this view here.

Throughout, I have focused on the justice of a basic income. Even if the net payment versions of libertarianism judge a basic income to be unjust, they might still judge a *basic income guarantee* to be just. This guarantees some positive level of income to all, although it may make payments only to those falling short of that level (e.g., in the form of a negative income tax). Net payment versions of libertarianism will not, however, judge even a basic income guarantee to be just. This is because they are concerned with the value of *assets* rather than *income*. A person who has more than her fair share of the value of natural resources, but who has no financial income (e.g., because she uses the resources solely for her own enjoyment), is not entitled, according to libertarianism, to any payment.

One final comment: I have focused throughout on the *objective* justice of a basic income. This does not answer the practical question of whether a basic income is, *relative to our limited beliefs*, a best way of minimizing the degree of injustice in our society. Even if some people are

entitled to no payment, we may not know who those people are. Giving everyone a payment—even if some are not entitled to payment and this means that some people will get less than that to which they are entitled—may, relative to our beliefs, be expected to produce less injustice than any alternative. This is indeed an important issue, but I doubt that it will provide a practical justification for a basic income, or even a basic income guarantee, on *net payment* libertarian grounds. As a practical matter, it seems that justice would be better served by excluding those who have *assets* above some specified level and who do not have a medically certified costly disability. Obviously, the matter is complex, and here I mean only to flag an issue for further investigation.¹¹

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