



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

Book Review **by George C. Leef**

The Myth of Ownership — Taxes and Justice

by Liam Murphy and Thomas Nagel (Oxford University Press, 2002); 190 pages; \$25.

During the Vietnam War, a popular protest slogan went “Fighting for peace is like drinking for sobriety.” After reading *The Myth of Ownership*, I feel like making a sign reading, “Taxing for justice is like fighting for peace and drinking for sobriety,” then parading around with it in front of the New York University offices of the authors. Their book erects a balsa wood structure of argument designed to convince the reader that we can’t have a just society until the government starts taxing the wealthy much more, so that the alleged injustices of the free market are rectified. The project is a dismal failure, but one that friends of liberty should pay attention to.

The book’s provocative title tells us that the authors are spoiling for a fight. Ownership a “myth” — it sounds as though the authors are anarcho-communists of the most rabid sort. But not really. What they claim is a myth is the idea that most people have, that they own all the money they earn. If a carpenter fixes a rotted spot on my house and I pay him \$150, he undoubtedly thinks that he owns that \$150 and grumbles about the percentage of it that the government will later seize from him in taxes. “Wrong!” say Murphy and Nagel. The carpenter should instead think that all he really owns is his after-tax income, whatever it may be.

It isn’t the case, you see, that he ever owned the full amount. That’s just backward, libertarian (yes, they use that term) thinking. The authors want to drive out that kind of thinking because it gets in the way of their goal of using the coercive apparatus of the state to realize “social justice,” which to them means much less inequality. If people would just be happy with whatever income is left after taxes and stop fixating on what they mistakenly think they have “lost” in taxes, then obstacles such as tax revolts would no longer hinder their aims.

So why should people accept their idea that they have a moral claim only to the money the taxman doesn't take? Murphy and Nagel argue that the state is what makes it possible for us to live prosperous lives and therefore we are morally bound to follow its dictates on a "just" distribution of income — which of course cannot be the distribution of income that results from voluntary transactions. They write that "the modern economy in which we earn our salaries, own our homes, bank accounts, retirement savings, and personal possessions ... would be impossible without the framework provided by government supported by taxes." For readers not convinced, they offer some examples of the power of government: "How much profit an iron-ore smelter can generate will depend on the prevailing regime of environmental law. A person's fortunes on the bond market depend on government-influenced interest rate fluctuations." See — our lives are utterly dependent on government.

To begin with, the authors here vastly overrate the need for government. If the federal, state, and local governments had never grown beyond their "night watchman" functions, Americans would be far better off than they are today. We don't need a Federal Reserve to manipulate interest rates. We don't need an EPA to set pollution limits — common law would take care of pollution and other attacks on property rights. We could shrink government back to its constitutional functions (or even further) and free up tremendous resources and energies that would be used productively. Like most "liberals," the authors assume that government is what enables us to escape from the Hobbesian state of nature, where life is nasty, brutish, poor, and short. They're unaware that free-market scholars have shown that the vast majority of governmental functions could be done better and without coercion if they were left to the market.

Suppose we agree that *some* government is essential. Can we get from that premise to the authors' conclusion that citizens are entitled only to whatever income the government lets them keep? I think not. Let's go back to our carpenter. He makes some use of various government facilities, such as roads, and doesn't make any use of many other government facilities — sports stadiums, museums, public schools and colleges, mass transit, and so on. He has to pay taxes to cover the cost of operating the few things he uses, and also for the terrific percentage of government spending that goes for things that he couldn't care less about, or that even harm him, such as the enforcement of lumber tariffs that reduce the demand for his services. Although he pays for much more government than he wants, Murphy and Nagel nevertheless insist that he can't complain when the state takes even more. Because government "makes it all possible," it holds a claim over all of us that can never be paid off.

Why? After we have paid for food, clothing, electricity, and other vital things, the providers don't insist that they have some overriding claim to as much more of our earnings as they think they

have good uses for. But Murphy and Nagel regard the state as different because it “puts into practice a conception of economic or distributive justice.” In doing so, of course, it coercively overrides the individual taxpayer’s desires, including his own conception of justice. This isn’t justified by consent — the authors acknowledge that most people barely consent to the taxes they now pay, much less a hefty surcharge for the pursuit of what some government officials call “economic or distributive justice.” Their justification is that the pursuit of “economic justice” is a sort of Kantian categorical imperative that trumps everything else.

The myth of social justice

So exactly what is “economic or distributive justice”? Murphy and Nagel never give us a definition. It is just their gut feeling that when some people have a lot more than others do, that must indicate that things are unjust. If they were ill-informed about the free-market economists’ case that the market would provide just about everything that government does for us, and more efficiently, they are even less informed about the free-market philosophers’ case that the “distribution of income” that comes about through voluntary means is not unjust. The supposed injustice of the market is the keystone of the whole book, but all we get is the authors’ assertion that “hardly anyone really believes that market outcomes are presumptively just.”

Whether or not “hardly anyone” believes that the market is just (or not unjust), that case has been made strongly. Murphy and Nagel dismissively mention Robert Nozick’s contention (in his *Anarchy, State, and Utopia*) that “taxation is on a par with forced labor,” but ignore his argument that there is nothing unjust in a distribution of income (and wealth) that arises out of repeated voluntary transactions between people. If Bill Gates is extremely rich because millions of people chose to purchase Microsoft products while another software entrepreneur is broke because nobody wanted to purchase his products, *who was unjust?*

Friedrich A. Hayek made the same point in volume 2 of *Law, Legislation and Liberty*, arguing that it is nonsense to speak of “social justice” because only individuals can act, either justly or unjustly. The Murphy/Nagel view that if any situation seems undesirable or unfair, it must therefore be *unjust* collides headlong with Nozick, Hayek, and others, who have written about this question, but evidently they think they have squashed the opposition by saying that it is numerically insignificant.

The last chapter of *The Myth of Ownership* is entitled “Politics,” but the authors fail to see what an insurmountable problem politics is for their dream world. They desire to see much more “progressivity” in the American tax structure so that differences in income and wealth can be

reduced and so that everyone “has a minimally decent quality of life.” They don’t tell us exactly when we would have achieved the optimal point, but they are willing to leave it up to “political morality” — an oxymoron if ever there was one. But the same political system that gives us the current tax code also gives us a crazy-quilt of governmental spending programs that lavish money on all sorts of well-connected interest groups, from sugar growers to Amtrak riders. The authors devote the whole book to the imagined injustice of not taxing some people sufficiently; they never consider the injustice of governmental spending that rewards some people at the expense of others just because they know how to get politicians to open up the treasury for them. Nor do they contemplate the constant political warfare in settling on the “right amount” of wealth redistribution, with some factions and their political allies always insisting that “things still aren’t just!”

What is worse, the authors fail to recognize that much of the inequality they lament is the fault of government policy. They don’t want anyone to suffer from poor education, inadequate food and shelter, or a lack of medical care. Too bad that no one who read the manuscript knew enough to point the authors to the section of the library where they would find the analysis of hundreds of economists, pointing out that government intervention is mostly what keeps poor people poor. Instead of reaching into the pockets of successful people who have not acted unjustly, why not instead repeal the many unjust laws and regulations that drive up costs for the poor and hinder their efforts to earn more?

Alas, modern “liberals” such as Murphy and Nagel automatically ask for more government coercion rather than consider whether existing coercion might be the root of the problem.

The authors no doubt think they have done some brilliant work in opening a path to a more just future. Not at all. What they have done is to write yet another of the tremendous number of books that try to hoodwink people into sanctioning the use of force by government so that the authors can get something they want. People are forever writing books using bad economics to convince people that the nation would be better off if it adopted some interventionist policy — in order to enrich a special-interest group. People are forever writing books using bad science to convince people that the nation would be better off if it adopted some new environmental regulation — in order to assuage the tender sensibilities of environmentalists. And people are forever writing books using bad philosophy to convince people that more governmental coercion is needed to make the nation just — in order to allow “liberals” to have a feel-good moment before proceeding to their next cause.

That’s all we have here.

George C. Leef is the book review editor of [Ideas on Liberty](#).

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