
UNIT 17 LIBERTARIANISM

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17.1 INTRODUCTION

With the rise of liberalism as a theory of welfare state in the twentieth century, its functions increased manifold. It was during this transformation that the state acquired its present all-pervasive form. However, the fight for classical liberalism was not given up. After the Second World War, an important contribution to the theory of liberalism was made by theorists whose allegiance lay with early classical liberalism. This new movement which became popular in the USA and England in the 1960s is known by the name, Libertarianism. Many libertarian texts have been written by people who only know North American political culture and society. They claim universal application for libertarianism, but it remains culture bound. The libertarian movement received large scale academic attention with the appearance in 1974 of a book *Anarchy, State and Utopia* by the Harvard philosopher Robert Nozick. The work achieved great acclaim for its brilliance of argument and was frequently bracketed with Rawls's *A Theory of Justice*. It influenced the Thatcher/Reagan administrations of the 1980s. Etymologically, libertarianism means free will or free advocacy of liberty. It is the most radical form of individualism and advocates pure capitalist economy, as the surest expression and defence of individuality. In political theory, it answers once again the fundamental question i.e. what are the legitimate functions of the state – in a radical way. Holding the liberty of the individual as sacrosanct, libertarianism asserts that welfare measures can lead to a collectivist state. Here one can ask: if the liberal principles have been rooted in American and English political culture, then why has this new term come into use. According to Martin Masse, this is because liberalism since the end of the 19th century has taken up a new meaning, which is not at all compatible with the defence of individual freedom. While in the U.K., the so-called liberal parties are only a little more moderate than the socialist parties in their inclination to use state power, in the United States, a liberal was considered a left winger who advocated wealth redistribution and supported a big government that interferes everywhere in peoples' lives; a government that tries to solve all real and imaginary problems by taxing and spending and creating bureaucratic programmes for each good cause. In short, today's liberalism aims at creating a tyrannical state that does not hesitate to trample on individual freedom in the

name of an unattainable collectivist utopia. This type of liberalism has nothing to do with classical liberalism. Libertarianism, on the other hand, is inspired by former periods of liberal progress but after one century during which collectivist and totalitarian ideologies have dominated, they realized that classical liberalism was not strong or principled enough to stem the rising tide of statism. They are more coherent or some may say radical than traditional liberals in their defence of personal liberty and market economy and in their opposition to state power. Libertarian scholars have shown that it is the decentralized action of the individuals who pursue their own ends in a free market which makes it possible to create and maintain this spontaneous order to bring prosperity and to support the complex civilization in which we live.

17.2 WHAT IS LIBERTARIANISM?

Much political and moral philosophy over the past three centuries has concerned itself with human liberty. The philosophical outlook on politics known as libertarianism takes this idea to its extreme, proposing to make liberty, the only interest that a state may properly have with respect to its citizen:.

The libertarian philosophy has been propounded by a number of scholars, prominent among them are F.A. Hayek, Karl Popper, Talmon, Milton Friedman, I. Berlin, M. Rothbard, Robert Nozick, Ayn Rand. Taking liberty as the ultimate value, it asserts that in order to protect liberty, a society must have strong private property rights, a free market and minimal government. Some writers have termed libertarianism as 'freedom'. The best way to understand the various terms is to know what libertarians believe in. In a few words, libertarianism believes that individual freedom is the fundamental value that must underlie all social relations, economic exchanges and the political system. Essentially libertarians preach freedom in all fields including the right to do what one wants with one's own body insofar as one does not infringe on the property and equal freedom of others. They believe that voluntary cooperation between individuals in a free market is always preferable to coercion exerted by the state. They believe that the role of the state is not to pursue goals in the name of the community. The state is not there to redistribute wealth, 'promote' culture, 'support' the agriculture sector or 'help' small firms, but should limit itself to the protection of individual rights and let citizens pursue their own goals in a peaceful way. Libertarianism supports the formal equality of each and all before the law, but it worries little about the inequalities between the rich and the poor, inequalities which are inevitable and can be reduced only by encroaching on personal freedom and by reducing overall prosperity. For them the best way to fight poverty is to guarantee a system of free enterprise and free trade and to let private charity initiatives which are more effective and better justified morally than state programmes of wealth transfer, come to the rescue of those in need. Libertarians believe that the only way to ensure the maintenance of personal freedom is to guarantee the inviolability of private property and to limit as much as possible the size of the government and the scope of its interventions. They do not trust the state in protecting individual liberty.

Libertarianism is opposed to collectivist ideologies of all types, be it of the left or of the right which stress the primacy of the group, nation, social class, sexual or ethnic group, religious or language community etc. They oppose all whose purpose is to regiment individuals in the pursuit of collective goals. They do not deny the relevance of these collective identities, but claim that it is up to the individuals themselves to determine which group they wish to belong

and contribute to. It is not for the state or for institutions that derive their power from the state to impose their own objectives in a bureaucratic and coercive manner.

Thus, libertarianism rejects the main political developments of the 20th century; that is, the sustained growth in the size of the state and the range of its interventions in the private lives of the citizens. It is the only one that demands and works for radical change, a drastic reduction of the size and role of the state, they are the only ones who value individual freedom, above all else. More and more people realize that libertarianism constitutes the only alternative. The libertarian movement hardly existed in the 1960s but really took off in the United States in the early 1970s. Whereas collectivist philosophies and Keynesian economics used to dominate academic life, recently there has been a revival of interest in classical liberalism and free market economy throughout the world. After a century of eclipse, classical liberalism in its libertarian offspring is becoming an influential philosophical doctrine and movement in the 21st century.

Like all philosophical movements, libertarianism is varied, containing several schools and sub-groups and one will find no unanimity about its theoretical justifications, its goals or the strategy that should be adopted to reach them. Mainly, there are two types of libertarianism and each has its own answers to the queries. One group, the anarchists or also known as '*anarcho-capitalists*' advocate the complete disappearance of the state and privatisation of even the basic functions mentioned above. This goal may appear extreme or ridiculous at first sight, but it is based on a theoretically plausible argument. It is for example, easy to imagine that one could replace provincial state or municipal police forces (with the corruption, abuses of power, the incompetence and favouritism which usually characterize them all and often with impunity) with private security agencies. These would make profits only in so far as they really protect citizens and fight real criminals. Anarcho-capitalists use the same type of arguments to support the privatisation of the army and the courts which would leave nothing for a state to do. Private firms would then provide all the services that individuals might need in a pure free market. In a context where public spending now accounts for almost half of all that is produced, where governments continue to adopt law after law so as to increase their control over our life, a more realistic libertarian goal is simply to reverse this trend and fight for any practical advance of freedom and any concrete reduction in state tyranny. The other branch is known as '*miniarchists*' who maintain that government may appropriately engage in police protection, enforcement of contracts and national defence, foreign relations, justice, the protection of private property and individual rights. All remaining functions should be privatised. In the context of a very decentralized federal state, libertarians accept, however, that local authorities can intervene in other fields and offer various types of social and economic arrangements in so far as dissatisfied citizens can easily move to other jurisdictions. Definitely not included, according to miniarchists, is the power to tax, even to secure money for the functions just mentioned,

The question arises: why the libertarians endorse these views so sharply at variance with most political theory? Firstly, libertarians hold an extremely strong doctrine of individual rights, particularly the right of individuals to acquire and hold property. Their concept of property rights and freedom of contract excludes welfare rights, since claims to these rights require in the libertarian view compulsory labour of some on behalf of other. Secondly, libertarians believe that the operation of an unrestricted system of *laissez faire* capitalism is the most desirable social system. People unfettered by state compulsions would be likely to establish this sort of economic system and it is all for the best that they do. We shall study all these aspects in detail in the next section.

17.3 POLITICAL THEORY OF LIBERTARIANISM

It is claimed that the key concepts of the political theory of libertarianism have developed over many centuries. The first inklings of them can be found in ancient China, Greece and Israel; they began to be developed into something resembling modern libertarian philosophy in the work of such seventeenth and eighteenth century thinkers as John Locke, David Hume, Adam Smith, Thomas Jefferson and Thomas Paine. In the twentieth century, they were reinvented by neo-liberal thinkers such as Michael Oakeshott, F.A. Hayek, Milton Friedman, Robert Nozick etc. While these scholars have given a new intellectual impetus to the libertarian movement, a growing concern for personal autonomy has provided personal ground for the sowing of the idea. Some of the important concepts of libertarian theory are as follows:

17.3.1 Individualism

While the libertarian ideal of individualism has certain family resemblance with the neo-classical defence of capitalism, anarcho-individualism and classical liberalism, it is reducible to none of these. Libertarianism can only be understood against the backdrop of the emergence of totalitarianism and the modern welfare state since the 1930s. Libertarians see the individual as the basic unit of social analysis. Only individuals make choices and are responsible for their actions. Libertarian thought emphasizes the dignity of the individual, which entails both rights and responsibility. The progressive extension of dignity to more people – to women, to people of different religions and different races – is one of the great libertarian triumphs of the western world.

Libertarianism represents the most radical form of individualism, short of outright anarchism. Along with it, it exalts the pure capitalist economy as the surest expression and defence of individuality. Nevertheless, the near anarchism of some libertarian doctrines have prompted the expression 'anarcho-capitalism. However, the libertarian defence of capitalism would legitimise a degree of economic inequality that true anarchists could not abide. The works of Ayn Rand are a leading expression of the libertarian ideal of individualism, even if it sometimes takes an extreme and occasionally unrepresentative form. A brilliant novelist, she developed the libertarian ideal both in fictional works and polemical essays. Utterly rejecting any theological notions or ideas that rank the community over the individual, she held that the individual is the basic unit of society, the prime focus of moral concern and the sole source of human creativity. According to her, the root cause of our modern troubles is the philosophy of *altruism*, a moral position that effectively destroys the supreme value of individuality. Altruism - the notion that man should place the welfare of others above his own - is the root of all evils and not money. Indeed, money is cherished as the just reward and fair estimation of the individual's inherent excellence. For Rand, altruism is a vice and selfishness is a virtue, though selfishness does not mean a petty snivelling self-indulgence but accepting full personal responsibility for one's life and fate. Altruism is the villain of the piece because it plays upon the morbid guilt feelings of the donor and keeps the recipient in a state of childish subservience. Neither party can develop a mature confident outlook on life which should culminate in a fair and equitable and truly voluntary exchange of goods and services. The ethics of altruism is always gratuitous; it preaches that someone has a prescriptive right to a free ride on someone else's back. According to this theory, the notion that one person should sacrifice himself for the sake of another is radically evil. It is an affront to human dignity and an open invitation to prefer death over life.

17.3.2 Individual Rights and Liberty

Central to libertarianism is the claim that the individual should be free from the interference of others. Personal liberty is the supreme moral good. Hence, one's liberty can justifiably be restricted only if he consents to the restriction. Any other restriction, including taxing incomes for the purpose of redistribution is unjust. In other words, the libertarians couch their theory in the language of rights. Each individual has natural negative rights - to at least life, liberty and property. No one can justifiably harm him, restrict his freedom, or take his property, i.e., no one can violate his rights without his consent. Moreover, these are general rights; they apply, so to speak, against the whole world. And since rights invariably have correlative duties, all the people in the world have the duty not to interfere with the rightholder's life, liberty and property. Each person possesses these rights simply by virtue of his humanity - he does not have to do anything to obtain this moral protection. The possession of rights does not depend upon the consent of others. They are essential moral constituents of personhood. They are not granted by the government or by the society; they are inherent in the nature of human beings. It is intuitively right that individuals enjoy the security of such rights; the burden of explanation should lie with those who would take these rights away. Libertarian theorists often move back and forth between talk of negative rights and talk of liberty. This, according to Hugh La Follette, is because they ultimately see rights and liberty as equivalent or because they hold a theory of rights which is grounded in personal liberty. There are no circumstances in which the negative general rights can be justifiably overridden in which one's liberty can be justifiably limited without his consent. For example, A's right to property (or life or liberty) can never be overridden for the benefit of others (to satisfy the alleged positive rights of others). 'A' can choose to charitably give his property to someone or he can voluntarily give someone a positive right to his property. Nevertheless, morally he cannot be forced - either by legal sanctions or moral rules - to give up his life, liberty or property. This moral/legal prohibition insures that an individual's liberty cannot be restricted in any way without his consent.

In the context of rights, what is important to note is that libertarians make a distinction between negative and positive rights. For example, take the general right to life; in its negative version, it says that only others must not kill (or take the life of) the rightholder but in its positive version, it would also require that others do something to help save the rightholder's life if it is possible for them to do so. The importance of this distinction is that the libertarian holds that people have no basic positive rights - that all positive obligations have to be in some way assured or undertaken by the obligated individual i.e. by promising that he will perform the indicated action.

Thus, we see two important features of libertarianism. First the primary purpose of negative general rights is the protection of individual liberty, to ensure that no one's life is restricted without his consent. Or as Nozick puts it: 'side constraints (which are equivalent to negative general rights) upon action reflect the underlying Kantian principle that individuals are ends and not merely means; they cannot be sacrificed or used for the achieving of other ends without their consent...(these constraints reflect the fact of our separate existences)'. They reflect the fact that no more balancing act can take place among us. Secondly, the libertarian holds that a sufficient reason to reject any alleged moral rule or principle of distributive justice is that such a rule or principle restricts someone's freedom without his consent. Hayek, for example, argues that we should reject plans to expand governmental roles since such expansion necessarily undermines individual liberty. And Nozick's primary objection to Rawls is that Rawls's two principles restrict individual liberty without consent.

As mentioned above, much political and moral philosophy over the centuries has concerned itself with human liberty. However, the philosophical outlook on politics known as libertarianism, takes this idea to its extreme, proposing to make liberty the only interest that a state may properly have with respect to its citizens. Libertarianism takes liberty as our sole *right* (this is also called 'deontological libertarianism*') against considering liberty as *the sole* value to be promoted by the government and the individual. The point of making liberty a general right is to prevent the government from forcing people to do things. According to it, our sole fundamental right is the right to liberty, all other rights are subordinate to that – they are either special cases of that one or derived from it directly or indirectly.

Just like the concept of negative rights, libertarianism also emphasizes the negative aspect of liberty i.e., liberty as absence of imposition by other people, specifically those impositions that are caused by their intentional actions. In this version, each person is to be entitled to do as that person likes, or judges best, except only when his or her action would impose on others – would interfere with the intended desired courses of action of someone else or (if this is different) damage that person, in the sense of doing what that person did not want to be done with or to his or her body or mind. It is as Hobbes called it 'absence of external impediments' or 'seeking peace'; that is, of not 'making war' on others; or as Locke termed it 'not harming them in respect of life, health, liberty or property'; or Kant's version of 'acting only on maxims that can coexist along with the freedom of the will of each and all'. These have been echoed in the contemporary American philosopher John Rawls' formulation of a liberty principle that 'each person participating in a practice, or affected by it, has an equal right to the most extensive basic liberty compatible with a similar liberty for others'. What is important in all these versions is that the emphasis is on the negative liberty; people encounter each other and in doing so they are to refrain from actions that would cause the other person harm, danger, disease and the like. Any other actions are permissible whether or not they have the effect of 'maximising' something. Again coercion is also thought to collide with liberty. Libertarians also take liberty as the 'absence of coercion' and they condemn it along with overt force. Liberty is the absence of obstacles, imposed costs; the coercer does impose a cost on his victim.

The natural baseline to which libertarians appeal for liberty is our body. The libertarians hold that we ought to make anyone's liberty into a right; that is, we ought to make it the case that imposition or proposed impositions against anyone's liberty is a ground for taking action to rectify or prevent them, and that is what the libertarian principle does. This right is equivalent to the right of self-ownership. Each person would be regarded as 'owning himself' in the same straightforward sense as that in which we can own all sorts of things such as cars and footballs; namely, being able to do what one wants to with the self in question; at the same time, one is not able to do that with others; rather, their willingness or consent must be established before one may do things with others.

And last but not the least, why would people value liberty? For the libertarians, liberty is not another good like peanut butter or a car, it is rather a necessary condition of action, in the sense that if we do x, it has to have been the case by definition that nothing prevented us from doing it. Liberty is the condition of being able to do whatever it is, the liberty to do which is in question. In other words,, it is not really up in the air whether liberty is a good thing or not. Liberty is us good as whatever can be achieved by acting. According to libertarians, liberty is not a value, it is a condition of action.

17.3.3 Civil Society

A great degree of order in society is necessary for individuals to survive and flourish. It is easy to assume that order must be imposed by a central authority, the way we impose order on a stamp collection or a football team. The great insight of libertarian social analysis is that order in society arises spontaneously, out of the action of thousands or millions of individuals who coordinate their action with those of others in order to achieve their purpose, over human history. We have gradually opted for more freedom and yet managed to develop a complex society with an intricate organization. The most important organization in human society – law, language, money and markets – all developed spontaneously without central direction. Civil society is another example of spontaneous order, the associations within civil society are formed for a purpose, but civil society itself is not an organization and does not have a purpose of its own. The associations we form with others can make up what we call civil society. Those associations can take an amazing variety of forms – family, churches, schools, clubs, fraternal societies, condominium associations, neighbourhood groups and the myriad forms of commercial society such as partnerships, corporations, labour unions and trade associations. All these associations serve human needs in different ways. Civil society may be broadly defined as all the natural and voluntary associations in society. Some analysts distinguish between commercial and non-profit organizations, arguing that business is a part of the market and not of civil society, but according to Bauz, the real distinction is between associations that are coercive i.e. the state, and those that are natural or voluntary – everything else. Whether a particular association is established to make a profit or to achieve some other purpose, the key characteristic is that our participation in it is voluntarily chosen. It should be noted that the associations within the civil society are created to achieve a particular purpose but civil society, as a whole has no purpose. It is the undersigned, spontaneously emerging result of all those purposive associations. These associations give people connections with other people. No one of them, however, exhausts one's personality and defines one completely. In this libertarian conception, we connect to different people in different ways on the basis of free and voluntary consent. Ernest Gellner says that modern civil society requires a 'modular man'. Instead of a man who is entirely the product of and absorbed by a particular culture, modular man 'can combine into specific purpose, *ad hoc*, limited associations, without binding himself by some blood ritual'. He can form links with others which are 'effective even though they are flexible, specific, instrumental,' and as individuals combine in myriad ways, community emerges; not the close community of the village or the messianic community promised by, say for example, by marxism, national socialism and all fulfilling religions, but a community of free individuals in voluntarily chosen associations. Individuals do not emerge from community, community emerges from individuals. It emerges not because anyone plans it, certainly not because the state creates it, but because it must. To fulfil their needs and desires, individuals must combine with others. Society is an association of individuals governed by legal rules or perhaps an association of associations, but not one large community, or one family. Membership in a group need not diminish one's individuality; it can amplify it, by freeing people from the limits they face as lone individuals and increasing their opportunities to achieve their own goals. Such a view of the community requires that membership be chosen and not compulsory.

17.3.4 Political Economy and the Problem of Redistribution

Libertarianism claims that the only economic order that respects individual freedom is the *free market*. To them, the free market is an example of freedom in action. At the heart of the free market is the voluntary bilateral exchange. If two parties exchange some goods voluntarily

or make some contract voluntarily, then so long as this does not involve the violation of another's rights, no one has the right to interfere in it. According to libertarians, the free market is the sum of the voluntary exchanges and contracts going on in a society, nothing more and nothing less. Any distribution that occurs in the operation of a free market is therefore, just since at no stage has anyone's right been violated and all the exchanges were voluntary. For example, Hayek proposed that the rules of conduct in a society are evolving; that they survive because they are useful and help that society survive. The market, he believed, had survived the test of time, in that the most successful societies were market based in some way. The market is superior to other economic systems, since it handles human ignorance by passing information in coded form through the price mechanism which indicates areas where profits could be made and resources efficiently used. It does all this and allocates resources without being predicated on any specific goals or assuming what the goals of the people are. It also facilitates freedom, in that for it to work, there need to be rules demarcating 'protected domains' for each person where no other has the right to interfere.

The market arises from the fact that humans can accomplish more in cooperation with each other than individually and the fact that, we can recognize this. If we were a species for whom cooperation was not more productive than isolated work, or if we were unable to discern the benefits of cooperation, then we would not only remain isolated and atomistic, but as Ludwig Von Mises explains, 'each man would have been forced to view all other men as his enemies, his craze for the satisfaction of his own appetites would have brought him into an implacable conflict with all his neighbours'. Without the possibility of mutual benefit from cooperation and the division of labour, neither feelings of sympathy and friendship nor the market order itself could arise. Those who say that 'humans are made for cooperation, and not competition' fail to recognize that the market is cooperation.

Many people accept that markets are necessary, but still feel that there is something vaguely immoral about them; they feel that markets lead to inequality or they dislike the self-interest reflected in markets. Markets are often called 'brutal' or 'dog-eats-dog'. But libertarians believe that markets are not only essential to economic progress, but that they are more consensual and lead to more virtue and equality than government coercion. This is done through: i) information and coordination, ii) prices, iii) efficiency in production, iv) technological innovations, and v) competition. Firstly, markets are based on consent. No businessman sends an invoice for a product not ordered. No business can force anyone to trade. Businessmen try to find out what is required by the consumers. Whatever is produced is done so in response to or in anticipation of consumer demand, since the only way in which the producers can maximize his own position is by selling his goods to the consuming population. But where do they get the information? It is not in a massive book. In the market economy, it is not embodied in orders from a planning agency. Secondly, this vital information about other peoples' wants is embodied in prices. Prices do not just tell us how much something costs at the store. The price system pulls together, all the information available in the economy about what each person wants, how much he values it and how it can best be produced. Prices make that information usable to the producer and the consumer. Each price contains within it information about consumer demands and about costs of production, ranging from the amount of labour needed to produce the item to the cost of labour to the bad weather on the other side of the world that is raising the price of the raw materials needed to produce the good. The information that prices deliver allows people to work together to produce more. The point of an economy is not just to produce more things. It is to produce more things that people want. Prices tell all of us what other people want. The price system reflects the choices of millions of producers,

consumers, and resource owners who may never meet and coordinates their efforts. Although we can never feel affection for or even meet everyone in the economy, market prices help to work together to produce more of what everyone wants. Unlike a government which at best takes the will of the majority and imposes it on everyone, market uses prices to let buyers and sellers freely decide what they want to do with their money. Thirdly, competition between producers ensures that the most efficient ones to supply the consumer market since only they will be able to produce goods cheaply. The consumer, in maximizing his economic welfare, purchases only at the lowest available price. Fourthly, since producers can improve their economic position by expanding their market, each producer will be in constant competition with others. Seeking to expand one's market can be accomplished only by reducing prices (price competition), and this can be achieved only by reducing production costs via technological innovations. The system automatically generates technological change and development. And lastly, the market system is highly competitive. As explained above, it is precisely through competition that it can be found how things can be produced at the least cost, by discovering who will sell raw material or labour services for the lowest price. Any interference with free competition between economic units will defeat the system's ability to provide automatically the advantages described above. Also rapid and smooth shifts of labour and capital must be possible from one industry to another. People are motivated by material well being and by economic gain. Hence, to the extent that they are deprived of economic incentives, the market mechanism will break down or seriously compromised as a basis for allocation of goods and services. The basic question, according to libertarians, is how to combine all the resources in society including human effort to produce the greatest possible output which will satisfy people most. It is through competition to attract new customers that this coordination is generated. It is possible that many firms may not do well and could be out of business. This, according to libertarians, is the 'creative destruction' of the market. Harsh as the consumers' judgement may feel to someone who loses a job or an investment, the market works on the principle of equality. In a free market, no firm gets special privileges from the government and each must constantly satisfy consumers to stay in business. Thus, far from inducing self-interest, as critics charge, in the market place the fact of self-interest induces people to serve others. Markets reward honesty because people are more willing to do business with those who have a reputation for honesty. Markets reward civility because people prefer to deal with courteous partners and suppliers.

Apart from defending market freedoms and limitations on the use of the state for social welfare policies, libertarians are opposed to any *redistributive* taxation scheme. It believes that redistributive taxation is inherently wrong, a violation of the people's right. People have a right to dispose of their goods and services freely. As Nozick put it, 'people have rights and there are things no person or group may do to them (without violating their rights). So strong and far reaching are these rights that they raise the question of what, if anything, a state and its officials may do'. This has been best explained by Robert Nozick in his famous entitlement theory.

The central theme of the *Entitlement Theory* is that 'if' we assume that everyone is entitled to the goods they currently possess (their holdings) then a just distribution is simply whatever distribution results from peoples' free exchanges. Any distribution that arises by free transfer from a just situation is itself just. For the government to tax these exchanges against anyone's will is unjust, even if the taxes are used to compensate for the extra cost of someone's undeserved natural handicap. The only legitimate taxation is to raise revenues for maintaining the background institutions needed to protect the system of free exchange i.e. the police and

the justice system needed to enforce peoples' free exchanges. This entitlement theory is based upon three principles: i) the *principle of transfer* i.e. whatever is justly acquired can be freely transferred, ii) the *principle of just initial acquisition* i.e. how people come to own things initially, which can be transferred according to the first principle, iii) *principle of rectification of injustice*, i.e. how to deal with acquisitions which are unjustly acquired or transferred. To give an example, if I own a plot of land, the principle of transfer tells me to engage in any transfer I wish. The principle of acquisition tells me how the plot initially came to be owned, and the principle of rectification of justice tells me what to do if the first two principles are violated. Taken together, if peoples' current holdings are justly acquired, then the formula of just distribution is: *from each as they choose, to each as they are chosen.*

Nozick gives two arguments as to why the claim of peoples' entitlement should be accepted: i) *free exercise of property is more attractive*, and ii) *property right lies in 'self-ownership'*. The first argument i.e. free exercise of property is more attractive; it is that if we have legitimately acquired something, we have absolute property rights over it. Then we can freely dispose of it as we see fit, even though the effect of these transfers is likely to be a massively unequal distribution of income and opportunity. Given that some people are born with different natural talents, some people will be amply rewarded while those who lack marketable skills will get few rewards. Due to these unearned differences in natural talents, some people will flourish while others will starve. These inequalities are the result of unrestrained capitalism. Though he admits that it seems unfair for people to suffer undeserved inequalities in their access to the benefits of social cooperation, but the problem is that people have rights over their income. As he says, 'no one has a right to something whose realization requires certain uses of things and activities that other people have rights and entitlements.' The *second* argument is the principle of 'self-ownership'. By this Nozick means that people should be treated as 'end-in-themselves'. The heart of Nozick's theory is that 'individuals have rights, and there are things no person or group may do to them (without violating their rights)'. Society must respect these rights because 'they reflect the underlying Kantian principle that individuals are ends and not merely means. They may not be sacrificed or used for the achievements of others' ends, without their consent'. Because we are distinct individuals with distinct claims, there are limits to the sacrifices that can be asked of one person for the benefit of others. Libertarian society treats individuals not 'as instruments or resources' but as 'persons having individual rights with the dignity this constitutes.' In short entitlement theory believes that recognizing people as self-owners is crucial to treating people as equal, and only unrestricted capitalism recognizes self-ownership.

17.3.5 Rule of Law & Limited Government

Libertarianism is not libertinism or hedonism. It is not a claim that 'people can do anything they want to and nobody else can say anything'. Rather, libertarianism proposes a society of liberty under law, in which individuals are free to pursue their own lives so long as they respect the equal rights of others. The rule of law means that individuals are governed by generally applicable and spontaneously developed legal rules, not by arbitrary commands; and that those rules should protect the freedom of individuals to pursue happiness in their own way, not aim at any particular result or outcome.

To protect rights, individuals form governments, but government is a dangerous institution. As stated above, libertarianism arose as a reaction against the social welfare state. Hayek in his book *The Road to Serfdom* warned that the adoption of welfare/socialist policies would

bring totalitarian government in the long run. Any tolerable future for the western civilization would demand that the socialist ideas be abandoned and classical liberalism may be restored once again. Like early liberals, he considered the state the greatest enemy and any interference with the right to private property as an assault upon the rights of the individuals. On the economic side, Milton Friedman suggested that competitive capitalism promotes political freedom because it separates economic power from political power and in this way, enables one to offset the other. Another writer Ralf Dahrendorf complained that the welfare state produces the iron cage of bureaucratic bondage and to a great extent repeated the traditional liberal attitude of suspicion towards the government and the state. As he writes, 'there is no such thing as benevolent government. Government is an unfortunate necessity. It is always and by definition liable to encroach upon the individual liberties. More than that, there is a need for less government'.

A more powerful definition of the libertarian view of the minimal state has been developed by Robert Nozick in his book *Anarchy, State and Utopia*. Nozick talks about the state in the context of individual rights. Following the tradition of John Locke, Nozick speaks of prior and inalienable rights of the individual possessed independent of society. He says that rights are the property of the individual and are so strong and far reaching that they raise a number of basic questions such as: what, if anything, the state may do? How much room do individual rights leave for the state? What is the nature of the state? What are its legitimate functions and what is its justification? The state, according to Nozick, should be a minimal state, limited to the narrow functions of protection against force, theft, fraud, enforcement of contract and so on. Any more extensive state will violate the person's right not to be forced to do certain things and as such would be unjustified. 'The minimal state is inspiring as well as right'. What is important is that the state must not use its coercive apparatus for the purpose of getting some citizen to aid others, and prohibit activities of people for their own good or protection.

Since Nozick strongly believes in the rights of the individuals, he seriously considers the anarchists' claim that the monopoly of use of force by the state may violate the individual's rights and hence, the state is immoral. Against this claim, Nozick argues that the state will arise from anarchy even though no one intends this. Individuals in the state of nature would find it in their interest to allow a 'dominant protective agency' to emerge which would have de facto monopoly of force and could constitute a state like entity. The formation of such an entity, if done in an appropriate way, may violate no one's rights, i.e. if it does not go beyond its legitimate powers of protection, justice and defence. Justifying the minimal state, he categorically asserts that liberty must get absolute precedence over equality. He opposed the policies of progressive taxation and positive discrimination and asserts that realization of liberty should not be inhibited by the policies of the government in providing public health care, education or minimum standard of living. He argued that those who own wealth may voluntarily adopt some redistribution. He is against any redistribution of property by the state because it may transgress the liberty of those who have property. For Nozick, the state is no more than a night watchman, protecting the inviolable rights of the citizens. He asserts that the welfare notion which advocates that it is the society which allocates resources is not only wrong, but illegitimate because there is no such thing as 'society' except in the minimal sense of being an aggregate of individuals. 'There are only individual people with their own individual lives' and society is no more than the sum of its individual components, State intervention means appropriation of both 'one's resources and one's self'. And 'seizing the results of someone's labour is equivalent to seizing hours from him and directing him to carry on various

activities. If people force you to do certain work or unrewarded work, for a certain period of time, they decide what you are to do and what purpose your work is to serve apart from your decisions. This process whereby they take this decision from you makes them a part-owner of you; it gives them a property right in you. Thus, the welfare state is a threat to liberty and independence of the individuals because individual is the sole owner of himself and his talent.

How far is the non-interventionist, minimal and market dominated concept of libertarian state justified? Nozick's views are based on certain inalienable rights of the individual, possessed independent of society. However, a feature of the modern state is that it has recognized a range of individual rights which were not recognized by ancient Greek or medieval society. Rights are socially and historically constituted. In fact, the rights which Nozick defends are actually those rights which were historically specific to the market and were defined and constituted in the context of capitalist relations. They were neither natural nor prior to the state. Secondly, if the resource allocation is to be done by the market, it cannot be equal because in a capitalist society, the market also privileges some groups over others within the system of production and exchange. Hence, the idea of a free and sovereign individual choosing what to do with his resources is a myth. Nozick's account of the minimum state fails because it contains no theory of taxation. For this reason, other libertarian scholars insist that taxation be according to general rules, uniformly applied. For example, Hayek and Friedman have argued that only a system of proportional taxation is fully consistent with the libertarian requirements. Proportional taxation would prevent the imposition of redistributive taxation on wealthy and unpopular minorities and would, thereby, remove a major area of arbitrariness from public policy. They advocate that the taxation policy be governed by general rules so that governments are prevented in their service activities from curbing economic freedom in subtle and covert ways.

In short, the concept of limited government propounded by the libertarians acknowledges the state as a permanent necessary evil. In doing so, it exploits the insights of philosophers such as Adam Smith. As Hayek admits, there is a spontaneous order in social life, but qualifies that insight with the recognition that the spontaneous process of society can only be beneficial against a background of legal institutions in which the basic liberties are guaranteed for all. The libertarian concept of the state eschews no less firmly the revisionary conception of government as the guardian and provider of general welfare, empowered to act on its own discretionary authority in the pursuit of the common good - a conception whose reality is everywhere that of a weak government, prey to collusive interest groups and incapable of delivering even the security in enjoyment of basic liberties which is the state's only title to authority.

17.4 CRITICAL EVALUATION

Libertarianism has been criticized on many grounds such as its theory of rights, nature of liberty, role of the state, political economy, problem of redistribution of resources etc. Let us have a look at these:

- Some libertarians argue that we are born with a set of rights - the rights to life, liberty and property - which must be respected. But the question is why these rights and not others! The libertarians, answer is that they are essential to allow people to lead their own lives, that they reflect the imperative to treat people as ends in themselves and not merely

as a means to some ends and that they recognize the separateness of individuals. But this does not answer the question of why these rights are natural. According to Hamerton, there is no reason to believe that the rights are natural, pre-existing rights independent of the laws of a society.

There is no doubt that treating individuals as ends in themselves is good. One can also agree that people can not plan ahead effectively if they cannot rely on being able to keep their possessions. However, one can also argue that providing people with the necessary resources for survival is also consistent with respect for others. If a person has no shelter, no job, no money, then one cannot plan effectively since one is subject to the decisions of others to the extent that one cannot even be certain of survival. Hence, to give enough resources to lift oneself out of the predicament helps on both the counts: of treating one as an end and in enabling one to plan effectively. This can be done by taxing the rich which the libertarians do not like. But if you do not do this and let the poor go hungry, you are also violating the principle and claiming in effect that allowing people to keep every last penny of their money is more important than preventing someone from starving. The simple point is that in a libertarian society those without any property are unfree – they cannot act without other people helping them and allowing them to use their property – unless you view freedom as the freedom to act within your rights. However, since it is the rights themselves being discussed here, the libertarian cannot fall back on this view of freedom to defend those rights. In short, the libertarian view as to what are legitimate rights cannot be accepted.

- Critics also do not accept the libertarians' definition of freedom as 'absence of coercion'. If we take this definition of freedom, then the amount of freedom a person has is the extent to which they act without being coerced to do (or not to do) something against their will. In a libertarian society, one cannot (legitimately) do anything with another's property if they do not want you to, so your only guaranteed freedom is determined by the amount of property you have. This has the consequence that someone with no property has no guaranteed freedom, and that the more property you have, the greater is your guaranteed freedom. In other words, a distribution of property is a distribution of freedom, as the libertarians themselves define it. Thus, taking this definition of freedom and a belief in the free market together, the libertarians are saying that the best way of promoting freedom is to allow some people to have more of it than others, even when this may lead to some having very little freedom or even none. In other words, though the libertarians want everyone to have an equal sphere of guaranteed freedom, yet the market does not give everyone such a sphere and does not guarantee anyone any freedom at all. Again taking property from someone definitely restrict one's freedom in some way, but all societies restrict peoples' freedom in some way and libertarians themselves accept some restrictions on freedom – such as the restrictions of not violating other peoples' property rights. In fact, there is no harm in taxing the wealthy in order to prevent the poor from starving since the resulting restrictions of freedom on the wealthy can be very small indeed. In short, libertarians need a way of defining freedom in such a way as to dissect it from the distribution of property.
- Libertarians also define liberty as the 'absence of the initiation of force'. Again this definition also does not help much. Force can be initiated in order to protect property rights, and property rights can be violated without initiating force (i.e. copyright

violations). Libertarians who use this definition cannot claim, as they would like to, that they are always opposed to the initiation of force. This amounts to saying that you are allowed to act within your rights without anyone initiating force against you. However, this leads us back to the consequence of your property rights determining the extent of your guaranteed freedom. What determines freedom is what the legitimate rights of an individual are. Given the libertarian claim that the right to property is absolute, Freedom and property become one and the same. Hamerton calls this 'Propertarianism'. Moreover, non-coercion is not the absolute good: other values override it. For instance, other things being equal, it is not wrong to secure justice by coercion. And when the alternative to coercion is non-innovation, then coercion to secure innovation is also legitimate. Libertarians say that they believe in political freedom. But even to simply enforce the principles of free market, the apparatus of a state would be necessary – an army to prevent invasion, a police force to suppress internal revolt and a judicial system. Most libertarians go much further; they want a libertarian regime, a political system. Some of them have written complete and detailed constitutions. But like any state, a libertarian state will have to enforce its constitution – or it will remain a proposed constitution. Even if the state is founded on Mars, someone else with different ideas will probably arrive sometime. The libertarian constitution might work in a freshly established libertarian colony, inhabited only by committed libertarians. But sooner or later, there will be an opposition perhaps resolutely hostile to the founding principles. States which fail to enforce their own political system against opposition will ultimately collapse or disappear. If libertarian states want to survive in such circumstances, they will use political repression against their internal opponents.

- Anti-statism is a central element of libertarianism, but it rests on no foundations other than the libertarian principles themselves. Often libertarians suggest that the state is inherently wrong. But even if they say it explicitly, it is simply their belief, that is all. By its nature, the state uses coercion of the type that libertarians oppose, but that is not inherently wrong either. In return, the state can end coercion of the type that libertarians tolerate and welcome, especially in the free market. And the state is almost by definition the only means to implement large scale change and innovation in society – as opposed to simply letting market forces shape the future. The fundamental task of the modern liberal democratic state is to innovate. To innovate in contravention of national tradition, to innovate when necessary in defiance of the 'will of the people' and to innovate in defiance of market forces and market logic. Apart from the protective functions, the state acts as the final arbiter of disputes with the highest authority to avoid endless arbitration processes. Many libertarians seek partial or total privation of the tasks being done by the government at present, but that is not the only issue. Paradoxically, to enforce such privatisation of the state would require the exercise of state power by libertarians, and a functionally libertarian state.
- Critics of libertarianism also claim that the redistribution of wealth is not wrong. Libertarians argue as if it was self-evidently wrong to steal the legitimately owned property of the rich and give it to the poor. For example according to Nozick, the most important right is the right over oneself – the right of self-ownership. It means that 'what one owns and what is owned are one and the same and the whole person'. That is, if I own myself, then I own my talents and also what proceeds from my talent. Hence, the demand for redistribution taxation from the talented to the disadvantaged violate self-ownership.

However, the egalitarians like Rawls believe that though a person is a legitimate possessor of his talent, still talent is a matter of brute luck. Hence, the right over talent does not include the right to accrue unequal rewards from the exercise of those talents. Those who are naturally disadvantaged have a claim on those with advantages. The talented only benefit from their talent if it also benefits the disadvantaged. Others believe that redistribution of wealth is inherently good; in fact, it is a moral obligation of the state, Excessive wealth is there to be redistributed; the only issue is what is excessive. And, of course, this may lead to coercion, but it is still not wrong, not wrong at all.

The libertarian view that the liberal welfare programmes by limiting property rights unduly limit peoples' self-determination is also not accepted by the egalitarians. Redistribution programmes do restrict the self-determination of the well-offs to a limited degree. But they also give real control over their lives to people who previously lacked. Liberal redistribution does not sacrifice self-determination for some other goal. Rather, it aims at a fair distribution of the means required for self-determination. The libertarian view allows undeserved inequalities in the distribution, which harm those who need help in securing those conditions.

Making a difference between the libertarian image and the libertarian reality, one critic has pointed out that: i) they believe in non-coercion and non-initiation of force, while in reality libertarians legitimise economic injustice by refusing to define it as coercion or initiated force, ii) they depend upon the moral autonomy of the individual, while in reality libertarians demand that the individual accept the outcome of the market forces, iii) it believes in political freedom, but some form of libertarian government imposing libertarian policies on non-libertarians would be necessary, iv) libertarians condemn existing states as oppressive, while at the same time they use the political process in the existing states to implement their policies, and v) they boast of the benefits of libertarianism, but they claim the right to decide for others what constitutes a 'benefit'.

As mentioned in the beginning, libertarianism is a part of the Anglo-American liberal tradition in political philosophy. In fact, it is a legitimisation of the existing order, at least in the United States. All political regimes have a legitimising ideology which give an ethical justification for the exercise of political power. It is not a revolutionary ideology in the sense of seeking to overthrow fundamental values of the society around it. In fact, most US libertarians have a traditionalist attitude towards American core values. Libertarianism legitimises primarily the free market and the resulting social inequalities. Libertarianism is a legitimisation for the rich. Also, libertarians are conservative; they are not really interested in the free market or the non-coercion principle or limited government as such, but in their effects. Perhaps, what libertarians really want is to prevent innovation, to reverse social change, or in some way to return to the past.

17.5 SUMMARY

Libertarianism is a political philosophy which has appeared in the last 20-30 years in the United States. This is the political philosophy which has been at the heart of the so-called 'New Right' which influenced the Thatcher/Reagan administrations in the 1980s. Its important exponents are F.A. Hayek, Milton Friedman, Karl Popper, Talmon, I. Berlin, M. Rothbard, Robert Nozick etc. Its key concepts are as follows:

Individualism: Libertarianism sees the individual as the basic unit of social analysis. Only

individuals make choices and are responsible for their actions. It emphasises the dignity of the individual which entails both rights and responsibility.

Individual Rights: Because individuals are moral agents, they have a right to be secure in their life, liberty and property. These rights are not granted by the government or by the society, they are inherent in the nature of human beings. It is intuitively right that individuals enjoy the security of such rights, the burden of explanation should lie with those who would take rights away.

Spontaneous Order: A great degree of order in society is necessary for individuals to survive and flourish. The great insight of libertarian social analysis is that order in society arises spontaneously, out of the action of thousands of individuals who coordinate their action with those of others, in order to achieve their purposes. The most important institutions of human society such as language, law, money and markets – all have developed spontaneously, without central direction. Civil society is another example of spontaneous order, the associations within the civil society are formed for a purpose, but civil society itself is not an organization and does not have a purpose of its own.

Free Markets: To survive and to flourish, individuals need to engage in economic activity, The right to property entails the right to exchange property by mutual agreements. Free markets are the economic system of free individuals and they are necessary to create wealth. Libertarians believe that people will be both free and more prosperous, if government intervention in peoples' economic choices is minimized.

Minimal state: to protect rights, individuals form governments. But government is a dangerous institution. Libertarians have a great antipathy to concentrated power. They want to divide and limit power and that means especially, to limit the government generally through a written constitution enumerating and limiting the power that the people delegate to government. Limited government is the basic political implication of libertarianism. The state should be limited to the narrow function of protection against force, theft, fraud, enforcement of contract etc. Any more extensive will violate a person's right not to be forced to do certain things and as such would be unjustified.

Natural Harmony of Interests: Libertarians believe that there is a natural harmony of interests among peaceful productive people in a just society. One person's individual plans – which may involve getting a job, starting a business, buying a house etc – may conflict with the plans of others, so the market makes many of us change our plans. But **we** all prosper from the operation of the free market, and there are no necessary conflicts between farmers and merchants, manufacturers and importers. Only when a government begins to hand out rewards on the basis of political pressure, do we find ourselves involved in group conflicts; pushed to organize and contend with other groups for a piece of political power.

Peace: Libertarians have always battled the age-old scourge of war. They understood that war brought death and destruction on a grand scale, disrupted family and economic life and put more power in the hands of the ruling class – which might explain why the rulers did not always share the popular sentiment for peace. Freemen and women, of course have often had to defend their own societies against foreign threats, but throughout history, war has usually been the common enemy of peaceful productive people on all sides of the conflicts.

In short, libertarianism contains the standard framework of modern thought i.e. individualism, private property, capitalism, equality before law and minimal state. However, it applies these principles fully and consistently far more so than most modern thinkers and certainly more so than any modern government.

17.6 EXERCISES

- 1) Explain in your own words the meaning of libertarianism.
- 2) Write an essay on civil society.
- 3) Discuss individual rights in the context of liberty.
- 4) Critically examine the problem of redistribution.