

## **Bleeding Heart Libertarianism and the Social Justice or Injustice of Economic Inequality**

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We live in a market system with much economic inequality. This may not be an essential characteristic of market systems but seems historically inevitable. How we should evaluate it, on the other hand, is contentious. I propose that bleeding heart libertarianism provides the best diagnosis and prescription.

I begin by explaining “bleeding heart libertarianism” (hereafter, “BHL”). Next, I indicate why, as a matter of theory, a market generally includes economic inequality. I then step away from theory to comment on real-world market systems—and indicate the real moral problems often associated with the inequality therein. Finally, I explain that although inequality that arises in a *libertarian market* is morally acceptable, the inequality of *our market* system is often not. While some claim inequality requires government intervention, I suggest the key difference between our market system and a libertarian market system is precisely routine government intervention.

### **Bleeding Heart Libertarianism**

BHL is a form of libertarianism. If anything distinguishes it from other forms of libertarianism, it is that bleeding heart *libertarians* are explicitly *bleeding hearts*—concern for the plight of the less fortunate is central to our project. In short, BHL is a family of libertarian (and hence liberal) views that take suffering to be a moral problem. Like all libertarians, however, we recognize that not all moral problems require state action—and, indeed, that state action sometimes causes the problem.<sup>2</sup>

The BHL concern for the less fortunate does not mean we endorse socialism or increased redistributive welfare policies.<sup>3</sup> It means we think the social world should be set up in a way such

that the least well off (whoever they are) are as well off as possible, consistent with ensuring liberty for all. This may be why some consider BHL “Rawlsianism,” combining John Rawls—who made famous the idea that we ought to allow inequalities that are to the advantage of the least well off—with Friedrich Hayek, the famous libertarian.

That said, whether there is anything distinctive in BHL remains an open question. Historically, many that we now call “libertarian” shared our concern with those living in poverty. Even Herbert Spencer, the supposed father of “social Darwinism,” was concerned to not make the poor worse off than they were.<sup>4</sup> The stereotype of the “cold-hearted” libertarian may have arisen for good reason—if so, I hope BHL corrects it—but is not fairly attributed to all libertarians.<sup>5</sup> This does not mean BHLs merely seek to make an unpopular view palatable. BHLs want, in part, to show that libertarianism is not unpalatable in the first place.

Perhaps it is worth noting that BHLs endorse the free market but are eager to consider what empirical economic science—as well as economic theory—has to teach us. The emphasis on empirical evidence is significant. BHLs will look at the effects of particular government policies before judging them. We likely all oppose redistributive policies in principle, but may endorse some, in specific circumstances, that actually help the poor. We all oppose policies that redistribute resources from poor to rich or that otherwise place unfair burdens on poorer people. In this, we are similar to Spencer when he condemns the “sins of responsible legislators seen in the long list of laws made in the interests of dominant classes.” As Spencer notes, for example, the corn-laws—which limited the importation of corn into England—“ensure[d] high rents” for landowners while ensuring “that multitudes should hunger.”<sup>6</sup> “High rents” are essentially profits artificially created by government intervention without creating value for others. Given a lack of

imported corn, British landowners were able to sell their corn at higher prices. That hurt the poor.

While law is meant to protect, Frédéric Bastiat noted that it is often “perverted through the influence of two very different causes—naked greed and misconceived philanthropy.”<sup>7</sup> The naked greed of those with power encourages them to use the law to take from the poor and others; this is “legal plunder.”<sup>8</sup> Misconceived philanthropy starts with the good intention of helping, but imposes a view about what is good for people that some may not share and encourages ill-feeling between citizens, as well as other problems. By contrast, “When law and force keep a man within the bounds of justice, they . . . only oblige him to abstain from doing harm.”<sup>9</sup> More simply, individuals should be free to trade with one another as they wish, without interference, but never *forced* to trade with each other. Markets where such freedom is present require no force except that needed to prevent or rectify harm—where harm is not merely being hurt but being hurt by the wrongful action of another.<sup>10</sup> Force used to help the poor (which often has perverse effects that are harmful) that does not rectify such harm, or to help the wealthy at the expense of the poor, is impermissible on this view.<sup>11</sup>

BHL is a family of views that take some form of negative liberty (freedom from interference) to be a normatively primary and guiding value in the organization of a just state, insisting it must be present for all (this is “classical liberalism”) but that *also* share a deep concern to prevent suffering (and perhaps promote at least minimal individual well-being).<sup>12</sup> Some in this camp may approve of limited government interventions to end suffering; all agree that allowing individuals extensive (negative) liberty is likely to create the least suffering possible. Put simply, we believe that ensuring negative freedom as a matter of law will also allow people the most *de facto* positive freedom (freedom to do as one wants)—and we value

that positive freedom. By contrast, socialists seek to ensure positive freedom as a matter of law, believing that will allow most people extensive *de facto* negative freedom. Rawlsians and other left-leaning liberals who favor redistributive welfare schemes, by contrast, seek to ensure both positive and negative liberty as a matter of law. Other libertarians might be thought of as concentrating on negative liberty without any concern with positive liberty.<sup>13</sup>

As with other political views, including other libertarianisms, there are different ways the view can be morally defended. One might defend BHL on the basis of natural rights, eudaimonism, consequentialism, public reason, or some combination thereof. Investigating this is not our topic here.

### **Markets bring Inequality but...**

The history of the world is a history almost entirely of subsistence. It is not until the nineteenth century and the Industrial Revolution that we see substantial accumulation of wealth. In what some call “the Great Divergence,”<sup>14</sup> Europe and the US saw a growth in wealth completely anomalous with all of preceding history (and, at that time, the rest of the world). In the twentieth century, such growth continued throughout the world. To take just one example, as late as 1981, 90 percent of the people in China lived in poverty; in 2018, under 7 percent did. This is a truly phenomenal change that means the number of people in the group that is the least well off has been dramatically reduced. This is a clear gain that should not be understated. The Brookings Institute expected the world “to reduce extreme poverty by 38 million people [in 2017], slightly faster than in 2016 when an estimated 34 million escaped poverty.”<sup>15</sup> According to the World Bank, the world “cut the 1990 poverty rate in half by 2015” as “Nearly 1.1 billion people have moved out of extreme poverty.”<sup>16</sup> While there are still too many living with poverty,

the numbers are good—and not only has poverty been reduced, but the rest of us have gotten wealthier.

Historically speaking, poverty was the norm; wealth, the anomaly. Though there are many factors that contributed to the tremendous growth in wealth in the last two hundred years—while in the previous two thousand years, human kind languished—freer and more extensive trade is clearly the single biggest factor.<sup>17</sup> The accumulation of capital and the continuing tremendous reduction of poverty is a direct result of the market system and property rights that make such a system possible.<sup>18</sup> This, more than anything else, likely explains why BHLs take trade so seriously. Indeed, it may be that the single clearest difference between BHLs and other libertarians is that while other libertarians start with economic freedom as a value and thus support markets, BHLs are concerned with human welfare, see that markets improve human welfare, and thus support economic freedom and the markets it enables.<sup>19</sup>

Trade is good because it brings wealth and wealth means improved human welfare. Wealth should not be conceived of as mere money. Wealth is the means that one has to do as one wishes. As a form of wealth, money allows one to buy the goods and services one needs or wishes to use. Increasing wealth (as money or otherwise), means increasing one's ability to live as one wishes. It means improving one's life. Of course, increased wealth does not mean all lives are equally improved. The "Great Divergence" was, after all, a period in which the lives of some—primarily in Europe and the US—were improved at a vastly quicker rate than those elsewhere. Within Europe and the US, we also see differential gains, with some doing exponentially better than others.<sup>20</sup> There is, no doubt, economic inequality in developed markets.<sup>21</sup> Let us step back for a moment to consider where the inequality comes from.

According to Adam Smith, “there is a natural propensity in human nature . . . to truck, barter, and exchange one thing for another.”<sup>22</sup> If this is not inherent in human nature, it is certainly widespread. Say I have four sticks and two stones and prefer a third stone to two of the four sticks; meanwhile, you have two sticks and five stones and prefer more sticks. We trade and are both happier for doing so. Say I prefer to spend my days reading political philosophy, political science, and economics; you prefer to spend your days raising cattle or apples. You might not want to trade your meat or fruit for my reading (or explaining what I read), but I can find buyers for my teaching, accepting some relatively stable currency (through the intermediary of the university) and then trade some of that currency for your meat or fruit.

Importantly, I might be a better farmer than you if I decided to dedicate myself to it. I might, that is, have an absolute advantage over you in regard to farming. Why, then, don’t I farm? In part, this is simply my preference, but it is also related to the fact that while I might be able to more efficiently produce food than you, doing so would not be the most efficient use of my time because I can produce teaching more efficiently than I can produce food. My opportunity cost of producing food is higher than yours (assume you have no other talents). You have a comparative advantage in food production. Though I could produce food more efficiently than you, doing so would leave me less well off than producing teaching and trading with you for the food. This is an instantiation of the principle of comparative advantage.<sup>23</sup>

The principle of comparative advantage shows that even someone with an absolute advantage in producing a good may be better off trading for that good from someone else. Having trading partners with comparative advantages producing most of the goods and services we value benefits us. Having more trading partners—indeed, having more trading partners with more diverse skill sets—improves our ability to trade for goods and services we value. So long

as we also produce goods or services valued by others, we do better than trying to produce all we value ourselves.<sup>24</sup>

Given the propensity to trade and the principle of comparative advantage, we do better to extensively divide labor. The division of labor, as Smith notes, results in increased productivity and wealth due to the increased dexterity (itself due to increased simplicity of tasks), the time we save by not having to switch tasks, and the increased use of machinery.<sup>25</sup> It is unlikely this increased productivity and wealth would be spread equally. Some will be more generally skilled and talented than others; they will have absolute advantages in a greater array of tasks and thus be able to choose from that greater array in a way that they benefit more than others, earning a greater income and accumulating more wealth.

Economic inequality is thus to be expected in markets where people freely sell their labor or the goods and services they produce. Still, there are economic gains to all because in all but the rarest cases, even those with relatively few absolute advantages will find themselves with a comparative advantage in something. This may be some form of menial labor, but that labor will be productive and valuable to the overall market system and its participants. Markets work, in part, by incentivizing people to take responsibility for production. When individuals can trade as they wish and benefit in the process—rather than receiving what someone else declares sufficient—they have incentive to produce. In the process, all do better.<sup>26</sup>

Importantly, the advantage of market systems is not merely the economic wealth they produce. Given the need to trade with people with a wide array of skill sets, markets open the door for each of us to meet many more people than we would if we continued to live the subsistence lives our ancestors lived. We have more contact with others—some similar to us, but many different—and thus more opportunity to find compatible friends and even spouses than we

would otherwise. We have more chances to choose a different way to live—including with different people, different jobs, different churches, and so forth.<sup>27</sup>

To summarize: markets bring more wealth for all because individuals invest themselves in their work to create more as a means of promoting their own welfare. Markets also bring more contact with others, some who become friends and family. Markets also likely bring inequality. This inequality is a factor of all doing better, though some more than others. This is not necessarily something to bemoan.

### **The Inequality in Our Market System and the Real Problems**

Thus far, we have seen that property rights and the market systems they make possible provide great benefits for all—especially increased wealth and more social ties—but do so unequally. Inequality on its own, though, is not a problem. To see this, imagine there is a society with rising income and rising inequality, such that:

- At Time 1, 90 percent of the population has income of \$10,000/year & 10 percent have income of \$50,000/year; and
- At later Time 2, 90 percent of the population has income of \$50,000/year & 10 percent have income of \$500,000/year.

At the earlier time, each member of the smaller and richer tenth of the population earns five times the amount of those in the larger and poorer nine-tenths. At the later time, they earn ten times their poorer compatriots. Income inequality has increased. Why we should be concerned about this is less clear. Of course, if the wealthy became wealthy by exploiting or stealing from the others, we should be concerned—but the concern would be with the exploitation or theft rather than the inequality itself.

To make the point starker, consider a later date:



- At Time 3, 95 percent of the population has income of \$100,000/year & 5 percent have income of \$5 million/year

Now those in the richer twentieth earn fifty times what their poorer compatriots do. More drastic inequality, but at this later date, it is unreasonable to think anyone is poor (holding the value of dollars constant). That fact—that no one is poor—is significant.<sup>28</sup> As Harry Frankfurt says, “From the point of view of morality, it is not important that everyone should have *the same*. What is morally important is that each should have *enough*.”<sup>29</sup> “Enough” is “*what is needed for the kind of life a person would most sensibly and appropriately seek for himself*.”<sup>30</sup>

Frankfurt’s view captures an important intuition very well: what we care about is suffering. We find suffering morally bad without need for argument (though arguments can be made) and we tend to think that where there is inequality, those with the least will suffer. Historically, this may have been the case. Given the general subsistence level of wealth throughout the world, being on the lower end of income or wealth meant always being close to death. But that is a contingent fact. As shown above, inequality can easily exist even where no one is poor or suffering. We can thus be morally unconcerned with inequality and exceedingly concerned with poverty and suffering. That is the BHL stance.

To be clear, there are two contingent but real moral problems associated with inequality. One is poverty or other suffering on the low end of the spectrum of economic inequality, as just discussed. The other is the abuse (e.g., exploitation) those on the high end can engage in. Specifically, those on the high end can use their wealth to influence government in ways that improve their lot at the expense of others—what economists call “rent-seeking” behavior. This is the legal plunder I discussed earlier.

In their recent book, *The Captured Economy*,<sup>31</sup> Brink Lindsey and Steven Teles provide a nice summary of some of the ways the problem is instantiated in the US today. Lindsey and Teles do not try to discuss all of the ways the wealthy seek to use government power to their benefit—a gargantuan task that would require several hundreds of pages. They concentrate on four areas: finance, intellectual property, licensing, and land use regulations. We won't delve into these in any detail and will only, and briefly, consider two. Lindsey and Teles's conclusion is straightforward: we have seen a “rise of policies that deliver maximum benefit for a favored few while inflicting maximum harm on everybody else.”<sup>32</sup>

Consider first, occupational licensing. The stated intention for licensing is usually protection of consumers. Most cannot determine if someone is a qualified health care provider, for example, so we require licenses believing this will rule out the unqualified. Of course, such requirements usually intend only to guarantee a minimal level of quality, but even that is problematic. First, some may prefer care from individuals not well practiced in methods approved by the existing authorities (e.g., allopathic medicine).<sup>33</sup> Indeed, some may refuse all medical care if they cannot get it from someone they trust, but who is not versed in the standards accepted for licensing. Second, some may well be very good according to those standards but be poor test takers and thus not able to receive a license—though they would have provided a good service at a comparatively low cost. Obviously, the tighter the licensing requirements, the fewer that will receive the license—and the fewer that can legally provide the service, the more they can charge for their services. The wealthy, of course, will pay for such services. The poor, though, will suffer without them.

Licensing is not just about medicine. In the US, “The percentage of workers subject to a licensing requirement jumped from 10 percent [in 1970] to almost 30 percent” today.<sup>34</sup>

Consumers pay for this because “prices for licensed services are inflated anywhere from 5 percent to 33 percent, with the cost to consumers amounting to some \$203 billion a year.”<sup>35</sup> It is not just increased prices that matter, of course. The fact is, this results in underconsumption of the service in question and “widens the gap between rich and poor by squelching employment opportunities for people at the lower end of the socioeconomic scale and by inflating the compensation of highly skilled professionals at the top of that scale.”<sup>36</sup> It is important to realize that licensing requirements *always* impose costs—on those who seek licenses and those who seek services from those with licenses. Medical school is costly, of course, but so too is having to attend school to braid hair or apprentice with someone already licensed.

Our second example from *The Captured Economy* is the finance industry. Lindsey and Teles rightly point out that the way home ownership is encouraged is problematic and involves much redistribution to the wealthy. “Instead of subsidizing home ownership directly . . . policymakers elected instead to subsidize mortgage credit by bestowing special favors on the businesses that provide it.”<sup>37</sup> Several federal agencies offer guarantees on mortgage loans—meaning that the financial firms providing the loans cannot lose their investment. Such policies leave financial firms willing to take risks they would not otherwise, including lending money to those unlikely to repay the debt. Financial firms are basically enabled to make and keep profits but foist their losses onto government (and taxpayers). While these loans may serve a good purpose, they may also encourage poor people to take on debt they cannot afford—which can result in them losing more than they invested.<sup>38</sup>

The two examples just discussed are recent, but not new—and far from exhaustive of the many ways the wealthy use the power of government to their advantage and the disadvantage of others. There are other examples that are worth considering in this light, including the entire

institution of slavery (which benefited wealthy white landowners) and, more recently, in the US, overcriminalization and overincarceration (which benefit the entrenched elite in various law enforcement agencies and the businesses that serve them at the expense of poor people, especially minorities).

In her book *The New Jim Crow*,<sup>39</sup> while discussing the “drug war” in the US, Michelle Alexander notes that “Between 1980 and 1984, FBI antidrug funding increased from \$8 million to \$95 million. Department of Defense antidrug allocations increased from \$33 million in 1981 to \$1,042 million in 1991. During that same period, DEA antidrug spending grew from \$86 to \$1,026 million, and FBI antidrug allocations grew from \$38 to \$181 million.”<sup>40</sup> It is hard to read about these increases and not think rent-seeking on behalf of these agencies greatly influenced policy. Indeed, when Alexander discusses the rise of civil asset forfeiture, she notes that “local police departments, as well as state and federal law enforcement agencies . . . have a direct pecuniary interest in the profitability and longevity of the drug war.”<sup>41</sup> She goes on to show how the drug war disproportionately affects minorities—in extremely serious ways. Indeed, these examples of rent-seeking are more pernicious than those Lindsey and Teles discuss because they involve widespread and massive violations of individual rights, resulting in harms to millions of people.<sup>42</sup>

What we have seen here is that the sort of inequality that exists in the contemporary Western world is morally problematic, not because people earn different amounts or have unequal wealth, but because some suffer and some use their wealth to warp government policy in their favor while causing harm to others. Obviously, this is not a new problem. The attempt “to enrich all classes at the expense of each other” that Bastiat found so rightly concerning, is always seductive.<sup>43</sup>

**Government Intervention Is the Cause, Not the Answer**

Inequality matters when it includes suffering by those who are not well off and it matters when those who are well off use their positions to inflict their desires on others. What we want is a system wherein people live by mutual cooperation, a system wherein no one systematically and wrongfully hurts others. To be clear, what matters is *not* inequality *per se*, but two possible phenomena that are often (but not necessarily) correlated with inequality. As we saw above, even substantial inequality might be unproblematic if all are doing well.

Some might object that I seem to believe that real world markets work in ways that are required in economic theory without realizing that the latter idealizes in its models. However, I am not blind to the fact that real markets are not ideal markets; I simply also realize that we should not be blind to the fact that real governments are not ideal governments. We should not think we can replace the very flawed real markets we live in with ideal government programs.<sup>44</sup> The question we ought to be concerned with is “why do markets go awry?”

From the perspective of BHL, the main cause of markets misfiring is the perversion of law, as discussed above, and which Lindsey and Teles so admirably demonstrate. The idea that some professional services should be licensed so as to protect consumers will likely meet with widespread approval. The problem comes when some use licensing laws to their advantage at the expense of others. When licensing primarily enriches those who are licensed but adds little to no value to consumers, or worse, removes value by making it impossible to purchase the service at a lower cost—a pervasive feature of licensing—law is perverse. Similarly, helping people buy their own homes may be laudable and laws set to help in this way are likely to be approved of by many. The problem again comes when some use that power to enrich themselves at the expense of others. Yet this too is pervasive—and perverse.

When law is perverted, some—usually those already well off—use it to enrich themselves at the expense of others—often the less well off—without their agreement. This is the opposite of what BHLs—indeed, any libertarians—want. We want a free market in which, as already discussed, no one is coerced to trade with anyone else. A genuinely free market is one in which each is free to do as she wishes, trading with whomever will freely trade with her, on terms they both find beneficial. When this is what happens, we have a system wherein people flourish by providing value for others. This is obviously morally permissible. It would be a mistake to consider it selfless or altruistic, but it is a system in which people do better by doing well for others.

When government interferes, some manage to do well for themselves by seeking and receiving rents from government action. They might receive higher pay because they have few competitors due to licensing requirements. They might receive their pay even if their investments fail in predictable ways. That pay comes from others, forced to pay taxes to support bad bets of those who can get the government to cover their risks. They might be able to charge more for their goods because they convinced the government to impose tariffs on competition from elsewhere. When this is the case, we have immorality built into a hybrid market system. While some trades may be freely entered into and mutually beneficial, others are forced—either literally, or by the artificial limiting of options by government power, or via other factors that make genuine informed consent in various trades impossible.

The point here is simple: when government interferes, it renders mutual benefit through consent impossible. When it does that, there is immorality in the system. The inequality that results is immoral and likely to be more extreme than otherwise. To make this vivid, imagine you want to marry Donna.<sup>45</sup> Donna does not want to marry you. You are hurt by her rejection, but

nothing immoral has occurred; she married me, and you went on and found someone else (we hope). Imagine, though, that the reason Donna married me is that I convinced the government to require a “Donna marrying license” that allowed only one license per decade and I, knowing it was being instituted, got to the licensing board first. Or imagine she married me because I managed to get the government to make your travel to her hometown illegal. Or to make your profession illegal. Or to subsidize mine. In such situations, you would rightly be aggrieved. You failed to marry who you wanted but only because of unjust interference by the government on my behalf. Now imagine this example multiplied by a million—that is, with government determining the outcome in millions of cases, leaving it impossible for millions to do what they wish.

Recognizing that every market transaction has winners and losers, one should worry about having an agency that operates in ways that determine the winners and losers. If I win Donna because of my superior charm, humor, intellect, looks, or what have you, it is one thing; if I win her because of undue interference on my behalf, it is another. If Microsoft, Apple, Google, or whomever sells the most software because it makes the most desirable software, it is one thing. If it sells the most software because of undue interference, it is another. If medical doctors earn more money than professors because they work harder, longer, or are simply deemed to provide a more valuable service by most people, it is one thing. If they earn more money because of undue limits on their competition, it is another.

Import tariffs, immigration restrictions, agricultural and industrial subsidies, licensing requirements, government grants of monopolies, real estate zoning laws, among other measures, are all ways that the government aids some at the expense of others. These are all ways that markets are made less free and less fair.<sup>46</sup> Importantly, it is worse than it may thus far seem—

because we are not likely to have government determining the winner of a single transaction in isolation from all other transactions. More likely, if the government sets things so that I win and you lose in one transaction, it will set things so that I win in a lot of transactions (and perhaps that you lose in a lot of transactions) because the winner of a transaction will seek to persuade government to continue setting things in his favor and, by virtue of earlier “wins,” will have the resources to do so, offering compensation to government officials that help him.

The objection raised earlier might now be restated: I remain blind to the problems of markets unimpeded by government interference. Of course, government does interfere and (most) BHLs want government to interfere—if only to protect property rights and the consensual actions of market participants. The claim might be that this always occurs, and I have provided little reason to think interfering to ensure market transactions are consensual is anything more than aiding one group of market participants at the expense of others. Those protected, after all, will be benefited at the cost of those they are protected against (as well as those who pay taxes to support the system). The response here can be made straightforwardly, even if its defense would need to be more extensive. Protecting those who consensually trade with others is protecting them from harm by those who would unjustly seek to set back their interests. It is justified by that injustice. By contrast, interfering on behalf of some who are not the subjects of unjust attempts to set back their interests is interference not justified by injustice. It is itself an unjust use of force. Protecting consensual trade—and allowing the inequalities that come with it—is the core of social justice.



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## Notes

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<sup>1</sup> This is a slightly abbreviated and lightly edited version of my “Bleeding Heart Libertarian View of Inequality” (*Ethics In Practice, Fifth Edition*. Ed. Hugh LaFollette. Wiley and Sons, 2020: 598-610) and is being used with permission of the editor. I am indebted to Anna Jane Parrill and others at The Foundation for Economic Education, who asked me to speak about this topic in recent years and to Hugh LaFollette, Mike Munger, Daniel Shapiro, and Kevin Vallier for valuable feedback on earlier versions of this paper.

<sup>2</sup> For a concise description of prominent political philosophies and the relation of BHL to these, see <http://bleedingheartlibertarians.com/2011/12/our-family-a-possible-taxonomy/>.

<sup>3</sup> Regarding socialism, see Jason Brennan, *Why Not Capitalism?* (New York: Routledge, 2014), itself a response to G. A. Cohen, *Why Not Socialism?* (Princeton, NJ: Princeton University Press, 2009).

<sup>4</sup> See, e.g., Matt Zwolinski “Social Darwinism and Social Justice: Herbert Spencer on Our Duties to the Poor,” in *Distributive Justice Debates in Social and Political Thought: Perspectives on Finding A Fair Share*, ed. Camilla Boisen and Matthew Murray (New York: Routledge, 2016), 56–76.

<sup>5</sup> <http://bleedingheartlibertarians.com/2013/12/stoney-hearted-libertarianism-or-bleeding-heart-libertarianism/>.

<sup>6</sup> Herbert Spencer, “The Sins of Legislators,” in *The Man Versus the State*, para. 3.

<sup>7</sup> Frédéric Bastiat, *The Law* (Auburn, AL: Ludwig von Mises Institute, 2007), 5.

<sup>8</sup> Bastiat, *The Law*, 17.

<sup>9</sup> Bastiat, *The Law*, 19.

<sup>10</sup> See Chapter 3 of my *Toleration and Freedom From Harm: Liberalism Reconceived* (London: Routledge, 2018).

<sup>11</sup> BHLs might be receptive to forced taxation that would help the poor without having any perverse effects but would be concerned with the certainty of such.

<sup>12</sup> Some BHLs are more pluralistic than others about the sorts of liberty that are of value.

<sup>13</sup> For more on the positive liberty–negative liberty distinction, see Ian Carter, “Positive and Negative Liberty,” in *The Stanford Encyclopedia of Philosophy* (Summer 2018 Edition), ed. Edward N. Zalta, <https://plato.stanford.edu/archives/sum2018/entries/liberty-positive-negative/>.

<sup>14</sup> See Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy*, rev. ed. (Princeton, NJ: Princeton University Press, 2001). See also Eric Jones, *The European Miracle: Environments, Economies and Geopolitics in the History of Europe and Asia* (Cambridge: Cambridge University Press, 2003). The central claim is made at least as early as 1905 by Max Weber in his *The Protestant Ethic and the Spirit of Capitalism*, rev. ed. (Oxford: Oxford University Press, 2010), though Weber attributes the divergence primarily to a religious difference. See also Joel Mokyr’s underappreciated *The Lever of Riches* (Oxford: Oxford University Press, 1992) and, more recently, Deirdre McCloskey’s excellent trilogy *The Bourgeois Virtues*, *Bourgeois Dignity*, and *Bourgeois Equality* (Chicago: University of Chicago Press, 2007, 2010, and 2017).

<sup>15</sup> This was in November of 2017. See <https://www.brookings.edu/blog/future-development/2017/11/07/global-poverty-is-declining-but-not-fast-enough/>.

<sup>16</sup> See <http://www.worldbank.org/en/topic/poverty/overview>. Some raise concerns with the numbers (see, e.g., <https://www.aljazeera.com/indepth/opinion/2014/08/exposing-great-poverty-reductio-201481211590729809.html>), but the overall prognosis is clearly positive.

<sup>17</sup> Why trade was able to blossom in and after the nineteenth century (some would say it started earlier), is not a question we can answer here, but see footnote 14 above.

<sup>18</sup> Property rights provide one way to protect economic freedom. If I am able to own a car—meaning, minimally, that I can use the car, exclude others from using it, and earn money with it (renting it, using it for a service, selling it, etc.), I have economic freedom—I can use my resources as I see fit without interference by others.

<sup>19</sup> Some BHLs also treat economic freedom as a central value of political thinking independent of its contribution to welfare. We all agree *at least part of its value* is in its relation to human welfare.

<sup>20</sup> See Thomas Piketty’s *Capital in the Twenty-First Century* (Cambridge, MA: Belknap Press, 2014) and his earlier, but recently translated, *The Economics of Inequality* (Cambridge, MA: Belknap Press, 2015). Piketty’s central thesis—that gains to accumulated wealth accrue more quickly than the economy grows—has been challenged. See, e.g., Daron Acemoglu and James A. Robinson, “The Rise and Decline of General Laws of Capitalism,” *Journal of Economic Perspectives* 29 (2015): 3–28, and Lawrence E. Blume and Steven N. Durlauf, “*Capital in the Twenty-First Century: A Review Essay*,” *Journal of Political Economy* 123 (2015): 749–77. Also of interest are Deirdre McCloskey’s “Measured, Unmeasured, Mismeasured, and Unjustified Pessimism: A Review Essay of Thomas Piketty’s *Capital in the Twenty-First Century*,” *Erasmus Journal for Philosophy and Economics* 7 (2014): 73–115, and Tyler Cowen’s “Capital Punishment: Why a Global Tax on the Wealthy Won’t End Inequality,” *Foreign Affairs*, May/June 2014, <https://www.foreignaffairs.com/reviews/review-essay/capital-punishment>.

<sup>21</sup> It is worth noting that despite the prevalence of significant economic inequality, we now largely enjoy political equality, that many who might be considered poor nonetheless have regular access to food and shelter, and that, generally speaking, no one has to bow to anyone. (Two concerns worth noting about the United States: First, inner-city youth, especially African American males, are far too often subject to unwelcome encounters with police that might come close to including legally required subservience. Second, homelessness among children is a significant issue.)

<sup>22</sup> Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book I, Chapter II, Paragraph 1.

<sup>23</sup> For the original argument, see David Ricardo, *On the Principles of Political Economy and Taxation*, esp. Chapter 19.1.

<sup>24</sup> See chapter 4 of my 2018 (op cit). See also Ryan Muldoon, *Social Contract for a Diverse World* (London: Routledge, 2017), chap. 5.

<sup>25</sup> Smith, *Wealth of Nations*, Book I, Chapter I, Paragraphs 5–8.

<sup>26</sup> Property rights, that is, allow us to prevent tragedies of the commons. See David Schmidtz, “The Institution of Property,” *Social Philosophy and Policy* 11 (1994): 42–62, and Schmidtz, “Property and Justice,” *Social Philosophy and Policy* 27 (2010): 79–100.

<sup>27</sup> See footnote 24 above.

<sup>28</sup> Also significant is the fact that the group of people that is “poor” changes over time. As David Schmidtz points out, looking at the distribution of goods (income, wealth, or resources) at a single instant is misguided. College students often have no income and substantially negative wealth (due to college loans), without being badly off. Generally, many of those in the lower quintiles of income earners move up those quintiles as they age (becoming earners, improving their ability to earn, etc.). Their children might move further up (or move down!). We do not live in a caste society where people have to live at the same income or wealth level their parents did. Moreover, those in the lower half, for example, of the income distribution do considerably better today than those in the lower half of the income distribution a century ago—indeed, almost all of us are materially better off today than people a century ago. (This is true even though there are, obviously and unfortunately, some today who are as badly off as anyone ever was—homeless children in particular seem “left behind.”) See Schmidtz, *The Elements of Justice* (New York: Cambridge University Press, 2006), 126–39. See also Steve Horwitz, “Inequality, Mobility, and Being Poor in America,” *Social Philosophy and Policy* 31 (2015): 70–91.

<sup>29</sup> Harry Frankfurt, *On Inequality* (Princeton, NJ: Princeton University Press, 2015), 7.

<sup>30</sup> Frankfurt, *On Inequality*, 11. I should note that I am not here fully endorsing Frankfurt’s *sufficientarianism*, where once each has enough sufficient to lead the sort of life that is good for one, there is no further concern with inequality at all. Neither that nor *prioritarianism*, the view that the least well off must always be given priority of some sort, is quite right, though both follow from important insights. A number of BHLs, though, are sufficientarian. On prioritarianism, see Joshua Cohen, “Democratic Equality,” *Ethics* 99 (1989): 727–51, and Richard Arneson, “Luck Egalitarianism and Prioritarianism,” *Ethics* 110 (2000): 339–49.

<sup>31</sup> Brink Lindsey and Steven Teles, *The Captured Economy* (Oxford: Oxford University Press, 2017).

<sup>32</sup> Lindsey and Teles, *Economy*, 126.

<sup>33</sup> Worth considering in this light is the role (in the United States) of the Flexner Report of 1910. See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3178858/>. Part of what this did was judge medical schools in terms of how they trained medical students and whether that method was in line with the methods used at Johns Hopkins University but without concern for how the resulting doctors succeeded. Schools that performed poorly on this score (roughly one third of the total number of medical schools at the time) ended up closing.

<sup>34</sup> Lindsey and Teles, *Economy*, 92.

<sup>35</sup> Lindsey and Teles, *Economy*, 95.

<sup>36</sup> Lindsey and Teles, *Economy*, 96 and 97. For those worried that, absent licensing, people will have no way to tell who is qualified to perform a service, it is worth noting that there are private certification programs (Consumer Reports, Angie’s List, Underwriters Laboratory, etc.) and college and university degrees (MDs, JDs, etc.) that provide much the same information without coercively required licenses.

<sup>37</sup> Lindsey and Teles, *Economy*, 39.

<sup>38</sup> Lindsey and Teles also discuss securitization that also encouraged financial firms to make risky loans (see *The Captured Economy*, 40–42). See also my discussion of collateralized debt obligations in my *Toleration* (London: Polity Press, 2014), 106.

<sup>39</sup> Michelle Alexander, *The New Jim Crow* (New York: The New Press, 2010).

<sup>40</sup> Alexander, *Jim Crow*, 49.

<sup>41</sup> Alexander, *Jim Crow*, 83.

<sup>42</sup> The problem of overincarceration is predominately an issue for the United States, which has vastly higher incarceration rates than the rest of the developed world. See <https://www.prisonpolicy.org/global/2018.html>.

<sup>43</sup> Bastiat, *The Law*, 14. For a recent argument that free markets help society by encouraging positive sum activity, see Christopher Freiman, *Unequivocal Justice* (New York: Routledge, 2017), chap. 6.

<sup>44</sup> As others (especially Public Choice economists) have pointed out, it is unfair to compare real (very flawed) markets with ideal governments; we must recognize a symmetry. See Daniel Shapiro, *Is the Welfare State Justified?* (Cambridge: Cambridge University Press, 2007), 2–8. Governments—including their efforts to reduce inequality—are themselves flawed. Comparing real market activity with real government activity is fair. Some of what I say here is meant to be suggestive of the sort of considerations needed. See William Keech and Michael Munger, “The Anatomy of Government Failure,” *Public Choice* 164 (2015): 1–42. Also see Roderick Long, “Left-Libertarianism, Market Anarchism, Class Conflict, and Historical Theories of Distributive Justice,” *Griffith Law Review* 21 (2012): 413–31.

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<sup>45</sup> Nozick has a similar case. See *Anarchy, State, Utopia* (New York: Basic Books, 1974), 237.

<sup>46</sup> Consider again the extreme example of the U.S. Federal Government not merely allowing but actually enforcing slavery. This clearly gave an unjust benefit to some while harming others. This may make reparations due. See David Boonin, *Should Race Matter* (New York: Cambridge University Press, 2011), chap. 2 and 3.