

SAVE THE ENVIRONMENT – UNLEASH THE MARKETS!

Essays in Honor of
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God-Given Resources, Private Property and Social Justice

AXEL KAISER

The first man who, having enclosed a piece of ground, bethought himself of saying This is mine, and found people simple enough to believe him, was the real founder of civil society. From how many crimes, wars and murders, from how many horrors and misfortunes might not any one have saved mankind, by pulling up the stakes, or filling up the ditch, and crying to his fellows, "Beware of listening to this impostor; you are undone if you once forget that the fruits of the earth belong to us all, and the earth itself to nobody."

Jean Jacques Rousseau¹

The Property of all Mankind

Long before the emergence of socialism, the equal distribution of land and natural resources was seen as an ethical imperative. Not having been created by man's activity, these goods were conceived of as God-given gifts that were supposed to be shared by all humans. The Old Testament reflected this vision when God ordered the Israelites to distribute the lands of Canaan in lots proportional to the size of their clans: "to a larger group give a larger inheritance, and to a smaller group a smaller one."² This ancient idea of social justice did not aim at equal outcomes in terms of the proceeds that could be extracted or generated from natural resources, but at an equality in the possession of them so that no one was excluded from the possibility of providing for himself and his family. In other words, the rationale for this ethics of distribution was "meritocratic" in that it sought to completely neutralize the influence of "capital" on the incomes of people, leaving all outcome disparities to work alone.³

The view that natural resources should belong to the whole of humanity was also adopted by early classical liberal thinkers. In his *Second Treatise of Government*, John Locke argued that "God had given the world to men in common...for the support and comfort of their being."⁴ Thus, at least in principle, according to Locke, natural resources were to be considered no man's property. Locke further argued that land and natural resources could be acquired by individuals if they mixed their labor with it because labor had "added something more than nature."⁵ But Locke also limited the right to private property of natural resources to the amount that could be mixed with the individual's labor, making it clear that whatever is beyond this "belongs to others" who have an equal right to ensure their subsistence. In Locke's words: "no man's labor

could ... consume more than a small part so that it was impossible for any man to ... acquire property in prejudice of his neighbor who would still have room for as good and as large a possession."⁶ It was only Locke's economic understanding that privately-owned land and natural resources in a monetized economy created greater well-being for all that led him to justify the unlimited privatization of natural resources. Gold and silver, he argued, had been invented allowing men to have an unequal possession of land because the owner would give away the surplus of food and products to others in exchange for these relatively useless metals.⁷ Furthermore, for Locke, this process of exchange in the marketplace also created the incentives for increasing production: "what would a man value ten thousand or a hundred thousand acres of excellent land, ready cultivated and well stocked too with cattle in the inland parts of America where he had no hopes of commerce with other parts of the world, to draw money to him by the sale of his product? It would not be worth the enclosing, and we should see him give up again to the wild common of nature, whatever was more than would supply the conveniences of life to be had for him and his family."⁸

Needless to say, socialist thinkers did not share Locke's insight that the market was a positive sum game benefiting the owners of the means of production as well as the masses. In their view, private property in the form of accumulated capital was nothing more than value extracted from the proletarian's labor. Marx best expressed this idea when he wrote: "Since labor is the source of all wealth, no one in society can appropriate wealth except as the product of labor. Therefore, if he himself does not work, he lives by the labor of others and also acquires his culture at the expense of the labor of others."⁹ If, as even Locke admitted, the establishment of private property over land and natural resources could theoretically lead to some individuals accumulating much more than others, thereby preventing them from providing for themselves and their families. Similarly, in the Marxian view the accumulation of capital immiserated the many in order to enrich the few. Social justice on the other hand, demanded that all men have an equal possibility of creating wealth which in turn required abolishing private ownership of the means of production altogether. Socialists and ancient land reformers thus shared the goal of eliminating the effect of an unequal distribution of property on the income of individuals for ethical reasons although socialists went even further by attempting to create a society of brotherly love.¹⁰ According to this logic, the elimination of private property would serve the purpose of ridding society from social tensions and oppression. Solidarity and harmony among men would reign once collective ownership of the means of production was introduced and the zero-sum force of the market was eliminated. To this day many socialists promote this utopian philosophy. As G. A. Cohen explained, the socialist ideal requires a community ideal according to which "people care about, and, where necessary and possible, care for one another and, too, care that they care about one another."¹¹ This ideal of community is incompatible with the material inequality that results from capitalism. In the words of Cohen: "we cannot enjoy

full community, you and I, if you make, and keep, say, ten times as much money as I do, because my life will then labor under challenges that you will never face, challenges that you could help me to cope with, but do not, because you keep your money."¹²

In short, a moral community, that is to say, one defined by people caring for another, requires that the means of production and all forms of property from which material inequality may result are considered property of no particular man but of mankind.

The Deification of the State

In modern times, the idea that private property on land and of natural resources was an evil that had corrupted man in his natural state by creating civil society with all its inequalities and hierarchies was first formulated by Jean Jacques Rousseau. The great fraud, according to Rousseau, began when we forgot that "the fruits of the earth belong to all of us."¹³ An order based on private property is unfair for it establishes an unequal system that destroys men's liberty and subdues them in ways that result in "each man becoming the slave of another", which is the origin of competition, conflicts of interest and the desire to profit at the expense of others. According to Rousseau, all these evils are the "first effects of property, and the inseparable attendants of growing inequality."¹⁴ What is more, Rousseau claims that the institution of political society "bound new fetters on the poor and gave new powers to the rich; which irretrievably destroyed natural liberty, eternally fixed the law of property and inequality, converted clever usurpation into unalterable right, and, for the advantage of a few ambitious individuals, subjected all mankind to perpetual labor, slavery and wretchedness."¹⁵

Self-interest, which for John Locke was the driving force of progress, was for Rousseau the source of inequality, and the evils of modern society and the market, the natural outcome of private property, a zero-sum game at which the rich gain what the poor lose. It is not surprising that Rousseau's solution to the problems of social life should be that private property must entirely disappear to merge, together with the rest of individual rights, into a metaphysical collective spirit. As Georg Jellinek observed, in the doctrine of Rousseau "the individual does not retain a particle of his rights from the moment he enters the state", and "even property belongs to the individual only by virtue of state concession."¹⁶ Thus, the social contract "makes the state the master of the goods of its members, and the latter remain in possession only as the trustees of public property."¹⁷

Rousseau himself said that the clauses of the social contract "boil down to just one, namely, the total surrendering of each member along with all his rights to the community."¹⁸ In such an order, Rousseau affirms that justice shall prevail for there shall be civil equality, equality of material and social conditions and authentic freedom, which should be understood as obedience to the depositary authority of the "general will", in which all citizens participate. Under this formulation, private property would, at least

in principle, be abolished and deposited in the hands of the state which in turn embodied the whole of society. By concentrating property in the hands of the state, Rousseau solved the ancient problem of the inequality of property among men formulated by land reformers while offering a path to restore a morally pure order, free from injustice and oppression.

The view that the state was the guardian of equality and justice among men, was also developed in Germany where protestant theologians presented the state as immanent divinity, an idea that became essential to Hegelian philosophy.¹⁹ For Hegel, whose system became a central part of the Marxian view, the state was "God's march through the universe" a conception that left no room for individual liberty as conceived of by the classical liberal tradition.²⁰ In Hegel's eyes, the state was nothing less than the highest form of humanity's consciousness, a spiritual force working according to its own laws towards the elevation of mankind.²¹ These ideas achieved enormous influence over western thought. As Isaiah Berlin observed, "in spite of all his vices Hegel created an immense system which for a long time dominated the minds of mankind."²²

The progressive movement that emerged in the United States in the late 19th and early 20th centuries is an instance where Hegelian religious notions played a crucial role. Woodrow Wilson, for example, would take from Hegel the view that the state was a living organism whose power should be substantially increased for the purpose of elevating society.²³ Likewise, Richard T. Ely, an influential progressive economist educated in Germany who became a founder of the American Economic Association, viewed government as a God-given instrument.²⁴ Ely was an admirer of Bismarck's state socialism. Bismarck in turn, had applied the ideas of the German Historical School which due to the influence of Hegel and Herder, denied the existence of universal economic laws that governments had to respect.²⁵ For Gustave von Schmoller, one of the leading intellectuals of this school of thought, the state had to be "the leading intelligence, the responsible center of public sentiment, the acme of existing moral and intellectual powers..."²⁶ Following that line of thinking, Ely believed that the means of production, natural resources and arable land should be subject to collective ownership.²⁷

The progressive ideal of social justice formulated by the Social Gospel movement also contributed to spread the narrative of an almighty government that had to create a moral order by undermining private property. Advocates of the Social Gospel believed that Christian ethics had to be applied in order to solve social problems. One of the leading figures of the movement was Walter Rauschenbusch, a pastor and theologian of German descent who had been strongly influenced by Christian socialists.²⁸ Echoing the old idea that natural resources and land were given by God to the whole of humanity, Rauschenbusch would propose the socialization of various forms of property. "If we want to preserve life," he wrote, "we shall have to resocialize property."²⁹ When men came to America and had taken possession of its lands

and resources, Rauschenbusch argued, following the old logic also applied by Locke, they had not encroached on the rights of society because there remained plenty left over for others. But contrary to Locke, the protestant pastor viewed the accumulation of property in private hands as a zero sum game that was unfair and unsustainable given the needs of a growing population: "as the country fills up and its resources are needed for the use of thousands, the old rights change."³⁰ This meant that resources such as mines, oil wells and natural gas wells had to be taken out of private hands: "the idea that there can be any absolute ownership in a mine, as in a coat, is preposterous" claimed Rauschenbusch. He went on to ask: "Did the Almighty stock the rocks of Pennsylvania with anthracite for the benefit of a few thousand stockholders, or did he provide for the use of a great nation?...Mining rights are essentially like franchises; the obligation to render public service is an expressed or implied condition of the grant and the sole moral basis of it."³¹ The same logic would apply to resources such as water, which, according to Rauschenbusch's teachings was a "social possession and should never be alienated outright by the community."³² Rauschenbusch concluded that the whole institution of private property existed solely "for the public good."³³

Overall, the aim of the progressive movement was to debunk the classical liberal inheritance of the founding fathers in order to undermine both individual liberty and property rights.³⁴ And in their attack on property rights they were not far from Rousseau.³⁵ Eventually, the ideas of the Progressive Era exerted enormous influence on America's political development, laying the intellectual foundations of the New Deal and the welfare state.

Socializing the Individual

The old philosophy of social justice that sought equality in income opportunities by equally distributing God-given resources has mutated, producing an unprecedented expansion of the idea of what should be considered common property. While Locke had argued that "the earth and all inferior creatures" belonged to mankind, he also stressed that "every man" had "a property in his own person" adding that nobody had a right to this but the person themselves.³⁶ Starting from this premise he went on to argue that each man had a natural right to his own labor and therefore to the fruits of his labor. This idea of sovereignty also defended by thinkers such as Algernon Sidney laid the foundations of the individualist philosophy of classical liberalism.³⁷ Its aim was to limit the power of government or the collective over the individual. Modern notions of social justice, however, have meant a regression in terms of the sovereignty of the individual not only because these notions disregard the role of private property in guaranteeing personal liberty, but also because they have increasingly made the individual *per se* an object of socialization. Cohen, for example, argued

that "socialist equality of opportunity treats the inequality that arises out of native differences as a further source of injustice...since native differences are equally unchosen."³⁸ Cohen thus applied the same meritocratic logic put forward by land reformers and Marxists to the individual, who is no longer sovereign in the sense envisioned by Locke because he no longer has a property right over his own person. In other words, his inborn talents are viewed as natural or God-given resources belonging to the community and therefore their product must be confiscated. Socialist equality of opportunity insists Cohen, "seeks to correct for all unchosen disadvantages, disadvantages, that is, for which the agent cannot herself reasonably be held responsible."³⁹

This view that the state has to "correct" the economic outcomes that are not the result of the individual's merit is not limited to contemporary socialist thinkers. John Rawls' statement that the greatest injustice of a system of natural freedom is that it allows factors which are "arbitrary from the moral point of view" to define wealth distribution follows the same logic.⁴⁰ In a just society, argued Rawls, differences not resulting from merit have to be corrected by government intervention. Rawls' fellow egalitarian, Thomas Nagel, argued that equality of opportunity assumes that society must compensate for those inequalities that arise from factors "beyond the control of the individual", including those derived from economic status, type of nurturing environment, education of parents, genetic endowment, culture, geography, history, among many other aspects. In his words, "from a moral point of view it is to some extent arbitrary how benefits - intelligence, education, genetic endowment, etc. - are distributed, and therefore, there is nothing wrong with the State tinkering with that distribution."⁴¹ Along the same lines, Ronald Dworkin argued that egalitarians should not consider inequalities in the distribution of wealth as fair, if they result from differences in capabilities that have been inherited or are the product of fortuitous advantages.⁴²

Although these views are presented as a program for a form of equality compatible with freedom, a political system organized according to this meritocratic philosophy would necessarily result in the total destruction of freedom. As Friedrich Hayek noted, in order to achieve real equality of opportunities the state would need to control the entire physical and social environment as well as any circumstance affecting the welfare of the people.⁴³ Along the same lines, Wilhelm Röpke warned that even if egalitarianism only sought equal opportunity, it would inevitably push the government towards a "totalitarian functionalization of society."⁴⁴ For Röpke, "the idea of 'placing' each individual according to his 'merits' and 'talents' involves a Welfare State which will differ from the totalitarian state in name only."⁴⁵ In short, a strict structure of equal opportunities based on merit as the one proposed by modern egalitarian philosophies would lead to the annihilation of the individual.

Conclusion

The idea that natural resources and land should be equally distributed among mankind has been present for millennia. The ethical rationale behind this idea is that it is unfair for individuals to unequally benefit from wealth that has not been the product of their own work or merit. In addition, the accumulation of these resources was seen as a zero-sum game where some benefit at the expense of others. Socialist thinkers applied the same logic to capitalism, claiming that work was the sole source of wealth and that capital was a form of theft. From this analysis they concluded that capital had to be collectively owned. Classical liberalism adopted the early moral sentiment that God-given resources belong to humanity as a whole, but it developed an economic justification for the unlimited accumulation of private property. It also postulated a philosophy of natural rights that made the individual the exclusive sovereign of his body and talents as well as the rightful owner of the fruits of his labor. The progressive movement in America reacted against the classical liberal philosophy bringing into the public discourse ancient notions of social justice. For the progressive worldview, government is a knowledgeable and superior moral entity that should be entrusted with more powers in order to elevate society to higher degrees of prosperity and social justice. Later, the egalitarian ideal of social justice influenced by progressive philosophy expanded the notion of collective property. They increasingly looked at the circumstances and talents of individuals through the lens of the doctrine of God-given resources. As a result, personal sovereignty and freedom were called into question, which threatens to further socialize individual property.

Footnotes

¹ Rousseau, J. (1923). *The Social Contract and Discourses*. London and Toronto: J.M. Dent and Sons, p. 207.

² Numbers (4. Book of Moses), 33:54.

³ De Jouvenel, B. (2012) [1951]. *Die Ethik der Umverteilung*. München: Olzog, p.27.

⁴ Locke, J. (1980) [1690]. *Second Treatise of Government*. Indianapolis: Hackett Publishing, sec. 26, p.18.

⁵ *Ibid.*, sec.28, p.19.

⁶ *Ibid.*, sec.36, p. 22.

⁷ *Ibid.*, sec. 50, p. 29.

⁸ *Ibid.*

⁹ Marx, K. (1987) [1875]: "Kritik des Gothaer Programms", in: Karl Marx and Friedrich Engels, *Werke*, band 19, Berlin: Dietz Verlag, p. 16.

¹⁰ De Jouvenel, pp. 27-29.

¹¹ Cohen, G.A. (2009). *Why Not Socialism?* Princeton: Princeton University Press, p. 35.

¹² *Ibid.*

¹³ Rousseau, p. 207.

¹⁴ *Ibid.*, p. 218.

¹⁵ *Ibid.*, p. 221.

¹⁶ Jellinek, G. (1901) *The Declaration of the Rights of Man and of Citizens: A Contribution to Modern Constitutional History*. New York: Henry Holt and Co., p. 9.

¹⁷ *Ibid.*

¹⁸ Rousseau, p. 43.

¹⁹ Oppenheimer, F. (1926) *The State*. New York: Vanguard Press, p. xi.

²⁰ Berlin, I. (2003) *Freedom and its Betrayal*, London: Pimlico, p.103. Even though Hegel himself defended private property as an instrument for freedom, he understood freedom in the sense of capabilities or resources necessary for achieving personal ends and not in the classical liberal sense of the absence of arbitrary coercion by the state or some third party. See: Patten, Allan. (1995) "Hegel's Justification of Private Property", *History of Political Thought*, Vol. 16, No. 4 (576-600).

²¹ Berlin, p. 95.

²² *Ibid.*, p. 103.

²³ Pestritto, R. J. and Atto, W. J. (2008) "Introduction to American Progressivism", in: *American Progressivism: A Reader*, edited by Ronald J. Pestritto and William J Atto. Lanham: Lexington Books, p.6.

²⁴ Ely, J. W. (2012) "The Progressive Era Assault on Individualism and Property Rights." *Social Philosophy and Policy*, Vol 29, No. 2 (255-282), p. 263.

²⁵ Caldwell, B. (2005) *Hayek's Challenge: An Intellectual Biography of F. A. Hayek*. Chicago: Chicago University Press, p. 43.

²⁶ *Ibid.*, p. 53.

²⁷ White, L. H. (2012) *The Clash of Economic Ideas*. New York: Cambridge University Press, pp. 117-118

²⁸ See: Smucker, D. (1994) *Origins of Walter Rauschenbusch's Social Ethics*. Québec: McGill Queen's University Press.

²⁹ Rauschenbusch, W. (2008) [1912] "The Socialization of Property", in: *American Progressivism: A Reader*, edited by Ronald J. Pestritto and William J Atto. Lanham: Lexington Books, p. 117.

³⁰ *Ibid.*, p. 118.

³¹ *Ibid.*, p. 121.

³² *Ibid.*

³³ *Ibid.*, p. 122.

³⁴ Epstein, R. (2011) *Design for Liberty*. Cambridge, MA: Harvard University Press, p. 1.

³⁵ Ely, p. 268.

³⁶ Locke, sec. 27, p.19.

- ³⁷ Smith, G. (2013) *The System of Liberty*. New York: Cambridge University Press, p. 1.
- ³⁸ Cohen, p. 17.
- ³⁹ Ibid., pp. 17-18.
- ⁴⁰ Rawls, J. (2005) [1971] *A Theory of Justice*, Cambridge Mass.: Belknap Press, (2005), p. 72.
- ⁴¹ Nagel, T. (1979) "The Meaning of Equality", *Washington University Law Review*. Vol 1979, No. 1 (pp. 25-31) p. 28.
- ⁴² See: Dworkin, R. (1985) "Why Liberals Should Care About Equality", in: *A Matter of Principle*. Cambridge, MA and London: Harvard University Press.
- ⁴³ See: Hayek, F. (1982) *Law Legislation and Liberty*. London: Routledge & Kegan Paul, p. 85.
- ⁴⁴ Röpke, W. (1951) "The Malady of Progressivism", *The Freeman*. Vol 1, No. 22 (pp. 687-691), p. 690.
- ⁴⁵ Ibid.

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