Gordon Tullock on Inequality and Redistribution

RANDALL G. HOLCOMBE

Gordon Tullock states that there are three motives for income transfers: "the desire to receive transfers, charity, and envy" (1997, 6). The motive behind the vast majority of government redistribution, he argues, is the desire to receive transfers. He notes that although most people think of redistribution as transferring money from rich to poor, that type of transfer is "a comparatively small phenomenon if we compare redistribution to the other transfers that modern government makes, not to the poor but to people who are politically well-organized" (1997, 1). Reiterating, Tullock says, "There is no doubt that most modern states do engage to some extent in helping the poor, the classical moral objective of income redistribution, but there is also no doubt that this is a relatively small part of a total government program of income redistribution" (1997, 2). After citing some figures from the federal budget in the United States, he points out, "The poor do indeed receive substantial amounts of money in the United States, but nowhere near the total amount transferred. The bulk of the transfer goes to the politically influential and well organized" (1997, 3). In short, the charity and envy motives are insignificant when compared to the motive that organized interests act on to receive government transfers for themselves.

Tullock dismisses envy as a significant motive for redistribution, saying, "Although envy is undeniably a real motive for redistribution, it is, in my opinion, a rather minor

Randall G. Holcombe is DeVoe Moore Professor of Economics at Florida State University.

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one. It affects primarily transfers away from the wealthy, which, in turn, are a small part of total income redistribution. The major motive for the redistribution of income and wealth in the United States is almost certainly that recipients want to receive it. The second motive is the desire to help various people, primarily the poor (i.e., charity). Envy is, I am sure, a poor third in this trio" (1997, 6).

Any contemporary discussion of the broad topic of income redistribution would undoubtedly cite the goal of equality as a major motive for redistribution. Tullock does not use the word *equality,* instead substituting *envy,* which is not quite the same as a preference for equality. In sum, Tullock sees the efforts of organized interest groups to obtain transfers for themselves as the primary motive for redistribution, with charity and envy as additional motives that have a minimal impact on actual government redistribution policy.

The academic literature on redistribution places a heavy emphasis on equality, so one thing to consider in evaluating Tullock's analysis is whether his sidestepping of the goal of equality lessens the relevance of his analysis. Even if Tullock is correct to conclude that redistribution mostly takes place toward politically well-organized interest groups—he provides good evidence that this is the case (Tullock 1997)—a good academic analysis must address the academic arguments that emphasize the goal of equality. Inequality has been a major element in the academic literature on redistribution since the early days of capitalism. Thus, in an analysis of the contemporary relevance of Tullock's views on redistribution, one angle is to see what implications these views have for the frequently championed goal of producing greater equality.

As one of the founders of the subdiscipline of public choice—the application of economic analysis to explain political phenomena—Tullock rests his approach to redistribution solidly on a public-choice foundation. Another key idea from Tullock, again resting on a firm public-choice foundation, is that because in democratic elections one vote has a very small probability of affecting the outcome of any election, people will vote for outcomes they would not choose if the choice were theirs alone. If this theory is applied to redistribution, it means that people will vote for redistribution programs that they would veto if they had the power to do so. This aspect of democratic decision making facilitates charitable redistribution because people can feel good about casting a charitable vote that costs the voter nothing. This paper applies Gordon Tullock's ideas to analyze redistribution and inequality and to evaluate some contemporary ideas in public policy toward inequality.

Other Justifications for Redistribution

Tullock does discuss other possible justifications for redistribution, which he characterizes as justifications rather than motives because they provide some academic arguments that support redistribution, but he argues that few people would engage in the political process to pursue redistribution based on these justifications (1997, 7–16). Note that Tullock explicitly designates the desire to receive transfers, charity, and envy as *motives* for redistribution. Justifications are not motives. He considers the goal of maximizing total utility, the goal of maximizing the well-being of the least well-off person in a society, and the possibility that some people get more than they deserve, which produces a fairness argument for redistribution. He also notes that redistribution sometimes occurs as an unintended by-product of government programs, but this clearly is not a motive for redistribution, even though some redistribution is the result.

The utilitarian justification for redistribution goes back at least to Jeremy Bentham and was advocated by John Stuart Mill, but Tullock credits Abba Lerner (1944) as well as William Breit and William P. Culbertson (1970) for putting forward carefully developed expositions of this justification. The idea rests on the assumption that people have a declining marginal utility of income and that interpersonal utility comparisons can be made, pointing toward the conclusion that in the taking of a dollar from a rich person and the giving of it to a poor person, the poor person will gain more utility than the rich person loses. Tullock criticizes this justification on several grounds but notes two things about it: first, it is an argument supporting the goal of greater income equality, and, second, it is a justification for redistribution, not a motive that people actually act on to alter government redistribution policies.

The poor never advocate receiving income transfers for the reason that they would enjoy spending the money more than the rich from whom the money is transferred. Similarly, the rich never make that argument either, although private charity toward the needy is heavily driven by the idea that the money can provide a greater benefit to the recipient than the cost imposed on the donor.

Tullock also looks at the justification by John Rawls (1971) that income should be redistributed to maximize the well-being of the least well-off person in a society. Tullock finds fault with Rawls's argument in part because its implications for redistribution are ambiguous, but again note that Rawls's argument is a justification for redistribution, not a motive. People do not imagine themselves behind a veil of ignorance when they contemplate public policies they support. Tullock argues that they know their interests and support policies that further those interests.

Tullock considers other justifications as well, including the idea that people with high incomes do not deserve them. This justification does line up closely with one of Tullock's motives for redistribution: envy. Even if there is some truth to the claim that some people do not deserve the incomes they receive, it appears that by itself this claim offers a minimal motive beyond envy to redistribute undeserved income. Lottery winners would appear to be obvious recipients of undeserved income, yet governments run their own lotteries, which transfer undeserved income from most lottery players to lucky winners. It is not at all obvious that government policy is designed to redistribute undeserved income or why it should be designed to do so. But the larger point is that this is a justification for redistribution, not a motive that lies behind actual government redistribution programs.[1] Among the many reasons people have offered to oppose government lotteries, the fact that winners do not deserve their winnings is rarely one of them.

The point of this section is to add some context and support to Tullock's claim that the three motives for redistribution are the desire to receive transfers, charity, and envy. Tullock recognizes that there are other justifications for redistribution but doubts that they serve as motives behind actual public policy. Further, he believes that charity and envy are minor factors when compared to the desire of well-connected interest groups to receive transfers. So if we look at actual government redistribution, the main driver of actual government policies is the political activity of interest groups that have sufficient political clout to design those policies for their benefit.

More on Charity and Inequality

Tullock's writing on redistribution and inequality contrasts sharply with most writing on the subject because of his public-choice orientation and his well-supported view that actual redistribution by government is primarily the result of interest groups using the political process to have resources transferred their way. In contrast, most economists analyze redistribution with an eye toward the goals of inequality and helping out those who are least well off. Tullock does not consider these goals in much detail because, as noted earlier, he views them primarily as justifications rather than as motives and is interested in analyzing actual government redistribution, not how redistribution might be designed if people were actually to act on those justifications.

Tullock says, "The standard explanation for income redistribution is a desire to help the poor and downtrodden" (1970, 248). But he also notes, "The motives for income transfer, then, are more complicated than simply aiding the poor. . . . [M]ost people are willing to make gifts not only to the poor but to other people who for one reason or another they favor" (1997, 4). Thus, charitable contributions often go to supporting operas and museums that primarily offer consumption opportunities for the rich rather than help for the poor. Tullock goes on to say, "There is no reason why we should be particularly disturbed by the discovery that people are interested in maximizing their own income. . . . People are, in general, charitable but only mildly so, and their primary consideration is benefiting themselves" (1997, 5).

This view lines up with what George Stigler (1970) calls "Director's law," named after the economist Aaron Director, which essentially says that people use the coercive power of government to redistribute income from taxpayers to themselves, and because the middle class has the bulk of the voting power in a democracy, most redistribution

1. President Barack Obama made an excellent statement of the view that some people do not deserve the incomes they receive in a speech given in Roanoke, Virginia, on July 13, 2012: "If you were successful, somebody along the line gave you some help. . . . If you've got a business, you didn't build that. Somebody else made that happen." A discussion placing President Obama's statement in context can be found in "You Didn't Build That" n.d. Another analysis can be found in Blake 2012.

goes to the middle class, not to the poor. The argument is that in general people use the political process to gain benefits for themselves rather than for the poor or anyone else. Tullock says, "We should not be surprised to discover that political power is used to a small extent to help others and to a large extent to help oneself" (1997, 5).

Some economists have a more nuanced view of how to help the most disadvantaged beyond just giving them goods and money. For example, Amartya Sen (1992) argues that the goal of redistribution should be to give everyone the capabilities to fully participate in their societies. The resources required to provide those capabilities to the poor will be greater in a wealthier society than in a poor one, so achieving this goal is not just a matter of providing the poor with the basics of food, clothing, and shelter but also of allowing them to participate in social, cultural, and entertainment options that, Sen argues, should be available to everyone.

Superficially, the justifications of achieving greater income equality and helping out the most disadvantaged appear to be the same, but as Edgar K. Browning (1989) notes, they are not the same: it is easier to create more income equality by reducing the incomes of those with the highest incomes than by raising the incomes of those with the lowest incomes. Tullock emphasizes the inefficiencies caused by redistribution programs but without suggesting that the envy motive for redistribution could conflict with the charity motive and actually make the poor worse off. This observation may be relatively unimportant to Tullock because he views the motives of charity and envy as of secondary importance compared with the motive of the desire to receive redistribution.

Although Tullock offers three motives for redistribution in *The Economics of Income Redistribution* (1997), he elsewhere suggests only two: "Having clearly distinguished between two possible reasons for favoring the redistribution of income, a desire to make a charitable contribution, and a desire to gain money for myself, I am now forced to point out that these two motives have been inextricably entwined by a great many very well-meaning scholars" (1970, 251). It would seem that the motives of equality and charity are more inextricably entwined, but Tullock does observe that charitable activities such as funding operas and museums tend to cater to the rich rather than to the poor and that farm programs that redistribute income to the agricultural sector tend to be supported by those who earn their incomes in that sector rather than by the general public.

Because Tullock finds the self-interest motive more compelling, it is of minor consequence to his analysis that he does little to differentiate the motive of helping the poor from the motive of creating more income equality. At the same time, this lack of differentiation also limits some insights relevant to inequality and income redistribution and therefore limits the relevance of Tullock's work to contemporary discussions regarding redistribution. Tullock says almost nothing to directly address income equality as a goal distinct from improving the well-being of the poor.

Helping the Poor

The majority of Tullock's (1997) book on redistribution looks at specific areas of public policy such as health care, education, unemployment insurance, and more. Essentially, Tullock concludes that a substantial amount of redistribution goes to the middle class rather than to the poor and that redistribution programs tend to be ineffective ways for providing benefits to the poor because they are designed to produce political support for interest groups that receive the benefits from the programs. He finds straightforward public-choice explanations for the design of redistribution programs, and those explanations support his conclusion that helping the poor is in fact a secondary motivation for the support of redistribution.

Rather than examine Tullock's policy analysis of specific redistribution programs, which mostly just describes why those programs redistribute toward effectively organized interest groups rather than toward the poor, it is better to see his ideas in the light of the theme that connects all the details. People support programs and policies that benefit themselves, so helping the poor is relevant only to the extent that it provides a justification for a program that also helps its proponents. This is a bootleggers-and-Baptists-type story, drawing on Bruce Yandle's (1983) observation that both bootleggers and Baptists supported Prohibition in the 1920s, albeit for different reasons. The Baptists favored redistribution because they saw it as furthering the public interest, whereas the bootleggers favored it when the proposed redistribution benefited them personally. The bootleggers used the Baptists' public-interest arguments to make their own case for private benefits to themselves.

There is a substantial literature on poverty at a national level that connects it with low-quality institutions. F. A. Hayek (1944) argued that socialism is the road to serfdom, and Hernando de Soto (1989, 2000) explains that institutional differences among nations make poverty a persistent problem in some countries. More recently, a substantial literature based on James Gwartney, Robert Lawson, and Joshua Hall's (2015) Economic Freedom of the World Index provides empirical evidence that some institutional structures are better than others at moving people out of poverty. Tullock does not address this particular line of reasoning on poverty. He notes inefficiencies in government programs but does not directly link specific institutions to poverty. This literature on institutions and poverty may be worth mentioning, though it is aimed more at prosperity at the national level than at either inequality or redistribution. That is, it is aimed at the issue of poverty, not at the issue of inequality.

It is again worth a remark that Tullock does not address inequality as a separate problem that redistribution policy should address but rather considers it as a component of the motivation of envy. Transfers from rich to poor can be justified as aiding the poor, and Tullock makes no mention of the possibility of greater equality beyond that transfers from rich to poor are made in response to envy.

The Self-Interest Motivation

The Economics of Income Redistribution (1997) builds on Tullock's earlier work when discussing the self-interest motivation, referring to a transitional gain that occurs when self-interested individuals secure a flow of benefits to be redistributed their way. The flow of benefits gets capitalized into assets associated with the transfer, as Tullock (1975) explains, so that recipients earn only a normal rate of return on their (now more highly valued) assets yet have a strong incentive to maintain the flow of transfers because if the transfers are discontinued, their asset values will fall, and the recipients of those transfers will suffer a transitional loss.

Farm subsidies provide a good example. They increase the flow of income to farmers, but recipients of the subsidies must own farmland to receive the subsidies, so the price of farmland rises to capitalize the present value of the future flow of subsidies. Farmers earn just a normal rate of return on the (now appreciated) value of their farmland, but if the subsidy were removed, the value of the farmland would fall, and the owners of farmland would suffer a transitional loss.

The Depression-era origins of farm programs make an interesting case study in redistribution programs because the nominal motivation for them was to help out struggling farmers. These programs ramped up in the 1920s in the United States prior to the Depression as part of the Progressive agenda that extended through the twentieth century and has reached into the twenty-first (Holcombe 1996). Farm programs find some support in the motivation of helping out the poor, although in the twenty-first century most support goes to large corporate farming interests, not to individuals struggling to make a living by farming their own land. Despite the possible charitable angle on farm programs, which no doubt has been politically helpful, there can be little doubt that the political motivation for farm programs finds its origins in farmers' demands for programs to benefit themselves. This was likely true when the programs began in the 1920s and is surely true now.

Tullock says, "I might favor redistribution because I anticipate that I will benefit from it. I am, let us say, a farmer and I feel, correctly, that I will be much poorer if I have to sell my products in an ordinary competitive market. I therefore join in with a number of fellow farmers and get from the government a program that raises my income. Naturally, I do not argue for this program in terms of the increase in my income. . . . My basic motive, however, is to help myself" (1970, 250). Consistent with the argument in Tullock's essay "The Welfare Cost of Tariffs, Monopolies, and Theft" (1967), redistribution is the product of rent seeking.

Tullock says, "It is my opinion that most human beings are (except within their families) to a very large extent interested in fairly narrow selfish goals" (1970, 33). Although some people outside the agricultural industry might have some sympathy with farm programs, those programs are the result of farmers using their political clout to use the force of government to transfer benefits from others to them.

Tullock continues, "If we measure the strength of people's charitable impulses or devotion to higher goals by what they say, the result would indicate a relatively selfless population. If, on the other hand, we inquire how much people are actually willing to sacrifice for these goals, all the admittedly rather poor measures that I have been able to develop thus far indicate that the amount is small" (1970, 33). Ultimately, "[t]he entire aid that the poor do obtain, and they do no doubt obtain such aid, may be the result of the fact that they themselves can vote and, selfishly, vote for aid to themselves" (1970, 34). When considering the two alternatives of whether people support redistribution to help the poor or to help themselves, Tullock consistently concludes that the latter motive overwhelms the first.

The Motivations of Suppliers of Transfers

Tullock's views are fairly straightforward on the demand side of redistributive public policy. The demand for redistribution comes mostly from those who wish to be recipients. Tullock frames the alternatives as people demanding redistribution programs to help others versus people demanding redistribution programs to help themselves, and he concludes that the latter motivation dominates. He considers two possible motivations on the supply side. One is an externality argument that can be addressed through collective action. The other is that supporting redistribution programs costs an individual almost nothing but can make supporters feel better about themselves. People are willing to offer political support for programs when their support imposes little in the way of costs on them but gives them a good feeling.

Charity as a Public Good

Tullock says that charitable giving creates a positive externality (1970, chap. 4). The benefit that potential donors get from charity is that they feel good about improving the recipients' well-being. If this actually is the benefit potential donors get, they get that benefit whether they themselves give or others give. Recipients benefit just as much regardless of the source of the donation. Charitable giving imposes a cost on those who give that has the offsetting benefit of helping out the recipients. If others engage in charitable activities that improve the recipients' well-being, potential donors benefit without having to incur the cost of giving up resources.

Charitable giving produces a public good (joint consumption good) for potential donors because regardless of who gives the donation, all potential donors can feel better about the recipients' improved lot. Thus, in a large group of people, individuals have an incentive to free-ride on others' charitable activities, and there will be a suboptimal amount of charitable giving. Tullock may refer to the incentive to free-ride on others' charitable activities as an externality rather than a public good because, as framed, charitable giving has the characteristics of a public good to potential donors but is a private good to recipients.

An interesting extension of this feel-good argument is that, as Wilson Schmidt (1969) notes, it gives recipients the opportunity to hold out for a larger transfer. Schmidt, a colleague of Tullock's when he wrote the article "Charitable Exploitation" in 1969, argues that if donors get some consumer surplus from their donations, recipients of charity can refuse to accept a donation that maximizes the utility of the donor and hold out for more, thus extracting some of the consumer surplus from the donor. Tullock might respond that if charity really is a minor motivation for redistribution programs, recipients would have only small opportunities to exploit their donors in this way. Yet Tullock (1970) does consider the benefit that donors get from their giving to be a positive externality.

Harold Hochman and James Rodgers (1969) explain this externality more clearly, modeling the issue by including the utility of the poor as an argument in the utility functions of the rich. The rich gain utility when the poor are better off, but the utility gain comes from the welfare improvement of the poor, not from the actual charitable activity of the rich. Hochman and Rodgers conclude that everyone's utility can be enhanced if the rich are taxed to pay for transfers to the poor. Everybody is better off, so the rich will agree to be coerced, essentially entering into a binding agreement that they will transfer some of their income under the condition that everyone else does the same.[2]

The Hochman and Rodgers argument appears to be a clearer and more formal statement of the externality argument Tullock (1970) gives to support government redistribution. Although Tullock makes this argument, he ultimately equivocates on it based on the evidence about actual redistribution programs. He says,

> But, having established the existence of an externality in charitable gifts, when we turn to deciding on the optimum size of the unit to make the gift, we find ourselves almost immediately in serious difficulties. . . . Since most of the people in the world who are really poor live outside the Western countries, and since most of the people who make large charitable gifts live in the Western countries, one would anticipate that charity would very largely be a process of transferring funds from the Western countries to the Eastern and African countries. Needless to say, that is not what we observe. (1970, 255–56)

After considering other possibilities that do not line up with the facts, Tullock says, "Charity may have externalities and hence may be a suitable area for governmental activity. We have been unable, however, to determine exactly what the government unit

2. Tullock 1970 does not mention Hochman and Rodgers (1969), but Tullock 1971 does reference and briefly explain their argument, noting that it is a common explanation for government redistribution.

that is engaged in should be because it is impossible for us to tell much about the shape of individual preferences with respect to charity" (1970, 257).

Two Problems with the Public-Good Argument

Tullock makes the public-good argument but ultimately dismisses it on empirical grounds. An examination of actual redistribution does not appear to conform with what one would expect if redistribution were a public good, and it appears that most redistribution programs are created to produce private benefits, not public goods, for those who support them. Though Tullock makes little of the public-good argument, it has two problems—one minor and one major—that deserve mention.

The minor problem is that framing the utility of the suppliers of redistribution this way appears overly simplistic and perhaps unrealistic. Charity is a public good—or creates a positive externality—because potential donors have utility functions that include the utility of recipients as an argument. This argument enables potential donors to gain the same amount of utility regardless of whether they donate or free-ride off the donations of others. Surely, one of the sources of donor utility, probably the main one, is that donors feel good about themselves because they believe they are contributing their money to a worthy cause. If this is exclusively the case, potential donors would receive no utility at all from the donations made by others. There is at least an argument to be made that people will gain more utility if they feel they themselves have done something good than if they feel some people whom they do not know personally have gained utility because of the actions of third parties.

Tullock says, "If I am possessed both of selfish desires to spend my own money and a feeling that I must be charitable, I am wise to vote charitably and act selfishly" (1971, 389). According to him, this approach is a way to reduce cognitive dissonance. But cognitive dissonance would not be an issue if the only motivation for charity is to help the poor. Tullock refers to "a feeling that I must be charitable," suggesting that the real motive for charitable giving is that the giver gains utility from the charitable act, not just the increased utility of the recipient, as in Hochman and Rodgers's (1969) and even in Tullock's own externality justification.

The second and more fundamental problem is that this public-good/externality argument points toward forced government redistribution programs as a way to enhance efficiency by overcoming the incentive to become a free rider. The problem is that although free riding can be inferred, it can never be observed directly. If a well-to-do person declines to contribute to a charity, is that person free-riding, or does the person really have no desire to contribute? Even observing the consumption of a public good by someone who is not paying for it does not confirm free riding. If someone listens to a public radio station without paying, all that reveals is that the person values listening more than zero. If required to pay a proportional part of the cost, the listener still could prefer not to listen and not to pay.

The free-rider argument justifies government coercion based on an assumption about the preferences of people who are forced to pay for "public goods." Leland Yeager (1985, 2001) offers a scathing criticism of the idea that actual government coercion can be justified by assumptions that under certain circumstances people might agree to be coerced. Setting aside Yeager's (well-founded) criticism, the argument is at odds with public-choice reasoning. Rather than looking at the way the political process actually works to create public policies, it justifies government redistribution based on the idea that government is an omniscient benevolent despot that can engineer an optimal allocation of resources.

Although Tullock brings up this argument and does not dismiss its plausibility, he cannot be accused of being an aide to the social planner because, as the concluding quotation in the previous section indicates, he does ultimately conclude that it is not possible "to determine exactly what the government unit that is engaged in should be because it is impossible for us to tell much about the shape of individual preferences with respect to charity" (1970, 257).

Political Incentives for Supporting Redistribution

Tullock (1971) offers a straightforward public-choice argument explaining why people vote for redistribution programs when they would not voluntarily donate the amount they are voting to have transferred from themselves. Any money they donate to charity is money they cannot spend on themselves. If they vote for charitable activity, it costs them nothing because their single individual vote will not change the outcome of an election. If someone were to donate $100 to charity, the donation would cost the donor $100. However, if someone were to vote for a redistribution program that would tax that individual's $100 to be redistributed to the less fortunate, that vote would cost that individual nothing because there is a vanishingly small chance that the voter's vote would actually change the outcome of an election. The vote may make the voter feel good but will have no effect on how much that individual spends on redistribution.

Tullock (1971) offers a detailed argument, but the essence of it is that people like to think of themselves as charitable even though they have the incentive to spend their money on themselves. They can vote for charitable activity at no cost to themselves, thus reducing cognitive dissonance and feeling charitable even while parting with no more of their money than if they had voted differently. This argument suggests that people will vote for a program that forces them to be charitable even though they would choose not to have the program if the choice were theirs alone. This is the type of expressive voting that Geoffrey Brennan and Loren Lomasky (1993) analyze. Russell Sobel and Gary Wagner (2004) offer empirical evidence supporting Tullock's (1971) model. Bryan Caplan (2007) gives a more extreme analysis of this type of voting behavior, arguing that the political process offers voters no incentive to change their irrational beliefs.

Tullock notes, "Thus this line of reasoning would indicate that voting on charitable issues might lead to vast overinvestment in charity. I doubt this is so, however" (1971, 389). His reasons are that the argument applies mainly to upper-income individuals and that people are more likely to claim they are in favor of government redistribution than they are to vote for it. Both of these arguments seem weak. The first is weak because in other places Tullock explains that the poor vote for transfers to themselves, so both the rich and poor should be voting for transfers. The second argument is weak in light of the expressive and irrational voting (Brennan and Lomasky 1993; Caplan 2007) that Tullock says reduces cognitive dissonance.

While Tullock does not point this out, cognitive dissonance might explain why casual evidence points toward the reason that people who support government redistribution also contribute less to private charity. People who want to think of themselves as charitable and so vote for redistribution but do not donate themselves would seem to be inducing cognitive dissonance: "I think it is virtuous to be charitable, yet I never give any of my own money." A better justification that leans toward reducing cognitive dissonance is "I think it is government's responsibility to look out for the poor, not an individual responsibility of mine." This justifies both behaviors. If this is the case, selfish behavior leads toward both less private charity and a demand for government intervention—a demand that might not exist if people were to believe their vote could influence an election.

There is another simplistic element in Tullock's discussion of voting for charity: such votes rarely happen. Except in rare cases, voters vote for political candidates who have vague platforms that sometimes include nonspecific planks regarding redistribution programs. This vagueness breaks the connection between voter preferences and redistribution programs. Perhaps candidates who say they favor redistribution get elected because of, as Tullock puts it, the charity of the uncharitable. It is also possible that once candidates are elected and become policy makers, voters (who no longer have to decide how to vote) will resent those policy makers who enact policies that impose costs on voters, so the broken connection weakens the argument that the political decision-making process designs programs that voters would reject if it were up to them alone. Nonetheless, Tullock's argument still stands that voters will vote for redistribution programs that they would veto if the choice were theirs alone.

Inequality: Early Views

Tullock does not address the academic arguments that justify redistribution as a means of reducing inequality, but inequality has been an issue in capitalist economies since the early days of capitalism. Social scientists have offered two broad explanations for inequality in capitalist economies. The first is that inequality is an inherent characteristic of capitalism and that mechanisms within capitalism lead to increasing inequality. The second is that those who control the political process skew economic and political institutions such that these institutions favor the elite few over the masses. Tullock's emphasis on interest-group influence over redistribution policy tends to put him closer to the second camp. His view is not so much that redistribution increases inequality but rather that it is not an effective mechanism for reducing inequality. It is worth examining the history of economists' views on inequality to see how Tullock's analysis relates to an issue that has a long history in economics.

David Ricardo, building on Thomas Malthus ([1798] n.d.), concluded that because of the scarcity of land, rents tend to rise as population grows, squeezing both wages and profits. Economic growth will tend to slow because investment returns fall, and "almost the whole produce of the country, after paying the labourers, will be the property of the owners of land and the receivers of tithes and taxes" ([1817] 1921). Ricardo's conclusion is that increasing inequality in the distribution of income is an inherent characteristic of the economic system that is built on the private ownership of land. Karl Marx (1906) agreed with Ricardo's conclusion, though his reasoning was different. The labor theory of value, which Marx took from Ricardo, says that the value of output is equal to the value of labor embodied in it, which implies, according to Marx, that when goods are sold, all of the proceeds should go to labor. Because capitalists own the means of production, they are able to pay labor less than its true value, sell the goods produced by laborers, and exploit labor by keeping some of the proceeds. Again, capitalism produces inequality as an inherent characteristic of the economic system, although Ricardo attributed this characteristic primarily to the private ownership of land, whereas Marx attributed it primarily to the private ownership of capital.

Henry George (1879) built on Ricardo's ideas to conclude that the unearned (as he saw it) rents that went to land owners caused poverty and suggested a confiscatory tax on land rent that, he concluded, would be sufficient to fund all government expenditures. Along with Ricardo and Marx, George viewed poverty as a consequence of a capitalist economy and proposed a remedy.

The perception of inequities in the distribution of income under capitalism was common among the classical economists. John Stuart Mill, comparing what he actually observed with the alternative of communism, stated,

> If, therefore, the choice were to be made between Communism with all its chances, and the present state of society with all its sufferings and injustices; if the institution of private property necessarily carried with it as a consequence, that the produce of labour should be apportioned as we now see it, almost in inverse ratio to the labour—the largest portions to those who have never worked at all, the next largest to those whose work is almost nominal, and so in a descending scale, the remuneration dwindling as the work grows harder and more disagreeable, until the most fatiguing and exhausting bodily labour cannot count with certainty on being able to earn even the necessaries of life; if this or Communism were the alternative, all the difficulties, great or small, of Communism would be but as dust in the balance. ([1848] 1920, 208)

Although Mill ultimately concluded that capitalism can be modified to produce more equal outcomes, one cannot fail to be moved by his sense of unfairness in the distribution of income.[3]

Mill's observation squares with Ricardo's and Marx's observations in that he observed inequality as a characteristic of market capitalism. But Mill believed that capitalism does not necessarily produce an unfairly unequal distribution of income and that institutions can be modified to make the distribution of income more fair. Redistribution of income based on utilitarian grounds—low-income recipients of redistribution would gain more utility from the transfer than high-income people would lose from having income transferred away from them—is an example of policies Mill favored. This view points toward another group of scholars who find the origins of inequality in the political system rather than in anything inherent in capitalism itself.

Although Marx (1906) wrote about the capitalist economic system, not about politics or socialism, Marx and Friedrich Engels dealt directly with the political system, saying, "Each step in the development of the bourgeoisie was accompanied by a corresponding political advance of that class. . . . [T]he bourgeoisie has at last, since the establishment of modern industry and the world market, conquered for itself, in the modern representative state, exclusive political sway. The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" ([1848] 1948, 10–11). This passage shows Marx and Engels's belief that the political process has been taken over by the elite—the bourgeoisie—and is being run for their benefit.

These nineteenth-century views on the origins of inequality show, first, that inequality was recognized as a problem by prominent nineteenth-century economics and second, that there were two different explanations of its causes. One explanation was that growing inequality is an inherent characteristic of the capitalist system itself. That explanation is clearest in Ricardo and Marx. The other was that inequality is a product of the elite taking control of the political system so that the rules are stacked in their favor. Marx and Engels clearly articulated this explanation, and Mill leaned toward it, although he described the injustice of inequality without directly attributing to it a cause. The two explanations are not mutually inconsistent. Both mechanisms could be at work to generate inequality. But these two explanations are worth distinguishing because their policy implications are likely to differ.

Tullock did not address inequality more than superficially, but one can see that it was taken seriously by economists from the beginning of the nineteenth century. Tullock did address redistribution as a public policy, and redistribution is one of the major ways government is often called on to reduce inequality. Tullock's relative neglect of inequality as a justification for redistribution is directly related to his view that redistribution is for the most part the result of political interest-group activity designed to direct redistribution toward those groups.

3. In an empirical analysis, Jan-Egbert Sturm and Jakob De Haan (2015) conclude that nations with institutions that are more capitalist do not have higher levels of income inequality.

Inequality in the Twenty-First Century

Those early ideas on inequality remained intact throughout the twentieth century and have continued into the twenty-first. The academic literature still sees inequality as possibly an inherent feature of capitalism or a product of a biased political process that favors elites over the masses. The literature leans more toward concluding that inequality is the result of elite control of the political process, in part because much of that literature has been written by social scientists outside of economics. The view that growing inequality is an inherent characteristic of capitalism has received a recent boost by Thomas Piketty (2014).

Sociologists and political scientists have developed elite theory throughout the twentieth century and into the twenty-first, noting that elites control the political process and tend to design political and economic institutions for their benefit. The previous section noted Marx and Engels's exposition of this idea, and twentieth-century examples include Arthur Bentley (1908), David Truman (1951), and C. Wright Mills (1956). In the twenty-first century, Martin Gilens (2012) and Larry Bartels (2008) extend these ideas, and Jacob Hacker and Paul Pierson's take on inequality is that "where the conventional wisdom confidently declares, 'it's the economy,' we find, again and again, 'It's the politics'" (2010, 290).

Elite theory has been the province mostly of sociology and political science, but in *The Price of Inequality* (2012) Joseph Stiglitz makes it clear that the problem he is addressing is not helping out the poor but creating more income equality. He uses the Occupy Wall Street language and refers to the elite as the one percent and the masses as the 99 percent. He concludes that the political system is designed by the one percent for their benefit: "It's one thing to win a 'fair' game. It's quite another to be able to write the rules of the game—and to write them in ways that enhance one's prospects of winning. And it's even worse when you can choose the referees" (2012, 59). Taking a cue from public choice, Stiglitz goes on to say, "The problem is that leaders in these sectors use their political influence to get people appointed to regulatory agencies who are sympathetic to their perspectives" (59), which George Stigler (1971) calls "regulatory capture." Stiglitz adds, "It doesn't have to be this way, but powerful interests ensure that it is" (2012, 62). Further discussing elite capture of the political process on inequality, he comments, "When one interest group holds too much power, it succeeds in getting policies that benefit itself, rather than policies that would benefit society as a whole. When the wealthiest use their political power to benefit excessively the corporations they control, much-needed revenues are diverted into the pockets of a few instead of benefiting society at large" (104–5).

Stiglitz analyzes the causes of inequality within a public-choice framework. People who have political power use it for their own benefit rather than for the benefit of society at large. The surprising element in Stiglitz's book is that after framing the problem in public-choice terms, he argues for more government oversight and control of the process. Tullock does not depict inequality as a problem or discuss the causes of inequality except to say that envy is what causes people to view it as a problem. Yet his public-choice analysis clearly points away from increased government and, indeed, supports Stiglitz's view that if there is a problem, it is because people who have political power use it for their own benefit.

On Stiglitz's claim that inequality is increased because people use the government power they have for their own benefit, Tullock would likely agree. On Stiglitz's hope that government can be used to control the abuses by the one percent in order to obtain benefits for the 99 percent, Tullock would likely be skeptical. People use political power to benefit themselves and rarely think of others, as Tullock sees it, and the one percent are the people who have the power to design public policy.

In a book that was published about the same time as Stiglitz's, David Stockman (2013) offers arguments very similar to Stiglitz's. Stockman says, "We have a rigged system—a regime of crony capitalism—where the tax code heavily favors debt and capital gains, and the central bank purposefully enables rampant speculation by propping up the price of financial assets and battering down the cost of leveraged finance" (560). He continues, "In truth, the historic boundary between the free market and the state has been eradicated, and therefore anything that can be peddled by crony capitalists . . . is fair game" (606). He further argues that the U.S. government "is no longer a system of democratic choice and governance; it is a tyranny of incumbency and money politics" (602). Commenting on the interaction between economic and political institutions, he says, "The gangs of crony capitalism will fight tooth and nail to preserve their slice of an imperiled pie, thereby disenfranchising even further ordinary taxpayers and citizens who have no voice in the Washington policy auctions" (602).

Stiglitz's and Stockman's ideas are very similar in many respects (for more on this similarity, see Holcombe 2014). Although Stiglitz is often considered to be leaning toward the political left and Stockman toward the political right, both agree that the elite have rigged the system for their benefit at the expense of the masses.[4] Both describe the same problem the same way, but they differ in their proposed solutions. Stiglitz wants more government control over the one percent, whereas Stockman advocates less government involvement in the economy. Looking at Tullock's work on redistribution provides good evidence that he would be more sympathetic with Stockman's remedy, although both Stiglitz and Stockman describe a problem that Tullock does not address directly.

Tullock (1967, 1975) does discuss the way that some people are able to use the political system to benefit themselves at the expense of others, but his work on rent seeking and interest-group politics does not lead him to apply those insights to the issue of inequality. His work on redistribution is based on these ideas, but he concludes that

4. Along these lines, Ralph Nader (2014) notes strong agreement along the political spectrum from political left to right on the problem of what he calls "corporatism," which appears to be the same thing as the cronyism that Stockman criticizes and as the rigged system Stiglitz wants to eliminate. Holcombe 2015 places these issues within an academic framework.

redistribution is unlikely to have much of an effect on inequality. He does not devote much attention to exploring whether political forces can exacerbate inequality.

In *The Calculus of Consent*, Buchanan and Tullock reject the elite theory that forms the basis of all of the ideas cited in this section. They say,

> [W]e also reject any theory of conception of the collectivity which embodies the exploitation of a ruled by a ruling class. This includes the Marxist vision, which incorporates the polity as one means through which the economically dominant group imposes its will on the downtrodden. Other theories of class domination are equally foreign to our purposes. Any conception of State activity that divides the social group into the ruling class and the oppressed class, and that regards the political process as simply a means through which this class dominance is established and then preserved, must be rejected as irrelevant. (1962, 12)

Although this statement predates Tullock's writings on redistribution, it does point toward his skepticism regarding all of the theories discussed in this section to the extent that he would apply the ideas in *The Calculus of Consent* to the issue of redistribution.

Remarks on Piketty's *Capital in the Twenty-First Century*

The most visible analysis of inequality in the twenty-first century is associated with the elite theory that faults a political system biased to provide benefits to the elite at the expense of the masses. A prominent exception is the analysis done by Thomas Piketty (2014), who like Ricardo, Marx, and George, views growing inequality as an inherent characteristic of a capitalist economy. Piketty observes that the ownership of capital is heavily concentrated at the top of the income distribution and that the return on capital is greater than the growth of real wages. This means that the incomes of capital owners grow faster than incomes in general, producing an increasingly unequal income distribution. Piketty presents this process in a simple but formal way, saying that those at the top of the income distribution have incomes that grow at the rate of return on capital, which he calls r, whereas those who receive labor income see their incomes grow at the general rate of growth of the economy, which Piketty calls g. Because the rate of return on capital is greater than the general rate of economic growth, $r > g$, inequality grows as an inherent feature of capitalism.

Whereas much of the twenty-first-century literature on inequality concludes that it is a result of elite control of the political process, Piketty offers a modern example of a theory that growing inequality is a characteristic of capitalism, not the result of a biased political system. Although he would be sympathetic to the suggestion that the political system favors the elite, that is not the mechanism he describes in his book. He advocates highly progressive taxes as a policy to address the inequities he perceives to be inherent in capitalism, but he concludes that although inequality can be increased by government policies, it is a product of capitalism.

Jean-Philippe Delsol, Nicolas Lecaussin, and Emmanuel Martin (2017) offer a good summary of the various critiques of Piketty's book, so there is little point in reviewing them in a paper that is mainly about Tullock's work. In that context, though, it is worth more than a casual remark to note that Piketty never refers to income as something people earn. In his book, people get income, they receive income, but they never earn it. This view seems closely related to Tullock's claim that people are concerned about income inequality because of envy. If people do not earn income, it appears that they do not deserve it, and if those who have high incomes are not deserving—which Piketty argues throughout—then it is reasonable for those without high incomes to view large-scale income redistribution as fair.

Piketty's fairness argument focuses on capital ownership. The owners of capital receive income because they own capital, not because they do anything to deserve it. He also argues the unfairness of very high salaries paid to corporate executives, who, he says, do not deserve them and would be just as productive with lower salaries. It is easy to conclude that Piketty's analysis of inequality is built on the envy Tullock points to, even though Piketty would probably claim there is a good reason for that envy.

Conclusion

Tullock says, "The proponents of income redistribution are seldom clear as to exactly why they desire it. I think this is not because they are trying to conceal their motives but because they think that their reasons are so obvious that they require no discussion" (1970, 247). His analysis has a similar shortcoming in that when he discusses redistribution, he barely recognizes the proponents' major justification of creating a more equal distribution of income and wealth and focuses instead on whether redistribution helps the poor. What Tullock shows is that many government programs that have redistributive goals provide benefits mainly to the middle class and provide little benefit to those who are the neediest.

This conclusion fits well with Tullock's public-choice background and inclination. People engage in political activity to benefit themselves, not to promote charitable activity for others. Indeed, any charitable activity is likely to be the result of a political failure—the result of a voting system in which voters know that their one vote will have no effect on an election outcome; even though all votes in the aggregate determine the outcome. People can afford to be charitable with their votes when they know their one vote will have no effect on the outcome of an election. This may be Tullock's most important contribution to the literature on redistribution and inequality—the observation that because of incentives inherent in the political process, people are likely to vote for redistribution programs they would not choose if the choice were theirs alone.

Tullock (1971) anticipates the arguments made by Brennan and Lomasky (1993) and Caplan (2007), explaining how people can vote expressively and even irrationally for outcomes that redistribute more than they privately prefer. This adds a wrinkle to Tullock's analysis of motives and justifications for redistribution. Tullock (1997) dismisses justifications for redistribution and looks at motives—the desire to receive transfers, the wish to help the poor, and envy—to conclude that government redistribution will not be very effective at helping the poor. But he suggests government redistribution is larger than the median voter would prefer because of the incentives in the democratic political process that cause people to be more charitable in their voting behavior than when considering private charitable giving done individually (Tullock 1971). Perhaps this unintended consequence of democratic decision making renders democratic government a better mechanism for helping the poor than Tullock (1997) recognized.

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