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VOLUME 7

The Economics and Politics of Wealth Redistribution

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The Economics and Politics of Wealth Redistribution

GORDON TULLOCK

Edited and with an Introduction by

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Liberty Fund
Indianapolis

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as the design motif for our endpapers is the earliest-known
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It is taken from a clay document written about 2300 B.C.
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Printed in the United States of America

Paperback cover photo courtesy of the
American Economic Review

Frontispiece courtesy of Center for Study of Public Choice,
George Mason University, Fairfax, Virginia

09 08 07 06 05 C 5 4 3 2 1
09 08 07 06 05 P 5 4 3 2 1

Library of Congress Cataloging-in-Publication Data
Tullock, Gordon.
The economics and politics of wealth
redistribution / Gordon Tullock ; edited and
with an introduction by Charles K. Rowley.
p. cm. — (The selected works of Gordon Tullock ; v. 7)
Includes bibliographical references and index.
ISBN 0-86597-526-4 (alk. paper)—ISBN 0-86597-537-X
(pbk. : alk. paper)
1. Distribution (Economic theory). 2. Income
distribution. 3. Wealth. I. Rowley, Charles Kershaw.
II. Title.
HB523.T84 2005
339.2—dc22

2004057621

LIBERTY FUND, INC.
8335 Allison Pointe Trail, Suite 300
Indianapolis, Indiana 46250-1684

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INTRODUCTION

The Economics and Politics of Wealth Redistribution brings together Gordon Tullock's insightful contributions to the analysis of the determinants of income and wealth redistribution under democratic regimes. In these contributions, Tullock deploys public choice and rent-seeking analysis to challenge economists' strongly held egalitarian prejudices concerning the distribution of income and wealth within society.

The Intellectual Background

Prior to Tullock's public choice and rent-seeking insights, the large majority of economists approached the issue of the redistribution, with respect to both income and wealth, from the perspective of Paretian welfare economics.[1]

From the early beginnings of the utilitarian doctrine outlined in the late-eighteenth-century writings of Jeremy Bentham until the mid 1930s, economists believed that individual utilities were measurable on a cardinal scale and that they were interpersonally comparable.[2] They further argued, on the basis of the law of diminishing returns, that each individual's marginal utility declined with respect to income and wealth. In such circumstances, many economists forcefully advanced arguments in favor of government intervention designed to equalize the distribution of income and wealth across society.

Utilitarianism in its undiluted Benthamite form can be viewed as a combination of three conditions:

1. Welfarism, which requires that the goodness of a state of affairs be a function of only the utility information regarding that state;
2. Sum-ranking, which requires that utility information regarding any state be assessed in terms of only the sum total of all the utilities in that state; and

1. See Charles K. Rowley and Alan T. Peacock, *Welfare Economics: A Liberal Restatement* (London: Martin Robertson, 1975), 7–66.

2. Jeremy Bentham, *A Fragment of Government*, ed. James H. Burns and Herbert L. A. Hart (1776; London: Cambridge University Press, 1988).

3. Consequentialism, which requires that every choice, whether of actions, institutions, or rules, be determined ultimately by the goodness of the consequent state of affairs, measured in terms of aggregate utility.

These three conditions remained the cornerstones of utilitarianism throughout the nineteenth century despite occasional concerns about the validity of the second condition. The early marginalists, such as William Stanley Jevons, Léon Walras, and Carl Menger, for example, though clearly aware of potential problems in measuring utility, continued to talk about utility as if it were measurable on a cardinal scale and fully comparable across individuals.[3]

In 1900, however, Vilfredo Pareto demonstrated that an ordinal notion of utility was sufficient for the construction of equilibrium theory and, in so doing, marked the trail for modern economic theory.[4] It is not clear, however, whether Pareto actually rejected the notion of cardinal utility or whether he thought that it was impossible to identify the appropriate function for measuring it. In any event, his 1900 insight would be recognized some thirty years later as the Pareto Principle.

Pareto's insight was not seized upon immediately by economists. In particular, Arthur Pigou, who was Alfred Marshall's successor at the University of Cambridge, adhered closely to the notion that utility was measurable on a cardinal scale and interpersonally comparable. In his book *The Economics of Welfare*, Pigou adopted aggregate real income as the "objective counterpart" of economic welfare and argued that

> the old "law of diminishing utility" thus leads securely to the proposition: Any cause which increases the absolute share of real income in the hands of the poor, provided that it does not lead to a contraction in the size of the national dividend from any point of view, will, in general, increase economic welfare.[5]

As in many areas of economics in which he worked, Pigou proved to be out of date with respect to this analysis. During the 1930s, economists became

3. William Stanley Jevons, *The Theory of Political Economy* (London: Macmillan, 1871); Léon Walras, *Elements d'Economie Politique Pure*, 1874; trans. William Jaffe (London: George Allen and Unwin, 1954); Carl Menger, *Grundsatze Volkwirtschaftslehre*, 1871; trans. James Dingwale and Bert F. Hoselitz (New York: New York University Press, 1981).

4. See Alan P. Kirman, *Pareto as an Economist*, in *The New Palgrave: A Dictionary of Economics*, ed. John Eatwell, Murray Milgate, and Peter Newman (London: Macmillan, 1987), 804.

5. Arthur C. Pigou, *The Economics of Welfare* (London: Macmillan, 1920), 89.

increasingly uncomfortable with the idea of cardinal measurement and interpersonal comparisons of utility. In 1934 John Hicks and Roy Allen used the technique of indifference curves, originated by Edgeworth and Pareto, to develop a theory of consumer behavior involving only ordinal comparisons of satisfaction. In 1938 Lionel Robbins imposed the final coup de grace on the felicific calculus and paved the way for economists, immediately following the end of World War II, to develop an approach to welfare economics based on the principles first outlined by Pareto.[6]

This so-called new welfare economics recognized that economists, henceforth, must work with only the welfarism and the consequentialist assumptions, while abandoning the sum-ranking assumption, thereby forging only a weak utilitarian criterion for policy analysis. The Pareto criterion states that social state A is to be preferred to social state B if at least one individual is better off in A than in B and if no individual is worse off. If this condition holds, social state A is said to be Pareto superior to social state B.

Given the impossibility of sum-ranking, a large number of Pareto-superior positions will exist, each corresponding to a previous distribution of wealth. Because the Pareto criterion cannot distinguish between such positions—a consequence of the ordinal nature of utility and the absence of a measuring rod for making interpersonal comparisons—the criterion offers only a quasi ordering of social welfare. Crucially, it appears to be silent with respect to evaluating alternative distributions of income and wealth.

For those economists driven by an egalitarian ethic, this restriction is anathema. They have devised a number of more or less convincing avenues of escape from the Paretian straitjacket without jettisoning the utilitarian principle. In one solution, John Harsanyi rationalizes social aversion to inequality by assuming that individuals are risk averse and favor equalizing income and wealth so as to protect themselves from possible adverse outcomes in an uncertain future.

In a more radical version of the same approach, John Rawls conducted a conceptual experiment designed to determine the nature of "justice as fairness." In this experiment, hypothetical individuals meet in the so-called original position behind a "veil of ignorance" that precludes their knowledge of

6. John R. Hicks and Roy G. D. Allen, "A Reconsideration of the Theory of Value," *Econometrica* 52 (1934); see Charles K. Rowley, "Wealth Maximization in Normative Law and Economics: A Social Choice Analysis," *George Mason Law Review* 6 (summer 1998): 971–96; Lionel Robbins, "Interpersonal Comparisons of Utility," *Economic Journal* 48 (1938): 635–41.

their relative positions within society with respect to such characteristics as sex, race, ethnicity, or physical or mental endowments. Rawls claims that under such circumstances extreme risk aversion will draw unanimous consent for a social contract that places the least-advantaged members in full control over the distribution of income and wealth within society.[7]

An alternative route to justifying equality rests on the presumed existence of interdependence among the utility functions of the rich and the poor. Harold Hochman and James Rodgers justify wealth redistribution through the political process in terms of the uncomfortable feelings of the rich regarding the living standards of the poor such that the rich gain utility when some of their wealth is transferred to that group.[8] Hochman and Rodgers claim that free-rider problems limit the effectiveness of private charitable donations in a large community, and that the rich, therefore, voluntarily endorse the use of government to overcome such free-riding externalities.

In yet another approach, economists simply ignore the Paretian limitations and introduce social welfare functions that openly encompass their personal views on wealth redistribution. In essence, they invite their readers to embrace egalitarian doctrine, even though this implies that utility is to be measured cardinally and treated as comparable across individuals.

The Economics and Politics of Wealth Redistribution

Tullock's contributions and responses to the redistribution debate consist of five parts.

Part 1, "Why Redistribute Wealth?" consists of five papers that focus critical attention on a variety of arguments advanced in favor of redistributing income and wealth away from the rich and in favor of the poor.

"Income Redistribution" reviews the argument that voters support the use of government as the principal agent of income and wealth redistribution in order to internalize free-riding externalities that impact adversely on the effectiveness of private charity. Tullock suggests that such a rationalization requires, de minimis, that political transfers actually do redistribute income from the wealthy to the poor. In practice, however, the bulk of government

7. John Rawls, *A Theory of Justice* (Oxford: Oxford University Press, 1971).

8. Harold M. Hochman and James R. Rodgers, "Pareto Optimal Redistribution," *American Economic Review* 54 (September 1964): 652–57.

transfers in the democracies involve the shifting of income among individuals in the middle-income bracket. This cannot be justified on the grounds of externalities. A better explanation is that the median-preference voters secure income transfers for themselves, thereby taking from both the poor and the rich.

"Helping the Poor" calls attention to the handicaps faced by most poor individuals in the political marketplace for income transfers. Tullock notes that many of the poor simply lack the necessary personal qualities to become well-off. These handicaps affect their bargaining power in politics, just as they hold the poor down in the private marketplace.

"Reasons for Redistribution [1983]" notes that most individuals are imbued with charitable instincts toward the poor, but only to a very limited degree. In the United States the combination of private charity and federal budget transfers specifically earmarked for the poor amount to less than 5 percent of gross national product. This leads Tullock to promulgate Tullock's Law: the average individual is willingly prepared to transfer no more than 5 percent of his income to the poor. Most political pressures for income redistribution are driven by the selfish desires of middle-income groups to secure transfers to their own kind.

"Reasons for Redistribution [1986]" focuses on the degree to which the redistributionist instincts of Western socialists stall at their respective countries' borders. In this respect, the behavior of the Western democracies closely resembles the apartheid policies of South Africa during the middle years of the twentieth century. For example, before its abandonment of the empire, the United Kingdom disenfranchised 85 percent of its subjects located in the dominions and the colonies and denied them the income transfers that their poverty surely justified. The United States currently disenfranchises illegal immigrants and denies them many income transfers, despite their evident poverty. In this sense, most well-intentioned socialists who argue in favor of the redistribution of income and wealth are predominantly arguing in favor of such redistribution strictly within the boundaries of their own country.

"Objectives of Income Redistribution" discusses the consumer surpluses that may be generated by efficient government policies and explores various methods—including Tullock's own demand-revealing method—whereby such surpluses may be distributed through society. As Tullock notes, governments rarely concern themselves with determining where the social surplus should go; indeed, they rarely even compensate those who suffer directly from such redistributive public policy initiatives.

Part 2, "Private and Semiprivate Redistribution Mechanisms," consists of five papers that focus on mechanisms of wealth and income redistribution that do not involve central government.

"Charitable Gifts" centers attention primarily on the nature of voluntary transfers, that is, those private transfers in which the government does not intervene. Tullock notes that such transfers are superoptimal, in the sense that the same product (the transfer) raises the utility of two individuals (the donor as well as the recipient).

Tullock notes that many voluntary transfers are in kind rather than in cash and thus carry significant excess burdens. He explains this phenomenon in terms of the desire of donors to achieve specific welfare outcomes rather than simply to increase the utility of the poor. He also notes that in cases involving tragic choices (choices over who shall live and who shall die) donors shrink from the consequences of their decisions and enter into nontransparent forms of transfer in order to conceal the heart-wrenching limits of their charitable instincts.

"Local Redistribution" explores the implications of providing transfers to the poor through local communities rather than through central government. Tullock acknowledges the standard argument against decentralization, namely, that the threat of outward migration by the rich and inward migration by the poor makes it impossible for one local government to provide higher relief payments than another. As a consequence, there would be a continual competition to lower payments (what is now referred to as a "race to the bottom").

In Tullock's judgment, however, the feeling of sympathy for the poor is strongest within the local community and falls off rapidly as geographical distance increases. Historically, this theory is borne out by the success of the English Poor Law system and the pre-1930 successes of local community poverty programs in the United States.

"Aid in Kind" rigorously explores the motivations of donors who insist on providing gifts in kind to the poor rather than providing them with cash transfers. Tullock deploys indifference curve analysis to evaluate the efficiency implications of in-kind transfers.

"Demand Revealing, Transfers, and Rent Seeking" demonstrates that the demand-revealing mechanism is superior to majority voting in limiting inefficient wealth transfers. The Clarke tax, implicit in this mechanism, prevents a number of transfers in which the transfer itself is not wealth enhancing, and in other cases it at least reduces their magnitude. In cases in which the donors obtain some benefit from the transfers, the demand-revealing process leads to larger transfers than the majority-vote method.

"Epilogue—The Grating People" notes that Washington, D.C., the capital of the world's largest welfare state, is also the place where the poorest people in the city (the grating people) are taken care of primarily by private charity. The graters are so well cared for privately that their numbers increased significantly during the middle years of the twentieth century. The *Washington Post*, simulating upset at the number of graters on the streets, systematically failed to suggest that its billionaire owner, Katherine Graham, and its wealthy editors and reporters, should transfer a large part of their wealth directly to these unfortunates. The *Post* also failed to recommend the establishment of earmarked government funds directed exclusively to the grating people, whose plight in bitterly cold winters it so vigorously deplored. Tullock leaves his readers to resolve this puzzle concerning the inconsistent attitude of the media toward welfare policy in the United States.

Part 3 of the volume, "Redistributive Politics," collects six papers that focus on the various forces of public choice that drive government programs of wealth and income redistribution.

"The Machiavellians and the Well-Intentioned" provides an explanation of why the democracies have shifted from transfer policies administered through means testing only to the poor to transfer policies designed to benefit everyone. Tullock rejects the standard explanation that generalized programs are designed to avoid stigmatizing the poor. Instead, he relies on the politics of deception as the correct explanation.

Two kinds of Machiavellians influence the political market in transfers through overtly deceptive behavior. The well-intentioned redistributionists seek to generalize government transfer programs as a means of securing otherwise reluctant middle-class support for programs that will help the poor. The selfish Machiavellians simply seek to secure government transfers for themselves. In both cases, they use deception by claiming that the transfer programs are designed primarily to assist the poor.

"Helping the Poor vs. Helping the Well-Organized" draws upon Tullock's earlier scholarship on rational voter ignorance, interest group behavior, rent seeking, and logrolling to explain how middle-class factions are able so effectively to subvert transfer programs to their own perceived advantage. Because the poor are unable to counterorganize effectively, they are often defenseless against such manipulations of the political process.

"Horizontal Transfers" focuses attention on coercive transfers of a horizontal nature, in that they occur primarily among and between members of the same (primarily middle-) income class. Such transfers (even cash transfers that take the form of marginal income taxes and subsidies, but especially transfers in kind) come with significant excess burdens, which implies that the transfer society will be less wealthy than the nontransfer society.

In Tullock's judgment, logrolling within the legislature, responding to rent seeking on the part of decisive interest groups, explains the generally perceived pattern of horizontal income transfers. Such logrolling behavior with respect to transfers is wealth-reducing for society as a whole, and therefore it tends to assume an opaque, noncash form that is not easily discerned by the general electorate.

"Information and Logrolling" examines the problems posed by the lack of information that plagues political markets and explores its implications for logrolling transfers. Tullock again emphasizes the incentives to be rationally ignorant that confront individual voters in a large democracy. Rational ignorance inevitably becomes even more prevalent when voters confront complex logrolling procedures within the legislature designed to obfuscate the pattern and overall cost of horizontal income transfers.

"The Mixed Case" explores the implications for transfer payments to the poor of a full democratic voting mechanism in which both the better off and the poor are enfranchised. In such circumstances, the outcome tends to be a large welfare state that transfers only a small amount to the poor. Tullock explores alternative voting mechanisms capable of ameliorating this outcome, notably that of providing individuals with voting power as a reciprocal of their respective incomes. He notes that there is no evident enthusiasm for such a solution among the middle classes.

"General Welfare or Welfare for the Poor Only" focuses attention on the differential implications for the poor of general programs as compared with means-tested programs. Tullock argues persuasively that means-tested programs—to the extent that they can be implemented in a majoritarian democracy—help the poor more than do general transfer programs. Because general programs are designed to satisfy the self-seeking motives of the middle-income groups, typically general programs serve those groups much more than they do the poor. In some instances, the poor may be worse off under such generalized transfer programs than under a zero-transfer system.

Part 4 of the book, "The Expanding Frontiers of Wealth Redistribution," brings together five papers that provide, from a public choice perspective, detailed analyses of specific programs that typify the modern welfare state.

"Old Age Pensions" critically analyzes the political implications of the social security system for old-age pensions in all Western democracies, but notably within the United States. Using a simple model, Tullock demonstrates that when the old-age system is first introduced all working individuals and all new retirees benefit, at a cost to all those below working age and all future generations. In addition, career bureaucrats, who stand to gain from the expansion of government services, lobby strongly for its implementation. Therefore, the initiative is politically popular.

Once the system is in place, any cessation would impose high transitional costs on the elderly, whose private savings will have declined as a consequence of the promised pension. Powerful political lobbying is predictable from this group and from career bureaucrats to retain the publicly provided pension scheme.

"Risk, Charity, and Miscellaneous Aspects of Social Security" advances the discussion further to take into account the dynamics of a pay-as-you-go social security system. Tullock notes that once the program reaches its maximum size, both in membership and in the percentages of income taken and income paid back in pensions, it becomes much less attractive to the (median) voter. In such circumstances, cuts in pension rates become a predictable public choice response.

If benefit cuts are imposed, the program is rendered even less attractive to younger workers and, ultimately, the viability of the entire program is threatened. If the program collapses, the poor will be the hardest hit, because before the program's inception the poor could rely on private charity networks to survive into old age.

"Education and Medicine" focuses public choice attention on two other major components of the modern welfare state. With respect to public education, Tullock notes that the transition effects are almost exactly the opposite of those for the pensions scheme. When public education is first introduced, those parents who have already educated their children suddenly find themselves paying taxes for which they receive no evident return. Parents whose children are advanced in the education process may also be net losers. The termination of the scheme also has opposite effects to the pension scenario, in that all posteducation individuals receive a net benefit from the transition.

In such circumstances, the selfish vote motive works against the introduction of public education. Tullock puts forward alternative explanations for the emergence of such programs.

With respect to medicine, Tullock explains how a government-subsidized health program may actually worsen the treatment of the poor. He illustrates his argument with empirical data drawn from the early experience of the British National Health Service.

"Administrative Transfers" reviews a number of important wealth transfers implemented through administered special privileges (rent seeking), for example, import quotas, farm-acreage restrictions, and airline regulation. Tullock shows how the stated objective of each of these regulations differs sharply from its actual purpose (and effect). He carefully identifies the public choice impulses behind such interventions.

"Giving Life" looks at the way in which voters confront the collective choice problem of making tragic choices (choices about who should live and who should die) under situations of resource scarcity. Tullock argues that voters rationally abdicate active decision making in such circumstances. He outlines the variety of alternative devices that are implemented in real-world tragic choice situations.

Part 5 of the book consists of one paper that summarizes Tullock's proposed solutions to the many public choice problems that trouble redistribution policy under democratic regimes.

"What to Do—What to Do" directly confronts the many paradoxes that dominate political wealth-transfer markets. Tullock assumes that individuals hold values that are charitable to some extent but that otherwise seek to attain as wealthy and as efficient a society as possible. On this basis, he speculates as to what kind of welfare state might best satisfy such underlying objectives. As one might expect, Tullock suggests a radical reform of the existing institutions of the modern welfare state.

Tullock's contributions to the economics and politics of wealth redistribution bring a refreshing antidote of realism to a field of economics that is overly dominated by utopian thinking. Only by thoroughly understanding the real-world impulses that drive redistribution policy, Tullock argues, can one hope to introduce reforms that have any expectation of effectively moving resources to the deserving poor rather than to allow such resources to be dissipated by self-seeking, rent-seeking struggles among the politically adept middle classes.

PART I

WHY REDISTRIBUTE WEALTH?

INCOME REDISTRIBUTION

Income redistribution is one of the most important activities of the modern state. For many people, this is both an observation of what states do and a normative judgment of what they should do. From this point of view it may seem odd that a discussion of income redistribution has been put off to the end of the book. The reason for this is not an effort to discriminate against this particular governmental activity, but the fact that it does raise unique issues. Although there are efficiency aspects and externalities of some importance in income redistribution, the basic problems are nevertheless radically different. It seems sensible, therefore, to discuss this rather special subject in a separate chapter rather than distributing it in little bits throughout the rest of the book.

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. In fact, however, the reasons for desiring redistribution of income are rather complicated. Furthermore, I think that many of the programs we see in the real world have been organized under the slogans implying one particular set of motives but are actually aimed at serving another set. For this reason, it seems sensible to begin a discussion of externalities by a discussion of the reasons why we might want income redistribution.

The standard explanation for income redistribution is a desire to help the poor and downtrodden.[1] A person who wishes to help the poor may feel that it would be desirable that the poor have things given to them that they now do not have. Here, however, we come to a problem of the source of the gifts. I could, for example, be interested in helping the poor and deal with this desire by making a gift from my own pocket. This would be a free market activity. There is no reason why I cannot do it on any scale that I wish, and if things were that simple, we could leave this activity entirely to the private

Reprinted, with permission, from *Private Wants, Public Means: An Economic Analysis of the Desirable Scope of Government* (New York and London: Basic Books, 1970), 247–57.

1. Some "charitable" projects aim at helping people who are ill, regardless of their income level. The probable reason for this is a feeling that a person who is in pain is in a "bad way" regardless of the luxury of the surroundings in which he suffers.

sector. There are, however, some very great inefficiencies in both private and public charity, and they are perhaps worse in private charity.[2] Furthermore, as we shall learn, there are externalities involved. These externalities do not mean that I cannot make a gift to the poor, but they do provide a sort of external economy in giving gifts to the poor, so that I might be willing to make larger gifts to the poor through some kind of collective mechanism than I would be willing to make through individual gifts.

Let us now, however, pause to note that I might wish to have the poor helped but not wish to help them myself (at least not wish that they get the major part of their help from me). I might feel that someone else (in most cases, people who are wealthier than I) should help the poor. Now it will be noted that if I have the power, because I am a voter, or because I am in absolute control, to force some other person (let us say, Mr. A) to transfer income to a poor person, Mr. B, then probably I have the power to force him to transfer that money to me, and so (in a sense) I am making a direct charitable contribution to Mr. B. There would be, of course, cases in which I could compel Mr. A to transfer the money to Mr. B, but not compel him to transfer it to me. If this is so, then I am not engaged in charitable activity. In most cases, however, if I am able to manipulate the government to provide private transfer from Mr. A to Mr. B, I would also be able to divert the transfer from Mr. B to myself. Hence, I am in fact being charitable when I see that money goes to Mr. B. In any event, I shall for the present regard these two activities as being essentially charitable. A direct transfer of money to someone who is other than the person or persons who arrange the transfer, we shall call charitable, whether the source of the money transferred is the person who arranges the transfer or someone else.

If the income redistribution plans that are such a major part of modern state activity largely transferred money to the very poor, we could reasonably explain them in terms of this charitable motive. In practice, however, we find that the bulk of the beneficiaries of redistribution of income are not poor people. Undeniably some income is redistributed away from the very wealthy—although surprisingly little, given their voting weakness—and some income is redistributed to the very poor, but the bulk of the redistribution is a shifting of money among people in the middle income bracket. This naturally brings us to the second possible reason for favoring income

2. See Gordon Tullock, "Information Without Profit," *Papers on Non-Market Decision Making*, 1 (1966): 141–59.

redistribution. I might favor income 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 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. I may urge that it is necessary for the national defense or that it helps the poor, and, of course, there may be some poor who are helped. My basic motive, however, is to help myself. Most income redistribution activities in the government sector are motivated by pressure groups with this kind of simple, straightforward objective.

It is fairly easy to demonstrate that if a given redistribution of income is directed primarily by the people who receive it and who are not thought suitable objects of charity by others, then there is a loss to society from the transfer. If there are no persons other than Mr. A or Mr. B who are interested in the transfer from Mr. A to Mr. B, which would be true if Mr. B is not markedly poorer than Mr. A, then there are no externalities of a favorable nature, that is, no people who gain from the transfer except Mr. B. There are, however, some significant negative externalities: First, there is the excess burden of the tax that is used to raise the money for the transfer; second, is the excess burden caused by the delivery of the subsidy to Mr. B; and third, and probably vastly larger than either of these, is the large investment of resources in political maneuvering that is necessary to carry out the transfer. Thus, it would appear that those transfers of income, so common in modern states, that shift money from people who are politically weak to people who are politically strong are economically inefficient and cause significant waste. Needless to say, this argument is not conclusive in those cases in which money is transferred from one person to another, and a third person benefits from it because for some reason (normally because the recipient is poor) he feels that this improves the distribution of income in society.

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. The position was most clearly stated by Anthony Downs.[3] If I now discuss primarily the arguments offered by Downs, it will be because he states a widely held view with great clarity. If I am interested in helping a

3. *An Economic Theory of Democracy* (New York: Harper & Row, Publishers, 1957).