



Graduate School for Social Research

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The Lockean and Smithian Roots of Entitlement Theory: Labor, Money, and the Transition to the Free Market system

Abstract

Nozick famously opens *Anarchy, State and Utopia* by asserting: “Individuals have rights and there are things no person or group may do to them without violating their rights.” His Entitlement Theory project (ET) was an attempt to provide distribution principles that respect the individual rights of life, liberty and property. Nozick asserts that any holding arising in accordance with ET, which requires a historical sequence of just individual actions, is itself just. Accordingly, Nozick discredits any form of state taxation and redistribution, even to alter the radical inequalities that ET seems to produce, on the basis that it violates an individual’s natural rights. My research question is why does ET, based on the intuitively appealing idea of respecting rights, result in such a counterintuitive outcome as radical inequality in the first place?

I posit that the issue is not ET per se, but the fact that Nozick largely situates its operation in a free market society, which in turn requires the mediation of money for most transactions. To test this hypothesis, I will use Nozick’s own methodology of ‘potential logical explanation’ to determine whether both money and a capitalist style society can arise in a freedom-respecting way.

This chapter is the beginning of a longer enquiry into whether the free market system, or for that matter any system relying on the mediation of money can ever be the system of individual freedom that Nozick seeks to defend. I begin by presenting Nozick’s own account of the transition from his moral starting point— a Lockean state of nature—to the free market system and, using his own criteria, highlight internal inconsistencies. I will then consider whether these inconsistencies can be addressed in a logical and rights-respecting way by examining the actual positions of Locke and Smith.