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# Justifiability of Taxation in Universal Provision of Healthcare<sup>1</sup>

TOMÁŠ VÁŇA

## *Introduction*

In this paper<sup>2</sup> I aim to provide one possible way of defending taxation. I will do so by refuting Nozick's defence of private property and inviolable rights showing that there is no absolute entitlement to private property. I will then rebut Cohen's rejection of private property embodying theft and, at the same time, his advocacy of common ownership. Also, I will show that while private property can't be inviolable, the benefits it brings provide a strong argument for its defence. I will further pursue a communitarian approach advocating priority of the society over an individual and reject a purely individualistic approach to a person. On the basis of these two assumptions I will proceed with claiming that taxation is justifiable as a means of providing public goods which are to the common good of all polity members.

In the second section, I will outline the benefits of private property and pursue the idea that since taxation benefits all members of a polity, it is unreasonable for someone to claim that he doesn't intend to benefit from the joint enterprise of life in a society. Therefore, inspired by the fair play theory, I aim to show that taxation is justifiable and coercion to pay taxes is acceptable.

In the following section I will apply the problem of taxation to the area of healthcare, addressing common intuitions and approaches justifying universal provision of healthcare. I will recognise the rights approach as well as the one departing from a refusal of disadvantage and equality as economically problematic, and hence demonstrate that a difference principle based on making the worse off as best off as possible presents a plausible approach of defending universal provision of healthcare. Moreover, I will argue that due to the fact that universal provision of healthcare is to the benefit of all and of the society as a whole, providing it through taxation is acceptable and desirable. I will then

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briefly address the extent to which healthcare should be provided and advocate the view that it can't be determined by a fixed list of services but adapted to the particular circumstances of every *society*.

In the concluding section I will address some key problems that universal provision of healthcare presents from an economical perspective and pursue the view that while regulation and redistribution are necessary, they must be kept to the lowest level in order to preserve the advantages of capitalism as well as of universal provision of healthcare

### *Implausibility of Inviolable Rights to Private Property*

I will start by criticising the libertarian defence of private property and inviolable rights. By showing the implausibility of the libertarian approach I aim to demonstrate that taxation is justifiable. I will contrast the libertarian approach to Cohen's – condemning private property as theft – and show why his view is not plausible either and illustrate that private property can be defended on the basis of its indispensability for human flourishing. I will thus show that an unconditional approach to private property is unreasonable and that it needs to be viewed from a more utilitarian perspective.

Nozick's self-ownership thesis, on which he bases his understanding of rights<sup>3</sup>, requires an individual to be self-sufficient. I make this claim because we can't say that we fully own our bodies if we aren't able to preserve them without external aid. But Nozick's historical approach to rights<sup>4</sup> makes the self-ownership thesis implausible due to the problem of infinite regress. For us to be able to own ourselves, we need to be born. We also need to have the resources vital for survival at our disposal. Similarly, those who provide these resources and enable our birth, in their turn, needed to be supplied with corresponding resources and be given birth. This regressing line goes back to the first human couple. As is evident, the creation and continuance of our life depended on the acquisition of resources indispensable for life. Because Nozick considers material goods to be initially unowned<sup>5</sup> and appropriated at some historical point<sup>6</sup>, to defend the claim of self-ownership he needs to justify their initial acquisition. Two problems follow from this argument: one is that humans couldn't have had possessions before they started to exist, but they still needed something to come into existence. This is a problem Nozick doesn't deal with.

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<sup>3</sup> J. Wolff, *Robert Nozick: Property, Justice and the Minimal State*, Blackwell, Oxford, 1991, pp.139-140.

<sup>4</sup> T.R. De Gregori, "Market Morality: Robert Nozick and the Question of Economic Justice", *American Journal of Economics and Sociology*, vol. 38, no. 1, 1979, p. 20.

<sup>5</sup> J. Wolff, *Robert Nozick...cit.*, pp.104-105.

<sup>6</sup> R. Nozick, *Anarchy, State and Utopia*, Blackwell, Oxford, 1974, p. 150.

The second problem which Nozick deals with but fails to solve is that of just acquisition of material goods.

In what follows I will show why his defence of just initial acquisition fails. From this argumentation I will conclude that not only does Nozick not succeed in showing how we can be entitled to private property but also the fact that because of this failure his claim of self-ownership, and consequently his defence of individual inviolable rights, fails<sup>7</sup>.

Nozick departs from Locke's argument that we can appropriate something unowned by mixing our labour with it<sup>8</sup>. Why such an action would make it ours, nevertheless, remains unclear and Nozick is aware of this difficulty<sup>9</sup>. There is no clear argument why mixing our labour with something wouldn't end in our losing our labour to the benefit of the thing we mixed it with. Another difficulty Nozick raises deals with the boundaries of appropriation. Why would James Cook's sight of Australia make it his (or his monarch's) is unclear as is the claim that by planting a tree on the beach at its east coast, the west coast could be justly appropriated as well.

Nozick further considers the possibility that by saying "hath mixed his labour with"<sup>10</sup>, Locke meant improving the appropriated possession. But appropriation necessarily has to take place before improving the material good. Moreover, there is no certainty that improvement will take place after appropriation, either because of our inability, temporality of the improvement, or unimprovability of some goods. Furthermore it's unclear why improving would entitle us to appropriation<sup>11</sup>. If it did, by improving something we could appropriate anything unowned, which is not only implausible (imagine appropriating a part of the universe by illuminating it with a light beam from Earth), but would also violate the liberty of others and possibly make them worse off, although materially speaking, they might be better off<sup>12</sup>.

Unfortunately, although Nozick is aware of the limits of Locke's approach, he doesn't present an alternative defence of just acquisition of property. He attempts to modify the Lockean proviso by claiming that acquisition is just if it doesn't make anyone worse off than he was before this acquisition, but as I previously pointed out, he doesn't satisfactorily deal with the problem of baselines, so it is difficult to determine what making someone

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<sup>7</sup> But even if Nozick succeeded in his defence of just acquisition, the problem of infinite regress would still remain unresolved.

<sup>8</sup> J. Locke, *Two Treatises of Government and A Letter Concerning Toleration*, Yale University Press, New Haven, 2003, pp. 111-112.

<sup>9</sup> R. Nozick, *Anarchy...*cit., p. 174.

<sup>10</sup> J. Locke, *Two Treatises of Government...*cit., p. 111.

<sup>11</sup> R. Nozick, *Anarchy...*cit., pp. 175-176.

<sup>12</sup> I will elaborate on this later in the paper.

worse off means<sup>13</sup>. Rather than comparing the situation after appropriation to the situation prior to it, we should compare it to the best possible appropriating option. An American adopting a Somali orphan makes it better off as long as this doesn't prevent it from being adopted by Bill Gates, at least if we understand being well off in terms of material well-being. Understanding being worse off only in terms of material well-being is another problem in Nozick's argumentation<sup>14</sup>, as he assumes that material welfare has priority over other values, like liberty. But experience<sup>15</sup> shows us that a number of people prefer being poor and independent rather than rich and dependent, or prefer other values to material well-being. Also, assuming that being worse off is possible only in a purely material manner would enable material compensation, which would result in unreasonable fear and uncertainty<sup>16</sup>. Furthermore, there are things that can't be compensated with material goods.

Lastly, Nozick's proviso doesn't deal with future situations. Appropriating something in the present without leaving someone worse off doesn't guarantee that it will not leave someone worse off in the future<sup>17 18</sup>.

Apparently, Nozick doesn't satisfactorily defend a just initial acquisition of private property<sup>19</sup> and thus fails to defend private property as well as self-ownership and, as a consequence, inviolable rights. But there is another aspect in the way Nozick understands rights, which is the critique I wish to pursue at this moment. Cohen pointed out that Nozick's understanding of rights is not consistent, because private property limits liberty by preventing others from owning it as well as by limiting their possibilities<sup>20 21</sup>, which means a collision of rights – something that Nozick doesn't accept. According to Cohen's negative understanding of liberty, any interference with our actions must be understood as a restriction on our freedom<sup>22</sup>. The implausibility of such

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<sup>13</sup> Rawls encountered an analogical problem (J. Rawls, *A Theory of Justice*, Harvard University Press, Cambridge, Massachusetts, 1999, p. 83).

<sup>14</sup> S. Hailwood, *Exploring Nozick: Beyond Anarchy, State, and Utopia*, Avebury, Sydney, 1996, p. 43.

<sup>15</sup> A woman preferring to marry a poor man she loves to a wealthy man she despises.

<sup>16</sup> A.R. Lacey, *Robert Nozick*, Acumen, Chesham, 2011, pp. 43-44.

<sup>17</sup> Selling Alaska to the USA seemed beneficial for Russia until gold, oil and other natural resources were discovered on its territory.

<sup>18</sup> L. Wenar, "Original Acquisition of Private Property", *Mind*, vol. 107, no. 428, 1998, p. 810.

<sup>19</sup> Consequently his two other principles of just transfer and rectification of past injustices fall as well.

<sup>20</sup> If I appropriate the only road leading from point A to point B I constrain the possibilities of others to commute between these two points if I don't permit them to use this road.

<sup>21</sup> G.A. Cohen, "Capitalism, Freedom and the Proletariat", in D. Miller (ed.), *Liberty*, Oxford University Press, Oxford, 1991, pp.166-168.

<sup>22</sup> G.A. Cohen, *Self-Ownership, Freedom, and Equality*, Cambridge University Press, New York, 1995, pp. 59-60.

approach was recognised by Wenar who reckons that it leads to unreasonable claims such as that an “exasperated mother of two screaming infants is free to [...] strangle them in their cribs”<sup>23</sup>. Nozick doesn’t share Cohen’s radical approach as he accepts constraints on our actions in the form of rights, therefore our entitlement to private property can’t limit the liberty of others<sup>24</sup>. But if I stand on a piece of land I own and someone else owns all the land around it, isn’t the impossibility of me leaving my piece of land a restriction on my freedom? And wouldn’t my leaving this piece of land through stepping on the land owned by someone else be a violation of its owner’s property rights? Nozick’s position seems implausible in this point. Since Nozick doesn’t show how we can justly acquire property, with his conception of rights it is impossible to show to what extent private property can serve as a side constraint in relation to other rights, including liberty.

But Cohen’s advocacy of the opposing view of common ownership<sup>25</sup> fails to enhance liberty as well. When two people own something commonly, it doesn’t extend their opportunity of using the material good, because neither of them can use all of this commune property at the same time.

Furthermore, if person A owns a dozen apples and person B owns a dozen pears, if they decide on common ownership and are to be fair, both of them will get a dozen fruits. But there is no reason to believe that the same transaction couldn’t take place voluntarily without common ownership. In addition, this arrangement assumes that each has the same amount of material goods. But if person A had a dozen watermelons and person B a dozen grape balls, person A would certainly be worse off if common ownership was instituted. Arguably, in the sum no one would lose out, because person B would be correspondingly better off, but building defence of liberty on these grounds is inadequate.

However, Cohen’s advocacy of common ownership and rejection of private property are not based on the limit to liberty it entails, but on its injustice<sup>26</sup>. Because he sees all property as proceeding from land – which at some point wasn’t owned by anyone – he concludes that someone had to appropriate it at some point. Since no one is entitled to such appropriation, Cohen qualifies such appropriation as theft<sup>27</sup>. But Locke, on the other hand, showed the implausibility of such an approach, because we would all die of

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<sup>23</sup> L. Wenar, “The Meanings of Freedom”, in L. Thomas (ed.), *Contemporary Debates in Social Philosophy*, Blackwell Publishing, United Kingdom, 2008, p. 47.

<sup>24</sup> J. Wolff, *Robert Nozick...cit.*, p. 94.

<sup>25</sup> G.A. Cohen, “Capitalism...cit.”, pp.169-170.

<sup>26</sup> *Ibidem*, p.165.

<sup>27</sup> G.A. Cohen, *History, Labour and Freedom: Themes from Marx*, Clarendon Press, Oxford, 1988, pp. 301-302.

hunger if that was the case<sup>28</sup>. To derive from initial common ownership that it endures as a permanent state, simply means to stop halfway in reasoning.

In this section, I demonstrated that a libertarian defence of an individual's inviolable rights, including the right to private property, lacks plausible grounds. But although Nozick fails to defend just initial acquisition whereas Cohen considers such acquisition, and thus all private property, unjust and as theft, I will argue that private property can be defended on the basis of its contribution to human flourishing. What my argumentation so far shows is that in some cases, private property can be taken from an individual without inflicting injustice.

### *Implausibility of Individualism and Autonomy*

I will now argue that an individualistic understanding of a person isn't plausible and claim that there are necessary and ineradicable ties between individuals on the one hand, and between them and a polity, on the other. I will expand my earlier critique of Nozick's prioritisation of individual rights by refuting the advocacy of the priority of autonomy in the understanding of R.P. Wolff and consequently demonstrating an individual's need of a community. I will also advocate Taylor's prioritisation of the society before individual's rights<sup>29</sup>. On the basis of the presented arguments, as well as those in the preceding section, I will conclude that because society has priority over individual's rights, they are not inviolable and thus taxation is under certain circumstances justifiable.

Wolff claims that an autonomous individual has to be able to make decisions and act in accordance with them as well as accept responsibility for these decisions<sup>30</sup>. But Wolff's simultaneous rejection of any external influence in the decision-making process and his requirement for an individual to act solely upon his own judgment are implausible for their incommensurateness, as many decisions can't be made by an individual on his own. Because one's own decisions may violate his autonomy, it is often reasonable to accept the judgment of others. While Wolff would consider that a loss of autonomy, Frankfurt considered such an understanding of it to be unreasonable<sup>31</sup>, because when an individual lacks expertise in a specific field, it is rational for him to

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<sup>28</sup> J. Locke, *Two Treatises of Government*...cit., p. 112.

<sup>29</sup> This nevertheless doesn't deny the existence of individual's rights.

<sup>30</sup> R.P. Wolff, *In Defense of Anarchism*, University of California Press, Berkeley; London, 1998, pp. 12-13.

<sup>31</sup> H.G. Frankfurt, "The Anarchism of Robert Paul Wolff", *Political Theory*, vol. 1, no. 4, 1973, pp. 412-413.

surrender his judgment to an expert<sup>32</sup>. If a doctor prescribes him medicine, it is rational for him to use it.

A further reason why Wolff's conception of autonomy is not consistent is that many of our decisions are definite and thus limit our possible future judgment<sup>33</sup>. But not making them would prevent us from performing actions necessary for our lives like signing business contracts, marrying, or taking loans. As Green remarked:

“To the extent that it [autonomy] excludes all forms of binding commitment [...] it is without value and takes on the guise of purely abstract freedom [...], [while] autonomy as a human ideal [...] requires the capacity to commit oneself to certain courses of action”<sup>34</sup>.

Moreover, to coexist with other members of the society, it is sometimes necessary to surrender our autonomy by accepting rules. To decide that we will print our own money and pay with them in a supermarket would endanger not only our civil liberty (because of punishment for counterfeiting), but also our life (because of lack of resources to acquire means for survival), which is the ultimate limit to our autonomy<sup>35</sup>.

I have shown that Wolff's advocacy of autonomy, closely related to individualism, doesn't offer a reasonable understanding of an individual and his actions, as well as that his extensive priority given to autonomy, as if it could override any other value, is not plausible. The key difficulty with Wolff's approach is that he understands a polity as an individual's tool for gaining benefits rather than a community in the understanding of Tönnies's “*gemeinschaft*”<sup>36</sup>. A similar approach is advanced by Nozick in his thesis of self-ownership and of inalienable rights but he doesn't go as far as Wolff by advocating anarchy, which denies that there are any moral ties between members of a polity and the polity itself. While anarchists oppose the state on the basis that by exercising its power over individuals it violates their rights, Nozick not only claims that anarchy is not a plausible concept and that a state always proceeds from it, but also that the violation of rights is not an inevitable part of this process<sup>37</sup>.

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<sup>32</sup> Wolff's attempt to consider such judgments to be in fact our own by adopting them is a deceiving thought exercise because when we lack expertise we make a decision to accept the judgment of the other, not the judgment itself.

<sup>33</sup> If we marry, we definitely abandon our bachelor status.

<sup>34</sup> L. Green, *The Authority of the State*, Clarendon, Oxford 1988, pp. 35-36.

<sup>35</sup> Another classical example is obeying the Highway Code.

<sup>36</sup> F. Tönnies, *Community and Association: Gemeinschaft und Gesellschaft*, Routledge & Kegan Paul, London, 1955.

<sup>37</sup> R. Nozick, *Anarchy...*cit., p. xi.



The high value asserted to autonomy was refused by Taylor who based his critique on the claim that men aren't able to develop their capacities outside the society<sup>38</sup> because attainment of an identity requires a certain conception of oneself, which can't be attained on one's own, but through recognition in the society<sup>39</sup>. A correlated view was advocated by Aristotle in his claim that man is "zoon politikon" who needs to live in "polis" to develop his human capacities<sup>40</sup>. Following Taylor's argumentation in his essay on atomism<sup>41</sup>, the primacy of individual rights has no ground. If individuals can only develop their capacities in a society, it would be unreasonable to deny its significance as well as their obligation to preserve and support it. Taylor persuasively showed that "asserting rights itself involves acknowledging an obligation to belong"<sup>42</sup>. Society thus necessarily has to have priority over the individual and his rights because he wouldn't be able to claim his rights without it. Moreover, to prioritise individual rights would entail that an individual would not only be enabled to violate rights of other individuals in a society, but also to destroy rights. The priority of individual rights would thus fall to inconsistency.

Notions regarding mutual influence between individuals and the natural character of the bond connecting them need to be mentioned at this point. The latter can be demonstrated by considering its negation<sup>43</sup> advocated by most contractual theories<sup>44</sup>. If there was no natural bond or ethical relationship between individuals and duties, and if relations among them were based solely on consent, no ties would remain when the benefits of such relations disappeared<sup>45</sup>. We can witness the implausibility of such an approach in our everyday lives when individuals don't care for each other just because they agreed to do so. Friendships, family ties, and other social relationships are a sound proof to that.

The second consideration is the mutual influence between individuals. One's abuse of drugs not only influences his personal well-being but also that of his peers, the atmosphere in the neighbourhood, public health, criminality, etc. The interdependence of individuals is one reason why we consider the punishment of certain acts harming others to be justifiable. The other is the protection of the violators of its rules, because by harming the society the

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<sup>38</sup> Taylor's approach requires a confirmation of this assumption which I supplied by outlining the problem of infinite regress in my critique of Nozick's self-ownership thesis.

<sup>39</sup> Ch. Taylor, "Atomism", in *Idem* (ed.), *Philosophy and the Human Sciences*, Cambridge University Press, Cambridge, 1985, p. 209.

<sup>40</sup> Aristotle, *The Politics*, Penguin Group, London, 1992, p. 59.

<sup>41</sup> Ch. Taylor, "Atomism", cit., pp. 187-211.

<sup>42</sup> *Ibidem*, p. 200.

<sup>43</sup> Artificial bond.

<sup>44</sup> J. Horton, *Political Obligation*, The Macmillan Press, Basingstoke, 1992.

<sup>45</sup> T.M. Brewer, "Two Kinds of Commitment (And Two Kinds of Social Groups)", *Philosophy and Phenomenological Research*, vol. 66, no. 3, 2003, p. 569.

violator harms himself as well, because although he might not recognise it, living in the community is beneficial for him. This point will prove important in my later argumentation favouring universal provision of healthcare.

### *Advocacy of Private Property*

In the preceding sections I have argued two main points: (1) there is no inviolable right to private property and (2) the society has a priority over individual rights. I have no intention of refuting individual rights, not to mention the right to private property. I see it as incontestable that individuals have more entitlement to the fruits of their labour than those who haven't laboured. Similarly, I see it as incontestable that the extent to which society has priority over the individual has its limits, and the rights of individuals mustn't be violated. A society can't sacrifice lives of innocents to enhance its well-being.

The points indicated above, nevertheless, provide the basis for my argument that the right to private property is not absolute and under concrete circumstances can be overridden. However, it is essential to be cautious when stating these circumstances because, as I will show in this following section, the institution of private property substantially contributes to human flourishing.

In every society there is a notion of someone having something that another member of the society can't take without expecting justifiable consequences. Be it a bow and arrows, a wife or a piece of land. Hume attributes this to the scarcity of goods and limits of human benevolence<sup>46</sup>. In a society of permanent abundance, private property and redistribution wouldn't exist<sup>47</sup>. If the world was divided into two flourishing islands, with one inhabitant on each of them and unaware of the other, the concept of private property wouldn't exist, because there would be no threat to the well-being of the two. But the moment they would become aware of the other and the proximity of a potential loss of their abundance would become more real, be it the fear that the other could take away their well-being in case that he starts to lack something, or any other fear, the concept of private property would emerge. That is the present case. Because there are indisputable shortages of resources as well as fear of future shortages, private property is a social reality we created for the preservation of our well-being.

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<sup>46</sup> D. Hume, *A Treatise of Human Nature*, Clarendon Press, Oxford, 1896, pp. 487-488.

<sup>47</sup> We can easily demonstrate the outlined claim through the example of inexhaustible goods, like sunlight. As long as we have unrestricted access to it, we don't feel the need of appropriating it. But the moment it becomes scarce and our access to it is restricted, for example because we are in a prison cell with ten other prisoners and we have to take turns in looking out a single window, it becomes an object of privation.

Private property as a reaction to the scarcity of goods and people's fear brings the benefit of certainty that what belongs to one stays at his disposal and this certainty provides incentives to work and innovate. It also enables people to secure their future and thus provides the necessary incentives for people to pursue long-term goals. That is beneficial for the society because it makes people care about its preservation as it protects the rule of law, which guarantees the institution of private property. Moreover, due to the incentives to work and innovate, overall wealth is increased thanks to economic progress that is to the benefit of all<sup>48</sup>.

In the *Wealth of Nations*<sup>49</sup> Smith showed that wealth to a large extent proceeds from free operations on the market which depend on the existence of private property and that this "mixed free enterprise system [...] with all its faults has given the world a century of progress"<sup>50</sup>. That said, while throughout history poverty, rather than wealth, used to be the standard, today the level of poverty is rapidly decreasing and we are richer than we have ever been<sup>51 52</sup>.

But, as I have shown, there are obvious limits to private property. Absolute private property isn't plausible not only because of the entitlement difficulties, but also because of our obligations towards future generations. Its absoluteness would justify impune destruction. We see such an approach as undesirable not only from an ethical, but also from a legal point of view. That's one of the reasons why we can't tear down our renaissance palace or burn our money without expecting punishment.

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<sup>48</sup> Even though it may not be apparent that everyone benefits from the increased wealth of someone else, it is clear that higher profits of our neighbour lead to a higher payment of taxes, which are redistributed for the benefit of others; technological innovations of our neighbours company enable us to buy new goods; agronomical innovations of our neighbours company enable a faster and more plentiful growth of crops and this lead to lower taxes of wheat, etc.

<sup>49</sup> A. Smith, *The Wealth of Nations*, Barnes & Noble Books, New York, 2004.

<sup>50</sup> P. Samuelson, *Economics*, McGraw-Hill, New York, 1948, p. 604.

<sup>51</sup> GAPMINDER WORLD, *Wealth & Health of Nations* [online], Available at: <[<sup>52</sup> As an illustration, we can consider the question how many people could afford to go on holiday even a few decades ago, while today a summer holiday in an exotic country doesn't surprise anyone.](http://www.gapminder.org/world/#$majorMode=chart$;shi=t;ly=2003;lb=f;il=t;fs=11;al=30;stl=t;st=t;nsl=t;se=t$wst;tts=C$ts;sp=5.59290322580644;ti=2011$zpv;v=1$inc_x;mmid=XCOORDS;iid=phAwcNAVuyj1jiMAkmql1iMg;by=ind$inc_y;mmid=YCOORDS;iid=phAwcNAVuyj2tPLxKvvnNPA;by=ind$inc_s;uniValue=8.21;iid=phAwcNAVuyj0XOoBL_n5tAQ;by=ind$inc_c;uniValue=255;gid=CATID0;by=grp$map_x;scale=log;dataMin=282;dataMax=119849$map_y;scale=lin;dataMin=12;dataMax=83$map_s;sma=49;smi=2.65$cd;bd=0$inds=;example=75>.</a></p>
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### *Justification of Taxation*

Having showed the beneficence of private property, I will now show the relation between private property and our obligation towards other individuals in the society. From this I will conclude that taxation is justifiable.

We are able to generate wealth thanks to other people<sup>53</sup>. We can trade because there are individuals around us who we can trade with, who we can employ, whose minds we can use for innovation, who ensure the enforcement of law and thus create an economically favourable environment, etc. All these and many more goods proceeding from the society enable us to produce wealth and thus we owe it partly to others. Another already mentioned reason is that the resources we use are not ours in an absolute entitled sense. If we were entitled to our property and there were no ties between us and others, no moral obligation between us and them would exist. But as I have shown, that is not the case. Because of this and the arguments regarding private property and individualism I presented above, I conclude that taxation and consequent redistribution is under certain circumstances justifiable. This obviously has its limits, because, as Cohen remarks,

“one might think that there is a strong moral obligation on healthy adults to donate blood in an emergency, when life is at stake, yet, in full consistency with that belief, regard as abominable a law requiring them to donate their blood, even if, without such a law, much avoidable death will occur”<sup>54</sup>.

Taxation must be severely limited because of the inefficiency and loss of incentives it brings due to its property-taking nature. Here I propose a simple principle: taxation must be to the common good of the society and beneficial for everyone. Since everyone has the duty to pay taxes<sup>55</sup>, everyone should benefit from their redistribution. It would be a violation of justice, if resources allocated from everyone were beneficial only for a particular group, be it oligarchs controlling the state, an ethnic minority, the disadvantaged, a corporation, or any other.

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<sup>53</sup> I hesitate to claim that we can *only* generate it thanks to other people, because if we were the only person on Earth, or there were very few people, or a child was abandoned in the wilderness and grew up unaware of the outside world, arguably he or they could generate wealth as well.

<sup>54</sup> G.A. Cohen, *History...cit.*, p. 299.

<sup>55</sup> I take this as a general principle, not taking into account special cases when some are exempt from paying taxes. But even then consumption tax is paid when one buys goods and services within a given polity.

It is nevertheless important to understand that benefits don't necessarily take the form of material goods. I will outline this statement by engaging with the fair play theory<sup>56</sup>.

The fair play theory implies that as long as someone doesn't want to benefit from a joint enterprise scheme, he shouldn't be forced to carry its costs<sup>57</sup>. It can thus be argued that although the state and its institutions need resources for their survival and supply of public goods<sup>58</sup>, if someone doesn't intend to receive them but nevertheless does, he shouldn't be forced to carry their costs. Nozick's convincing public address system example shows a line of argumentation that is difficult to tackle<sup>59</sup>, for if an individual hasn't agreed with his participation in the enterprise, arguably he doesn't consider his participation in it to be more beneficial for him than his non-participation, and it is hence unclear why he should carry its costs.

In the case of provision of public goods I nevertheless claim that if they are reasonable<sup>60</sup>, it's not plausible to believe that someone doesn't intend to benefit from them and thus he should pay taxes otherwise he is free-riding<sup>61</sup>. It is true that if an individual wants to opt-out of the society, doesn't intend to benefit from it in any way and, according to the fair-play theory, justifiably doesn't want to carry its costs, it is difficult for him to do so. However, the benefits an individual receives by living in a society are so vast that I consider it highly unlikely that someone would want to reject it with full information of what such an action would incur<sup>62</sup>. To support my case, I need to defend two points: how can paying taxes be beneficial for everyone and why do people hesitate to pay them, if it is beneficial. I will start with claiming that paying taxes is beneficial for everyone.

There are a number of activities which an individual – either alone or with others – performs and which others benefit from while he doesn't consider them to be free-riding and hence doesn't expect them to carry his costs. If he

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<sup>56</sup> I am aware of the difficulties the fair play theory presents as well as of its individualistic nature. I nevertheless consider its application as a useful tool to demonstrate that taxation can be justified through bringing benefits to all.

<sup>57</sup> H.L.A. Hart, "Are There Any Natural Rights?", *The Philosophical Review Theory*, vol. 64, no. 2, 1955, p. 185.

<sup>58</sup> A characteristic of public goods is that an individual cannot be left out of them.

<sup>59</sup> R. Nozick, *Anarchy...cit.*, p. 93.

<sup>60</sup> In a successive section I will outline why universal provision of healthcare as a public good is reasonable.

<sup>61</sup> Nevertheless I admit that because it is impossible to recognise an individual's intention, as we can only estimate it on the basis of his external actions, such free-riding is difficult to prove and hence everyone who fails to pay taxes is ordinarily prosecuted.

<sup>62</sup> I don't want to imply an impossibility of such a case but nonetheless it would be minor case and at this point I will not deal with it. It is worth reminding at this point the earlier argument of implausibility of self-sufficiency, although once one reaches adulthood it is more difficult to defend.

washes his windows and thus makes the neighbourhood more pleasant, provides a technological innovation in his company and thus reduces the cost of a product, enhances the local economy by setting up a business, employs someone and thus reduces costs of unemployment, others benefit from his activity but, nonetheless are not expected to carry his costs. To benefit from each other's activities is a normal way of conduct in a community. Sometimes the benefits are so unclear that we can sympathise with the Nozickian claim that taxes are forced labour because we are forced to work for someone else<sup>63</sup>. But we can also think of this taxation as a way of sending money to a mentally retarded person who would die without our help. Or to a villain who would otherwise cause an uprising. Or as a form of insurance in case we get into a disadvantaged position in the future. In the area of universal provision of healthcare we are paying for the healthcare of an individual who, due to the received care, won't have to receive social benefits as his untreated illness won't prevent him from working, won't die on the street and endanger us with illnesses, won't engage in criminal activities because his health condition won't prevent him from securing a respectable job, etc.

Karsten advances an analogical argument when she notes that

“providing for universal financial access to medical care is essential for equal opportunities, for greater productivity and competitiveness, for business profits, for a prosperous middle class, and for social peace and harmony”<sup>64</sup> and “employment and well-paying jobs which can only be had by productive and competitive workers, are essential for domestic peace and tranquillity. Having a job means to be an active partner in the socioeconomic process and bestows on the employed man or woman a sense of dignity and inner peace. If society sees it as too expensive to take measures to enact universal health insurance [...] it will end up paying much more in reduced productivity and competitiveness, lower consumer demand, and in greater social conflict”<sup>65</sup>.

As I will show in a successive part of this paper, the universal provision of healthcare requires enforcement of solidarity. It means that someone will pay more than he takes out of the system. It requires forcing those who are able to pay for healthcare to pay for those who aren't able to do so. Moreover it forces those who wouldn't under normal circumstances pay for healthcare, to pay for it for the sake of those, who aren't able to pay for it. To put it simply, the old and the ill need the solidarity of the young and healthy, and to ensure this solidarity, the state must thus coerce the young and healthy to provide for the old and the ill. While Karsten's and my consequent words reason in the area of healthcare,

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<sup>63</sup> R. Nozick, *Anarchy...cit.*, p.169.

<sup>64</sup> S.G. Karsten, “Health Care: Private Good vs. Public Good”, *American Journal of Economics and Sociology*, vol. 54, no. 2, 1995, p. 133.

<sup>65</sup> *Ibidem*, p. 141.

my present claim is more general and applies to taxation as a whole, as long as resources gathered through taxation are spent on reasonable issues.

To address the question of why people do not want to pay taxes and hence have to be forced to do so, I find very helpful Hume's insight claiming that individuals at times act under emotions and prioritise short-term benefits. Therefore, they have to be coerced to prioritise long-term benefits, like sacrificing buying a new yacht for the sake of paying a life's insurance for one's children<sup>66</sup>. Thus to pay taxes, and in that way to ensure that there will be less poverty and less risk of public uprisings, is more beneficial for the individual than buying a new yacht.

A compatible reason why to coerce someone to pay taxes is free-riding, which is intrinsically wrong, because such an action not only signifies that an individual is using others as means, but also that he fails to respect the beneficial nature of the joint enterprise.

I admit that the fair play theory applied in this way does present a problem because many individuals are coerced to paying taxes without prior consent. Nonetheless, I believe that my argument of beneficence which no one would reasonably reject can make use of the concept of hypothetical consent, although I am aware of the difficulties it presents<sup>67</sup>. That is given that the previously stated criterion that everyone needs to benefit from the enterprise is met.

I have shown that due to the fact that we are not able to defend absolute rights to property, it can sometimes be taken away from us<sup>68</sup>. I concluded from this that for specific reasons property held by people can be redistributed for the well-being of the society, and as long as taxation takes place for the common good and for the benefit of all, it is justifiable and can't be called theft. I have also shown that society is necessary for the existence of an individual, that the conclusion of the inevitability of anarchy drawn from prioritisation of autonomy is flawed, and thus some form of authority is necessary. I consider the state to be such an authority<sup>69</sup>.

In the following section I will address the question whether taxation can be used to supply healthcare, that is if we can say that universal provision of healthcare would be to the benefit of all.

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<sup>66</sup> D. Hume, *A Treatise...cit.*, pp. 534-536.

<sup>67</sup> J. Horton, *Political Obligation*, The Macmillan Press, Basingstoke, 1992, p. 83.

<sup>68</sup> Experience shows that we do accept that, for example in martial law.

<sup>69</sup> If property is common a reasonable question on the authority of a state can be raised as property is not limited to the state. Advocacy of one central authority, a global state, could be reasonable. But at this point I will assume that a state possesses the legitimacy to tax and redistribute.

### *Universal Provision of Healthcare*

Firstly, I will address the rights approach, which has become a principal fount of argumentation for universal provision of healthcare, and, secondly, an argument drawing on equality and disadvantage.

I claim that the rights approach doesn't offer an irrefutable account of why a state should provide healthcare. A careful examination of the foundations of human rights and engagement with its main theoreticians like Finnis, Nussbaum, Griffin, Rorty, Gewirth, George, or Dworkin would be more than adequate when approaching this issue, but this paper hardly provides space for that. To support the claim that human rights, including the right to health, lack the foundation, I draw on the words of Jacques Maritain who participated in the process of drafting the Universal Declaration of Human Rights and recounted "how a visitor at one meeting expressed astonishment that champions of violently opposed ideologies had been able to agree on a list of fundamental rights. The man was told: 'Yes, we agree about the rights but on condition no one asks us why'"<sup>70</sup>. Jonathan Wolff comes to a similar conclusion when he realizes that human rights were agreed on the basis of overlapping consensus, not on the basis of their foundations<sup>71 72</sup>. They were instituted so that utilitarian reasons wouldn't be able to override them and because actions now called violations of human rights were occurring and the signing parties felt that a mechanism enabling them to act in the interest of an individual against his state should be put in place.

The human right to health was instituted as creating three obligations for governments: to respect, protect, and fulfil, that is not to discriminate individuals realizing their right to health, to protect them from interference of third parties while realizing this right, and provide the necessary measures enabling its realization<sup>73 74</sup>.

The institution of the human right to health was made on the basis of intuitions humans share. We feel that no one should be dying because of starvation, cold, or lack of treatment, because of being in a disadvantaged position. Although I claimed that there is no known universal basis for the right to health, I will now address the intuitions they proceed from to see if a plausible defence for the public provision of healthcare can be made on their basis.

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<sup>70</sup> A. Kohen, *In Defense of Human Rights*, Routledge, Abingdon, 2007, p. 151.

<sup>71</sup> This makes them vulnerable to change.

<sup>72</sup> J. Wolff, *The Human Right to Health*, W.W. Norton & Company, New York, 2012.

<sup>73</sup> A.E. Yamin, "Beyond Compassion: The Central Role of Accountability in Applying a Human Rights Framework to Health", *Health and Human Rights*, vol. 10, no. 2, 2008, p. 8.

<sup>74</sup> J. Wolff, *The Human Right...cit.*, pp. 43-44.



Everyone desires to be healthy but unfortunately the fulfilment of this desire is not attainable for all. Individuals are born with genetic impairments and predisposed to specific illnesses; throughout their lives, they fall into illnesses; suffer permanent injuries; engage in risky and unhealthy activities. Equality in health is thus unattainable, at least with the current stage of medicine. What is even more troubling is that while individuals are culpable for some of their disadvantages, a number of these disadvantages can be attributed to their parents, society, environment they were born and brought up in, bad nourishment, genetic dispositions, bad luck, lack of resources, bad climate, and many more. Only a small portion of them can be influenced by the individual itself. An intuition which many share is that it is unfair that people should suffer on the basis of luck, without being culpable for their disadvantage. In his reply to Buchanan<sup>75</sup>, Daniels addresses this intuition drawing upon the idea that issues, which put us in disadvantage vis-a-vis others, should be dealt with. This idea, nevertheless, presents a number of difficulties<sup>76</sup>. I will mention three: defining disadvantage, the cost of rectification, and the discerning problem.

Firstly, even minor pain is a disadvantage, but it isn't plausible to rectify every bruise we get from brushing against a bush. There is a grade in disadvantages. Also, what is a disadvantage varies from society to society. For a fashion model in the USA, a freckle might be a serious disadvantage while for a housewife in Somalia that would hardly be the case.

Secondly, to try to rectify the disadvantages Somalis have in relation to USA is economically unrealistic. But even if we tried to rectify disadvantages Somalis have in relation to their wealthiest compatriots, the idea would remain unrealistic. Moreover, some disadvantages are not rectifiable.

Thirdly, it is difficult to determine if an individual is culpable for his disadvantage. In most cases, determining culpability would entail a violation of professional discretion and the trust between the doctor and the patient<sup>77</sup>. Moreover, it is unclear how to measure the role smoking, overeating, insufficient engagement in sports, stress, and other play.

But culpability in disadvantage can't be the only criteria of determining provision of healthcare. It seems harsh for a decent and civilised society to let people die on the streets because of their foolishness. Nevertheless, it seems plausible that a distinction needs to be drawn between those who are culpable and inculpable for their disadvantage<sup>78</sup>. While Ramsey believes that in cases of

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<sup>75</sup> N. Daniels, "Fair Equality of Opportunity and Decent Minimums: A Reply to Buchanan", *Philosophy & Public Affairs*, vol. 14, no. 1, 1985, p. 109.

<sup>76</sup> J. Wolff, A. De-Shalit, *Disadvantage*, Oxford University Press, Oxford, 2007, p. 34.

<sup>77</sup> The doctor is the most probable institution to decide who is culpable, but such a decision would bring distrust to the doctor-patient relationship.

<sup>78</sup> It is easier to defend helping someone who was born with a dysfunctional liver than helping someone who lost it because of alcoholism.

scarcity<sup>79</sup> personal or social worth shouldn't play a role in determining who gets treated and advocates either a lottery, or a "first-come, first-served" scheme<sup>80</sup>, I argue that the random choice brings significant accountability issues. The well known ethical problem of an alcoholic requesting a second liver transplant remains to be an issue. Should he have priority over someone who hasn't had a transplant yet or isn't culpable for the failure of his liver? The possibility of moving "culpables" down the list in the queue for transplants would be a very slippery slope, because they could be moved down until they die. Nevertheless, we feel that those who are disadvantaged due to bad luck shouldn't be disadvantaged even more by those who are culpable for their disadvantage.

A significant problem of disadvantage is that "not only is unhealthy behaviour statistically more likely among people who are poor, but also that people with lower socioeconomic status on average have inferior health"<sup>81</sup>. Moreover, if not helped, people are likely to remain in a disadvantaged state<sup>82</sup>. That is one reason why Daniels's advocacy of healthcare rests on a Rawlsian approach of equality of opportunity<sup>83</sup>. Good health enables individuals to develop their capacities, brings them a plurality of opportunities, allows them to be more efficient and thus contribute to the economy and the enhancement of society. It is thus in the interest of the society as a whole to aid those who are disadvantaged<sup>84</sup>.

Heretofore I showed that a rights approach doesn't provide a defence of universal provision of healthcare and that an egalitarian effort to rectify disadvantages and achieve equality has challenging obstacles which I at present times consider to be insurmountable. Nevertheless, on the basis of my previous fair play argument I claim that some form of universal provision of healthcare would be to the benefit of all and thus should be put into practice. Not only because it's a shared intuition<sup>85</sup> and because it is to the mutual benefit of all, but also because it is a way of making the worse off better off.

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<sup>79</sup> For example, one liver but two patients in need of transplant.

<sup>80</sup> P. Ramsey, *The Patient as Person: Exploration in Medical Ethics*, New Yale University Press, New Haven, 2002, p. 256.

<sup>81</sup> A. W. Cappelen, O.F. Norheim, "Responsibility in Health Care: A Liberal Egalitarian", *Journal of Medical Ethics*, vol. 31, no. 8, 2005, p. 479.

<sup>82</sup> T. Rice, "Individual Autonomy and State Involvement in Health Care", *Journal of Medical Ethics*, vol. 27, no. 2, 2001, p. 242.

<sup>83</sup> N. Daniels, "Equity of Access to Health Care: Some Conceptual and Ethical Issues", *Health and Society*, vol. 60, no. 1, 1982, p. 72.

<sup>84</sup> Nevertheless, efficiency can't be the only argument for healthcare. Argumentation of this nature would be a slippery slope as those who are incurable could be considered unsuitable for life in a society. Such an approach is not only inhuman to those who don't contribute to the society; it is also very harmful to the society itself as it brings uncertainty and destroys the mutual ties between individuals.

<sup>85</sup> However, individualists, cynics and others often don't share them.

Using Rawls's difference principle<sup>86</sup> has a number of problems, like the "serious difficulty [...] [of] how to define the least fortunate group"<sup>87</sup>. But despite the problems my limited application of this adapted difference principle presents, I consider it to be useful in setting basic criteria of universal provision of healthcare.

The difference principle not only ensures that the least well off benefit from taxation, but this benefiting also benefits those who are better off, because it incentivises the less fortunate to preserve the system they benefit from. Moreover it enables avoidance of further disadvantages proceeding from other disadvantages. I thus conclude that the fact that the rich get richer is not a problem as long as the worse off benefit from it. And the fact they do benefit is obvious, because the endowments of those who are better off enable them to bring prosperity, innovation, progress, etc., which the disadvantaged benefit from. Thus while capitalism does embrace inequalities, it brings prosperity at the same time.

Therefore, while for ensuring "that individuals who are at a disadvantage have an equal probability of attaining good health, it is necessary to redistribute resources from those who have been more fortunate"<sup>88</sup>, we need to keep redistribution within limits in order not to lose the incentives brought by private property and enterprise. To over redistribute in pursuit of equality would destroy the biggest advantages of capitalism – making all parties better off by enabling progress.

### *The Extent of Healthcare Provision*

In the previous sections I advocated the idea that the difference principle forms a plausible basis for provision of healthcare. Nevertheless, on its own, the difference principle is insufficient. To claim that the mere fact that someone is better off because he benefits from my profit is not satisfactory, as it would enable us to claim that it's all right when someone is dying on the street, because thanks to me the street he's dying on is a fine street he could walk on when he was still alive. It's implausible to be satisfied with such a minimal extent of making someone better off.

A more substantial safety net is necessary and arguably the wealthy would accept it because not only will it be there for them in case they need it (to which they presumably wouldn't give much importance), but primarily it's

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<sup>86</sup> J. Rawls, *A Theory of Justice*, Harvard University Press, Cambridge, Massachusetts, 1999, p. 53.

<sup>87</sup> *Ibidem*, p. 53.

<sup>88</sup> T. Rice, "Individual Autonomy...cit.", p. 243.

implausible to believe that the more disadvantaged members would satisfy themselves with preserving a system which would enable them to die on a fine street. If they didn't, the advantage of redistribution for the wealthy would be lost.

Nevertheless, it is a challenging task to establish what is the adequate level of making one better off, in the case of this, paper the level of healthcare that should be available to everyone within a polity. In the developed parts of the world, an organ transplant is considered to be a standard procedure while in undeveloped parts the peak of healthcare is availability of penicillin. In some parts of the world, the best way of supplying healthcare can be by building wells, sanitising urban areas, or clearing them of mines. In other parts of the world – by educating the population in basic hygiene, training nurses, setting up basic care centres. In other parts of the world – by improving safety, training policemen and sending social workers to problematic areas. In other parts of the world – by subsidising expensive operations or improving mental health through plastic surgery.

While some of the examples mentioned above differ from a conventional understanding of healthcare, it must be understood that the aim of healthcare is to enable and enhance the health of people. In a number of places this will be best done by advancing some of the points I have outlined above<sup>89</sup>. Healthcare sometimes enables survival through supplying clean water, sometimes reduces pain by injecting morphium, sometimes makes life more pleasurable through plastic surgery and sometimes acts in a different way. It's not a trivial task to distinguish what of this should fall under healthcare, because if everything that improves the quality of life did, then chocolate would have to make part of a doctor's kit as well.

It is thus inevitable to recognise that every polity has an imaginary array of services which are considered to form a minimum for a decent life in the polity. This is what I claim to be the array of services which should be supplied to those who aren't able to reach them on their own<sup>90</sup>. In the same way that fire trucks don't extinguish fires only on houses of those who paid for the service but on every house and the costs are paid for by everyone. This is to the mutual benefit of all, as houses which paid for the service could be endangered by unextinguished flames from houses which didn't pay for the service. An analogical logic is applicable to ill people who, remaining untreated, could infect those who paid for treatment.

The array of services every polity should provide should be flexible and be updated frequently so that it corresponds to progress or regress. To be over dependent on a fixed list would be mistaken – tuberculosis has disappeared in

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<sup>89</sup> J. Wolff, *The Human Right...cit.*, pp. 40-44.

<sup>90</sup> These should be paid for through taxation because it would be too difficult to control who is unable to pay for them.

some parts of the world whereas in others it is still taking its toll and has reappeared in others.

Pursuing equality rather than gradually increasing the minimum along with economic progress would be mistaken as well. If equal healthcare was to be provided to all, we would have to set a standard and ensure that everyone gets it. If we set it too high, for example providing everyone with all the healthcare the current stage of medicine offers, supplying it would become economically impossible. And if we set it too low, those who would and could have better healthcare wouldn't be able to obtain it, although they would be willing to pay extra for it. And it seems ridiculous to prevent someone from getting a hip transplant because it is above the standard, but permit him to buy a third yacht<sup>91</sup>. To prevent the wealthy from buying better goods, healthcare in this case, through enforcing equality, would destroy incentives for creating wealth. That would leave everyone worse off.

Although it may seem unfair that someone has access to better healthcare, destroying this possibility would be of disadvantage to everyone, mostly to the worse off. Capitalism isn't necessarily fair, because luck is a significant variable. Someone may come up with a great idea and make a million dollars out of it, although he didn't labour for it as someone who didn't get the idea. But capitalism makes everyone better off, and that is why it should be pursued.

As I have claimed, the array of services differs by politics and is subject to time. It would thus be unreasonable to aim to provide their suitable list. I expect that in most of the Anglo-Saxon world, the array of services would span provision of healthcare for children, because they are the most vulnerable to disadvantage. Thus prenatal gynaecologist care, birth in a proper facility with the assistance of a qualified personnel, basic vaccination, child dentist, regular checks with the paediatrician and other would be included. Similarly, the treatment of illnesses, basic transplants, operations, basic palliative care and other services would be included. Subject to economic progress, I expect that in a few years or decades issues like aesthetic surgery, a wider array of psychiatric services, or sight correcting surgeries will be included in the universal provision as well.

### *Economical Limits of Healthcare*

Universal provision of healthcare necessarily requires state involvement and regulation. This regulation involving redistribution, nevertheless, needs to balance two motivations: the provision of healthcare to those who wouldn't

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<sup>91</sup> A.E. Buchanan, "The Right to a Decent Minimum of Health Care", *Philosophy & Public Affairs*, vol. 13, no. 1, 1984, pp. 55-78.

attain it on their own in a purely capitalist system and the preservation of the advantages that the capitalist system provides<sup>92</sup>.

Universal provision of healthcare as any activity has its costs, including those which may not be so apparent, like opportunity costs<sup>93</sup> or slower economic growth, a consequence of the fact that those who are entitled to free healthcare because of their low incomes won't improve their earnings or will contribute to the grey economy<sup>94</sup>.

The cost of healthcare is a crucial issue which I demonstrate by the following argument. If a year's insurance cost one dollar, everyone or nearly everyone would buy it. But services can't be supplied under production costs<sup>95</sup> and so a number of individuals won't pay for insurance because it's too expensive<sup>96</sup>. Some don't buy it because they don't have the resources for it, some because they prefer to buy other goods. Some don't believe they'll need a doctor and rely on luck or past experience<sup>97</sup>. Others prefer alternative methods of healthcare, which are not covered by insurance, like homeopathies, or have doctor in their family or among their friends who will cure them for free. Some religious groups don't accept public treatment and rely on doctors within their community. Others simply won't bother to arrange insurance because they consider their time or energy to be an opportunity cost which is not worthwhile spending on the issue.

And then there are those who would be made worse off if they were to pay for health insurance. As Ferguson and Leistikow claim,

“In the context of realistic health insurance and health care systems, it is rational for some people not to want health insurance. Poor people may be the most likely to be hurt by existing and proposed health insurance plans, particularly universal health insurance. Advocates of universal health insurance [...] perpetuate common misconceptions [...] that universal coverage of all illness is possible at reasonable cost. They omit the loss of social welfare resulting from health insurance's inherent distortion of relative prices and the inevitable consequences: attempts to limit the intolerable costs of the resulting excessive demand through price controls and reduced coverage”<sup>98</sup>.

<sup>92</sup> When speaking of the state involvement and capitalism, I necessarily have to adopt a very broad understanding of both terms.

<sup>93</sup> Money spent on healthcare cannot be spent on anything else.

<sup>94</sup> W. Nicholson, *Microeconomic Theory: Basic Principles and Extensions*, Thomson South-Western, Mason, Ohio, 2002, p. 16.

<sup>95</sup> Sometimes they are through state subsidy, which is nevertheless ineffective, because it means that financial resources are being taken from another area, which not only distorts the market but also has additional transaction costs.

<sup>96</sup> I don't take into account minor reasons like lack of information, ideological reasons, laziness, etc.

<sup>97</sup> Perhaps they haven't gone to the doctor for the past ten years.

<sup>98</sup> R. Ferguson, D. Leistikow, “Problems with Health Insurance”, *Financial Analysts Journal*, vol. 56, no. 6, 2000, p. 28.

By providing universal healthcare, all these particular decisions of individuals regarding paying for healthcare are lost. Although some of these decisions may be distorted by the pursuit of short-term goals<sup>99</sup>, the information they contain should be taken into account, because people's decisions not to insure themselves shows that they don't consider the costs to be corresponding to the benefits they provide<sup>100</sup>. If they are therefore coerced to carry the costs of healthcare through taxation, inefficiency is preserved.

As is apparent from the preceding paragraphs of this section, I will now outline some of the main detriments of universal provision of healthcare as well as of leaving its provision to the free market. My aim isn't to provide a comprehensive plan of how to provide healthcare but to show that a functional healthcare system minimising negatives and maximising positives will be an assortment of capitalist logic and the motivation to provide healthcare to all.

A significant advantage of universal provision of healthcare is that it enables the state to evade free-riding and supply healthcare to those who wouldn't otherwise get it. But this advantage comes with the costs of unnecessary consumption, which is an inevitable consequence of indiscriminate provision of public goods<sup>101</sup>. Inefficiency of such provision is inevitable because those who wouldn't consume goods if they had to pay for them do consume them when they're supplied to them. If every visit to a doctor required even a minimal payment, not only would the number of visits drop, such an arrangement would provide incentives for people to live healthily as it would benefit those who don't smoke, drink excessively, don't engage in risky sports, exercise regularly, etc. The common objection that poor individuals wouldn't attend the doctor because of the payment is not plausible<sup>102</sup>, as the only reaction would be that individuals would reason more carefully when it is beneficial for them to go to the doctor and when not to. I compare this to car insurance. If we have a minor accident with a small dent, we also reason if it isn't better for us to repair it privately rather than let the insurance company pay for it, which would involve paying a higher insurance next year.

In relation to efficiency, a state run healthcare system also inevitably faces the information problem outlined by Hayek<sup>103</sup>, which I touched upon in the preceding section. No system can allocate all the relevant information for generating optimal decisions because of their amount and thus the more people that participate in their forming through the market, the closer to optimal will

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<sup>99</sup> D. Hume, *A Treatise...cit.*, pp. 534-536.

<sup>100</sup> T.R. De Gregori, "Market Morality: Robert Nozick and the Question of Economic Justice", *American Journal of Economics and Sociology*, vol. 38, no. 1, 1979, p. 23.

<sup>101</sup> W. Nicholson, *Microeconomic Theory...cit.*, pp. 669-678.

<sup>102</sup> Given that the obligatory payment is a small and affordable amount.

<sup>103</sup> F.A. Hayek, "The Use of Knowledge in Society", *The American Economic Review*, vol. 35, no. 4, 1945, p. 519.

the decisions made be. Moreover, letting individuals make the decisions brings them more content and engagement in the enterprise, which is favourable to progress<sup>104</sup>.

Nevertheless, the information problem is based on two major assumptions. The first one is that people in general have the capacity to make good decisions, that their chances of making the right decision are overall higher than to make bad decisions and that if this first condition is met, that they will choose this right decision rather than the wrong one<sup>105</sup>. But the first assumption fails in situations which require expertise. Moreover, a satisfactory quantity of consumption is also necessary. If we buy a spoiled loaf of bread, we not only recognise its bad quality, we can also punish the supplier by going to a different supermarket the next day. But we usually need expertise to recognise a bad doctor, as we can assign his failure to cure us to other causes than his inability<sup>106</sup>. Moreover, we usually don't visit the doctor often enough to punish him for bad treatment and thus motivate him to provide us with better care. Furthermore, unlike with buying bread, in healthcare we have limited possibilities of shopping around as its cost is much higher and the supply is more limited.

Some areas simply need to be regulated by the state. For example, only the state can, under normal circumstances, ensure the participation of all or nearly all individuals in enterprises where such participation is essential for the success of the enterprise, like sanitation or vaccination. Moreover Friedman concedes that in some areas, like care for people with psychiatric disorders, the state has to be paternalistic<sup>107</sup>. Moreover while the market is effective in distributing resources, this says nothing about the fact if it's doing so in an ethical way. The fact that people choose what they see as best for them doesn't say much about the morality of such choices. A solitary Nozickian principle of justice in transfer connecting consent to morality, advocated in the Wilt Chamberlain example<sup>108</sup>, is not satisfactory<sup>109</sup>.

To pursue the above illustrated point, I argue that although economic efficiency and innovation, where free markets serve well, are desirable in many areas, in others, like education, the military or healthcare not only aren't they

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<sup>104</sup> T. Rice, "Individual Autonomy...cit.", pp. 240-241.

<sup>105</sup> For selfish reasons, for example.

<sup>106</sup> For the same reason the state has a place in giving out licences to qualified doctors. While unlicensed doctors shouldn't be prevented from giving care because some people prefer alternative medicine, it should be clear which doctors are institutionally recognised, for patients lack the necessary expertise.

<sup>107</sup> M. Friedman, *Capitalism and Freedom*, University of Chicago Press, Chicago, 1962, p. 33.

<sup>108</sup> R. Nozick, *Anarchy...cit.*, pp. 161-163.

<sup>109</sup> T.R. De Gregori, "Market Morality...cit.", p. 18.



primary, they could be damaging<sup>110</sup>. Where stability and accessibility to all is more important than efficiency and innovation, where free markets can't ensure evading a fall in quality due to pursuit of economic profit, where there is lack of information for the consumer and little or no competition preventing him from altering the provider of the service, or where there are little incentives for the provider to improve his services, state provision is preferable<sup>111</sup>, as it reduces the danger of economising the area, which could end in supplying worse or restricted services<sup>112</sup>.

Free markets also don't deal with those who don't have the means to pay for their treatment and healthcare<sup>113</sup>. Even in functioning insurance systems the state needs to ensure that those who can't afford it or are rejected by insurance companies due to their uninsurability because of chronic illnesses, expensive treatment, high risk, or other will not be deprived of healthcare. The Dutch system can serve as an inspiration for creating a system of managed competition integrating free market logic with regulation enabling universal provision of healthcare. A system in which every insurance company has to pay a certain amount into a risk fund covering the costs of treatment of uninsurable patients, and in which the amount paid or taken from the fund depends on how many of these they insure, enables insurance companies to make a risk calculation and prediction if it is beneficial for them to either insure some of the uninsurable and get money from the risk fund, or don't insure them but pay to the risk fund a considerable amount of money<sup>114 115</sup>.

The role of the state is also indispensable in providing healthcare in unprofitable medical or geographical areas, where due to low profit because of high cost of treatment or low density of population, a free market system wouldn't provide healthcare.

As I stated at the beginning of this final section, I don't intend to engage in specific policies, not least because they need to be adapted to specific polities. By outlining some of the difficulties which markets as well as state provision present, I tried to illustrate that there needs to be a balance between a universal provision of healthcare and capitalism to ensure that the benefits of

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<sup>110</sup> This doesn't include areas like medical research.

<sup>111</sup> Naturally, some efficiency is necessary; it's the grade and priority of efficiency what the issue is.

<sup>112</sup> A. Shleifer, "State versus Private Ownership", *The Journal of Economic Perspectives*, vol. 12, no. 4, 1998, pp. 139-140.

<sup>113</sup> While some areas in a free market system can be left to charities, like provision of nourishment, others are too costly to rely on solidarity. It is much more difficult to supply an MRI scan than to provide a loaf of bread.

<sup>114</sup> A.C. Enthoven, P.M.M. Wynand, "Going Dutch – Managed-Competition Health Insurance in the Netherlands", *The New England Journal of Medicine*, vol. 357, 2007, p. 2422.

<sup>115</sup> This isn't a precise account of the Dutch system, it is an idea inspired by it.

both are not lost and negatives of both are minimised. I thus argue that a system where through taxation, the state contracts private competing suppliers to supply services which the market doesn't satisfactorily supply on its own, is a plausible compromise accepting redistribution and regulation but at the same time preserving the benefits of capitalism.

### *Conclusion*

In the presented paper, I provided one approach to defending taxation. I did so by showing the deficiencies in Nozick's defence of private property and inviolable rights and thus demonstrating that we can't claim absolute entitlement to private property. I also showed that Cohen's refusal of private property by claiming that it is theft is not plausible and that his advocacy of common ownership presents serious difficulties. On the basis of these contrasting approaches to private property, I concluded that while private property can't be absolute, to reject it isn't plausible either, and showed that the benefits it brings can provide its strong defence.

By further pursuing Taylor's view that the society has priority over an individual, I reject an individualistic approach to the human person and claimed in unity with my argumentation regarding private property that taxation can be justified if it provides public goods which all the members of a polity benefit from. I defended this argument on the basis of the fair play theory where I showed that because taxation benefits every member of a polity, it would be unreasonable for an individual not to intend to benefit from this joint enterprise and refusing taxation would thus be unacceptable free riding.

After defending taxation I demonstrated that universal provision of healthcare meets the criteria of being a public good benefiting all and thus claimed that it can be justifiably provided through taxation. I addressed the rights approach as well as the disadvantage and egalitarian arguments. Although I conceded that they provide a plausible argumentation for healthcare, the former lacks a fundamental theoretical basis and draws on overlapping consensus, while the latter presents serious economic difficulties. I thus showed that an adaptation of the difference principle is a more plausible approach of defending universal provision of healthcare, as it benefits all members of a polity.

In the final sections of this paper I addressed the extent to which healthcare should be provided and argued that it needs to be adapted to the particular circumstances of every polity. I also outlined some economical difficulties that universal provision of healthcare presents and on their basis advocated that a compromise between capitalism and egalitarian motivation

regarding healthcare must be made so that advantages of both may be preserved and their negatives minimised.

I believe that by the argumentation presented in this paper I succeeded in defending the position that, in principle, taxation is justifiable.