



On Property and Exploitation

HANS HERMANN HOPPE¹ & WALTER BLOCK²

¹*Economics Department, University of Las Vegas, 4505 Maryland Parkway, Las Vegas, NV 89154, U.S.A.;* ²*College of Business Administration, Loyola University New Orleans, Box 15, New Orleans, LA 70118, U.S.A.*

Abstract. The authors contend that what can legitimately be owned in a free society is only rights to physical property, not to the value thereof. You are thus free to undermine the value of our property by underselling us, by inventing a new substitute for our property, etc. But you cannot legitimately physically aggress against our property, even if its value remains constant despite your efforts.

Keywords: private property rights, value, price, ethics

1.

Whenever one says ‘I own a house,’ what one normally means is: I have the right to determine how that particular resource – described in objective, physical terms – is to be employed; I am free to employ it for any purpose whatsoever, provided that in so doing I do not impair the physical integrity of resources owned by others; I am likewise entitled to expect that the physical integrity of my resource, my house, remains unaffected by the actions others perform with the physical resources at their disposal. Property rights, then, are commonly conceived of as extending to specific, physical objects. These objects are economic goods and hence have value, otherwise no one would claim them. Yet it is not to the value attached to a specific resource that property rights extend, but rather exclusively to the physical integrity of such a good. I do not own the value of my house. I own a physically specified house; and I have the right to expect that others will not physically damage it.

2.

Plausible as this theory of property is,¹ in much of contemporary political economy and philosophy confusion abounds on the issue of whether property rights concern the value of physical things or, instead, it is the physical thing themselves which are of value.² It is thus necessary to clarify why the

common notion of property rights as extending exclusively to physical things is indeed correct; and why the notion of property rights in values is flawed.

First, it should be noted that these theories are *incompatible* with each other. It is easily recognized that every action of a person may alter the *value* (or price) of another person's property. If A enters the labor or the marriage market, this may impair B's value in these markets. And if A changes his relative evaluation of beer and bread, or if A decides to become a brewer or a baker himself, this may change the property values of the – other – brewers and bakers. According to the view that *value*-impairments constitute rights violations it follows that A's actions may represent punishable offenses. Yet if A is *guilty*, then B and the brewers or bakers in turn must be entitled to *defend* themselves against A's actions. Their right to defend themselves can only consist in their (or their agent) being permitted to physically attack or restrict A and his property: B must be entitled to physically bar A from entering the labor or marriage market; and the brewers or bakers must be allowed to physically hinder A from spending his own money as he pleases, e.g., from using his own possessions for the operation of a brewery or bakery. Based on this theory, the physical damaging or restricting of another person's property use obviously cannot be said to constitute a rights violation. Rather, physical attacks and physical restrictions on the use of private property then have to be classified as lawful defenses. On the other hand, suppose that physical attacks and physical property restrictions constitute rights violations. Then B and brewers or bakers are *not* allowed to defend themselves against A's actions. For A's actions – his entering the labor or marriage market, his changed evaluation of beer and bread, and his opening of a brewery or bakery – neither affects B's bodily integrity nor the physical integrity of other brewers' or bakers' property. If they engage in physical resistance against A's actions nonetheless, then the right to defense rests with A. In this case, however, it cannot be considered a rights violation that a person's actions impair the *value* of another person's property. No other, third alternative exists.

These two theories of property are not only incompatible, however. The alternative view – that a person may own the *value* (or price) or scarce physical goods – is also 'praxeologically' impossible,³ i.e., it is a theory that we *cannot* put into effect even if we wanted to; as well, it is as argumentatively indefensible. For while every person can, in principle, have control over whether or not his actions cause the *physical* attributes of other persons' property to change, control over whether or not his actions affect the *value* of other people's property rests with *other* people and their evaluations. Consequently, it would be impossible to ever know in advance if one's planned actions were permitted or not. One would have to interrogate the entire population to make sure that one's planned actions would not impair the value of anybody else's property;

as well, one would have to reach a universal *agreement* on who was permitted to do what, with which goods. Mankind would be long dead before this was ever accomplished. Hence, the theory breaks down as non-operational.

Moreover, the proposition that a person may own the value of a physical thing involves an internal contradiction. For simply in order to propose this theory it would have to be presupposed that its proponent is allowed to act. He must do so *prior* (and simultaneously) to making his proposition or seeking agreement for his proposal regarding how to protect property values from value-intrusive actions. He cannot wait, and suspend acting, *until* an agreement is reached; rather, he must be permitted to employ at least his own physical body (and its standing room) *immediately*. Otherwise he could not even *make* his proposal. Yet if one is permitted to assert a proposition – and no one could deny this without falling into a contradiction – then this is only possible because there exist *objective* (physical) borders of property. Every person can recognize these borders as such on his own, without having to agree first with anyone else with respect to one's subjective system of values and evaluations. Prior to even beginning the intellectual endeavor of proposing property theories, then, as its very own praxeological foundation, there must be an acting (e.g., speaking) man, defined in terms of physical or human resources. Value of utility considerations, agreements or contracts – all things that contemporary political philosophers and economists typically regard as fundamental to their various theories of justice or property – already presuppose the existence of physically independent decision-making units. Also presupposed is a description of these units in terms of a person's property relations to definite physical resources – otherwise there would be no one to value or agree on anything, and nothing on which to agree or about which to make contracts. Anyone proposing anything other than a theory of property-in-physically-defined-resources would contradict the content of his proposition merely by making it. He could not even open his mouth if his theory were correct; and the fact that he does open it disproves his claim.⁴

3.

The notion of property-in-values is praxeologically *impossible* (non-operational) if formulated as a theory of justice, i.e., as a system of rules that applies universally to each and every person alike. It becomes operational if – and only if – it is employed instead as a theory of exploitation. It is at least logically coherent as a system of rules that privileges *one* person or group of persons *at the expense* of *another*, underprivileged person or group. *No one* could act, if *everyone* owned the value attached to what he regarded as his.

Acting is possible, however, if B owns the value of the resources presently at this disposal and is entitled to determine what others, A, may or may not do with resources they control so as to not impair his, B's, property values. This would perforce include A's compensatory delivery to B of resources presently possessed by A. On the other hand, A is then entitled to own *neither* the value *nor* the physical integrity of his possessions and has no claim against B except that B allows him to do anything as long as it is to B's advantage.

Although praxeologically possible, such a system of rules does not even qualify as a *potential* human ethic, because it fails to meet the universalizability criterion. By adopting this system, two distinct classes of persons are created – superhumans or exploiters such as B, and subhumans or the exploited such as A – to whom different 'law' applies. Accordingly, it fails from the outset as a universal, human ethic. It is not – not even in principle – *universally* acceptable and thus cannot qualify as *law*. In order to be considered lawful, a rule must apply universally, for everyone *equally*. The idea of property-in-values, then, is not only praxeologically impossible – if universalized – but also *inhumane* – if not universalized.

4.

From this conclusion far-reaching consequences follow: (1) Discrimination, (2) defamation and libel suits, (3) comparable worth, parity, and affirmative action policies, and (4) the notorious 'ex-lover seeks compensation for no longer being loved' suits would then have to be regarded as scandalous if at times amusing perversions of law and justice. Likewise, institutions such as (5) licensing laws, (6) zoning regulations, (7) anti-trust laws, (8) insider trading laws, etc., represent legal outgrowths of the property-in-value theory. Ultimately, they all involve restricting A's control over specified resources by correspondingly expanding B's control over them. This holds true even though A had not physically damaged, and was not in the process of physically damaging, any of B's possessions in doing whatever A wants to do with the means presently at this own disposal. B's claim against A is based not on physical losses caused by A, but rests solely on B's assumption that A's actions, unless restricted, impose a *value*-loss on him. In this theory B owns the *value* of his property, and hence is entitled to reassure his value-integrity by imposing physical restrictions on A's actions. One party seeks material compensation from another for the crime of non-material value damages suffered from having one's expectations regarding another's actions disappointed. Disappointed hopes, of which life offers an unlimited supply, are used by one person as a justification for trying to physically enrich himself at the expense of another.

