



## Why We Say ‘No Thanks’ to a Cares Act Loan

Peter Goettler and Robert Levy

April 15, 2020

A friend was at [Walmart](#) looking for disinfectant wipes. There were none on the shelves, but a stocker told her he had some in the back. While she waited for him to bring them out, another customer scooped up all the hand sanitizer that was left on the shelf—18 bottles. The Walmart employee returned with a shrink-wrapped block of a dozen canisters of wipes. He assumed she’d want them all. “Oh, I just need two,” she said. “I’d rather leave the rest for others.”

The libertarian think tank we lead qualifies as a small business that can apply for loans under the recently passed Cares Act—an acronym for Coronavirus Aid, Relief and Economic Security. But like our friend, we’re choosing to leave those dollars on the shelf.

We wouldn’t criticize others for taking aid. In our communities and across the nation, millions have lost jobs and paychecks, while vital needs persist. Small-business owners struggle to preserve their life’s work and to sustain their employees. And we can’t say these loans wouldn’t help us right now. We’re wholly funded by private donations, the overwhelming majority of which come from individuals who will suffer material losses from the pandemic. Financial pressures and difficult choices lie ahead.

Why, then, are we not applying for a Cares Act loan? Because doing so would undermine the principles that underlie the Cato Institute’s mission and animate its policy work. Central to this mission is our view that the scope and power of government should be limited. Our ability to make that case with credibility and integrity would be irreparably compromised if we accepted a loan right now. We’ve never taken money from any government.

The pandemic has aggravated the partisan divide. Half the country blames the federal government for bungling the public-health response, while the other half calls out states and municipalities for exacerbating the economic damage. They’re both right.

We recognize the legitimate and important roles of government, including protecting public health. And many libertarians accept a role for the government in relief efforts during this crisis. But the government’s missteps include playing down or disregarding early warnings, testing delays, tariffs on medical products, blanket business shutdowns (including many that can operate safely), occupational licensing restrictions, certificate-of-need requirements for medical facilities, and on and on. It should be no surprise that when we ask it to do too much, government fails in its most important responsibilities.

As we've vastly expanded the mission of government, its cost has spiraled upward beyond the country's willingness—and, very likely, its capacity—to pay. Confronting a true crisis like Covid-19 is vastly more difficult when you carry trillions of dollars in liabilities into the fight.

We are moved every day by the courage of Americans who are putting themselves in harm's way to keep the rest of us healthy, safe, fed and sheltered. It's another reason for confidence that government can confine itself to limited and legitimate spheres. Free men and women have incredible capacity to help themselves—and each other—through monumental challenges. So, while recognizing the responsibilities of government, we advocate unapologetically for self-reliance, financial responsibility and voluntary cooperation.

Market failures exist and can require government action. But it's ironic that any outcome we don't like is chalked up to market failure, whether true or not, while government failures are legion and often ignored.

Thus, even when government operates within its legitimate domain, we need to recognize the repercussions. Experience has shown that however well-intentioned government interventions may be, they often carry consequences worse than the problems they're intended to address, including disincentives to innovate, favors to special interests, anticompetitive barriers to entry, overlapping and confusing laws, and abuses of public power.

The Cares Act itself is an example. When government launches massive relief and “stimulus” efforts, it showers money on many who need it and many who don't. Those in the latter category, like us, should leave it on the shelf. By declining this assistance, we can promote our ideals with consistency, credibility and zeal.

*Mr. Goettler is president and CEO and Mr. Levy is chairman of the Cato Institute.*