



Is Taking Money From Government Compatible With Libertarianism?

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May 25, 2020

The government is now offering CARES Act Loans to numerous firms and institutions. This has brought up, once again, the perennial question: Is it compatible with libertarianism to accept such state largesse?

Several commentators have already weighed in on this very important question of principle. Peter Goettler and Robert Levy are, respectively, the president and chairman of the board of the libertarian-leaning Cato Institute. In their *Wall Street Journal* op ed of April 16, 2020 they answer in the negative to this inquiry.

What are their arguments? They maintain that although they could use these funds, and that their donors have been hard-hit by the lockdown, they will resist this temptation on the ground that "... 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."

Goettler and Levy are not anarcho-capitalists. They support a limited government. But they do not seem to realize that when the state exceeds, by far, the limitations their own principles would place upon it, it becomes, in effect, a thief. And thieves are not entitled to retain their ill-gotten gains. Thus, when the robber offers to give back to innocent people wealth it should not have attained in the first place, the recipient is fully entitled to accept it. Instead, they aver, "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."

But this is more than passing curious. In effect they are saying that other people need the money more than they do. But does not the Cato Institute use its own funds to promote human welfare, at least as they see it, in a superlative manner? Except that these authors are here saying in effect that the contribution they make is of lesser moment for the general good than alternative uses of that money, such as to give it to the needy. If so, why do they not reject contributions from voluntary donors, and thus go out of business? After all, the other poor possible recipients in

whose benefit Cato is rejecting government funds can also use these donations to better effect, presumably, than spending it themselves.

However, I think that Cato has made the right decision from a pragmatic point of view, given that want to keep their doors open. They would be roundly condemned for hypocrisy if even they availed themselves of this munificence. Their contributions would undoubtedly dry up from donors who do not really, fully, understand the libertarian philosophy.

I pass over in dignified silence the claim of these Cato officers: “Market failures exist, and can require government action.”

Harry Binswanger and Onkar Ghate are a bit better on this question. These followers of Ayn Rand do indeed justify taking government money unlike the Cato-ites. But they justify this step only on very limited grounds: since government took funds from them in the first place, money movement in the opposite direction is justified on grounds of, in effect, returning taken property.

They aver in this regard: “For advocates of freedom, individual rights, and limited government to turn down these relief funds means choosing to play only the victim’s role in the government’s bizarre game of ‘loot and be looted.’ Embracing victimhood doesn’t show integrity, only submissiveness. The times call not for timid deference but confident self-assertion.

“It would be a terrible injustice for pro-capitalists to step aside and leave the funds to those indifferent or actively hostile to capitalism. It is anti-capitalist, statist policies that have turned this nature-made storm into a made-in-DC cataclysm.”

But, suppose I come from Mars. Government never took money from me or my parents. According to these Randians, I would not be justified in taking government funds. Yet I most certainly would be justified based on a deeper understanding of the state. The government is a taker, and *anyone* is justified in taking money from it, whether or not the government stole from them or their parents in the first place.

Another difficulty with the position of Binswanger and Ghate is that it reeks of utilitarianism. The common weal will suffer if anti-capitalists are enriched, relatively to them. True enough, but, perhaps, better to stick to deontology, than get lost in the thicket of pragmatism.

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