



The small-government case for giving everyone a big check

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The coronavirus relief checks are coming. Businesses are closing, increasingly by state mandate; unemployment claims are spiking; and as many as eight in 10 American workers live paycheck-to-paycheck, while half can't cover an unexpected \$400 expense. Republicans and Democrats alike in Washington agree on the necessity of cash aid distributed directly to the public, something in the range of \$1,000 per adult and \$500 per child.

The major point left to be settled is means testing: Should the payments be scaled down or phased out entirely for those in higher income brackets? Perhaps the expected response from libertarians like me and fiscal conservatives more broadly is support for upfront means testing or some other barrier (requiring people to request the money, for example, or subjecting it to 2020 income taxes) to reduce the overall expenditure. Perhaps it's my cynical expectation of perpetual federal insolvency talking, but I think that would be a mistake. The scale of our national debt is already so monstrous that penny-pinching pandemic relief aid will accomplish nothing good.

So if we're doing checks, it should be simple and democratic, with minimal bureaucracy and maximum opportunity for local redistribution.

There are several reasons why this is a good idea, none of which require affection for big government. First is the issue of speed. Means testing or requiring applications of any kind takes time. But the growing portion of those eight in 10 workers living paycheck-to-paycheck don't have time. Some live in municipalities, like New York City, where evictions and/or utilities cutoffs have been suspended, but not all. And even if their housing is temporarily safe and transport costs near zero, even the most Spartan quarantiners still have bills to pay.

Second is the reality that — however much shutdowns may be the least worst option — in many places the state is the party responsible for these losses of income. Eminent domain is a reasonable analogy here, and when your property is taken via eminent domain, you must be compensated. (The Fifth Amendment requires that "private property [shall not] be taken for public use, without just compensation.") That compensation doesn't scale down for those with higher incomes, and rightly so.

Equally compelling, to my mind, is the real risk that means testing will prove destructively inaccurate. The preferred method seems to be checking income levels from 2018 tax returns — but surely it's obvious that many people who were comfortable a year and a half ago are now on the brink of disaster?

I'm thinking of my friend who co-owns a local coffee shop, now shuttered indefinitely; or my friend the substitute teacher, who lost work when Minnesota closed all public schools through at least the end of the month; or my friend who works in mental health care in a hospital which could furlough her to make more room for COVID-19 patients. Whatever their 2018 tax returns said, that doesn't reflect their present reality. Here's a classic libertarian line: This isn't a call Washington will be able to make accurately. The feds aren't as smart as they think they are.

Finally, on a more hopeful note, simply sending checks to everyone allows those who don't need the extra money to give it to those who do. If "I still have a secure job" when a check shows up, tweeted Cato Institute scholar Scott Lincicome, "I'll blow it all on local restaurant gift cards and THEN donate all of those to my church." I hope to do something similar, and others will too. Thus permitting "citizens to make millions of separate and decentralized judgments about the needs in their communities will ... make the aid more effective overall," argued *National Review* writer and former columnist at *The Week* Michael Brendan Dougherty.

This is perhaps the most famous insight of libertarian economist F.A. Hayek (who, incidentally, supported a universal basic income, which these checks are on a temporary scale): No central authority can possibly collect all the local knowledge needed to plan a national economy. Indeed, "practically every individual has some advantage over all others because he possesses unique information of which beneficial use might be made," Hayek wrote in a 1945 contribution to *The American Economic Review*, "but of which use can be made only if the decisions depending on it are left to him or are made with his active cooperation."

The state does not know better than you or me about who in our communities is in sudden need. When — and we all know there is no "if" here — Washington borrows, loans, and spends enormous sums of money attempting to offset the economic distress the response to coronavirus has wrought, distributing responsibility for how that money is spent will make better use of local knowledge than any national means testing program can. The simpler and more democratic the relief spending, the more real good it will be able to do.