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## Libertarians and Taxes

May

14

Andrew Samwick

From David Boaz of the Cato Institute, who [visited](#) Dartmouth yesterday:

“Too many advocates of small government still have this lingering attachment to the Republican party,” Boaz said. “It’s like being a battered wife — how long do you wait to leave?”

Perhaps the more interesting part of the analogy is, Where do you go when you leave? Typically, it is not to another partner, but to a period in which you are not in a relationship until you can recover from what just happened and make the changes that are needed so it never happens again.

Are the Libertarians doing that? I'm not so sure. Consider more of what Boaz said:

Boaz described the recent Republican tea parties in protest of tax day as “the revival of a freedom movement.” He also referenced a recent advertisement run by the Cato Institute in several major U.S. newspapers, including The New York Times. The advertisement discussed perceived flaws in the economic stimulus package.

“Someday, this ad is going to be remembered as the revival of the free market movement,” Boaz said.

At moments like this, we go back to Milton Friedman's adage, "To spend is to tax." I cannot really come up with a better word than juvenile for the tea parties -- don't protest the taxes unless you can identify the specific cuts in expenditures that you would make to bring the budget into balance. If you think taxes are bad, then you should think deficits are worse, because they raise the taxes of people who were not represented in the decisions to spend the money.

That's the real lesson from the Revolutionary War period that should be drawn. And the danger for the Libertarians is that if they don't put the reduction in expenditures ahead of the reduction in taxes on their agenda, they are destined for another abusive relationship down the road. This title of an Economix [post](#) had it right, "Where Were the Medicare Tea Parties?"

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On 2:13am, May 16th, 2009 Brooks (not verified) said:

## [Well said, Andrew. I agree](#)

Well said, Andrew. I agree with your take, but in fairness to some of those folks, some assert the argument "Don't feed the beast" (the cousin of "starve the beast") by raising taxes. I've only read a bit on the various analyses of (and assessment of the validity and degree of) the underlying premise, alternatively called in the literature the "tax-spend hypothesis" and the "revenue-spending nexus" and which analyze the presence/degree of "Granger causality" -- incremental revenues (perhaps due in particular to tax increases) "causing" incremental spending. If you have any view and/or info on that question, please share.

Also, I can't pass up the opportunity to at least give Harry Browne (former Libertarian Party presidential candidate) credit for an old line of his that I always liked: "Democrats don't want anyone to have any money, and Republicans don't want anyone to have any fun."

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On 16:00pm, May 22nd, 2009 CentralVa (not verified) said:

## [Government Spending](#)

I'm a huge admirer of Andrew Samwick, but he just doesn't seem to get that lots of the signs at the Tea Parties were about the dangers of government spending. Andrew seems to think that the protesters were only objecting to current taxes. Not so. Believe me, many of the 1500 people at the Tea Party I went to were protesting against the future taxes that they thought must follow the spending binge.

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On 18:33pm, May 22nd, 2009 [David Boaz](#) (not verified) said:

## [Libertarians and Spending](#)

Hi, Andrew -- thanks for the review. I agree with you about spending reform, and obviously at Cato we've been outlining spending cuts for years. And of course the newspaper ad I cited was about "stimulus" spending. As for the tea parties, I think you're being a little unfair. Here's how one major news outlet reported them:

Nationwide 'tea party' protests blast spending - CNN.com (<http://www.cnn.com/2009/POLITICS/04/15/tea.parties/> )

ABCNews.com said "Anti-Tax 'Tea Parties' Protest President Obama's Tax and Spending Policies." USA Today wrote, "What started out as a handful of people blogging about their anger over federal spending — the bailouts, the \$787 billion stimulus package and Obama's budget — has grown into scores of so-called tea parties across the country."

It's hard to put specific cuts, especially COLAs and the like, on protest signs; but I think it's fair to say that the tea-party crowds were complaining about excessive spending and "generational theft."

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