



A LIBERTARIAN VIEW ON THE WELFARE STATE

Adrian Eugen PREDA

Scientific Research Assistant, PhD, “Constantin Brâncuși” University of Târgu Jiu

ABSTRACT: *THIS PAPER AIMS TO OFFER AN ANALYSIS OF THE WELFARE STATE, USING LIBERTARIAN ARGUMENTS, WHICH ARGUE THAT THIS TYPE OF STATE IS IMMORAL AND ITS POLICIES ARE NOT JUSTIFIED, EVEN IF ITS ACTIONS APPEAR TO BE NOBLE. IN THIS ESSAY I DRAW ON THE THEORIES OF MURRAY ROTHBARD AND THE PLATFORM OF THE LIBERTARIAN PARTY IN THE USA, BUT I ALSO DRAW ON OTHER AUTHORS SUCH AS ROBERT NOZICK AND ON HISTORICAL AND STATISTICAL DATA RELATING TO THE NEOCONSERVATIVE POLICIES OF ADMINISTRATIONS SUCH AS REAGAN IN THE USA. THE PAPER ALSO DRAWS ON OTHER SECONDARY SOURCES ANALYZING LIBERTARIANISM.*

KEYWORD: *LIBERTARIANISM, IDEOLOGY, WELFARE STATE*

INTRODUCTION

As an ideological manifestation, libertarianism began to make its presence and influence felt as early as the 1970s¹, and can be defined as “an amalgam of doctrines which embodies elements of both anarchy and liberalism and argues largely for the supreme importance of individualism, individual freedom and rights and absolutely minimal government”². Although the influence of this ideology can be traced back to the 1970s, its roots lie somewhere after the Second World War, in Britain and the United States of America, and it was conceived as a reaction to the policies of the welfare state with all that it meant: political and economic intervention by the state, increased taxes and budget spending as well as the expansion of an increasingly diversified official bureaucracy³.

In this paper I aim to offer an analysis of the welfare state, using libertarian arguments, which argue that this type of state is immoral and its policies are not justified, even if its actions appear to be noble. In this essay I draw on the theories of Murray Rothbard and the platform of the Libertarian Party in the USA, but I also draw on other authors such as Robert Nozick and on historical and statistical data relating to the neoconservative policies of administrations such as Reagan in the USA. The paper also draws on other secondary sources analyzing libertarianism. The welfare state primarily aims to increase equal social rights for everyone⁴, giving primacy to the idea that the social question is indivisible and that the state, by organizing

¹ Ioana Ciucanu, *Libertarianismul*, în “Ideologii politice actuale. Semnificatii, evolutii si impact”, ed. de Mihaela Miroiu, Polirom, Iași, 2012, p. 220

² Andrew Vincent, *Modern Political Ideologies*, 3rd ed., Wiley Blackwell, Oxford, 2010, p. 336

³ Ioana Ciucanu, op. cit., p. 220

⁴ Herbert Obinger, Stephan Liebfried, Francis G. Castles (eds.), *Federalism and the Welfare State. New World and European Experiences*, Cambridge University Press, New York, 2005, p. 2



social transfers, is obliged to provide protection for citizens¹. Social security designates a state organized system and its characteristics include the social support provided by the state, assistance granted as a right guaranteed by law and extended by the inclusion in a complex insurance system or the granting of social aid and social insurance granted from state funds collected compulsorily from the population. In the West, this model of the welfare state encompasses the totality of individual welfare-producing institutions that form the social security system, and these are represented by non-profit institutions, the family and the market system². An example of a model illustrating the idea of a welfare state can be found in Scandinavian countries such as Sweden, where an egalitarian welfare regime is implemented. This type of regime promotes social equality in a variety of ways, such as macroeconomic management, which promotes high employment and wages, redistributive taxes or substantial welfare benefits, usually of a universal nature³.

THE LIBERTARIAN MOVEMENT. CONTEXT AND DEVELOPMENT

The context in which the libertarian movement took shape was determined by the effects of the social policies of the 1960s, which began to make themselves felt at the beginning of the following decade, leading to higher taxes, increased public spending and a growing and diversifying bureaucracy. Thus, the American right recovered, and a wing called the New Right emerged within the Republican Party that evolved towards the libertarianism formula of the 1970s, all culminating in the establishment in December 1971 of the Libertarian Party of the USA, which has participated in every presidential election since 1976⁴. In the 1970s and 1980s, neoliberal currents began to develop, promoted through neoconservative governments such as Reagan in the United States and Thatcher in the United Kingdom, reaching the rank of economic-administrative policies. This led to an ideological legitimization of libertarianism in the civil and political sphere⁵. The 1980s in the United States were marked by the administration of Republican President Ronald Reagan, during which reforms such as government deregulation, tax and budget cuts and encouragement of the private sector were undertaken that were supposed to generate economic growth. In this way, the liberal welfare state became a cause that had brought the country close to moral and fiscal disaster. Apart from a few compromises and concessions, in 1981 the American government made the largest tax cuts in American history (falling from 20.8% to 19% of GDP), while annual growth in federal spending reached 5% in 1981-84 compared to 17% in 1979. Deregulation was another item on Reagan's agenda and in 1982 firms were allowed to cross the housing credit barrier by being allowed to venture into speculation, precisely to help the savings and loan industry, this causing big economic problems later⁶.

The intellectual sources of libertarianism are to be found in the political and economic writings of the 17th, 18th and 19th centuries by authors such as John Locke, with his theory of natural law, Herbert Spencer, the first to launch the idea of the minimal state, or Adam Smith,

¹ Cecilia Deme, *Rolul politicilor sociale în statul bunăstării* in "Transylvanian Review of Administrative Sciences", 16, 2006, p. 40, available at <https://rtsa.ro/rtsa/index.php/rtsa/article/viewFile/173/169>

² Ibidem.

³ James Mahmud Rice, Robert E. Goodin, Antti Parpo, *The Temporal Welfare State: A Crossnational Comparison*, in "Jnl. Publ. Pol.", vol. 26, no. 3, Sep. – Dec. 2006, p. 198, available at <https://www.jstor.org/stable/4007850>

⁴ Ioana Ciucanu, op. cit., p. 224

⁵ Ibidem, p. 225

⁶ Thomas C. Reeves, *Twentieth Century America. A Brief History*, New York, Oxford: Oxford University Press, New York, Oxford, 2000, pp. 235-237



who argued that there is a natural economic order, an invisible hand that coordinates all market interactions and processes between individuals¹. Nor should we forget the Lockean clause stating that the goods must be left as good and as enough for the others². Libertarianism also has an anarchist dimension, which aims to remove state institutions and considers the state a useless evil, inspired by the writings of anarchist authors such as William Gorwin, Mikhail Bakunin, Pierre Joseph Proudhon and Pyotr Kropotkin, who vehemently criticized the state and its institutions and advanced the idea of replacing the state with non-state forms of social, political and economic collaboration based on free cooperation between individuals³.

MURRAY ROTHBARD AND THE LIBERTARIAN CRITIQUE OF THE WELFARE STATE

According to Murray Rothbard, the creed of libertarianism lies in the central axiom that "no man or group of men may aggress against the person or property of anyone else", which is also called the "nonaggression axiom"⁴. Continuing, Rothbard defined aggression as "the initiation of the use or threat of physical violence against the person or property of anyone else. Aggression is therefore synonymous with invasion"⁵. And if libertarians oppose the invasion of private property rights this means that they also oppose government interference in property rights or the free market through regulation, control, prohibition or subsidy⁶, thus resulting in their opposition to the idea of a welfare state that carries out precisely these things.

As mentioned above, the welfare state is an egalitarian welfare regime. Rothbard criticized egalitarianism by arguing that the right-wing libertarian is not opposed to the idea of inequality, and that coercion is only applied when dealing with violence. According to Rothbard, each individual or group receives an income from voluntary payment in two ways: voluntary contribution or gift, or through voluntary market purchase of goods and services. Only the government obtains its revenue through violence and coercion, by threat of imprisonment or confiscation, this process being called forced taxation⁷. Continuing his criticism against egalitarianism, Rothbard opts for individualism saying that they differ in matters of ability or interest as well as in the sphere of occupations, showing that in an organization some individuals may be more energetic by becoming leaders, while the majority will follow⁸.

The way in which the government raises revenue is one that includes compulsion, which was revealed above, where the nature of the welfare state was presented. Thus, the welfare state, by forcing citizens to pay taxes under threat of coercion and force, is seen by libertarians such as Rothbard as an aggressor who steals from people through taxation (as mentioned above). Since only the state can assault the property rights of individuals⁹, by

¹ Ioana Ciucanu, op. cit., p. 222

² Robert Nozick, *Anarhie, stat și utopie* trad. de Mircea Dumitru, Humanitas, București, 1997, p. 225

³ Ioana Ciucanu, op. cit., p. 222

⁴ Murray Rothbard, *For a New Liberty. The Libertarian Manifesto* (revised edition), Ludwig von Mises Institute, Macmillan Publishing Co. Inc., New York, 2002, p. 22

⁵ Ibidem

⁶ Ibidem

⁷ Ibidem, p. 47

⁸ Ibidem, p. 50

⁹ Ibidem, p. 47



assaulting wealth or wages through taxation, their property rights are actually assaulted. In the libertarian view, the only role of government in the economic sphere must be to adjudicate disputes, protect property rights, and provide the legal framework for the protection of voluntary trade, all efforts to redistribute resources or manage trade being inappropriate in a free society¹.

According to the libertarian ideological grid, the model of Nordic countries such as Denmark or Sweden is to be criticized because it provides generous unemployment benefits and through active policies tries to reduce the unemployment rate². From a libertarian perspective it means a massive involvement of the state by providing substantial unemployment benefits that come from taxes and duties taken from citizens, and as for policies to reduce the unemployment rate it can only be said that the state disrupts the functioning mechanisms of the free market. Public expenditure is thus increased, or libertarians argue for its reduction. As I mentioned when describing the welfare state, here is also the addition of social aid guaranteed by law. Rothbard criticizes redistribution by saying that progressive taxation does not work in the same way when other aspects are taken into consideration of it by pointing out that in the case of the social security tax a person earning \$8,000 a year pays as much as one earning \$1,000,000. This tax is therefore regressive³, proving in some cases not to achieve its purpose.

Libertarians also argue for the privatization of all public services⁴ such as education, health and pensions, arguing that these are best provided by the free market. Education would be of better quality, more efficient and taught more responsibly, with greater diversity of choice, thus falling to parents who would be responsible for their children's education. Parents can determine their children's education, being responsible for how much they spend on them⁵. If the state would be no longer involved in children education, it would mean that the state would no longer be able to decide their level of education and everything would fall into the hands of the parents who have the power to decide because they are paying for their children's education. In the public education system, libertarians note the absence of parental involvement in the development of curricula and school programs⁶.

In health care, each person is free to choose what kind of insurance, what kind of health care and what kind of treatment they want, and they can also decide about the end of life⁷. Health care costs would be lower if everyone paid out of their own pocket to market competitors. By reducing fees, less would be paid for health care and only useful services would be provided to everyone, the amounts are too high for government health programs⁸. Personal autonomy cannot be conceived only in terms of absolute rights and freedoms, but also in terms of providing all the conditions for the disadvantaged, the lack of equal opportunities calling into question the competition promoted by libertarians⁹, but the libertarian

¹ Libertarian Party Platform, May 2022, available at <https://www.lp.org/platform/>

² Mirela Ionela Aceleanu, *Modelul suedez în domeniul ocupării forței de muncă. Soluții postcriză*, în "Economie teoretică și aplicată", vol. XIX (2012), no. 4(569), 2012, p. 71, available at http://store.ectap.ro/articole/712_ro.pdf

³ Murray Rothbard, op. cit., p. 162

⁴ Ioana Ciucanu, op. cit., p. 226

⁵ Libertarian Party Platform, op. cit.

⁶ Ioana Ciucanu, op. cit., p. 226

⁷ Libertarian Party Platform, op. cit.

⁸ Ioana Ciucanu, op. cit., pp. 226-227

⁹ Ibidem, p. 227



counterargument lies in the idea that the most effective and appropriate source of help for the poor lies in the efforts of individuals and private groups¹.

CONCLUSION

According to right-wing libertarians, if the “first come, first served” rule applies, as long as the rights of others are not violated, taxing or egalitarian policies are out of the question again, because as long as the individual has not violated anyone’s rights, no intervention by another force is justified. The welfare state is for libertarians an immoral structure, and progress can only be generated by the free market and its exchanges. By means of coercive taxation, the state actually steals from the citizens, violating their right to property. Also, the best way to produce wealth is the free market, which through competition generates progress, and not the state, which is limited to providing basic, often expensive services. According to Rothbard, it is precisely for these reasons that the state must be abolished, but even if we were to bring in Nozick’s minimal state, the welfare state has already gone far beyond its remit, as it should be limited to providing protection. That is why, having analyzed the welfare state from a libertarian perspective, the methods used by the welfare state, such as taxation, the libertarians affirm that it is an immoral state and that, if it is not abolished, it should have as few powers as possible to guarantee citizens’ rights and resolve conflicts between them.

¹ Libertarian Party Platform, op. cit.



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