



Episode 470: Debate, Murphy vs. Block: May Libertarians Accept Government Money?

Guest: Walter Block and Bob Murphy

WOODS: What's going to happen right now is not as much a debate as the debate we had last week was, over whether Rand Paul should be supported by libertarians or not. That really was an open and shut debate, because you had a yes and a no. Here it's more of a discussion, but if I were to say it is morally acceptable for libertarians to take government money, I would say Walter would more or less say yes, basically unconditionally. And I don't think Bob's position is that the answer is absolutely and always no, but that it's much more often no than Walter would concede. So those I think are the parameters of the debate, but I'll leave it to them to explain their own positions. We'll do this the way we did the debate last week. I'll let Walter talk for a couple of minutes.

We've already had — I'll link on the show notes page for today, TomWoods.com/470, to the debate we had just a couple of episodes ago. But also I will link to, just to give you a sense of how these debates work, but I'll link to the appearance that Walter did on the show where he talked about this subject. I'll let him summarize his view in a couple of minutes, and then I'll let Bob summarize his, and then the fireworks will begin. Walter, we'll start with you, given that you are in the affirmative. Go ahead and explain your position to us.

BLOCK: Well, my view is that it's virtuous to take money from government, because government is a thief, and relieving the thief of its ill-gotten gains is always a virtue. Certainly given the omnipresence of government in a modern society, if you don't take money from government in some way, manner, shape, or form, the only option you have I think is either to commit suicide or go live somewhere in the middle of the Rocky Mountains or in the middle of Alaska and have nothing to do with government and just sort of be a hermit.

I think it's okay to use government roads; I think it's okay to teach in a public university and accept a salary for doing so. I've done that myself. I think it's okay to be a student at a public university; I've done that myself. I think it's okay to use the post office; I think it's okay to use the roads and the sidewalks and the public libraries, public parks, what have you.

A favorite character of mine in *Atlas Shrugged* by Ayn Rand was Ragnar Danneskjöld. He was a pirate, and his view on taking money from government was certainly not limited to what I just said, but he would go to Fort Knox or to some government ship and just sort of seize their wealth in order to give it to Hank Rearden. But in order — Hank Rearden was a victim, a good guy victim — but in order to do so, you first have to take money from government.

So I think not only is it legitimate to do it, it's a positive virtue to do it, to relieve them of their ill-gotten gains. And I think the view that somehow it's illicit to take government money is only something that a libertarian would worry about. Nobody else would worry about that, and I get a lot of messages from young libertarians worried about this thing, and I try to reassure them that there's nothing incompatible with libertarianism and taking government money in this way.

WOODS: All right, very good. Wow, that's perfect, exactly. Just about two minutes on the nose. All right, so Bob Murphy, now your turn. You can take two minutes to explain maybe why we should be more cautious about this.

MURPHY: Okay, so I think we should just preface all this by saying Walter and I respect each other's views greatly, and this really is a matter of just fleshing this theory out. Let me also reassure people, my point in participating here, it's not that I'm walking around wagging my finger at people mentally, and I see somebody and I think, oh, you're not a real libertarian. I think everybody in all walks of life are sinners and hypocrites with their own value system, and even self-professed nihilists I think are hypocrites, because I think they actually do believe something, even though they say they don't. Okay, so by no means do I want anyone who hears this debate or discussion to think that I'm holding silent judgment on you.

What I would say, though, is I think the arguments and analogies that Walter used, particularly the last times, or two times ago, when he was on Tom's show, defending the view that he's doing right now, I think they were incomplete arguments and would lead us into areas that nobody would want to go, perhaps even Walter — although, he's famous for being willing to take his principles where no one else dares tread. So let me just walk through some of that in his opening statement.

What he just said there, for example, Ragnar — there's a huge difference between a pirate stealing money from the government — and we could put "stealing" in quotation marks, because we think it's stolen money. That's fine. And one of Walter's famous principles is to say it's okay to steal from a thief. And that may be true.

But the point is if you're an employee of the government in some respect, unless you're doing things without your boss' knowledge — in other words, if you're hired to be a janitor at the local government school, but secretly you're sneaking around and going behind the file cabinets and burning the files and things and really messing with their agenda, you are providing services that the government agents hiring you value. And so you're helping the government by demonstrated preference. If they do your performance appraisals and say, yep, this is a good employee, then you're helping

them. So that Ragnar analogy is not a good one, and as this goes on, I'll show more examples of how Walter's principles don't lead us where we want to go.

WOODS: All right. I'm going to do things in the opposite way I did them last time. I'm going to let Bob ask Walter a question, and then Walter will have time to answer. And then Walter can ask Bob anything he wants to ask him, and we'll give Bob some time to answer. So, Bob, do you have a question formulated in your mind that you think might shed some light on the issues here between you and Walter?

MURPHY: Sure. Okay, Walter, you were in a Rothbardian world, and there's a libertarian judge and there's a case before him, and it's case of armed robbery, and they put the defendants up there, and the testimony has been that he was driving the getaway car, and there was a robbery of a convenience store, and they came in; the cameras are all there; he clearly was driving it. Then after they got back to the hideout, they gave him 20% of what they stole at gunpoint from the liquor store that they just knocked over. He took the money and went to Tahiti.

So now he's on the stand, and the judge says, "What do you have to say for yourself?" And he says, "Well, actually I'm a huge fan of Rothbard, and I did all of this to uphold my respect for property rights, because the thing is I was just stealing from a thief. That robber of that liquor store had no right to that money, so I was taking 20% of it, so now he has less to commit his nefarious crimes with. And I think we can all agree, it would be fine if I took the 20% and gave it back to the liquor store owner. Now it's true, I didn't actually give it back to him; I went to Tahiti with that money, but if it's valid for me to take that money and then give it back to the guy it was stolen from, well then surely any component in that chain of reasoning and action is legitimate, and so therefore what I did – and in fact, I actually prevented more murders, because the other guy they were going to hire to be the getaway driver was a really bad driver, and he would be hitting pedestrians and stuff, so I did this to actually minimize the amount of wrongful death that occurred that day. So you can see, I'm a huge fan of the NAP, and that's why I should get off scot-free." So would you agree with that?

BLOCK: Before I answer, could you just clarify, is the liquor store a thief, or is the liquor store owner an innocent person?

MURPHY: The liquor store owner's an innocent person. The guy who hired the getaway driver is clearly a thief. The thief walks in with a gun, robs the liquor store of the money, hired the other guy to be the getaway driver and said I'll give you 20% of the take if you drive the getaway car.

BLOCK: All right, let me now get my two minutes now that that's clarified, and before I answer your question, let me just agree with you, Bob, that certainly this debate or this discussion is within the family, so to speak. You and I agree on virtually everything, and we're very good friends, as well with Tom, so this is sort of a friendly discussion. We start from the same premises; we don't always come to the same conclusion, but we're in the same spirit.

Okay, in my view, if the liquor store owner is an innocent guy, then the robber gang is a bad robber gang. They're bad guys, and the getaway driver is a bad guy. The getaway driver is a thief. And it doesn't matter whether he goes to Tahiti with the money or gives it to widows and orphans or anything like that. That money properly belongs with the liquor store owner, because the liquor store owner is an innocent person.

Now, suppose — in Canada, by the way — I should say that this evil government only applies to places where I wouldn't live or never visit — but in Canada, liquor stores are run by the government. Now obviously Canada is an innocent government, because I'm living here now, but suppose there were a country — I don't know, Ruritania — where the government owned liquor stores, and some gang went in and took their money and took some bottles of liquor. Well, I would applaud that, because the government of this Ruritania that has liquor stores is not an innocent person. They're a bunch of thieves, and it's impossible to steal from them. You can only liberate from them, because you can only steal from an honest man, and the government liquor store by stipulation is hardly an innocent person. So yes, I think it's perfectly legitimate to steal — sorry, to liberate — from them.

WOODS: All right, let me give Bob 30 seconds to respond to your answer, and then you can ask Bob a question.

BLOCK: Okay.

MURPHY: Okay, so I think you just fell into the trap there, Walter, because in the analogy that I was going for, the liquor store are the taxpayers, the mass of the people, and the state, under our libertarian, Rothbardian value system, is stealing from them. And then the question is it is okay for you to get your livelihood working for the state, and so there, that's like you being the getaway driver for the robbers. And so it seems like you're saying no, you can't work for an entity that just stole from innocent people. So how can you work for the criminal state?

BLOCK: I confess, I didn't really get the full analogy here. In my view, it's only legitimate for libertarians to work for the state. If a non-libertarian works for the state and actually helps and aids and abets the state, then that's evil. I should have made that more clear. For example, I teach — not now, but I used to teach in a public university. I've taught in several. And what I did — you see, when Bob says well, the person who washes the floor in the school is actually aiding and abetting the state, well, I didn't really aid and abet the state. It's true that my supervisors at the government schools would say, well, yes, Block publishes; Block teaches a class, and he marks the students, yak, yak, yak; Block is okay. But really what I'm doing when I teach, and I'm sure if Bob or Tom taught at a public university, they would do the same thing; namely, they would promote libertarianism and good economics, Austrian economics and libertarian political philosophy.

Now contrast that with a Marxist professor who goes in and really aids and abets the state by promoting Marxism or promoting statism or whatever it is. Well, I would say

that that guy would fall into the trap. He shouldn't be teaching at a public university, and no non-libertarian should be working at a school or anything, even in a non-ideological capacity. Let's take the case of the guy who works as a janitor for a state. And I think what he should do is, I don't know, liberate mops and soap or something like that, and reduce the amount of ability of the state.

Let me give you another analogy: right now, the Nazis are bad. Everyone admits the Nazis are bad. Okay, so what I'm doing, I'm libertarian, and I'm going to take a car or a truck out of the Nazi garage. And now some guy comes to me and says tut, tut, tut, not so fast. Don't be taking that car away from the Nazis, because the Nazis stole that money to buy that car from me, and I don't want you to take a car from the Nazi garage. Well now I would say that this guy is really supporting the Nazis, and he can't be a libertarian, and I think I'm right in taking the car from the Nazi garage, even though this innocent guy gave the money to the Nazis to get the garage.

WOODS: All right. Now Walter's got a little "ding, ding, ding" thing on his end — that's not people calling him on the phone, by the way. He's trying to keep himself honest that he's using the right amount of time. All right, what I want to do here is I'm going to let Walter ask Bob a question, and then I'm going to give you some time to continue the discussion, because I think Bob is probably not altogether satisfied with Walter's answer. I could be wrong about that. Walter, what would you like to ask Bob that'll really fire a laser beam through this whole thing?

BLOCK: Well, I think you're right, Tom, that he's probably not satisfied, so we've got plenty more to discuss. The question I ought to ask Bob and anyone who takes this position of being reluctant to support my position is how was I really supporting the state when I taught at a public university, and I taught good Austrian economics, which tends to undermine the state, and then I certainly taught libertarianism when it was relevant? How was I supporting the state? It seems to me that I was doing two good things: one, I was taking money away from them. Thanks to me, my salary, they had less money than they otherwise would have had. And also thanks to me, a lot of students heard some good economics and good political philosophy that would tend to undermine the state.

WOODS: All right, Bob, go at it.

MURPHY: Okay, great question. And again, for the purposes of this and to have clash, I'm going to take a really aggressive, no-holds-barred position on this, so everyone keep that in mind here. I just want us to find the truth. So if I want to say that you were helping the state, Walter, then I'll just really drive that to the wall: I would say by demonstrated preference, that it's not that your superiors thought that you were talking market failure theory, but really you closed the doors and said okay, everyone be really quiet here; don't let me boss now, but I'm going to teach you free market — they knew full well what you were doing. And you say, well, why would they do that? Well, because they want to give the appearance that it's an open discussion, just like they don't literally arrest journalists — well, in some cases they do arrest journalists, but you know what I'm saying. They certainly give the appearance that there's a free

and open press, and they use other means to try and control opinion. The same way, you say, well, taking money from them — look, in general, the state purports or perpetuates its appearance of legitimacy by doing things that the public supports.

So for example, your position would mean that when FDR enacted social security, that was a huge blow for Rothbardianism and a dagger to the state, because look at all these millions of Americans siphoning money away from the Treasury that now can't be used to build more A-bombs. And so that's a huge blow for liberty, now all these millions of Americans getting money from the government. FDR slaps his head and says, oh my God, I didn't realize what I did there; what a foolish mistake. Or Obamacare is a huge blow for liberty, because now look at all these people siphoning money away from the evil state. And so you can see, no, clearly in those cases that was the design. The government likes people being dependent on it and earning an income from it and taking money from it for various reasons. So the idea that, narrowly conceived, you taking money from the state is a good thing because the state is bad, that can't be a good argument, because applying it to other scenarios, it would lead to absurdity.

WOODS: All right, Walter, take one minute to respond to Bob.

BLOCK: Well, okay, I think need two minutes, but I'll try with one.

WOODS: Oh, what the heck? I'm a liberal on stuff like this. Take two minutes.

BLOCK: (laughing) You pinko, Tom! I think Bob makes a very good point; he's trying to make a *reductio ad absurdum* against me, and I appreciate the power of what he's saying, but I would return the favor and offer a *reductio ad absurdum* against his decision. If he were right — to summarize his position, namely, what I'm doing is giving some sort of imprimatur to the government. I'm supporting the government in the eyes of a lot of people, and they know full well that I'm teaching free enterprise, and they like it.

Well, if that's true, this is subject to a lot of *reductios*. Ron Paul was — to me, Ron Paul didn't walk on water; he ran on water, or he floated above water. He promoted liberty to a magnificent degree. And yet, according to Bob's argument, Ron was giving an imprimatur, because he was part of the political process. And I don't know, every time I use the government roads, I'm giving the imprimatur to government. Every time I use the post office, every time I eat food, because the government subsidizes food. Every time I live in a house or wear shoes or whatever.

I mean, the government is so omnipresent, so if you take this argument to its logical conclusion — and where else should we take it? — it seems to me that nobody should do anything, because if you do anything, you're giving imprimatur to the government practically, and this gets us back to libertarianism is some sort of suicide pact, that the only way we can really not give an imprimatur to the government is by committing suicide or going off and living as a hermit somewhere. And I can't believe that that would be a rational thing for libertarians.

WOODS: All right, gentlemen, I want to ask Bob a question; I'm going to pose a question just for him that might help us understand his position better. Bob, I don't think your position is you can't use the government roads; you can't use Federal Reserve notes. Obviously that is not your position; I've seen you do both things, so I know you don't hold that view. So at point, there, in your mind, must be some type of distinction between, on the one hand, being a college professor getting a salary from some level of government and, on the other hand, using the post office or the roads or whatever. How do you decide in what circumstances it's legitimate to either use a government service or accept government money?

MURPHY: Okay, great question. I wish for the sake of this debate and for your listeners, I was really grappling over the weekend with this idea of can I come up with a crystal clear principle that says it's okay to use government roads but not to make a living working for the state. And I couldn't come up with a great one, but I will come up with one that I think is certainly illustrative, and that is John Calhoun's distinction between people who are net tax payers versus ones who are net tax recipients in his class analysis that Rothbard called "brilliant" in *Power and Market*. And so I think that's a — and the one class is the ruling class, the parasitical class and the other ones are the productive people that are being besieged.

And so I think that is — again, I'm not saying it's decisive. You can come up with all kinds of analogies and real thought experiments where that principle wouldn't be the whole story. But I do think, and this was my personal decision, when I was leaving grad school, I thought, you know, I've written things where I'm endorsing Rothbard's analysis saying, yes, I understand that the modern public doesn't think this way, and I'm not saying that they're all bad people, but the way the modern state operates, because it's based on coercion and it's not voluntary, in many respects, it acts like a criminal organization. And I think just because people are brought up to think of it in a certain way that they don't see it like that, but if you did see it like that, all of a sudden things jump out at you that you didn't notice, and so I was just saying, not necessarily that it's a deep violation of principles, but it would seem odd to me if I'm writing pamphlets like that and then I am taking my salary from this organization that officially according to my writings is a criminal operation. Just like if someone were going around writing about the horrors of the mafia, and you found out that actually his salary came from the mafia, that maybe he's not a hypocrite — I mean, that's certainly *prima facie* that he is a hypocrite — but certainly that would make people very skeptical about his writings.

WOODS: But I think, to the contrary, if I were speaking out against the mafia, and it turns out I was being paid by the mafia — well, if I were speaking out in favor of the mafia and I'm being paid by the mafia, people would say I can't trust this guys — actually, it would seem pretty gutsy of me, to speak out against the source of my own salary. But secondly, if I may follow up here, I'm a completely non-neutral moderator here, just because I really do want — I had Walter on for a whole episode, so I do really want to pull out Bob's views here — Bob, suppose it's not, let's say, something like a full-time professorship somewhere. Let's just say you're invited by the University of Wisconsin at Madison to come give a talk, and the money to pay you is going to

come out of the general fund of the University of Wisconsin, which is probably heavily state-funded. Are you going to turn that lecture down? And do you think, on balance, the case for liberty is better now that Bob Murphy is not speaking to a group of students?

MURPHY: Okay, so if you're making it about me personally, yes, it is true that I do when people inquire and ask me to go on speaking engagements, I do say and I Google the school or whatever — and yeah, it's not for like any school, they're indirectly getting state funds, so I'm not saying that's perfect, pure as the wind-driven snow here, but yes, if it is clearly coming from tax dollars, I will say no. Now, if I overpay when I do my tax returns and the government owes me a refund, I will take that check and cash it, because there, clearly, they're giving me some of my money back. So I think that's right.

But again, this distinction of — so again, I agree that you can come up with and say there are scenarios where my particular principles don't work out the right way, but also we have all these other examples where they clearly do work out, where they militate against what you guys are saying. And so again, this class analysis, Calhoun's thing about the net tax payers and tax recipients. I don't see a footnote in *Power and Market* saying unless, of course, the people who are the net tax recipients profess their allegiance to the NAP, in which case it's fine. He doesn't say that there.

WOODS: All right, here's what I think I'll do, just as we start wrapping up. If either of you have a question in mind that you'd like to ask the other, I'll give you a chance to ask it. And then we'll wrap up. So Walter, do you have anything you want to try to nail Bob with here?

BLOCK: Well, not so much a question, but I have a lot to say, because I —

WOODS: Then speak away. I'll give you two minutes.

BLOCK: Okay, great. This Calhoun net tax receiver/net tax recipient I think is a good first step, but I don't think it's definitive, because Murray used to say you shouldn't work for the Fed, because in the free society, there'd be no such thing as the Fed. My attitude was, well, why can't you be a fifth columnist? Why can't you go work for the Fed and, I don't know, undermine the Fed somehow? And I think your point, Tom, was a very good one. If you work for the mafia, what you do is you undermine the mafia and you say that they're bad guys, well, that's good. Or suppose you work in the mafia armory, and what you do is you stick in blanks instead of real bullets, so you undermine the mafia's ability to kill people. Well, I think that that's virtuous. And if you take money from them in a salary for doing that, well, then it's doubly virtuous.

So I don't — yes, Murray Rothbard said that, and I think it's a first approximation, but Murray Rothbard was just the most brilliant libertarian. We don't have to agree with him on everything. And I think here he didn't really follow the logic out as far as he should have followed out the logic, and the logic is that you're not helping.

Now look, we have to keep two things separate: one is strategic, and one is a matter of principle, and we do not want to conflate them. The strategic thing is, well, what's best for liberty? And that's an interesting question, and I think on that ground it's certainly good if Bob goes to the public university and speaks. But then even more importantly is did he violate rights? Is he now acting incompatibly with libertarianism in order to promote libertarianism? And I don't think so. I think that he passes muster if he goes to this public university, so that would be my case.

WOODS: All right. Walter is so conscientious; you can hear the little "ding, ding" in the background. All right, Bob, do you have anything you'd like to ask Walter?

MURPHY: I would rather just give a general response.

WOODS: Please do. By all means, go right ahead.

MURPHY: Okay, so two minutes?

WOODS: Yeah, two minutes. Let's take this as your wrap-up statement, and then I'll give Walter a minute for his wrap-up statement.

MURPHY: Okay. All right, so I think that if you people will go back and replay my original question, I mean, that ended the debate right there. I said to Walter, a guy's going to go rob a liquor store. I know full well what's going on; it's not like I was misled about what was going to happen. He takes money; he clearly robbed people. He hires me to be the getaway driver. There's nothing violating rights about driving a car. He gives me 20% of the loot, and then I go on vacation with it. And then I'm hauled before a libertarian judge, and I say, oh no, I really did this because I love Rothbard, and actually I'm just taking some money from the thief, so clearly I'm just redistributing money away from the thief, so that's fine.

And you can all agree that if I took that money and gave it back to the liquor store owner, that would be justified, and so how can it not be justified for me to just do leg one of that transaction? And by the way, I know the other guy they were going to hire had I not stepped forward, and that guy's a reckless driver, and he's a nut job; he'd be hitting people on purpose, so actually I spared lives. So clearly, I'm exonerated on libertarian grounds. And Walter didn't even take two seconds to deliberate that. He said no, the guy's guilty; he's working for a criminal organization; what are you talking about? Is the liquor store voluntary? And I said yes. So right there, that's the end of the debate. Or Walter would have to go back and say you're right, I totally misspoke there.

But it sort of alarms me that, even though I went out of my way to make the analogy to what his case was, he didn't even see the analogy. And so I think that has kind of underscored my whole point with this, is that I'm not actually saying Walter's position in the grand scheme is totally wrong, but I'm just saying these glib arguments he's using cannot be right, because they would also justify all sorts of things like saying the

expansion of federal payment of healthcare is a good thing, because now there's more people siphoning money from the Treasury.

And the last point is, again, this is not like sabotaging the Nazi war effort. Walter's or his employees in this thing and state bosses know full well what people are doing, so this isn't sabotage. The state is paying for services rendered, and they're happy with what they're getting, because they're giving you good performance appraisals and keeping you employed. So this is not like sticking it to the Nazis behind closed doors and stealing their tanks; this is driving the tanks and shooting at the targets the Nazis want. And you're saying, yeah, but I'm killing fewer people than the Nazis, in the extreme. Again, that's not a straw man; Walter said that in the last time. He didn't say it this time, but in the last time with Tom, he did say that: as long as you kill fewer people than the other guy, you're doing a good thing from a libertarian perspective.

WOODS: All right, Walter, take a couple minutes. Because I'm going to take this as kind of wrap-up statements here, because I think we've got the kind of ideas out there, so Walter, what do you want to say to Bob? And then we'll say goodbye for today.

BLOCK: Okay, well, I am on record with my Nazi concentration camp, libertarian guard. The situation is that every Nazi concentration camp guard has to kill 100 people a day, and I become a Nazi concentration camp guard, and what I'm going to do is I'm going to kill 90 people a day. And if I kill 89, they'll find me out, but I can get away with only killing 90. And at the end of the week, I've killed 630 people, but I've saved 70. Now, am I a good guy or a bad guy? Well, I would say I'm a libertarian hero. It's true I'm a murderer and I ought to be put to death for it, but I'm still heroic, because I saved 70 people. So I guess I'm doing what Bob says; I'm taking the logic to where it leads, without fear or favor.

So I think that we have to get — first of all, we have to distinguish the case for liberty versus rights violation. And maybe Bob is right that they know full well what I'm doing, and if so, I think that's open to the *reductio ad absurdum* that everything we all do, Bob himself uses fiat currency. He bought toothpaste the other day, and I saw him take out a dollar bill. And therefore he's giving imprimatur to the state. And therefore he shouldn't be doing that. Well, if he shouldn't be doing that, he shouldn't be doing anything.

And I also quarrel with the idea that my bosses knew exactly what I was doing. I think if they knew what I was doing, well, they wouldn't have given me tenure or they would have somehow gotten me fired or what have you, because what I'm really doing, as I'm sure Bob and Tom would appreciate and all libertarians, is I'm promoting liberty. But the key element I think is the rights violation. Am I violating rights? Well, yes, if I kill people I am. But if I take money from the government, I don't think I am.

WOODS: All right, we're going to leave it there. I'm sure Bob has more to say, but that'll just make it more fun for either next time or the blogosphere or wherever this winds up going, but for now I'll just say thank you to you gentlemen. If you have any

pieces on this — I will link to one of Walter's articles on this at TomWoods.com/470. Bob, if you've written anything on this, send it along to me, and I'll put that on the show notes page as well. Of course the websites for both of these gentlemen will be up there, social media, all that stuff, so you can continue the conversation with them long after they've decided they don't want to talk to you about it anymore. So thank you very much, Walter and Bob.

BLOCK: Thanks for having me, Tom. It's great to talk to two of my very good friends.

MURPHY: Yep, thanks for having me, Tom. Tom, you can just link to the 10 Commandments for my piece.

WOODS: (laughing) All right, good one, Bob. See you guys.