

Is Taxation Theft?

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“Taxation is theft” is a popular slogan among libertarians. It captures the sentiment that we should hold the state to the same moral standards as non-state actors.



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Imagine that I have founded a charity organization that helps the poor. ¹ But not enough people are voluntarily contributing to my charity, so many of the poor remain hungry. I decide to solve the problem by approaching well-off people on the street, pointing a gun at them, and demanding their money. I funnel the money into my charity, and the poor are fed and clothed at last.

Why Taxation Might Be a Form of Theft

What would the American founders think of our taxation system today, given America’s origins? Daniel Mitchell answers this and other questions as we talk about the different kinds of tax schemes and the different incentives they offer taxpayers.

In this scenario, I would be called a thief. Why? The answer seems to be: because I am *taking other people’s property without their consent*. The italicized phrase just seems to be what “[theft](#)” means. “Taking without consent” includes taking by means of a threat of force issued against other people, as in this example. This fact is not altered by what I do with the money after taking it. You wouldn’t say, “Oh, you gave the money to the poor? In that case, taking people’s property without consent *wasn’t* theft after all.” No; you might claim that it was a socially beneficial theft, but it was still a theft.

Now compare the case of taxation. When the government “taxes” citizens, what this means is that the government demands money from each citizen, under a threat of force: if you do not pay, armed agents hired by the government will take you away and lock you in a cage. This looks like about as clear a case as any of taking people’s property without consent. So the government is

a thief. This conclusion is not changed by the fact that the government uses the money for a good cause (if it does so). That might make taxation a socially beneficial kind of theft, but it is still theft.

Three Counter-Arguments

Most people are reluctant to call taxation theft. How might one avoid saying this? Following are three arguments one might try, together with the most obvious responses.

First Argument

Taxation is not theft, because citizens have agreed to pay taxes. This is part of the “social contract,” which is a kind of agreement between citizens and the government, whereby the citizens agree to pay taxes and obey the laws, in return for the government’s protection. By using government services (such as roads, schools, and police), and remaining present in the government’s territory, you indicate that you accept the social contract. ²

Reply to First Argument

There simply isn’t any such contract. ³ The government has never actually written up and offered such a contract, nor has anyone signed it.

Still, the use of government services might imply agreement to pay for those services, *if* people who didn’t use the services were not required to pay. But in fact, the government forces citizens to pay taxes regardless of whether they use government services or not. Therefore, the fact that you use government services does not indicate anything about whether you agree to pay taxes.

Remaining present in “the government’s territory” also does not indicate agreement to the putative social contract. This is because the government does not in fact own all the land that it claims as “its territory”; this land is, rather, mainly owned by private individuals. If I own some land that other people are using, I can demand that the other people either pay me money or vacate my land. But if I see some people on *their* land, I cannot demand that they either pay me money or vacate their own land. If I do that, I am a thief.

Second Argument

The government can’t be a thief, because it is the government that defines property rights through its laws. The government can simply make laws that say that the money you are supposed to pay in taxes isn’t really yours in the first place; it is the government’s money. ⁴

Reply to Second Argument

The second argument turns on the claims (i) that there are no property rights independent of government laws, and (ii) that the government can create property rights simply by declaring that

something belongs to someone. There is no obvious reason to believe either (i) or (ii), and both claims are counter-intuitive.

Imagine that you travel to a remote region outside any government's jurisdiction, where you find a hermit living off the land. The hermit hunts with a spear of his own making, which you find interesting. You decide (without the hermit's consent) to take the spear with you when you leave. It would seem correct to say that you "stole" the spear. This shows the implausibility of (i).

Next, imagine that you are a slave in the nineteenth-century American South. Suppose you decide to escape from your master without your master's consent. If (ii) is true, then you would be *violating your master's rights* by *stealing* yourself. Note that you would not merely be violating a *legal* right; if (ii) is true, the government creates moral rights and obligations through its laws, so you would be violating your master's *moral* rights. This shows the implausibility of (ii).

Third Argument

Taxes are just the price the government charges for providing law and order. Without taxation, the government would collapse, then all social order would break down, and then you wouldn't have any money at all. Taxation is unlike theft because thieves do not provide valuable services, let alone services that enable you to make the very money that they are taking a portion of. ⁵

Reply to Third Argument

Imagine that I hold you up at gunpoint and take \$20 from you. I also leave one of my books behind in exchange. When you see me later without my gun, you call me a thief and demand your money back. "Oh no," I say, "I am no thief, for I gave you something valuable in exchange. True, you never *asked* for the book, but it's a good book, worth much more than \$20."

This reply on my part would be confused. It doesn't matter that I gave you a good in exchange, and it doesn't matter whether the book is really worth more than \$20. What matters is that I took your money without your consent.

It also does not matter if you benefit greatly from the book. Suppose that (unable to convince me to take it back) you wind up reading my book, which turns out to contain such useful advice that you end up much better off (including *financially* better off) than before I came along. None of this changes the fact that I am a thief. The temporal order also does not matter: if I give you the unsolicited book first, then wait for you to profit from it financially, and *then* forcibly take away some of the money you earned, I will still be a thief.

The lesson: Taking people's property without consent is theft, even if you also benefit them, and even if you helped them obtain that same property.

So What if Taxation Is Theft?

If taxation is theft, does it follow that we must abolish all taxation? Not necessarily. Some thefts might be justified. If you have to steal a loaf of bread to survive, then you are justified in doing so. Similarly, the government might be justified in taxing, if this is necessary to prevent some terrible outcome, such as a breakdown of social order.

Why, then, does it matter whether taxation is theft? Because although theft *can* be justified, it is *usually* unjustified. It is wrong to steal without having a very good reason. What count as good enough reasons is beyond the scope of this short article. But as an example, you are not justified in stealing money, say, so that you can buy a nice painting for your wall. Similarly, if taxation is theft, then it would probably be wrong to tax people, say, to pay for an art museum.

In other words, the “taxation is theft” thesis has the effect of *raising the standards* for justified use of taxes. When the government plans to spend money on something (support for the arts, a space program, a national retirement program, and so on), one should ask: would it be permissible to steal from people in order to run this sort of program? If not, then it is not permissible to *tax* people in order to run the program, since taxation is theft