

The Good News for Libertarians: Liberty Still Advances

By Michael Chapman



ILLUSTRATION BY KEITH NEGLEY

Thomas Paine said it first, in the depths of the American Revolution: "These are the times that try men's souls." The political dysfunction of our current moment can feel similarly overwhelming: high prices fueled by years of loose monetary policy, housing costs inflated by zoning restrictions, tariffs (taxes) disrupting global trade, chronic deficits adding to a $40 trillion national debt, rising support for "socialism," and yet another war in the Middle East.

But there is good news for libertarians. Pro-liberty victories, large and small, were won in the courts, in Congress, in the administration, and abroad—despite the economic nationalism of President Trump's Republican Party and the collectivist politics of the left.

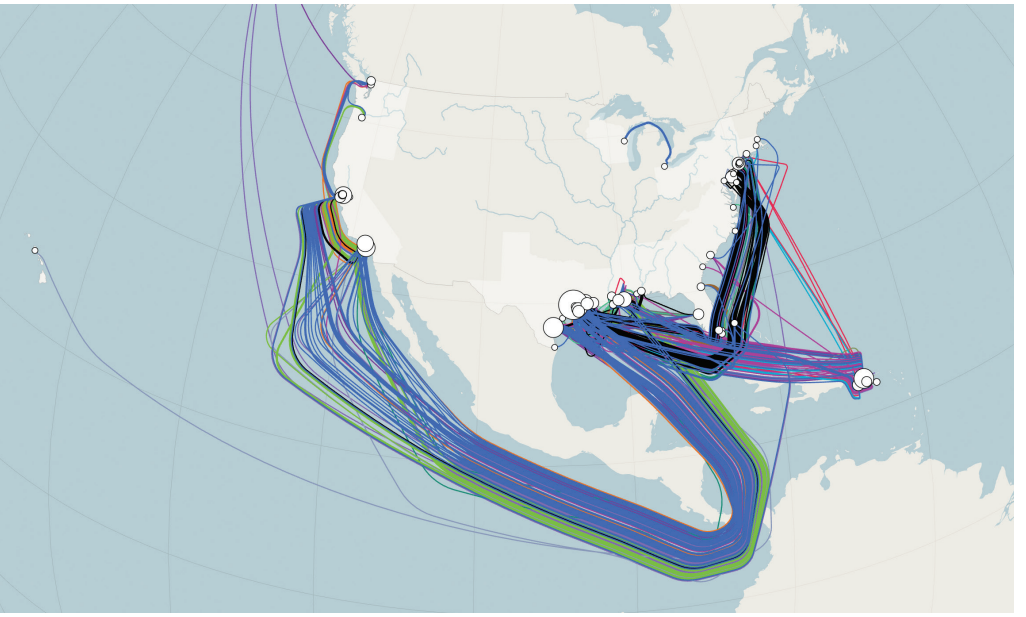
Cutting Washington Down to Size

The Department of Government Efficiency (DOGE) may have failed to rein in government spending, but the second Trump administration has still overseen a historic reduction in the size and scope of government. The federal workforce declined by 271,000 workers, or 9 percent, between January and October 2025. "A decline that large has not happened since the military demobilizations at the end of World War II and the Korean War," Cato's Alex Nowrasteh and Krit Chanwong reported.

Cuts included a 50 percent drop at the Department of Education, from 4,100 workers to about 2,000; a 33 percent reduction at the Department of Housing and Urban Development; and a 95 percent cut at the US Agency for International Development (USAID), from 4,895 to 258 employees, with remaining operations transferred to the State Department. And it goes beyond just reducing head count—those cuts will limit, or reverse, the damage those agencies can impose both at home and abroad.

Congress also cut $1.1 billion from the Corporation for Public Broadcasting, ending a 58-year funding mechanism for about 1,500 public radio and TV stations. As David Boaz told Congress two decades ago,

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The Cato Institute's Jones Act Waiver Tracker illustrates how the waiver is unlocking new trade routes and unleashing record levels of domestic energy shipments in 2026.

"No article of the Constitution authorizes a national broadcast network."

In January 2025, the administration directed federal offices to eliminate DEI programs and end affirmative action in federal contracting. The bureaucracy's head count shrank, while directives like this narrowed its reach as well.

Unshackling the Economy

Despite tariffs, deficit spending, and inflation, the biggest wins for economic freedom this year came from crossing things off the ledger: taxes that didn't rise, rules that got repealed, subsidies that got killed.

In 2025, the One Big Beautiful Bill Act (OBBBA) made the 2017 tax cuts permanent, preventing roughly 62 percent of taxpayers from facing higher rates. Cato's Adam Michel said the cuts will "improve long-run incentives to work, save, and invest, helping to boost growth."

Congress also killed roughly $500 billion worth of the Inflation Reduction Act's green energy subsidies through the OBBBA, including for electric vehicles and corporate clean energy projects. Michel stressed that if the Treasury Department enforces the new law, it could "close the book on one of the most expansive and distortionary industrial policy experiments in decades."

Also in 2025, the administration issued a 10-to-1 rule on federal regulations, meaning for every new regulation, 10 must be ended. It worked better than expected that fiscal year, producing 646 deregulatory actions and 5 major regulatory rules—a 129-to-1 ratio.

In a real-time public policy experiment, domestic shipping has been revitalized this year after the administration waived the Jones Act in March and subsequently extended the waiver twice. Tankers are carving out new trade routes, such as between New Orleans and Honolulu, that were previously impractical under the protectionist law. In just 70 days, more gasoline and jet fuel were transported from the Gulf Coast to the West Coast than in 2020–2025. These data points, illustrated at

Cato's Jones Act Waiver Tracker, are "turning theory into observable reality, and the results are unambiguous," said Cato's Colin Grabow.

Expanding Individual Freedom

Not every win this year showed up on a balance sheet or a docket. Some of the sharpest gains were personal: who gets to raise their kids, spend their savings, and keep the government out of their bank account.

The OBBBA created the first federal school-choice tax credit. It allows taxpayers to claim up to $1,700 annually for donations to scholarship organizations beginning in 2027. The administration also expanded Education Savings Accounts to K–12 expenses.

Then there's the fight over financial surveillance. In July, the US became the first country in the world to temporarily ban the creation of a central bank digital currency (CBDC), a digital dollar issued directly by the Federal Reserve that would give the government a real-time ledger of every transaction Americans make.

This marks "a great win for financial freedom," said Cato's Nick Anthony, who has warned that a CBDC gives government more control over individual autonomy. Unfortunately, the ban expires in 2030, so libertarians still have work to do. The administration separately made support for digital assets and blockchain technology federal policy.

The World Is Watching

This year, the US officially withdrew from the Paris climate agreement, a longtime goal of the Cato Institute. This action reduces pressure on the US to enact costly climate regulations and spend more money overseas. It also makes room for greater market-driven energy innovation.

European allies increased defense spending substantially in 2025 and 2026, while NATO members pledged this year to reach 5 percent of GDP on defense by 2035. The United States also ended its unnecessary participation in about 30 NATO organizations. As Cato's Justin Logan argues, "There is simply no good reason for the United States to be the central pillar of European security in the 21st century." The redistribution of the transatlantic security burden is long overdue and strengthens all parties against common threats to liberty.

In Argentina, libertarian President Javier Milei continues to make a global example with his sweeping capitalist program. As Cato's Ian Vásquez noted in *Free Society*, Milei balanced the budget with a 30 percent spending cut, reduced government ministries from 18 to 8, fired 37,000 public employees, and closed hundreds of bureaucratic offices. He is implementing an average of about two deregulations per day. The results speak for themselves: Within only two years, inflation dropped from 211 percent to 31.5 percent; the poverty rate plunged from 41.7 percent to 28.2 percent; and annual GDP swung from a 1.6 percent decline to 4.4 percent growth. Milei is showing the world that libertarian policies work.

The Bench Delivers

Amid the chaos of the legislative and executive branches, the Supreme Court has issued multiple rulings in recent years that expand individual freedom and restrain the power of government.

In 2024, *Loper Bright Enterprises v. Raimondo* ended "Chevron deference," the decades-old doctrine that empowered agencies to interpret their own ambiguous

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rules. Judges, not bureaucrats, now get the final word. In another win for the separation of powers, *Trump v. Slaughter* affirmed that the president can fire the heads of so-called independent agencies, which will help restore democratic accountability for the executive.

Earlier this year, the Supreme Court struck down Trump's tariffs in *Learning Resources v. Trump* and *V.O.S. Selections v. Trump*, ruling that tariffs imposed under the International Emergency Economic Powers Act are unconstitutional. Congress, not the president, controls trade policy. Cato's Scott Lincicome called the ruling "an important victory for constitutional governance" that will boost "certainty and predictability in the US market"—though he stressed Congress still needs to reassert its own authority.

In *Wolford v. Lopez*, meanwhile, the Supreme Court struck down Hawaii's restrictions on concealed carry, affirming that the Second and Fourteenth Amendments protect an individual's right to carry a gun. And in another win for personal freedom, *Chatrie v. United States* held that individuals have a Fourth Amendment right to privacy in their cellphone location data, limiting the reach of government digital surveillance. Cato's Matthew Cavedon put it plainly in an amicus brief to the Court: "A person's digital records are their property, and that property interest does not evaporate merely because a third party stores the records."

Not the End, a Beginning

Clearly, with the chaotic Trump administration and the economic damage caused by nearly a century of interventionism, America is not a libertarian dreamland. The government is huge, deficit spending is unsustainable, tariffs are back, and politicians on both the left and the right are pursuing semisocialist policies. As Ayn Rand warned, capitalism is "being gradually undermined and corrupted by socialistic regulations."

But that's not the whole story. There are major libertarian wins in the courts, in Congress, and in the administration—all through reducing the federal government's imprint. We enjoy tremendous liberties, choices, and wealth. America is still the land of opportunity, as millions of immigrants trying to cross our border every year affirm.

The struggle for freedom is constant. We must reteach its principles to every generation—and keep going. Paine again has the last word: "The harder the conflict, the more glorious the triumph." ✦

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