

## GOVERNMENTAL INEVITABILITY: REPLY TO HOLCOMBE

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RANDY HOLCOMBE'S "GOVERNMENT: UNNECESSARY but Inevitable" (2004) is an interesting and challenging, but ultimately fallacious, essay on government. In his view, this institution is "unnecessary, but inevitable."

I heartily agree with the former contention, but adamantly reject the latter. Worse is the implication for him of the supposed inevitability of the state: Since it will come about in any case, we men of good will should strive to set one up ourselves in cases where this has not yet come about, so that our version of it may serve to stave off a later and more virulent strain of it.

Holcombe (2004, p. 326) writes: "If people create their own government preemptively, they can design a government that may be less predatory than the one that outside aggressors otherwise would impose on them." This is akin to the cowpox smallpox technique. Infect the patient with the former, which is a mild strain, so that his white blood cells can create antibodies to fight it off; then, when the stronger smallpox attacks, the defenses would already be set up and strengthened, able to fight off the disease. (thedorsetpage 2000).

In order to test this hypothesis, let us apply it not to any one nation, but to the possibility of world government. Hans-Hermann Hoppe (2004) speaks of this institution as follows:

Imagine a world government, democratically elected according to the principle of one-man-one-vote on a worldwide scale. What would the probable outcome of an election be? Most likely, we would get a Chinese-Indian coalition government. And what would this government most likely decide to do in order to satisfy its supporters and be reelected? The government would probably

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find that the so-called Western world had far too much wealth and the rest of the world, in particular China and India, had far too little, and hence, that a systematic wealth and income redistribution would be called for.

According to Holcombe's hypothesis, we should forthwith, without hesitation, immediately create a world government? Why? Because if we do not, people worse than ourselves will eventually do so, and then we will be forced to suffer under their rule. Strictly, speaking, of course, world government is unnecessary. Private defense agencies and/or individual nations are perfectly capable of providing all the defense services and "public goods" any of us require, or ever will require. But a world government is *inevitable*. That being the case, better that we install one of our own as soon as possible, than that *they*, the evil ones, do so.

When put in these terms, the "logic" of the argument is plain to see. First of all, we have survived all these many years, nay, centuries, without the benefits of any world government. It is difficult to see that it is "inevitable." Second, even if it is unavoidable, *arguendo*, we are still required, as moral agents, to oppose this evil institution to our utmost. After all, no man is perfect. We all have flaws. In this sense, imperfection, too, is "inevitable." Does this mean we are somehow off the hook if we fail to ethically improve ourselves? Of course not. The only proper course of action is to strive mightily against the evil in our own hearts, no matter that we are predestined never to fully eradicate it. Holcombe is saying, in effect, "If rape is inevitable, relax and enjoy it." I am saying, "Even if rape is inevitable, keep fighting against this injustice."

Then, too, "inevitability" springs only awkwardly from the pen of an economist such as Holcombe, for all such claims run head on into the primordial fact of free will.<sup>1</sup> If people can make choices—and they can—then nothing concerning human institutions can be "inevitable." To attempt to deny free will is, of necessity, to engage in it. When something cannot be denied apart from pain of self-contradiction, we can interpret it as necessarily occurring. Thus, *government* is not inevitable; only free will is. And, with the latter, the inevitable status of the state cannot logically be entertained, let alone insisted upon, as per Holcombe.

On the contrary, whether the state remains with us will stem from decisions people make; they are just as free to keep a government in their repertoire as to reject it.

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<sup>1</sup>See Mises (1978).

### INSURANCE

Holcombe claims he sees the government as unnecessary in that private institutions can readily take over its provision of defense. However, he does not fully subscribe to this correct notion. I say that because Holcombe criticizes one of the leading authorities on this issue, Hans-Hermann Hoppe (1998/99), who claims that insurance firms can provide defense services. Holcombe (2004, p. 327, n. 8), condemns Hoppe's argument on the following ground:

In the absence of government, if companies offered insurance against losses from foreign invasion, they might find it cheaper to pay their policyholders for their losses than to provide defense services to protect them.

But this analysis must be rejected at the outset. If the foreign invaders take over, it is likely, according to Holcombe's own reasoning, that they will be *worse* predators than the home-grown variety. If so, the probability is that the intruders will nationalize the entire assets of the domestic insurance industry. Thus, the insurance firm, in the absence of a local government, will be forced willy-nilly into providing not only a promise to indemnify, but also into putting its shoulder to the wheel of defending its clients *and* itself.

### GENESIS OF GOVERNMENT

In Holcombe's (2004, p. 328) view:

The argument that people should do away with government because everything the government does the private sector can do better would be persuasive if governments were created, as their rationales suggest, to improve their subjects' well-being. In fact, governments are not created to improve the public's well-being. In most cases, governments have been imposed on people by force . . . for the purpose of extracting resources from subjects and transferring the control of those resources to those in government.

This, strictly speaking, is a logical fallacy. It implies, nay, boldly states, that "the argument that people should do away with government because everything the government does the private sector can do better" is not persuasive. In my view, however, it is *very* convincing. It cannot be denied, as Holcombe asserts, that governments were created *not* to enhance the general welfare, but rather as an exercise in predation and resource extraction.

But this is beside the point. The reason that government now endures, as opposed to Holcombe's correct explanation concerning its birth, is in large part because of two things. First, it is widely thought that government is inevitable, the very message he himself

is peddling. And, second, because people have been led to believe—“public” education gets the lion’s share of the responsibility for spreading this disinformation—that without government, we would be forced to do without necessary and important services, such as armies to defend us from foreign aggressors, police to protect us from local thugs, roads and highways to transport us, hospitals to heal us, schools to educate us, courts to deal with crimes and contract violation, central planners to ward off poverty, etc.

Surely, it is an integral part of the case against statism to demonstrate that *all* of these services (apart from the last) have been provided by the private market, and more effectively so, than by the so-called public sector. In other words, the argument that people should do away with government because everything the government does the private sector can do better is *still* persuasive, even though governments were *certainly not* created, as their rationales suggest, to improve their subjects’ well being.

There is yet another difficulty with this statement. Holcombe (2004, p. 328; emphasis added) writes: “In *most* cases, governments have been imposed on people by force.” Why “most?” Surely this applies in *all* cases. In fact, I defy Holcombe to mention a single case where this is *not* true.

To compound his error, Holcombe (2004, p. 328) informs us that “Whether government is more-or-less effective in producing public goods or in protecting property is irrelevant.” This may well be so for Holcombe, but that is because he is not interested in arguing against statism, but rather in supporting (a “good” version of) it. This does not mean that I interpret Holcombe to be a statist who loves government for government’s sake. But he does *favor* this entity, albeit to ward off something he and I both consider even worse: a heavily predatory government, as opposed to one that engages in less-intense rights violations.

There is another problem here: what is it with “public goods”? Holcombe is on record as conceding (but calling this “irrelevant”) that there is no good or service uniquely “governmental” in that private enterprise, at some place or time or other, has also provided it. But the phrase “public good” implies a *denial* of this contention; it is based on the claim that there are some things only government, not the market, can provide.

#### IMPLICATION?

In Holcombe’s (2004, p. 328; emphasis added) view:

Governments were created by force to rule over people and extract resources from them. *Thus* the argument that citizens would be

better off if they replaced government activities with private arrangements and market transactions is irrelevant to the issue of whether an orderly anarchy would be a desirable—or even feasible—replacement for government.

But the “thus” is a logical howler. It does not at all logically follow that because government was born in predation, not welfare enhancement, the efficacy of markets *vis-à-vis* government “services” is irrelevant to “whether an orderly anarchy would be a desirable—or even feasible—replacement for government.” In order to see this, suppose for a moment the very opposite to be the case. That is, posit that anything the market can do, the government can do better. Would this *weaken* the case for orderly anarchy? To ask this question is to answer it: of course such a state of affairs would undermine the argument for a fully free society. In general, is X relevant to Y? Surely it is, if non-X, or lesser X, calls Y into question, or emasculates Y. This is not to deny that Holcombe’s (2004, p. 328) question—“whether a group of people with no government can prevent predators both inside and outside their group from using force to establish a government”—is also an important one. It is. But this does not concern the “real issue.” Both are crucial.

#### HOBBES

Holcombe (2004, p. 329) calls upon Hobbes’s rejection of “anarchy in which nobody prospers because nobody has an incentive to be productive.” Roderick Long’s (2004) reply is worthy of quotation in full:

Probably the most famous argument against anarchy is Hobbes. Hobbes’ argument is: well, look, human cooperation, social cooperation, requires a structure of law in the background. The reason we can trust each other to cooperate is because we know that there are legal forces that will punish us if we violate each other’s rights. I know that they’ll punish me if I violate your rights, but they’ll also punish you if you violate my rights. And so I can trust you because I don’t have to rely on your own personal character. I just have to rely on the fact that you’ll be intimidated by the law. So, social cooperation requires this legal framework backed up by force of the state.

Well, Hobbes is assuming several things at once here. First he’s assuming that there can’t be any social cooperation without law. Second, he’s assuming that there can’t be any law unless it’s enforced by physical force. And third, he’s assuming you can’t have law enforced by physical force unless it’s done by a monopoly state.

But all those assumptions are false. It’s certainly true that cooperation can and does emerge, maybe not as efficiently as it would with

law, but without law. There's Robert Ellickson's book *Order Without Law* where he talks about how neighbors manage to resolve disputes. He offers all these examples about what happens if one farmer's cow wanders onto another farmer's territory and they solve it through some mutual customary agreements and so forth, and there's no legal framework for resolving it. Maybe that's not enough for a complex economy, but it certainly shows that you can have some kind of cooperation without an actual legal framework.

Second, you can have a legal framework that isn't backed up by force. An example would be the Law Merchant in the late Middle Ages: a system of commercial law that was backed up by threats of boycott. Boycott isn't an act of force. But still, you've got merchants making all these contracts, and if you don't abide by the contract, then the court just publicizes to everyone: "this person didn't abide by the contract; take that into account if you're going to make another contract with them."

And third, you can have formal legal systems that do use force that are not monopolistic. Since Hobbes doesn't even consider that possibility, he doesn't really give any argument against it. But you can certainly see examples in history. The history of medieval Iceland, for example, where there was no one center of enforcement. Although there was something that you might perhaps call a government, it had no executive arm at all. It had no police, no soldiers, no nothing. It had a sort of a competitive court system. But then enforcement was just up to whoever. And there were systems that evolved for taking care of that.

## MAFIA

Holcombe (2004, p. 329) writes: "The evolution of predatory bandits into mafias (protection firms) and thence into governments may be inevitable."<sup>2</sup>

There are two problems here. First, the equation of a "mafia" with a "protection firm" is not easy to defend. Yes, the Mafia sometimes does good works. In the movie *Godfather I*, Don Corleone refused the baker's request to kill those who raped his daughter, but he authorized a severe beating for these miscreants, an act fully compatible with libertarian punishment theory.<sup>3</sup> But the Mafia in large part is dependent upon governmental victimless crime legislation; without laws against drugs, pornography, prostitution, etc., most of

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<sup>2</sup>For a magnificent illustration of this contention, see Rothbard, "A Fable for Our Times By One of the Unreconstructed."

<sup>3</sup>See Kinsella (1996, pp. 51–74).

its “business” would vanish. In contrast, there is no such phenomenon operating with regard to defense agencies. Further, in the other part of its operations, apart from supplying goods and services rendered illegal by government, the Mafia is an invasive force. It engages in protection rackets, not true protection, e.g., insisting upon payoffs for protection from *itself*. It utilizes fraud, theft, strong-arm tactics, etc.; nothing of the sort is true of the Rothbardian or Hoppean protection agency.<sup>4</sup>

Second, it is by no means true that this process is inevitable. There are vast stretches of the earth’s surface where governments have yet to emerge (oceans, Antarctica). As well, if this “evolution” were “inevitable,” how does Holcombe account for the lack of a world government? The U.S., at the time of this writing (November 2004) may be interpreted as attempting to play this role. But it is far from established, as its difficulties in overcoming a fifth-rate power like Iraq attest.

Then there is the point that the chaos that many people fear in anarchy can be found even within the bowels of the government. Long (2004) comments on this:

I think that a lot of people—one reason that they’re scared of anarchy is they think that under government it’s as though there’s some kind of guarantee that’s taken away under anarchy. That somehow there’s this firm background we can always fall back on that under anarchy is just gone. But the firm background is just the product of people interacting with the incentives that they have. Likewise, when anarchists say people under anarchy would probably have the incentive to do this or that, and people say, “Well, that’s not good enough! I don’t just want it to be *likely* that they’ll have the incentive to do this. I want the government to absolutely guarantee that they’ll do it!” But the government is just people. And depending on what the constitutional structure of that government is, it’s likely that they’ll do this or that. You can’t design a constitution that will guarantee that the people in the government will behave in any particular way. You can structure it in such a way so that they’re more likely to do this or less likely to do this. And you can see anarchy as just an extension of checks-and-balances to a broader level.

#### WORLD GOVERNMENT

If it is “inevitable” that the individual, or small group will evolve into a national government, why is it any less certain that the

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<sup>4</sup>See Rothbard (1978, 1982) and Hoppe (1998/99, 2001).

national government itself will, in due course, morph into a world government? Consider the “equation” below:

$$\frac{\text{National Government}}{\text{Individual or Small Group}} = \frac{\text{World Government}}{\text{National Government}}$$

The analogy depicted by this “equation” is a very strong one. If, in Holcombe’s analysis, the last best hope for small groups or individuals is to install their own relatively benign government, lest others impose on us a far harsher such institution, why does this insight not apply to the 200 or so presently existing countries? Should they not also be led by Holcombe’s “invisible hand” to amalgamate into a world government of their own choosing, in order to forestall a less desirable one being imposed upon them by “outsiders?” Yet, at least as of the time of the present writing, there is no evidence whatsoever of any such process taking place.

That consideration does not stop dead all such claims. For example, most economists would buy into the notion that equilibrium is “inevitable,” and would not be put off their claim at all by the fact that this state of affairs has never been achieved. But Holcombe, surely, needs more than a *claim* of inevitability in order to make it true. He needs some *reason*, perhaps comparable to what convinces most economists that there is an irresistible force always and ever pushing the economy in the direction of the equilibrium.

In Holcombe’s (2004, p. 330) view:

Firms might prey on their competitors’ customers, as competing mafia groups do, to show those customers that their current protective firm is not doing the job and thus to induce them to switch protection firms. This action seems to be a profit-maximizing strategy; hence, protection firms that do not prey on noncustomers may not survive.

When placed in the nonexistent realm of private competing defense agencies, such a claim can only be speculative. Fortunately, we have a reasonable albeit imperfect real-world analogy against which to “test” this hypothesis: the present international situation.<sup>5</sup> Here, national governments take the place of private defense firms.

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<sup>5</sup>The similarity between national governments and competing defense agencies is a rather poor one, in that the former necessarily initiates violence while the latter logically cannot—if it does, it is no longer a defense agency. On the former, see Cuzan (1979, pp. 151–58); Hoppe (1993, 2001, 2003); Long (2004); Rothbard (1973; 1978, pp. 191–207; 1998/99, pp. 53–77).

Is it really “profit maximizing” for *countries* to “prey upon their competitors’ customers” national allegiances? Well, let us see. Nazi Germany engaged in precisely that activity, as did the U.S.S.R. It is difficult to reconcile their failure to survive with Holcombe’s contention that “firms [e.g., nations] that do not prey on non-customers may not survive.”

Long (2004) furnishes yet another piece of the puzzle, in his reply to Holcombe’s (and Rand’s) objection to anarchism that private defense agencies would prey on their competitors’ customers:

Probably the most popular argument against libertarian anarchy is: well, what happens if (and this is Ayn Rand’s famous argument) I think you’ve violated my rights and you think you haven’t, so I call up my protection agency, and you call up your protection agency—why won’t they just do battle? What guarantees that they won’t do battle? To which, of course, the answer is: well, nothing *guarantees* they won’t do battle. Human beings have free will. They can do all kinds of crazy things. They might go to battle. Likewise, George Bush might decide to push the nuclear button tomorrow. They might do all sorts of things.

The question is: what’s likely? Which is likelier to settle its disputes through violence: a government or a private protection agency? Well, the difference is that private protection agencies have to bear the costs of their own decisions to go to war. Going to war is expensive. If you have a choice between two protection agencies, and one solves its disputes through violence most of the time, and the other one solves its disputes through arbitration most of the time—now, you might think, “I want the one that solves its disputes through violence—that sounds really cool!” But then you look at your monthly premiums. And you think, well, how committed are you to this Viking mentality? Now, you might be so committed to the Viking mentality that you’re willing to pay for it; but still, it is more expensive. A lot of customers are going to say, “I want to go to one that doesn’t charge all this extra amount for the violence.” Whereas, governments—first of all, they’ve got captive customers, they can’t go anywhere else—but since they’re taxing the customers anyway, and so the customers don’t have the option to switch to a different agency. And so, governments can externalize the costs of their going to war much more effectively than private agencies can.

#### NOZICK

Holcombe (2004, p. 330) next opines that

[t]he problem is even more acute if Nozick is correct in arguing that there is a natural monopoly in the industry. In that case, firms must add to their customer base or lose out to larger firms in the competition.

There are problems here. First, Holcombe reckons in the absence of libertarian critics of Nozick who left little of his philosophical edifice still standing after their intellectual onslaught.<sup>6</sup> Second, we must again wheel in the big guns of (the non-existence of) world government. If this “industry” were truly a “natural monopoly,” then surely we would have seen a vibrant world government in existence long before now.<sup>7</sup>

The same consideration serves to blow out of the water Holcombe’s (2004, p. 330) use of Tyler Cowen’s work (1994, pp. 330): “This tendency toward natural monopoly is accentuated because for protection firms to cooperate in the adjudication of disputes, a single arbitration network is required.” If so, there are either stronger countervailing forces, or this phenomenon is not capable on its own of leading to cartelization or monopoly. After all, the world government we would expect on the basis of this consideration has simply *not* arisen, and even the cartels (amalgamations of nations) have been sporadic, temporary, and changing. For example, France was the ally of the U.S. in World War II, but it opposes the present American incursion into Iraq. China was the enemy of the U.S. during the Korean “Police Action” of 1950, but it is now the last best hope of this country for reining in the North Koreans.

#### PROFIT MAXIMIZATION

Similarly, Holcombe (2004, p. 331) writes that “profit-maximizing firms . . . can be expected to employ (their assets) in the dual roles of protection and predation.” Further:

[P]rotection firms might want to display their excess capacity to use violence conspicuously, in part to reassures their customer and in part to deter aggressors. They also might use these resources, however, in a predatory manner against nonclients.

Who knows? Maybe any or all of this could occur. Perhaps computer firms could prosper by secretly creating viruses and then selling cures for them. Maybe car repair companies could maximize profits by going about in the dead of night dismantling autos, and hoping some of the owners would patronize them; or, better yet, as they repair one aspect of an automobile, purposefully break another,

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<sup>6</sup>See the Nozick symposium in the *Journal of Libertarian Studies* (Winter, 1977) including Randy Barnett, Roy A. Childs, Williamson M. Evers, Murray N. Rothbard, and John T. Sanders.

<sup>7</sup>For the argument against “natural monopoly” in economics, see Anderson et al. (2001, pp. 287–302) and Rothbard (1970).

in such a way that the need for fixing the latter will only be discovered later. It is also within the realm of possibility that physicians and pharmaceutical companies would spread disease, and then charge to alleviate their patients of them. Then there are the manufacturers who gain from planned obsolescence. Conceivably, all of these things *could* occur. But this sounds like the superficial criticisms of capitalism offered by socialists and other know-nothings, rather than serious economic analysis.

We are derelict in our duty if we do not ask under which conditions, statism or markets, are these horror scenarios *more likely* to occur. And to ask this question is to answer it. Surely, it is in the realm of *government*, not free enterprise, where this is more probable. As for war, consider the movie *Wag the Dog* for a fictional account of President Clinton's decision to bomb Bosnia in order to deflect attention from himself and his own troubles (newline.com 2001).

#### CIRCULAR ARGUMENT?

Holcombe (2004, p. 332) claims:

In the analysis of protection firms, this assumption of voluntary exchange amounts to an assumption the industry's output is already being produced—as a prerequisite for showing that it can be produced by the market! As a simple matter of logic, one cannot assume a conclusion to be true as a condition for showing that it is true. This problem makes the production of protection services a special case from the standpoint of economic analysis.

Are people who argue for ordered anarchy guilty of circular reasoning? Not a bit of it. No more so, leastways, than those who maintain that any other good or service can be supplied by the market.

Take food, for example. I go out on a limb and hereby claim that free enterprise is capable of supplying groceries. Aha, says Holcombe, if he consistently pursues the “logic” of the argument above: “But no farmer would grow much of anything if his property rights were not reasonably secure. And without food, it would be impossible for anyone to supply the defense necessary to plant and harvest in the first place! Neither government *nor* private protection agencies can make their rounds unfed. To assume they are not starving is to argue in a circle.”

In this manner, *any* (important enough) good or service (food and defense, as we have seen, but also money, metals, or labor) can be shown not to be economically viable, by private *or* government provision. For none of these things can be supplied in a vacuum. Not a one of them can be offered by anyone unless still other instrumentalities are in place. Money or copper cannot be created by anyone,

private or public, unless there is at least a minimal amount of food, order, etc.

Holcombe is here guilty of the failure to think marginally. This is the source of the famous “diamond-water paradox.”<sup>8</sup> Of course, if *all* protection is assumed away, the prospects for food, etc., are dim. In similar manner, without *any* food, no protection can take place. Matters look quite different, however, in the absence of these Herculean assumptions.

Speaking of lapses of logic, compare the following two quotes from Holcombe (2004, p. 331; emphasis added). The first goes as follows:

[P]rotection firms *might* want to display their excess capacity to use violence conspicuously, in part to reassure their customers and in part to deter aggressors. They also *might* use these resources, however, in a predatory manner against nonclients.

On the next page, Holcome (2004, p. 332; emphasis added) writes:

[A]s noted in the previous section, using the firm’s resources for predatory as well as protective activities *is* a profit-maximizing strategy, and protection firms that are not predatory *will* tend to lose out in the competition with those who are.

Note that Holcombe imperceptibly slides from “might” to “is” and “will” without any intervening argumentation or evidence being put forth. Talk about being convinced by one’s own rhetoric. Perhaps this, too, is “inevitable.”

Long (2004) offers another brilliant refutation of this particular Holcombe thesis:

Another popular argument, also used often by the Randians, is that market exchanges presuppose a background of property law. You and I can’t be making exchanges of goods for services, or money for services, or whatever, unless there’s already a stable background of property law that ensures us the property titles that we have. And because the market, in order to function, presupposes existing

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<sup>8</sup>The diamond-water paradox suggests that water, being necessary to human existence, is more important than are diamonds. Yet, diamonds are more expensive than is water, an apparent paradox. The common sense solution to the paradox concerns relative availabilities of diamonds and water, and the uses to which they are put. While we need water to survive, we have a lot of it, and can use it not only for survival but also for such luxuries as washing our cars and watering our lawns. Diamonds are relatively rare, so they are only used in very highly valued ways. Hence, diamonds are more expensive, even though all water is more important. In economic terms, at the margin, water is applied to lower-valued ends.

background property law, therefore, that property law cannot itself be the product of the market. The property law must emerge—they must really think it must emerge out of an infallible robot or something—but I don't know exactly what it emerges from, but somehow it can't emerge from the market.

But their thinking this is sort of like: first, there's this property law, and it's all put in place, and no market transactions are happening—everyone is just waiting for the whole legal structure to be put in place. And then it's in place—and now we can finally start trading back and forth. It certainly is true that you can't have functioning markets without a functioning legal system; that's true. But it's not as though first the legal system is in place, and then on the last day they finally finish putting the legal system together—then people begin their trading. These things arise together. Legal institutions and economic trade arise together in one and the same place, at one and the same time.

### MARKET POWER, COERCION, AND GOVERNMENT

According to Holcombe (2004, p. 333):

Firms with market power in the protection industry are uniquely in a position to use force to prevent competitors from entering the market or to encourage people to become their customers, simply as a result of the nature of their business. Nozick presents a relatively benign description of how private protective firms might evolve into a minimal state, but in a business where those who are best at using coercion are the most successful, the actual evolution of protection firms into a state may result in a very predatory state.

First of all, there is no such thing as “market power” in proper economics. Yes, for the neoclassicals, this is defined in terms of the number of firms in an industry, and is even “measured” by four-firm or eight-firm concentration ratios or Herfindahl indices.<sup>9</sup> But for all the spurious precision suggested by these statistics, the concept of market power is still highly problematic. It is necessarily arbitrary, as there is no noncontroversial measure of what constitutes the industry itself. How many substitutes are to be included? Does the bread industry comprise white bread, all bread, bread plus rolls and bagels, those plus spaghetti and cereal? Does the defense industry include armed guards, locksmiths, fence makers, judges, the manufacturers of pistols, batons, handcuffs? As there is no precise line that can be drawn around the “industry,” all measurements of the “market power” it enjoys are capricious.

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<sup>9</sup>See [www.usdoj.gov](http://www.usdoj.gov) for a description.

“Power” is entirely a different matter. It depends not on the number of competitors in an “industry,” but on the issue of whether competition (free entry) is *allowed* by law. If it is allowed, there is no such thing as market power, even if there is but one seller.<sup>10</sup> If it is not allowed, then there is plenty of power, even with thousands of participants, e.g., the taxi industry in New York City. But this is not *market* power; rather, it is *government* power.

If Holcombe’s (2004, p. 333) understanding of “market power” is flawed, this applies, in spades, to a term even more central to his concerns: “coercion.” There is simply no such thing as a “business where those who are best at using coercion are the most successful.” Gangsters, mafias, thugs, murderers, rapists, and governments utilize coercion, the unjustified use of force. In very sharp contrast indeed, to the extent an entity is purely a *business*, it must of necessity eschew coercion entirely. Rather, if it is in the defense or protection industry, it uses (morally neutral) *force*. It does so only in reaction to, or in defense against, the imminent use of initiatory violence (coercion) against itself or its clients.

The same goes for his understanding of the concept “government.” Holcombe (2004, p. 333) offers the following for our consideration: “Every place in the world is ruled by government.” However, we have already seen that this is not exactly correct. Apart from the lack of a world government, there are the oceans, and there is Antarctica, where the foul breath of the state hardly exists at all.<sup>11</sup> There is a lack of government, paradoxically, even *within* government.

In this regard, Long (2004) writes:

The U.S. Constitution says nothing about what happens if different branches of the government disagree about how to resolve things. It doesn’t say what happens if the Supreme Court thinks something is unconstitutional but Congress thinks it doesn’t, and wants to go ahead and do it anyway. Famously, it doesn’t say what happens if there’s a dispute between the states and the federal government. The current system where once the Supreme Court declares something unconstitutional, then the Congress and the President don’t try to do it anymore (or at least not quite so much)—that didn’t always exist. Remember when the Court declared what Andrew Jackson was doing unconstitutional, when he was President, he just said, “Well, they’ve made their decision, let them enforce it.” The Constitution doesn’t say whether the way Jackson did it was the right way.

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<sup>10</sup>Think IBM or Alcoa before the advent of competitors.

<sup>11</sup>Ancient Ireland existed in a state of orderly anarchy for centuries. On this, see Peden (1977, pp. 81–96); Friedman (1989); and Miller (1990).

### GANGS VS. GOVERNMENTS

In Holcombe's (2004, p. 333, n. 18) view:

Perhaps the most recent examples of areas effectively without government were Bosnia, Somalia, and Afghanistan in the 1990s, which fell well short of being anarchistic utopias.

But these are *not* cases in point. Here, there most certainly were bands of thugs and warlords on the loose. Are these not governments? Anyone who denies this must show a relevant difference between these marauders and the *governments* of such worthies as Stalin, Hitler, Pol Pot, and their ilk. Yes, to be sure, governments are often distinguished from mere gangs in that the former has some legitimacy lacking in the latter. But it is difficult to see why we need accord any legitimacy at all to the likes of Stalin, Hitler, and Pol Pot.

In any case, whether a group of people is seen as legitimate is not an *essential* definition of government. Rather, the key aspect is whether they engage in initiatory aggression, or coercion. Here, it is clear that the similarities (invasion, predation) between states on the one hand, and robbers, murderers, rapists, thugs, warlords, and gangsters on the other hand, are crucial, while the differences (legitimacy) are not.

Holcombe looks down his nose at Bosnia, Somalia, and Afghanistan, but according to R.J. Rummel (1992, table 1.2), the worldwide total number of noncombatants killed by their own *governments* during twentieth century was 169,200,000, and none of these three even makes the list of contributors.<sup>12</sup> Instead, this carnage was all created by what Holcombe would undoubtedly characterize as "legitimate governments," a contradiction in terms if ever there was one. Statistics on murders in Bosnia, Somalia, and Afghanistan are hard to come by, but it seems unlikely that they would be higher than these grotesque amounts even on a basis proportional to population.

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<sup>12</sup>This is a serious underestimate, since it does not take into account deaths attributable to a variety of government initiatives. For deaths attributed to the U.S. Food and Drug Administration, see Rockwell (1999) and Weinert (1998). For those attributed to socialized medicine, see Barnett and Saliba (2004, pp. 38–56) and Terrell (2003). On fatalities, and road socialism, see Block (1979, pp. 209–38; 1996, pp. 195–207).

For more on the ghastliness of governments, not war lords, see Courtois et al. (1999); Rummel (1992, 1994, 1997); Conquest (1986, 1990).

## SECOND BEST

In Holcombe's (2004, pp. 333–34) view:

[P]eople with no government—or even with a weak government—will find themselves taken over and ruled by predatory gangs who will establish a government over them.

How do we define “weak government?” In any reasonable definition, those of Switzerland, New Zealand, Singapore, Monaco, Liechtenstein, and Iceland must be considered “weak.” Yet, they are all doing quite nicely, thank you, at least relative to other such entities one could name.

Hong Kong might be considered as an instance on Holcombe's side of this particular ledger. China, a government more given to predation, did take them over, but it is by no means clear that those with a weak government will find themselves being taken over by a far worse one. In a sense, there is a real question as to which government took over which. Did the tiger eat the mouse, or did the mouse “roar,” and reverse the usual outcome? In the Peter Sellers movie *The Mouse that Roared*, a tiny country conquered the mighty U.S. in a war. Ostensibly, Hong Kong is now a small part of China, but the economic system with which Hong Kong has long been associated, capitalism, bodes fair to take over the entire country of China, as the latter slowly throws off its communist shackles.<sup>13</sup>

On another Chinese front, the government of Taiwan would hardly be called “weak.” Yet, in comparison with the People's Republic of China, this is not an unreasonable characterization. The implication of Holcombe's analysis is that the latter would have no trouble in “taking over” the former. Yet, at least as of November 2004, this has not happened.

Nor can Iraq's attempt to take over Kuwait be counted as evidence for Holcombe's contention. True, there was the intervention to stop this by an even more powerful robber gang, the U.S., but the point remains that Kuwait, the “weak” government, was *not* taken over by Iraq, the relatively stronger one. As for the U.S., the strongest government in the world seems to be having an inordinate difficulty in taking over Iraq, at best a fifth-rate power. A similar analysis pertains to the U.S. in its early days. In the eighteenth century, it was far “weaker” than the U.K., but the latter proved powerless to prevent the former from leaving its ambit.

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<sup>13</sup>See Gwartney, Lawson, and Block (1996) and Johnson, Holmes, and Kirkpatrick (1999).

### PREEMPTIVE STRATEGY

Holcombe (2004, pp. 336–37) offers a strong, even inspiring vision: libertarian ideas can promote freedom. He also concedes that limited government is still thuggish and rights violating. He argues for the latter based on his preemptive strategy: only in this way can we avoid an even worse government.

There is, however, a tension between these two points. First, Holcombe inspires us with liberty and freedom, and the absence of government. Second, he advises us to jettison this ideal, on the ground that if we do not, we will be in for something far worse.

Let us reason by analogy, and see how Holcombe's argument plays out not in the field of government, but, rather, slavery. Accordingly, we now state the following. Slavery is inevitable. Periods of nonslavery are either fleeting, or an illusion. If "we" put ourselves in the hands of relatively kind slave masters, who use softer whips and engage in such nefarious practices with less frequency, we can stave off crueler, harsher slave masters, who will surely enslave us if we, head-in-the-sand ostrich-like, refuse to embrace "nicer" slave masters.

For all I know, there might be some truth, too, in this contention. Slave masters, after all, bear an uncanny resemblance to governments. But as a vision for libertarianism, as something to inspire us, it is difficult to embrace this particular program. Surely, we can do better than this. Holcombe's motto seems to be, "Nice government now, lest worse government later." Our motto, based on the slave analogy, would be "Embrace nice slave masters now, lest harsher ones come along later." What happened to "millions for defense, not a penny for tribute?" This would serve us well not only in rejecting slavery, but also in rejecting government, a slightly different sort of slavery, at bottom.

Holcombe (2004, p. 337) seems to have almost a fetish against "outside predators," but this is unconvincing. The source of the predation is surely irrelevant. Why is he so sure that if "we" set up a government, it will be better than the one imposed on us by "them?" Sometimes, surely, the homegrown version of tyranny is worse than the one imposed upon us by foreigners. Certainly, it would not be a logical contradiction to suppose this to be the case. For example, it was the outsiders, the British, who eradicated the practices of suttee and thuggee in India.<sup>14</sup> The local maharajah governments supported

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<sup>14</sup>See sify.com; fact-index.com; and bartleby.com for a discussion of these issues.

these vicious practices. There was virtually one-way immigration traffic on the part of blacks *into* South Africa under its apartheid regime. Surely, this was because the *whites* more humanely ruled the blacks than the latter did for each other. Who can deny that the conquistadores improved matters for the Indian populations of central and South America,<sup>15</sup> who had previously been tearing each other's hearts out and eating them.<sup>16</sup> Stalin murdered so many people in the Soviet Union that it is difficult to see how an outsider, a non-Soviet dictator, could have done any worse. In any case, after living among the locals for decades, even centuries, and tending to intermarry with them, the distinction between "our" government and one imposed upon us by "them" tends to disappear.

#### SCOPE OF LIBERTARIANISM

In Holcombe's (2004, p. 337) view:

A libertarian analysis of government must go beyond the issue of whether government should exist. Some governments are more libertarian than others, and it is worth studying how government institutions can be designed to minimize their negative impact on liberty.

Yes, yes, of course. No one claims that libertarian theory should be *confined* to the anarchist vs. monarchist issue, and Gwartney et al. (1996) and Johnson et al. (1999) have made some strides in measuring the level of predation of a given government. But this is disingenuous on Holcombe's part. He is doing far more, and worse, than suggesting that there is more to libertarianism than this one issue: He is offering a counsel of despair. Let us give up our hopes for full liberty, for we might worsen our position if we strive for it. As an empirical issue, Holcombe raises interesting points, but as a libertarian analysis, it is sorely wanting. It attacks full freedom merely as a strategy, not as an ideal.

#### CONCLUSION

Holcombe (2004, p. 337) concludes on the following note:

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<sup>15</sup> At least for those remaining who were not killed by sword or disease. See Diamond (1999).

<sup>16</sup> This is not an argument for paternalistic, imperialistic adventurism. For the libertarian, these forays were unjust even if they had beneficial utilitarian effects. I am only trying to correct Holcombe's bias in favor of home grown tyrants *vis-à-vis* foreign ones. Sometimes, the latter are better.

History has shown not only that anarchy does not survive, but also that some governments are better than others. Therein lies the libertarian argument for a limited government.

We cannot let this pass without comment. First of all, Holcombe is on record with the claim that government is inevitable. But if this is so, "history" cannot show any such thing. All history can do is record the past. *At best*, history can demonstrate that *so far* we have never had anarchy: We have always suffered under state rule. Consider the analogous claim: "Sunrises are inevitable, and history has shown this to be the case." This, too, is a fallacy. If sunrises are inevitable, then history can show only that *so far* the sun has risen every day, but history cannot demonstrate the *inevitability* of this process. In contrast, it is inevitable that  $2 + 2 = 4$ , that man acts, and that voluntary trade benefits both parties in the *ex ante* sense<sup>17</sup>; that is, it is a logical contradiction to suppose the opposite of these assertions, and they also explain events in the real world. But here, history can only *illustrate* that they are true. It cannot "show" any such thing.

Second, strictly speaking, there is and there can be no "libertarian argument for a limited government."<sup>18</sup> Limited government is simply incompatible with the libertarian nonaggression axiom. In order to more clearly see this, substitute "crime" for "government." This should raise no objection from Holcombe, who concedes that even the best of limited governments are criminal organizations, e.g., "predators." Is this something the true libertarian can accommodate, while still fully adhering to his principles? No, no, no. The libertarian, if he is to be logically consistent, must urge *zero* crime, not a small amount of it. *Any* crime is anathema for the libertarian. *Any* government, no matter how "nice," must therefore also be rejected by the libertarian.

This does not mean that 100 percent of the GDP should be devoted to the eradication of private crime and we all die of starvation. In like manner, the optimal amount of government for the libertarian—whether of the local "nice" variety or the nasty foreign

<sup>17</sup>See Hoppe (1992), Selgin (1988, pp. 19–58), and Rothbard (1973b, pp. 311–39).

<sup>18</sup>I do not deny that there is such a thing as a limited-government libertarian, or libertarian minarchism. It is in the same vein that I do not deny that if a person takes libertarian positions on all but one issue (say, drugs alone, or abortion alone, or rent control alone), that he can properly be characterized as a libertarian. I would say of all these people that they take libertarian positions on all issues except for the one where they deviate from the nonaggression axiom.

counterpart—is also zero. Similarly, this does not mean it is justified to spend the entire GDP on this quest, or even to engage in it at all (there are pragmatic considerations that apply only in the latter case), but it is the only one fully compatible with libertarianism.

To say that something—government, crime, slavery, it matters not what—is inevitable is to denigrate free will. If *everyone*, without exception, suddenly converted to libertarianism, on that great and glorious day there would be *no* government: nada, zip, none at all. Is it a logical contradiction to suppose such a situation? Of course not. So let us hear no more about the “inevitability” of evil.

Socio-biological considerations lead us to believe not that the criminal government (a redundancy) is inevitable, but, rather, that we are hard wired for institutions of this sort through evolution.<sup>19</sup> Who knows: rule by one man over another might well have had some survival value for our ancient ancestors. But we are also, some of us anyway, genetically inclined to murder, rape, and cheat, as well as to be just, invent new technologies, and love our children.

Holcombe's is a counsel of despair and compromise. Let us, instead, hold aloft our libertarian principles, never compromise with them, and strive, always, for liberty, *full* liberty. At one time in our nation's history, slavery, too, seemed “inevitable.” Instead of opting for the softer whips and nicer slave master theory of Holcombe, we should hold out for total and complete freedom.

We can do no better than to end with a quote from Rothbard (1973a, p. 302) in this context:

Thus, the libertarian abolitionist of slavery, William Lloyd Garrison, was not being “unrealistic” when in the 1830s he first raised the glorious standard of immediate emancipation of the slaves. His goal was the morally proper one, and his strategic realism came in the fact that he did not expect his goal to be quickly reached. We have seen in chapter 1 that Garrison himself distinguished: “Urge immediate abolition as earnestly as we may, it will, alas! be gradual abolition in the end. We have never said that slavery would be overthrown by a single blow; that it ought to be, we shall always contend.” Otherwise, as Garrison trenchantly warned, “Gradualism in theory is perpetuity in practice.”

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<sup>19</sup>See, e.g., Wilson (1980) and Pinker (1994, 1997, 2002).

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