

FREEDOM, SOCIETY AND THE STATE

**An Investigation into the
Possibility of Society
without Government**

David Osterfeld

COBDEN PRESS
1800 Market Street
San Francisco, CA 94102

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ISBN 0-930 439-08-2

To Emmy

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FORWARD

by

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When Thomas Hobbes chose to title his theory of the modern state, *The Leviathan*, he could not possibly have known just how prophetic that caption was to prove to be in our day. Hobbes, of course, did not have in mind the Old Testament version of the word Leviathan, viz., a sea monster portending evil. In Hobbes' mind the term Leviathan symbolized an ocean-going vessel which, when attached to his social contract theory, was meant to convey the idea of a mighty ship of state capable of withstanding the most ferocious gales and tempestuous seas that human nature could invent. Today the symbolization of the state as a ship more logically brings to mind the ill-fated Titanic as it sunk to the bottom of the Atlantic with its cargo of humanity caged within its iron hull. Clearly, the modern democratic theory of the state is in crisis, for not only have many people lost confidence in the state's ability to keep order within society but there is a widespread, ominous feeling that we are being sucked into a whirlpool that is heading us all toward a political version of Davey Jones' locker. David Osterfeld's *Freedom, Society, and the State* is addressed to the question of how we might save ourselves from this unsavory fate.

In the pages that follow, Osterfeld, drawing heavily upon the tradition of individualist thought as outlined by Benjamin R. Tucker and other American libertarians of an earlier era, presents a synthesis of anarchism and capitalism, a mission that is apt to be considered by many as futile as Hobbes' attempts to square the circle. Socialists in particular will be wary of this synthesis, for the free market economics that Osterfeld employs in his argument is generally thought of as the stock-in-trade of a powerful elite of wealth that uses the state to maintain its position of special economic privilege and political domination. But the uneasiness socialists experience at the mention

of free market economic theory is based upon an outmoded conception of the nature and function of the state as it relates to the general welfare as well as a serious misunderstanding of what anarchism is all about. Addressing himself directly to these misperceptions, David Osterfeld throws a great deal of light upon the topic of human freedom in contemporary times.

One of the widely held misperceptions attacked by Osterfeld is the mistaken notion that all anarchists are totally opposed to the institution of private property. The basis of that notion, most probably, is Proudhon's notorious assertion that "property is theft." But when Proudhon condemned private property, he was not thinking of goods produced by the worker through his own labor which he had every moral right to use for his own sustenance, but only those large accumulations of unearned income wrestled from the worker and protected in the hands of capitalists by laws established by the state. Like Adam Smith, from whom much of his enthusiasm for laissez faire theory was derived, Proudhon had no misgivings whatever concerning capital, if by capital is meant that necessary property the individual creates by his own efforts within an economic system characterized by unqualified freedom of choice and action. What anarchists like Proudhon condemn is property rights maintained in the interest of certain privileged individuals or social classes by force of state laws artificially imposed without regard as to who actually produced the property in question.

With respect to political theory, Osterfeld's position is determined in large measure by the anti-statism of Franz Oppenheimer and other libertarian thinkers who see modern democratic political ideology as the principal source of the confusion that characterizes the quest for social justice in contemporary society. Along with Marx and other socialists, individualist anarchist theory recognizes the enormous contribution made by capital during the early industrial revolution to the raising of human living standards and the widespread distribution of the comforts of modern life. Contemporary individualist anarchist theorists also acknowledge the central role that class conflict and state power have played in bringing about the inequitable distribution of wealth that is evident in modern social relations. Unlike both the Liberal and the Marxist, however, the individualist anarchist does not look to state power as the savior of those who are dominated and exploited by the irresponsible monop-

olies of wealth that have come about, for following Oppenheimer's viewpoint, it is the state that is the principal cause of the exploitation and monopolization of the means of production. That is so, according to individualist anarchist theory, because it would be virtually impossible for the super-rich to have achieved the enormously inequitable positions of economic privilege and domination they presently hold without the assistance of legal machinery erected by the modern state. A way out of this imbroglio can be found only by adopting a thoroughly radical solution, the rejection of state power as the central force in human relations.

In the place of the "political means" utilized by the state to regulate the economic and social affairs of people, Osterfeld and other individualist anarchists opt for a society regulated by free market forces that operate free of the artificial manipulation imposed upon people by the state's legal apparatus. In calling for a social order structured within the framework of laissez faire principles, liberals, especially, will accuse free market anarchists of turning the lambs over to the wolves, for one of the essential beliefs held by the liberal thinkers is that government is absolutely necessary if the robber barons of corporate capitalism are to be held in check. How could there be social order, the liberal demands, if the power of the state did not exist to effect reform and attempt to establish social justice? Osterfeld's answer to this is that government intervention in economic affairs more often than not takes place for the specific purpose of helping the super-rich to maintain or extend their position of supremacy rather than aid the disadvantaged; one need merely review the history of urban renewal projects in this country to understand Osterfeld's reasoning on this point. And even when the motives of reformers are pure, the help that is extended to the poor and under-privileged inevitably leads to an increase in the bureaucratic regulations they already suffer so that human freedom once again is victimized.

The argument outlined in favor of individualist anarchism by Osterfeld in this book is highly complex, drawing upon the wisdom of a wide range of social, economic, and political theorists. Of particular merit is the convincing argument he makes in favor of a legal order that operates without the assistance of the professional legal monopoly that has come to maturity in America in recent years, a monopoly that depends

almost exclusively upon the expertise of juridical specialists while ignoring the real needs and social instincts of the very people it is supposed to help. Here Osterfeld dares to refer to the ideas and theoretical insights of a number of unconventional but extremely provocative thinkers, social theorists like Lysander Spooner, Friedrich A. Hayek, Murray N. Rothbard, Gabriel Kolko, Ludwig von Mises, Robert Nisbet, Walter Grinder, and Randolph Bourne. Convinced that there is little hope for human freedom to be found in the theories of either Marx or Keynes, Osterfeld leads his readers in a quest for a more intelligent solution to the prodigious problems imposed upon us by modernity. This book most certainly gives the reader a perceptive guide to an understanding of contemporary libertarian thought and the logic of individualist anarchism as a means to regain our freedom.

PREFACE

Anarchist thought has traditionally been associated with socialism and has centered its attack not only on the state but on the market as well. Over the last two decades, however, there has emerged a notably new form of anarchism, commonly termed individualist anarchism or anarcho-capitalism which, rather than abolish the market, desires to universalize its scope. This variant of anarchism is the principle focus of this study.

When my interest in individualist anarchism first arose about seven years ago, I was what I have called in this study a "minarchist." Like John Stuart Mill, I believed that the use of force against another could be justified solely on the basis of defense. Also like Mill I felt that this force could be supplied only by government. Since I was convinced that there would always exist at least some individuals who would indulge in anti-social or criminal behavior I felt that anarchism was a naive and utopian doctrine. Nevertheless, although highly skeptical, I was intrigued by this new, free market, anarchism, which agreed that criminal behavior would exist in an anarchy but that it could be handled by competitive police and court companies operating on the free market. I decided to investigate, and this book is the product of that six-year investigation.

I have tried to present an objective analysis of the doctrine. I am aware, of course, that no study can be totally objective, yet I hope, and believe, that by and large I have accomplished my task. Objectivity, however, is not the same as neutrality. While I believe that my study is objective, my conclusions are not, in fact could not be, neutral. In trying to evaluate individualist anarchism I had to render an assessment, one way or the other.

When I first began to examine the doctrine my original presumption was that anarchism was simply utopianism, and I fully expected this presumption to be confirmed by my investigation. This presumption, however, gradually, and grudgingly, began to give way to respect and ultimately to the conclusion, surprisingly as it may seem, that individualist anarchism would actually be a feasible method of social organization. But this is not to say that it would be desirable. There

would, of course, be trade-offs: an anarchist society would have advantages over a statist society in some areas while the reverse would be true in others. Which system one believes to be, on balance, the better depends on how one assesses their relative advantages. And this, of course, is an individual, subjective, decision. I have tried to point out these trade-offs so the reader would be able to make his own assessment based on reason rather than mere presumption.

The second printing of the book does not differ substantially from the first. Ross Levatter's criticism of Chapter IV has caused me to introduce some changes in that chapter. Beyond that, the alterations have been cosmetic, such as correcting certain editorial mistakes in the first printing and some updating of the material.

The debts one accumulates in a project of this sort are, of course, innumerable. Not everyone who has helped can be mentioned here. But I do wish to acknowledge the assistance of Dieter Dux, Lloyd Valentine, Andrew Semmel, Leonard Liggio and Ross Levatter. I would also like to thank Sally Files for typing the manuscript. I am grateful to both the Hayek Fund of the Institute for Humane Studies and the Liberty Fund. I owe a special thanks to the Hayek Fund for its generous financial support for this project. To Liberty Fund I wish to express my gratitude for their constructive comments over the years when the manuscript was in preparation. I must express my profound gratitude to Professor Leland Yeager for his numerous comments and criticism of two earlier drafts of the manuscript. I have learned a great deal from his comments and have incorporated many of his suggestions into the final draft. A long time ago I learned that things that go without saying usually go much better when they are said. So, I feel I ought to say that none of those mentioned bear any responsibility for any of the remaining errors, of which I am sure there are some, or the conclusions, from which most would object. The remaining errors and the conclusions are, of course, my responsibility.

I also am grateful to the following for their kind permission to quote from their works: Jarret B. Wollstein from his *Public Services under Laissez Faire*, and John Hospers from his *Libertarianism* Copyright © 1971 by Reason Enterprises, Box 40105, Santa Barbara, CA 93103. I am especially grateful to Murray Rothbard for his generous permission to quote from all his published works. I had been familiar with the writ-

ings of anarchists such as Kropotkin and Bakunin and had given them rather short shrift. It was my exposure to the ideas of Murray Rothbard that prompted me to take anarchism seriously, and in fact provided the genesis for this entire project.

Finally, I wish to publicly apologize to my wife, Emmy, for reading her passages here, asking her opinion of an idea there, and in many other ways too numerous to mention simply plaguing her with the manuscript for the past six years. She endured it all stoically. Without her patience this book would never have seen the light of day.

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CHAPTER I

A Political and Economic Overview

Libertarianism is a politico-economic philosophy of individualism. It is premised on the belief that every individual has an unalienable right to live his own life as he sees fit, provided he does not aggress against the equal rights of others. There are two distinct strains of libertarian thought: minarchism and anarchism. While this study focuses on the anarchist branch of libertarianism, the sole, although crucial difference between the two factions resides in their views regarding government provision of police and court services. The minarchists believe that the only proper function of government is to protect individuals from aggression. Consequently, they argue for a "night watchman" state (1) to operate solely in this area and believe that all of the other services currently supplied by government can be handled on the market. The anarchists, however, go even further and believe that government can be dispensed with entirely and that even the police and court functions can be supplied better and at less risk of tyranny on the market. Because the anarchists propose that a definite economic institution, the market, replace the political institution of government, they have been variously referred to as "free market anarchists," "anarcho-capitalists," and "individualist anarchists." Since libertarianism is compatible with any voluntary, non-coercive, institutional arrangement of which the market is only one -- albeit the most significant -- of such arrangements, terms such as "free market anarchism" or "anarcho-capitalism" are overly restrictive. The term "individualist anarchists" will therefore be the term normally used to refer to those who oppose government entirely and advocate the market as the primary -- in fact indispensable -- mechanism for the voluntary coordination of social activity.

It should be pointed out in this context that a synthesis of anarchism and capitalism was regarded as impossible by traditional proponents of both doctrines. While the defenders of capitalism such as the classical liberals of the nineteenth century believed that government should be kept strictly limited and as much as possible handled by the market, it should not be thought that they allied themselves with anarchism. On the

contrary, it would not be too strong to describe classical liberalism's attitude toward anarchism as one of both contempt as well as fear. It was contemptuous because as one classical liberal philosopher wrote, anarchism "would be practicable only in a world of angels" and the "liberal understands quite clearly" that "one must be in a position to compel the person who will not respect lives, health, personal feelings, or private property of others to acquiesce in the rules of life in society." (2) And classical liberalism had feared anarchism because, while encompassing a broad spectrum of thought ranging from the rampant individualism of Max Stirner to the communism of Peter Kropotkin, the dominant strain of anarchism ostensibly placed it squarely within the socialist camp. Daniel Guerin put the matter succinctly. Anarchism, he says, "is really a synonym for socialism." (3) And, while acknowledging "Stirner's complete rejection of all political, moral, and traditional ties of the individual," Max Adler goes so far as to argue that Stirner cannot even be considered an anarchist since anarchism is only "a definite political trend within the socialist labor movement," and Stirner was not a socialist. (4)

Hence, not just the state but the capitalist economic system were the principal evils for the majority of anarchist thinkers of the nineteenth century. It was not accidental that in Kropotkin's delineation of the three cardinal aims of anarchist communism the first was an injunction against capitalism: "Emancipation from the yoke of capital; production in common and free consumption of all the products of common labor." Only after his exhortation to abolish capitalism does one find a call for "emancipation from government" and "emancipation from religion." (5) The views of the Italian anarchist, Errico Malatesta (6) and the Britisher, William Morris (7) were similar. Both equated anarchism with communism and called for the free distribution of all goods. Bakunin, while a collectivist rather than a communist, also advocated the liberation from capitalism. (8) Even in the writings of the more individualist-oriented anarchists one finds condemnations of capitalism coupled with panegyrics to socialism. In a striking phrase, Proudhon not only declared that "Property is theft," but also exclaimed "What is the capitalist? Everything! What should he be? Nothing!" (9) Similarly, the English anarchist, William Godwin, asserted that "it follows upon the principles of equal and impartial justice, that the good things of the world are a common stock, upon which one man has as

valid a title as another to draw for what he wants." (10) And the American anarchist, Benjamin Tucker, contended that there were "two schools of Socialistic thought," the State Socialism of Karl Marx and the Anarchism of Proudhon and the American Josiah Warren. Tucker placed himself in the anarcho-socialist camp. (11) Thus, it is not surprising that anarchism was abhorrent to the classical liberals. "Liberalism," wrote Ludwig von Mises, "is not anarchism, nor has it anything to do with anarchism," (12) and the twentieth century followers of classical liberalism, the minarachists, have followed their mentors in rejecting anarchism. (13)

But while a quick glance at the major anarchist thinkers of Europe, England, and America would ostensibly indicate that all were firmly anti-capitalistic, a closer look will show that this is incorrect, for the term "capitalism" has been used in socialist literature in two contradictory manners. On the one hand, the term is used to denote production according to the dictates of the market, or in socialist terminology, "commodity production." On the other, capitalism is defined in terms of class relations, i.e., the ownership of the means of production by the "bourgeois," or ruling, class. The former may be termed the economic definition and the latter the sociological definition. If the economic definition is used, it follows that the more things are handled by the market, the more capitalistic the society. This means that price controls, tariffs, licensing restrictions, state unemployment compensation, state poor relief, etc., whether they are considered beneficial or not, must be classified as anti-capitalistic institutions since they constitute modifications or restrictions of the market. Since the state does not sell its services on the market, "state capitalism," according to the economic definition, is a contradiction in terms.

But if the sociological definition is used, the state becomes compatible with capitalism, for whatever serves to entrench the bourgeois class, the owners of the means of production, in power is, ipso facto, "capitalistic." Since both proponents and critics of capitalism were in general agreement that market competition would force the "rate of profit" to fall, the two definitions lead to mutually exclusive consequences. Since the economic or market definition posits pure laissez faire, any government intervention to protect the interests of the bourgeoisie is anathema. But that is precisely what is entailed in the sociological definition:

state intervention to protect profits and institutionalize the position of the property-owning class. When the sociological definition is used, capitalism becomes incomprehensible without control of the state by the bourgeoisie. For with the power of the state behind them, the bourgeoisie are able to protect their privileged positions from the threat of competition by the establishment of tariff barriers, licensing restrictions, and other statist measures.

The proponents of capitalism, however, had only the economic definition in mind when they defended capitalism.(14) Far from intending to defend state intervention to preserve artificially high profits, it was, in fact, such pro-capitalist writers as Adam Smith who vehemently condemned such "mercantilist" arrangements and urged their replacement by free trade capitalism.(15) Since comparison can only be made when definitions tap the same domain, confusion occurred because of these definitional differences, and critics and opponents of capitalism talked past each other when many were in basic agreement. But if the economic spectrum is analyzed from the point of view of the economic definition only, then comparison can be made on the following basis: capitalism would be equated with the market, communism with the absence of the market, and mercantilism with a mixed or restricted market.

communism	mercantilism	capitalism
0:-----:-----:100		
non-market	restricted market	market

We are now in a position to reassess the anti-capitalism of the anarchists. What is evident in such a taxonomy is that while certain anarchists such as Kropotkin and Bakunin must certainly be classified as socialist or communist, others like Proudhon, Godwin and especially the native American anarchists such as Josiah Warren, Benjamin Tucker, and Victor Yarros, despite their characterization of themselves as socialists, must be placed within the capitalist camp. A closer look at the anarchists themselves will make this clear.

1. THE ECONOMIC SPECTRUM OF ANARCHISM: COMMUNISM TO CAPITALISM

a. Anarcho-communism.

At one end of the anarchist spectrum we find those who, like Kropotkin and his followers, blend anarchism and communism. The anarcho-communists oppose exchange, money, the division of labor, private property, and the wage system. Capitalism, they argue is just as "barbarous" as feudalism; only the forms have changed. "The worker is forced, under the name of free contract," says Kropotkin, "to accept feudal obligations. For turn where he will he can find no better conditions. Everything has become private property and he must accept, or die of hunger." Since the capitalist owns the means of production he can dictate wage rates. This puts the worker at a distinct disadvantage. The wage system therefore reduces the worker to poverty.

On the other hand, despite the advance in technology which has made a life of abundance possible for all, "the owners of capital constantly reduce the output by restricting production," thereby keeping prices high. Labor is further squandered by the production of luxuries for the capitalist class, as well as by the money spent on armaments, salaries for judges, prison guards, policemen, etc. All money spent by government is useless, says Kropotkin, since there is a definite relationship between crime and poverty. Hence, if one eliminates capitalism, poverty and thus crime would nearly disappear, and government would become unnecessary. Social behavior would be regulated by voluntary compliance to "unwritten customs." As Kropotkin's biographer, Martin Miller, put it, "the tradition of authority was to be replaced by the authority of tradition." (16) As for the "few anti-social acts that may still take place," says Kropotkin, "the best remedy will consist in loving treatment, moral influence, and liberty." And if that doesn't work then the aggressor can "of course be expelled from fellowship." (17)

Private property, whether that of capitalism or mercantilism, is likewise condemned. Since everything material as well as mental is a product of the contributions of countless individuals, past as well as present, it is impossible to determine the actual contributions of each. Consequently, argues Kropotkin, property cannot rightfully be private, but only common; all have a

right to an equal share of all that is produced. Not only the means of production but also the product of production including houses, clothing and food, is to be communalized. The first principle of anarcho-communism, says Kropotkin, is that "the means of production being the collective work of humanity, the product should be the collective property of the race." (18) Since collectivism only wishes to collectivize the means of production while retaining individual ownership of its product, Kropotkin condemns it as simply a modification rather than the "negation of wage slavery." (19)

In the absence of the state, the cities will automatically transform themselves into "Communitistic communes." These communes will be large enough to be nearly or completely self-sufficient and at one point Kropotkin says that each commune would be populated by "a few millions of inhabitants." (20) Man, he further argues, is not naturally lazy. It is the private ownership system that "places a premium on idleness." But since under communism everyone would know that their subsistence is secured for them "they would ask nothing better than to work at their old trades." In fact, he says, the voluntary work of the new society "will be infinitely superior and yield far more than work has produced up to now under the goal of slavery, serfdom and wagedom." Kropotkin envisions the anarcho-communist society to be so productive, in fact, that he claims that each individual would only have to work five hours per day, and that only between the ages of twenty or twenty-two to forty-five or fifty. (21)

In short, for the anarcho-communist, not only private property, whether capitalist or mercantilist, but the entire market as well, are all to be abolished. The capitalist system is to be replaced by "free communism" which "places the production reaped or manufactured in common at the disposal of all, leaving to each the liberty to consume as he pleases." (22)

b. Anarcho-collectivism.

Slightly less communal-oriented than anarcho-communism is the collectivism of the Bakuninists, and capitalistic private property and exchange both begin to appear even if only in an extremely rudimentary way. After the revolution, says Bakunin in his "On the Morrow of the Social Revolution," the bourgeoisie will be expropriated: "The city proletariat will become the owner of capital and of implements of labor, and the rural

proletariat of the land which it cultivates with its own hands."(23) The peasants, according to the prominent Bakuninist James Guillaume, will then have the option of either owning and working their plots individually or associating into collectives. Because of the advantages of the collective in creating "a communal agency to sell or exchange their products," it is expected that the collective will be the dominant form of organization, but no coercion will be used to compel individual peasants to join the collectives.(24) A similar arrangement is envisioned for industry. Large-scale production, of course, would entail collective ownership, but handicrafts and other small industry may well be individually owned. As for remuneration, whereas anarcho-communism intends to follow the formula "From each according to his ability to each according to his needs," the collectivists, at least initially, adhere to the much different maxim of "From each according to his means to each according to his deeds."(25)

To meet their needs it will be quite natural for the collectives to organize themselves into federations of collectives.(26) Then, as Guillaume describes the operation of the anarcho-collectivist society, "the workers' associations as well as the individual producers. . . will deposit their unconsumed commodities in the facilities provided by the Bank of Exchange, the value of the commodities having been established in advance by a contractual agreement between the regional cooperative federations and the various communes. . . The Bank of Exchange will remit to the producers negotiable vouchers representing the value of the products: These vouchers will be accepted throughout the territory included in the federation of communes."(27)

The important difference between anarcho-communism and anarcho-collectivism is that while for the former the wage system and all other market phenomena will be abolished, the collectivists retain not only a modified wage system but other exchange relationships as well. Guillaume, for example, acknowledges that so long as any products are in short supply they would have to be treated as commodities with their prices set by the Bank of Exchange according to the dictates of supply and demand. It should be pointed out, however, that the collectivists believe that collective labor will be so productive that all shortages will eventually disappear and with it the need for any type of price mechanism.(28) Once this plateau of plenty is reached, the structures of anarcho-communism and anarcho-collectivism

will become practically indistinguishable.

c. Anarcho-syndicalism.

Syndicalism is both an organizational structure and a method of overthrowing the capitalist system. As a method, syndicalism, as popularized by Georges Sorel(29), is a movement premised on the "myth of the general strike" and the use of force. Violence, it is held, is necessary to overthrow both capitalism and the capitalist state. But to galvanize the workers into action, they must believe in the inexorable triumph of their cause. It is this function that the "myth" fulfills. For by believing that the general strike will produce the triumph of their cause, it brings into relief the class antagonisms of the capitalist system. In doing so it unites the proletariat, producing an "epic state of mind" which rouses the proletariat to acts of "heroism." (30) This triumph of the proletariat will eventually culminate in the overthrow of capitalism. Belief in the myth of their inevitable victory, in other words, produces a will to action that does, indeed, make their victory inevitable.(31) Such, briefly, is the method of syndicalism.

We are most interested, however, in the organizational framework that will prevail once syndicalism has triumphed. There is an important difference between syndicalism and communism on the question of the ownership of the means of production. While both aim to expropriate these from the capitalist, under communism, as envisioned by Kropotkin, all workers would collectively own all capital. Under syndicalism, however, only those workers in a particular industry would own the means of production within that industry. This bears an obvious resemblance to the collectivism of Bakunin, and Bakuninism may actually be seen as a variant of syndicalism, as can the mutualism of Proudhon.

The essential aspect of syndicalism is workers' control according to industry. While these syndicates or industrial organizations are to be autonomous, they are nevertheless to be loosely confederated, both geographically as well as functionally. The workers in each locality, according to Rudolph Rocker, will join the unions of their respective trades. All the unions in a given region will then be combined into Labor Chambers. It would be the responsibility of the Labor Chambers "to determine the needs of the inhabitants of their districts and organize local consumption." On the

other hand, every trade union is to be "federatively allied with all the organizations of the same industry and then in turn with all related trades, so that all are combined in general industrial and agricultural alliances." It would "be the task of the Industrial and Agricultural Alliances to take control of all instruments of production, transportation, etc., and provide the separate producing groups with what they need." In short, workers are to be organized functionally through the Federation of Industrial Alliances, which would coordinate production, and geographically through the Federation of Labor Chambers, which would handle the problems of distribution and consumption.(32)

Anarcho-syndicalists maintain that syndicalism would accomplish "the complete overthrow of the wage system."(33) But since the income of each worker-owner is directly tied not only to the physical output of his own industry but to the demand for that output, it would be more accurate to view syndicalism as a modification rather than the abolition of the wage system.(34) In fact, while it may be too strong to call it "workers' capitalism," it should be pointed out that its very structure forces the workers to be not only workers and owners but capitalists and entrepreneurs as well. But this means that each syndicate would have to decide such questions as whether to expand or curtail production in any given period, how much of its gross revenue to reinvest and how much to divide between the members of the syndicate, whether to cease operations in one area or begin them in another, whether to use more labor and less machinery or vice versa, etc. These are entrepreneurial decisions and are invariably made within an environment of uncertainty and risk. And just as some entrepreneurs make the correct decisions and succeed while others fail, under syndicalism some syndicates might prosper but others would surely fail, for no system can eradicate the uncertainty of the future. Not only may tastes change, for example, but an invention may render a particular syndicate obsolete.

Not only would syndicalism have to make entrepreneurial decisions, just as is done under capitalism, but one must question whether "workers' control" is even possible. The crucial problem for syndicalism is whether or not the individual members of the syndicates would be permitted to sell their shares to other individuals or syndicates. Either way creates a dilemma for the concept of workers' control. For if they are not permitted to sell their shares then they cannot be said

to really own their portion of the industry. Since sociologically ownership is defined as the power to dispose of property; that individual or group within the syndicate with the power to prevent the worker from selling "his" share to whom he wishes is the actual owner and controller. Rather than workers' control, there has merely been a change in form: one set of owners has replaced another. But if individuals within each industry really own a share of that industry then they must be permitted to dispose of their shares as they see fit. This means that they can sell their shares to those outside of the industry. But such a policy would entail an end to "workers' control" and a reemergence of the separation of ownership and labor which it was the aim of syndicalism to overcome. Similarly, the same dilemma presents itself if the original workers-owners of the more prosperous syndicates decide to hire workers as simple wage earners and not as part owners of the industry. To prevent them would be a denial of worker control; but so too would adoption of such a policy. Again, things would tend to return to the pre-syndicalist, i.e., capitalist, state of affairs.

Thus, while syndicalism may aim to eliminate private ownership of the means of production, the wage system, the market, and economic inequality, the structure of syndicalism itself forces a return to the paraphernalia of the market, if only in a somewhat modified form.(35)

d. Mutualism.

Despite his famous remark that "property is theft," Proudhon was, in fact, a staunch defender of the small property owner. He distinguished between property, in effect absentee ownership, and possession. His argument was that the land really belonged to those who worked it and hence "possession," or "occupancy," "negated property." (36) He not only defended private ownership but the rights of barter, sale and hereditary property as well, and felt that individual liberty could be protected only if property were subject to no restriction but that of size.

The three cornerstones of Proudhon's ideal society are contract, exchange, and property. The state is to be abolished and all relations between individuals and collectives are to be handled by contract. "The notion of contract precludes that of government," writes

Proudhon. And again, "Instead of laws we would have contracts. No laws would be passed either by majority vote or unanimously. Each citizen, each commune or corporation, would make its own laws."(37) The corollary of contract is exchange; people contract with each other to exchange their products. Accordingly, Proudhon defines mutualism as "service for service, product for product. . ."(38) Proudhon was not so much an opponent of the capitalistic market system as of industrialism. He envisioned a society of numerous small and independent producers, voluntarily contracting to exchange their products on an equitable basis. Where the nature of production makes such a framework impossible, Proudhon advocates a syndicalist arrangement where the workers in each industry would own the means of production in that industry. Relations between the syndicates and other syndicates or individual producers are to be handled in the same way as relations between individual producers: exchange and contract. But for contract and exchange to be meaningful there must be private ownership; one cannot exchange what one does not own. Proudhon, in fact, proclaims that property "is the only power that can act as a counterweight to the State. . . ." Thus, property he says, "is the basis of my system of federation."(39) It is not surprising to find, therefore, that Proudhon was in fact a bitter opponent of communism, which he defined as "the exploitation of the strong by the weak." Any society failing to recognize the right of private property, he felt, must inevitably breed a stultifying rigidity and uniformity that is incompatible with "the free exercise of our faculties, . . . our noblest dreams, . . . our deepest feelings."(40)

On the question of crime in an anarchist society, Proudhon thought that contract was the *sine qua non* of justice, and that a fully contractual society would be a fully just one. And he further believed, perhaps naively, that a just society would alleviate much of the tendency toward and need for criminal behavior. The occasional anti-social individual, Proudhon thought, could be handled through the method of voluntary reparation. The criminal would be asked to make reparation to his victim, and the threat of being the target of public disapprobation if he refused would all but insure compliance. And since reparation accords the criminal "as much respect as he lost through his crime. . .[h]is reparation is also a rehabilitation." Finally, anyone regularly violating the norms of the society, and refusing to make reparation, what Proudhon terms the "hopelessly obdurate scoundrel," can legitimately be subject-

ed to physical suffering and even death.(41)

In short, despite Proudhon's famous statement on property and his regular condemnations of "capitalism," the essential components of mutualism are private property, exchange, and contract. With the one significant exception of his stricture concerning the size of property, mutualism is, in most other respects, not incompatible with capitalism.(42)

e. Godwinism.

H. N. Brailsford says of Godwin that "intensely equalitarian, he permits property only that it may be given away."(43) A close look at William Godwin, however, reveals that despite his repeated condemnations of "accumulated property" he was probably an even more vigorous defender of private ownership than Proudhon. The idea of property, says Godwin, "is a deduction from the right of private judgement." Thus, he continues, property is, "in the last resort, the palladium of all that ought to be dear to us, and must never be approached but with awe and veneration."(44) In fact, while otherwise eschewing violence, Godwin even goes so far as to remark that the "right of property, with all its inequalities. . . should be defended if need be by coercion. . ."

Godwin views property according to "three degrees." The first and most fundamental is that a person may own property provided "a greater sum of benefit or pleasure will result, than could have arisen from their being otherwise appropriated." From this he believes it follows "that no man may, in ordinary cases, make use of my apartment, furniture or garments, or of my food, . . . without first having obtained my consent." The crucial function of the "first degree of property," is that if everyone is granted a certain sphere of property, no one would be subject to the whims of another. Hence property will provide everyone with a sphere of action where he can exercise his judgement free from the influence of others.

The second degree of property is the right of every man "over the produce of his own labor." While this is less fundamental than the first degree, the latter does not automatically take precedence. Instead, the first degree can only be attained by persuasion and the force of public opinion.

The third degree is any system "by which one man enters into the faculty of disposing of the produce of the labor of another man's industry." Accumulated property, of which inheritance is one form, enables one to exercise power over another man's labor and is in "direct contradiction to the second." But even though Godwin terms this degree of property "wrong," it is significant that he opposes any active measures to abolish the system: "If by positive institutions the property of every man were equalized today, . . . it would become unequal tomorrow. The same evils would spring up with a rapid growth. . ." In fact, the cure, he says, since it would be effected by coercion, would be worse than the evil.

The only effective way Godwin sees to alter the prevailing structure of property is through the same method that he envisions anti-social behavior being handled: "a revolution of opinions." Mankind is not naturally vicious, but has been corrupted by the unnecessarily complex institutions of political authority. "Simplify the social structure," he argues, and the resulting freedom will stimulate the gradual development of individual responsibility which, in turn, means that "we may expect the whole species to become reasonable and virtuous." It would then be sufficient for local juries, operating in Platonic fashion by judging each case on its own merits, simply to make public recommendations. Godwin is confident that no physical enforcement would be necessary, for "where the empire of reason was so universally acknowledged," any offender resisting the public reprimand of the jury "would feel so uneasy, under the unequivocal disapprobation, and the observant eye of public judgement," as either to finally comply or "to remove to a society more congenial to his errors." (45) And just as public opinion would be sufficient to regulate anti-social behavior, so, Godwin believes, it would be equally capable of regulating the abuses of property. If in any society "accumulation and monopoly be regarded as the seals of mischief, injustice and dishonor, instead of being treated as titles to attention and difference, in that society the accommodations of human life will tend to their level, and inequality of conditions will be destroyed." (46)

Since Godwin, like Proudhon, calls for the abolition of the state, it is not the property of mercantilism but of capitalism that he defends. Despite the fact that Godwin heaps moral condemnation upon the process of capital accumulation, it is most significant that he

flatly rejects any coercive attempts to prevent it and clearly sees inequality of property as a lesser evil than the resort to coercion. Thus his views on property are, in fact, largely compatible with the capitalist system.

f. Egoism.

The essence of Max Stirner's anarchism was each individual's uniqueness. "Ownness," he wrote, "is my whole being and existence, it is I myself. I am free from what I am rid of, owner of what I have in my power or what I control."

Since egoism opposes the subjection of the individual to any external authority, Stirner flatly rejects not only the state, but all moral codes as well.(47) However it does not follow that egoism entails either the isolation of the individual, as some have implied,(48) or a war of all against all, producing a Hobbesian world where life is "nasty brutish and short." On the contrary, Stirner claims that contemporary society is not a genuinely human society, for only when the human being acts qua human being, i.e., unencumbered by external social restraints, can his actions be considered truly human. And since contemporary society is maintained in part through the compulsions of State and Church, it follows that it is not a genuine society.(49) It is unfortunate that Stirner, in propounding what may be termed the "philosophy of the pure individual," was not more specific in outlining his alternative socio-political order. But his scattered remarks on the subject make it quite clear that he did not believe that a stateless and amoral society would be either chaotic or brutish.

Since every individual is dependent upon others in varying degrees for the satisfaction of his physical needs for food, shelter and clothing, as well as his psychological needs for love and companionship, individuals, acting purely out of a regard for their own self-interest, would be motivated to cooperate with one another. Groups of like-minded egoists, says James Martin, "would be drawn together voluntarily by the attraction of their mutual interests" to form a truly human association, i.e., what Stirner terms a "Union of Egoists." (50) Since insecurity is a most unpleasant sensation, the members of nearly every Union would agree to forego the use of force, and any member failing to abide by this rule could presumably be physically pun-

ished or expelled from the Union. And further, while there are neither rights nor duties, and power is the be all and end all, so that one owns only what he has the power to control, it is clear that Stirner believes that the utility of a secure property structure would encourage the Unions to protect that institution. "Unions will," he writes, "multiply the individual's means and secure his assailed property."(51)

As in other types of anarchism, the egoistic writings of Stirner contain a sustained condemnation of capitalism and "legal property." A closer view, however, makes it evident that what Stirner opposes is actually the mercantilist, or state capitalist, system. Thus he writes that "the State is a commoner's [merchant's] State. . . ." "Under the regime of the commonality," he says, "the laborers always fall into the hands of the possessors -- i.e., of those who have at their disposal some bit of the State domains, . . . especially money and land; of the capitalist therefore." And again: "The commoner is what he is through the protection of the State, through the State's grace."(52) These statements, in themselves, are compatible with free-market capitalism. Further, Stirner was such a bitter opponent of any type of communism that Karl Marx wrote that Stirner's "egoistical property . . . is nothing more than ordinary or bourgeois property sanctified."(53) So while he was vague concerning what role the market and private property would play in a Stirnerite society, Charles Madison accurately captures the thrust of Stirnerism when he remarks that "ironically enough, the hard selfishness of this individualist anarchism was admirably adapted to the 'rugged individualism' of modern capitalism."(54) It might also be pointed out that such prominent exponents of egoism as John Babcock and John Henry Mackay considered private property sacrosanct and reserved a central role for voluntary contract and exchange for mutual benefit. But both, it should be noted, were also heavily influenced by the prominent individualist or "philosophical" anarchist, Benjamin Tucker.(55)

g. Philosophical Anarchism.

What is usually termed the philosophical anarchist tradition received its fullest expression in the writings of the nineteenth century American anarchists, and in particular Benjamin Tucker and Victor Yarros. Tucker, like other anarchists, couched his arguments in socialist terminology. Yet an examination of his ideas, as

well as those of his followers, place them squarely within the capitalist framework. He was an ardent opponent of communism, and a staunch defender of the free market, private property, and the wage system, and advocated what may be termed "laissez faire socialism." As in the case of Stirner and Proudhon, what Tucker condemned was not free market capitalism but State capitalism or mercantilism. "The only reason why the banker, the stockholder, the manufacturer, and the merchant are able to extract usury from labor," he argued, "lies in the fact that they are backed by legal privilege, or monopoly." The way to eliminate these monopolies is "by subjecting capital to the natural law of competition, thus bringing the price of its use down to cost." He would apply freedom of competition to "the money monopoly, the land monopoly, the tariff monopoly and the patent and copyright monopoly." The first, felt Tucker, would eliminate interest, the second rent, the third and fourth profits. The elimination of these monopolies by means of total laissez faire would insure that the laborer would get the full value of his labor.(56)

A fundamental difference between the philosophical anarchists and all of the other types discussed thus far is their great faith in the ability of the market to control spontaneously the problem of power in society. This is clearly illustrated in Tucker's position on the proper handling of trusts. Since every individual has the right to dispose of his property as he sees fit, and since, Tucker argued, trusts are simply groups of individuals, they have the same rights as isolated individuals. Hence, the trust, "endeavoring to do collectively nothing but what each member of the combination rightfully may endeavor to do individually, is, per se, an unimpeachable institution." So long as the trust is not supported by legal privileges it can only remain in operation by selling more cheaply than any actual or potential competitor, which, of course, makes it a beneficial institution. If it is not beneficial, it will succumb to the challenge of competition, and fall apart.(57) According to the Tuckerites, everything, including police protection, should be handled on the market and be subject to the rigors of competition. Despite the fact that Tucker couches his position in socialist terminology, his "laissez faire socialism" falls squarely with the capitalist system.

h. Individualist Anarchism.

The contemporary individualist anarchists such as

Murray Rothbard agree with the overall structure of the Tuckerites: the state is to be abolished and everything is to be handled by, or at least open to the possibility of, competition on the free market. There is one significant difference, however. While Tucker, adhering to the labor theory of value, felt that competition would reduce price to cost, thereby eliminating profits, rents and interest, the individualist anarchists reject the labor theory of value and adopt, in its place, the subjective value-marginal utility approach. Free competition would indeed tend to reduce prices and raise wages, they say, but the Tuckerites are in error in believing that this means that profits and interest would also disappear. Instead, their maintenance is seen as a requisite for economic rationality, and even society itself.(58)

2. THE POLITICAL SPECTRUM OF CAPITALISM: ANARCHISM TO HYPERARCHISM

A brief overview of the economic spectrum of anarchism revealed a wide array of economic arrangements. Similarly, the proponents of capitalism traverse the entire political spectrum from anarchism to what may be called "hyperarchism." Only by viewing this array of groups and then comparing the political spectrum of capitalism with the economic spectrum of anarchism can the relative positions of the individualist, or free market, anarchists be ascertained.

a. Individualist Anarchism.

The previous discussion of individualist anarchism focused on its place in the anarchist school. Its position within the capitalist spectrum still needs to be discerned. The sanctity of private property and the market lie at the heart of laissez faire capitalism. From a logical point of view, the more things are handled by the market, the more capitalistic the society. Consistently applied, argue the individualist anarchists, capitalism leads to anarchism. Hence, they argue, the minarchists, or limited-government libertarians, place themselves in a contradiction for, while believing that property rights must be protected and the market maintained, they also believe that these services --the police and court functions--are by their nature collective and cannot be provided by the market. Thus they are forced to rely on an agency outside the market, i.e., the government. The minarchist, it is ar-

gued, are placed in the contradictory position of relying on a non-market institution to defend the market. Further, since to meet operating expenses a government is forced to collect taxes, which constitutes a forcible transfer of wealth from its rightful owners to others and therefore is a violation of property rights, the minarchists are also in the embarrassing position of relying, for the protection of property rights, on an institution that by its very nature entails the invasion of property rights.

The individualist anarchist then proceeds to push the anti-statist elements in libertarianism to their logical extreme: the elimination of government and total reliance on the market. The whole concept of "collective goods" is rejected.⁽⁶⁰⁾ All goods and services, including those supplied by government, can be broken down into marginal units and sold on the market. Thus, runs their argument, government can be completely dispensed with and its functions performed, voluntarily, by defense agencies, court companies, road companies, etc. Not only can these services be supplied better, more efficiently and less expensively on the market, they argue, but more importantly, the perennial threat of tyranny resulting from government monopoly of the use of force would be eliminated.

The limited-government libertarian, however, maintains that the libertarian anarchist has placed himself in a dilemma. For permitting the market to operate in the choice of such things as police protection and legal codes means that justice will be determined by the highest bidders. But this, in turn, means that a libertarian legal code will emerge from an anarchist society only if the society, itself, is overwhelmingly libertarian. But if there were sufficient demand for, say, the suppression of nude swimming or marijuana smoking, an individualist anarchist society would produce laws prohibiting such activities as well as defense agencies willing to enforce them.

Thus, an individualist anarchist community contains the distinct possibility that economic classes, such as the poor, or minorities, such as blacks, redheads, ladies of the evening, and the like, would find themselves being subjected to restrictive measures that squarely contradict the principles of libertarianism. In short, the dilemma of individualist anarchism, argue its critics, is that its very structural framework renders it incapable of protecting the substantive

libertarian principles it purports to cherish.(61)(62)

Whether individualist anarchism is beset by such an internal contradiction will be examined in greater depth in a later chapter. Suffice it to be said at this point that if true, this would constitute a telling blow, indeed, for the Rothbardian, or natural rights, variant of individualist anarchism.

b. Ultraminarchism.

Remarkably close to the individualist anarchists are the views of philosopher John Hospers. While Hospers' outline of his ideal social order is sketchy, certain aspects of it are clear. First of all, everyone is held to have such "human rights" as those to life, liberty and property.(63) The sole function of government is the protection of these rights, and a government is legitimate so long as it restricts its activities to this sphere; but as soon as it exceeds this sphere it becomes an aggressor. Second, since an absolutely fundamental right is that to property -- Hospers denies that there can be any rights in the absence of property rights(64) -- and since taxation is a clear violation of property rights, there would be no taxation by a Hospersian government.

The government, he believes, could support itself through a fee-for-service policy. The only time anyone would pay anything to a government agency would be when, and to the extent that, he chose to avail himself of a government service. No one, however, would be forced to receive or pay for any service he didn't desire. Thus, an individual would be free to interact with others, including signing a contract. However, if one desired to insure himself against the possibility of contractual default he could upon signing the contract pay a fee to the government granting him access to the courts in the event of any contractual dispute. This fee -- which Hospers reluctantly terms a "contract tax" -- would be voluntary: people would only pay the fee if they found it in their interest to do so. However, since a Hospersian state would be so miniscule, and since "most people would find it to their interest to pay the fee," he is confident that the government could be supported in this manner.(65)

A very similar arrangement is suggested for police protection. While Hospers feels that statutory law, and thus a government, is necessary to insure a rule of law,

he sees no reason why government would have to enforce its own law. In fact, he acknowledges that "private police forces are doubtless much more efficient than those run by government." (66) There is therefore an economic advantage to permitting police protection to be handled entirely by the market. The only restriction that would be necessary to impose upon these private police companies -- a restriction that Hospers feels would be impossible to impose in an anarchist society -- is that "they should be able to enforce only the law of the land. . . ." (67) Beyond this, police companies would have complete freedom to compete against one another just like firms in any other field. Anyone desiring police protection could purchase it from the firm of his choice. And while no one would be compelled to purchase protection, only those paying the protection fee would receive protection. "If you want police protection you have to pay a fee to obtain it, but of course you are free not to want it or pay for it, in which case," Hospers continues, "you will not have the protection even if you need it." (68)

In short, Hospers maintains that while "laws should . . . be enacted by the state, . . . the enforcement of them might be left to private agencies." (69) The provision of both police and court services would be handled on a fee-for-service basis, with individuals free to purchase or not to purchase these services as they see fit, but unable to purchase the services of any maverick police agency or court which adhere to norms at variance with those laid down by the state.

It is interesting to note that since a Hesperian state would render protection only to those purchasing it, it does not meet the criterion of a minimal state which, by definition, must provide protection for everyone within its territorial boundaries regardless of payment. We may, therefore, borrow a term coined by philosopher Robert Nozick, and refer to Hospers as an "ultra-minarchist."

But it is possible that even this appellation is too strong. One of the essential criteria of a "state" is that it must be generally recognized as exercising a legitimate monopoly on the use of force within a given area. (70) But since, in a Hesperian society, the use of force would presumably be handled not by the "government" but entirely by private police agencies, this raises the question of whether the Hesperian framework meets this monopoly criterion. Hospers might, of

course, argue that his entire system -- the legislature plus fee-for-service courts and the private police agencies -- constitutes a "state."

But however one may resolve such definitional problems this still leaves open the really crucial question of how, if the use of force is to be left up to private police agencies, could the Hospersian proviso that these agencies must only enforce the legislature's statutory laws be enforced? What would happen if one, or two or a dozen enforcement agencies started enforcing norms that conflicted with the laws enacted by the legislature? There are, so far as I can see, two possible scenarios. First, Hospers might contend that since these maverick agencies would clearly be acting illegally either they would not receive public patronage and so go out of business, or other police agencies, perceiving the threat of the illegals, would join forces to crush them. But since these are exactly the same measures Rothbardian anarchists rely on to insure the enforcement of their common law, Hospers' ultraminarchism becomes all but indistinguishable from Rothbardian anarchism. But Hospers might argue for a second course, that of permitting the public legislature to diversify into the provision of police services. The public agency might then not only enact laws but have enough force at its disposal to punish or crush any maverick agency. But since Hospers admits that private agencies are much more efficient than public ones it is difficult to see why anyone would purchase protection from the latter. Consequently, the only ways the public agency could remain in business would be either by outlawing not just maverick, but all, private police agencies, or by charging every police agency a fee sufficiently high to cover the public agency's losses. Since the public agency would now hold an effective monopoly on the use of force it would meet the criteria for a state, although if it continued to operate on a fee-for-service basis it would remain a less than minimal state. But, it must be noted, neither of these options can be reconciled with libertarian principles. The outlawing of all private agencies would constitute a restriction on peaceful activities, while the fee charged every agency would be neither voluntary(71) nor paid in exchange for services rendered. It would therefore be a tax in the full sense of that word.

In short, Hospers is placed in a dilemma: either he must accede in some restriction on peaceful activities and/or taxation, thereby violating his libertarianism, or he must rely for the enforcement of his "statutory

law" on non-monopolistic mechanisms, thereby abandoning his archism. Thus, Hesperian ultraminarchism appears to contain a serious internal contradiction which would logically compel it to move either to complete anarchism or full-fledged minarchism.

c. Minarchism.

Those who do not believe that a market for protection services would be either economically viable or morally permissible must therefore endorse some sort of state. And those within that group who maintain that the provision of such services is the only proper function of government must therefore advocate a minimal, or completely laissez faire, state. The "minarchist" position has received its most recent and perhaps ablest -- at any rate most ingenious -- expression in the "invisible hand" argument of philosopher Robert Nozick.

Nozick begins with a discussion of a hypothetical free market anarchist society. But protective services, he says, differ from other types of services in that they employ the use of coercion. Therefore, in defending their respective clients they would come into conflict with each other, the result being that one dominant protective agency would eliminate its competition and emerge as the single such agency in the particular geographical region. This, says Nozick, would constitute an "ultraminimal state," which differs from the minimal state of the classical liberals in that the former, by the law of supply and demand, eliminates its competition in a particular area, thereby maintaining "a monopoly over the use of force" but providing "protection and enforcement services only to those who would purchase its protection and enforcement policies." (72) The classical liberal state, on the other hand, held a legal monopoly over the use of force and supplied protection services to all its citizens.

But, argues Nozick, the "ultraminimal state" will soon transform itself into a minimal state, for under an "ultraminimal state" individuals would still be free to extract "private justice." But "the knowledge that one is living under a system permitting this, itself, produces apprehension," with individuals never knowing how or when they may receive "retribution" from a private agent. Fear will pervade the entire society. Thus private justice constitutes "a public wrong." To protect its clients, the dominant protective agency may then "prohibit the independents from such self-help enforce-

ment." This will not mean that the independents will be left defenseless for, contends Nozick, according to the "principle of compensation" "the clients of the protective agency must compensate the independents for the disadvantages imposed upon them by being prohibited self-help enforcement of their own rights against the agency's clients." Undoubtedly, the least expensive way to compensate the independents would be to supply them with protective services to cover those situations of conflict with the paying customers of the protective agency. This will not lead to "free riders," he insists, for "the agency protects these independents it compensates only against its own paying clients on whom the independents are forbidden to use self-help enforcement. The more free riders there are, the more desirable it is to be a client always protected by the agency."(73)

While believing that this argument has justified the state, Nozick then proceeds to point out that given natural rights -- which he admits he merely assumes rather than demonstrates(74) -- anything beyond the minimal state, including taxation, entails the violation of those rights, since it means the initiation of force against peaceful individuals. Hence, "the minimal state is the most extensive state that can be justified."(75)

While this is a most intriguing argument, it is not at all clear that Nozick has, in fact, succeeded in justifying the minimal state. For a minimal state, he notes, must (a) exercise, or come close to exercising, a monopoly on the use of force within a given territory, and (b) provide everyone within its domain with protection.(76) But while the dominant protection agency would prohibit self-help enforcement among its own clients and between independents and clients, its domain, Nozick says in a significant passage, "does not extend to quarrels of non-clients among themselves."(77) Nozick's dominant protection agency therefore falls short of his own criteria for a minimal state. In fact, since independent agencies could continue to operate so long as they didn't confront the dominant agency, it is not even clear that the latter would constitute an ultraminimal state, which requires the provision of protection services by a single agency.(78) Nozick, it should be noted, is aware of this difficulty and reacts to it by simply relaxing his criteria. He then refers to the dominant agency as a "state-like entity" instead of simply a "state."(79)

There is, however, the potential for an additional problem. Suppose, theorizes Roy Childs, that in the midst of an established minimal state an agency arises which uses procedures identical to those of the state's agents. Since, under this condition, the incipient agency could not be any more risky than the state, a state operating on Nozickian principles would have no grounds for prohibiting its activities. But, continues Childs, since the state was already compensating those who would have patronized agencies using risky procedures, the new agency would not have to assume this burden and could therefore charge lower prices for the same quality service. This would, in turn, create an economic incentive for people to subscribe to the new agency, thereby forcing the minimal state to abandon its own compensation policy. But this would mean that the minimal state had reverted to the ultraminimal state. But, continues Childs, provided the new agency continued to win new clients, and other entrepreneurs, seeing the success of the new agency, entered the field themselves, the ultraminimal state would degenerate into a mere dominant agency, and eventually that into "simply one agency among many." In short, Childs argues, there is no reason, on strictly Nozickian grounds, why the invisible hand could not strike back.(80)

But regardless of how it is justified, the minarchist advocates a single agency with a monopoly on the use of force in society and whose sole function is the protection of individual rights.

d. Evolutionary Individualist Anarchism.

An interesting view, which proposed a minimal state for the present, while espousing an anarchist society for the future, was that advanced by the nineteenth century English philosopher, Herbert Spencer, and the French economist, Frederic Bastiat. Both condemned any extension of government beyond the minimum necessary to protect the natural rights of every individual. Spencer argued that "every man has freedom to do as he wills, provided he infringes not the equal freedom of every other man." From this it follows, he believed, that if government does anything more than protect individual rights "it becomes an aggressor instead of a protector." (81) Thus Spencer was an ardent opponent not only of any regulation of commerce, religion, health, education, etc., but of taxation as well. Indeed, Spencer goes even further and declares that the individual has a "right to ignore the state." His reasoning is instruc-

tive: "If every man has freedom to do all that he wills, provided that he infringes not the equal freedom of any other man, then he is free to drop connection with the state--to relinquish its protection, and to refuse paying toward its support. It is self-evident that in so behaving he in no way trenches upon the liberty of others. . . .It is equally self-evident that he cannot be compelled to continue as one of a political corporation. . . .seeing that citizenship involves payment of taxes; and taking away a man's property against his will, is an infringement of his rights."(82) Having laid the philosophical groundwork for anarchism, Spencer goes a step further. "The power of self-government," he says, "can be developed only by exercise."(83) The more man is forced to accept responsibility for his own actions the more responsible and far-sighted he will become. And the more he so becomes, the less he will transgress the rights of others. Thus, "It is a mistake to assume that government must necessarily last forever. The institution marks a certain stage of civilization--is natural to a particular phase of human development." But, "as civilization advances," he says, "does government decay."(84)

Very similar to the writings of Herbert Spencer are those of Frederic Bastiat. Each of us "has a natural right...to defend his person, his liberty, and his property" and as soon as government exceeds this protective function it becomes an agency of "legal plunder" and the law, "instead of checking injustice, becomes the invincible weapon of injustice."(85) Like Spencer, Bastiat also goes a step further. While weak and frail now, "mankind is perfectible." Provided society is free and government is the oppressor, and not the agent, of plunder, then natural law will prevail and the consequences of each individual's action will redound upon himself. If they are pleasurable he will repeat them; if painful, he ceases. Further, since individuals have intellects, they are capable of transmitting to others what they have learned.(86) While Bastiat refrains from clearly stating the logical conclusions of his analysis, the components of evolutionary anarchism are present: government's only proper function is to suppress crime; but by the "law of responsibility" crime will eventually disappear; thus man will one day live in harmony and without government.

There is one fundamental difference between the individualist anarchists and the evolutionary anarchists. While both are ardent supporters of the market, the lat-

ter did not consider extending market analysis into the realm of police and the courts. Anarchism, for Spencer and Bastiat, would be possible only when man has progressed to the point of self-government, not before. The key question, of course, is whether that state of moral perfection is an attainable one.

e. Objectivism.

The objectivists, headed by Ayn Rand, may be viewed as a variant of minarchism. Not only do they advocate a minimal state but, also like the minarchists, oppose taxation as a form of involuntary servitude.

The starting point for the objectivists is the cognition that life in society presupposes the repudiation of the initiatory use of violence. But, says Rand, "if physical force is to be barred from social relationships, men need an institution charged with the task of protecting their rights under an objective code of rules." (87) And an "objective code of rules," she believes, precludes the possibility of competition in this area. It is this fundamental incompatibility of force and production that is ignored by the anarchists. Suppose, says Rand in her critique of what she calls the anarchist theory of "competing governments," that

Mr. Smith, a customer of Government A, suspects that his next-door neighbor, Mr. Jones, a customer of Government B, has robbed him; a squad of Police A proceeds to Mr. Jones' house and is met at the door by a squad of Police B, who declare that they do not accept the validity of Mr. Smith's complaint and do not recognize the authority of Government A. What happens then? You take it from there. (88)

But while a government, defined as "an institution that holds exclusive power to enforce certain rules of social conduct in a given geographical area," is absolutely necessary, its only proper function is the protection of individual rights. (89) Moreover, since the right to property is a most fundamental right, taxation would be immoral, and Rand therefore opts for what she terms "voluntary government financing." (90) The wealthy strata who would have the most to lose if there were no agency to protect individual rights would, she maintains, contract to contribute to the maintenance of this function. And since she believes that police protection is a collective good, "those on the lowest economic

levels. . . would be virtually exempt -- though they would still enjoy the benefits of legal protection." The great merit of this arrangement, she says, is that it would keep government to a minimum. "Men would pay voluntarily for insurance protecting their contracts. But they would not pay voluntarily for insurance against the danger of aggression by Cambodia."(91)

Beyond these rather vague and cursory remarks, Rand has written very little to further clarify her concept of "proper government." Some attention should therefore be paid to the series of articles by the objectivist, Paul Beaird, purporting to delineate and expand upon the Randian views on government.(92) According to Beaird, the crucial distinction between the Rothbardian-anarchist and the Randian-objectivist proposals for the rendering of police protection is that the latter is predicated upon the concept of territorial jurisdiction, while that notion is completely absent in the former. Because Rothbardian anarchism "lacks the geographical definition of jurisdiction," competing defense agencies, offering different policies and enforcing different laws, will operate on the same terrain. The result will be that "a person cannot be safe from the potential interference of unchosen defense agencies, even on his own territory."(93) The concept of jurisdiction solves this problem by establishing a single enforcement agency with "exclusive power" to enforce rules of conduct within a clearly demarcated territory. The extent of any government's jurisdiction, he says, would be determined by the individual decision of each property owner. "The area of a proper government's authority extends no further than the property lines of the lands owned by its citizens. When a person subscribes to a proper government, his land is added to its jurisdiction." This, he claims, insures that a government will always be based on the "consent of the governed." For the moment any property owner is no longer satisfied with "his government" he can secede from it and proceed "to contract with another government, or provide his own, or provide for none." Consequently, the application of objectivist principles may well "result in a map of government jurisdiction looking like a patchwork, with the patches being separated from each other by the lands governed by other governments."(94)

This is a most curious piece indeed, for while it purports merely to propound and clarify the Randian position on government, it clearly conflicts with that position on three fundamental points. According to the

logic of the Beairdian analysis, every property owner would have the right to contract with the government of his choice. But this can only mean that all governments would operate on a fee-for-service basis. For any government endeavoring to provide free protection for the poor would be forced to raise its premiums to cover the subsidy. But this, of course, would encourage its patrons to seek protection from other governments not providing a subsidy and therefore in a position to offer lower rates. Thus, under the Beairdian proposal only those paying for protection would receive it. But this is clearly at odds with Rand's assertion that under an objectivist government everyone, including the poor, would receive protection.(95) Thus, while Rand opts for a minarchist state, Beaird's proposal would be consistent with, at most, an ultraminarchist state.

Secondly, Rand's major criticism of "free market anarchism" is its failure to solve the problem of jurisdiction. Beaird, of course, reiterates this criticism and maintains that this would not be a problem under his proposal since "only one government" would have "authority on a plot of land at a time." But surely this would not be sufficient to alleviate the jurisdictional problem. Ironically, Rand's criticism of anarchism would apply with equal if not greater force to this Rand-ala-Beaird proposal. For it would certainly be possible for a Beairdian society to be confronted with a situation in which "Mr. Smith, a customer of Government A, suspects that his...neighbor, Mr. Jones, a customer of Government B, has robbed him," and neither Government recognizes the other as legitimate. In fact, if every property owner were free to subscribe to the government of his choice, the number of governments would be likely to increase enormously -- theoretically there could be as many governments as property owners -- thereby magnifying the potential for the type of jurisdictional problems Rand is so anxious to avoid.

Finally, it is interesting that Rand calls the idea of "competing governments" -- the idea that "every citizen" should be "free to 'shop' and to patronize whatever government he chooses," -- a "floating abstraction" and a "weird absurdity." But how else could one classify the Beairdian proposal except in terms of "competing governments" and the right of "every citizen. . .to 'shop' and to patronize the government of his choice"?

In short, while Beaird purports to be merely delineating the Randian views on government, there are fundamental conflicts between Rand and Beaird's interpretation of Rand. Rand is a minarchist, while Beaird is, at most, an ultraminarchist.

Whether this indicates a flaw in the objectivist philosophy, or simply a misinterpretation of objectivism by Beaird, is both an interesting and difficult question to answer. Fortunately, since we are simply trying to get a fix on the relative positions of competing philosophies, this question need not be answered here.

f. Classical Liberalism.

While relying on the market for most things, the classical liberals felt that there were various services that could be supplied only by the state. What they opted for was limited government and representative democracy. The classical liberals can be subdivided into two branches: the doctrinaire or uncompromising liberals who come very close to the contemporary minarchists, and the moderate liberals who would permit state extension into areas beyond that of police and the courts.

Probably only a few writers can be said to have been pure or doctrinaire liberals. Among the foremost are Wilhelm Von Humboldt and Ludwig von Mises.(96) The argument of the doctrinaire liberals has most clearly been stated by Mises. "The essential teaching of liberalism," he says, "is that social cooperation and the division of labor can be achieved only in a system of private ownership of the means of production, i.e., a market society of capitalism." All of the other principles of liberalism, including democracy, he says, "are consequences of this basic postulate." (97) Thus, while the dogmatic liberal feels that the state should be completely democratized, he also believes that the sphere of state activity should be severely restricted: "As the liberal sees it, the task of the state consists solely and exclusively in guaranteeing the protection of life, health, liberty and private property. Everything that goes beyond this is an evil." (98) In a sense, the doctrinaire liberal places himself in a dilemma. He is ardently in favor of both the free market and democracy. Yet, the only way the market can remain completely unimpeded is if the scope of government is so circumscribed that its sole function is to protect individual rights. In that case issues subject to democratic control will be relatively meaningless. But if government

expands and more areas are subject to vote, the scope of the market becomes progressively more restricted. Of this problem, Mises can merely hope that the majority will exercise such self-restraint that government will remain miniscule.(99)

The doctrinaire liberal also faces another dilemma. On the one hand he is passionate in defending the right of the individual to run his life as he deems fit. Mises, as we have seen, terms the extension of government beyond the protection of rights an "evil." But since government is necessary, and since it must have revenue, "taxes are necessary." (100) If it is evil to confiscate part of the earnings of individuals for some things, however, why is it not just as evil to confiscate them for other things such as court and police services? To this Mises can merely say that "the expenditure caused by the apparatus of a liberal community is so small" that it will be of little burden to the individual.(101) But the dilemma remains: taxation, whether large or small, constitutes a violation of the principles of liberalism so cherished by men like Mises.

In short, while what government exists is to be democratic, the doctrinaire liberal desires to restrict government activity as much as possible; he is a pro-capitalist first and a democrat second. The positions are reversed, however, for the moderate liberal, for he is prepared to see, and in fact often advocates, the extension of government into areas that the dogmatic liberal would consider anathema. The prototype of this group, which would include the bulk of the classical liberals, is John Stuart Mill. "The purpose for which power can rightfully be exercised over any member of a civilized community against his will," says Mill, "is to prevent harm to others. His own good. . . is not a sufficient warrant." (102) With such a statement Mill appears to fall into the dogmatic liberal tradition. But as George Sabine wrote of Mill, he was uncompromising in the abstract, "but having stated the principle, he proceeded to make concessions and restatements until in the end the original theory was explained away without any new principle being put in its place." (103)

Thus the state may if it wishes, he says, regulate trade as well as the hours of taverns. It may even "confine the power of selling these commodities. . . to persons of vouched-for respectability of conduct." The state has the duty to enforce "universal education" and to help to pay the school fees of the poorer classes of

children although parents should be able "to obtain the education where and how they pleased." Mill also sanctions the prohibition of actions which may constitute "a violation of good manners" and "offenses against decency." Presumably, this could entail regulation of dress in public, the selling of "pornographic" literature, as well as a host of other activities. "Compulsory labor" would be permitted to force parents to fulfill their obligations to their children. The state could also forbid marriage between two consenting adults if they cannot demonstrate "that they have the means of supporting a family." (104) And in his *Principles of Political Economy*, Mill admits of "state protection of children, lunatics, and animals; state interference with joint stock companies; compulsion in the sphere of labor and industry; state charity; state supervision and control of colonization; state promotion of goods such as culture, science, research, etc." (105) As H. J. McCloskey says, Mill "allows a great deal of activity by the state towards promoting goods, and in restricting the preventing immoralities." (106)

One of the foremost contemporary exponents of moderate liberalism is F. A. Hayek. Like Mill, Hayek argues for the market and the supremacy of the individual. Yet he quickly modifies this by admitting a host of government activities. He permits state control of "most sanitary and health services" and "the construction and maintenance of roads. . ." He also adds that "there are many other kinds of activities in which the government may legitimately wish to engage. . ." (107)

The distinction between the doctrinaire and moderate liberals is clear. Both profess to favor the market on the one hand and democracy on the other. But for the doctrinaires, so much would be handled by the market that the scope of issues falling under the state would be so small as to render democratic control most feeble. On the other hand, the moderates would grant much broader state jurisdiction. But as more and more areas are regulated by the state, the scope of the market is restricted and democratic control assumes primary importance. The distinction can be seen in an area like education. The doctrinaire classical liberal believed that education is a good to be purchased on the market like any other good or service. Under such a system there can be no question of democratic control of education since it would be entirely outside of the scope of government. Individuals would simply purchase the type, quantity and quality of education they desired. But if

education is to be handled democratically then educational policy will be determined, not by the individual purchaser, but by the voting majority. Quite clearly, far from democracy being the counterpart of the market, as thought of by the classical liberals, the two are incompatible. Thus the classical liberals placed themselves in a dilemma in advocating both democracy and the market. It is not surprising therefore to find classical liberalism divided into two factions: the dogmatic classical liberals such as Mises who are market proponents first and democrats second, and the moderate liberals such as Mill who are democrats first and market proponents second.

g. Conservatism.

There is one final category that falls into the capitalist or free market spectrum: capitalist-hyperarchism. While this would entail fairly severe government regulation, it would be limited to the social sphere, such as press and speech, while leaving the market to function freely. Probably conservatism is the group that best fits into this category.

The founder of modern conservatism was Edmund Burke, and his followers today would include such figures as Russell Kirk, William F. Buckley and James Burnham. Conservatives are most reluctant to define precisely what they mean by conservatism, yet certain principles are discernable. They believe that true values manifest themselves over time via the emergence of traditions, and consequently that it is the duty of society to preserve and protect these traditions.(108) As a corollary, conservatives are distrustful of human reason. This view was eloquently expressed by Edmund Burke:

You see, Sir, that in this enlightened age I am bold enough to confess, that we are generally men of untaught feelings; that instead of casting away all our old prejudices, we cherish them to a very considerable degree, and, to take more shame to ourselves, we cherish them because they are prejudices; and the longer they have lasted, the more we cherish them. We are afraid to live and trade each on his own private stock of reason; because we suspect that this stock in each man is small, and that the individuals would do better to avail themselves of the general bank and capi-

tal of nations, and of ages... Prejudice renders a man's virtue his habit; and not a series of unconnected acts. Through just prejudice, his duty becomes a part of his nature.(109)

One of the conservative traditions is the reluctance to rely on the government to solve social evils. Hence, conservatives opt for a limited government and a generally laissez faire economic system. But not only do they not oppose the use of force to protect those "true values" that are viewed as necessary to maintain the social order, they feel it's one's duty to use force for such ends. Thus, force is advocated against such things as pornography, prostitution, labor unions, communism, and the like. Another fact of conservatism is that it consciously eschews delineating a positive program, which it condemns as abstract theorizing. Instead, its overriding characteristic is its resistance to "the enemies of the permanent things." (110) The most feared enemy is communism. The Conservatives feel that it is man's moral duty to oppose communism by any means necessary and therefore advocate the use of government coercion on this regard. "The communists," argues noted conservative writer, James Burnham, "are serious and . . . are irrevocably fixed on their goal of a monopoly of world power Because the communists are serious, they will have to be stopped . . . by superior power and will. Just possibly we shall not have to die in large numbers to stop them; but we shall certainly have to be willing to die." (111)

But, as has often been pointed out by their critics, conservatives place themselves in a serious dilemma. First, while they are in general opposed to government power and endorse a market economy, their willingness to use government force to protect "the permanent things," necessitates restrictions on the market that are far from minimal. Further, the fear of "the worldwide communist menace," has meant their endorsement of a military large enough "to defend the West against all challenges and challengers." (112) Not only is it difficult to see how the requirements of such a large military can be reconciled with their espousal of a minimal state, but a huge military can only be financed by massive taxation which, itself, constitutes further restrictions of the market. Thus, while the conservatives generally endorse a market economy they are also perfectly willing to restrict its operations for goals they consider more important. In the insightful comment of

L. T. Sargent, "The conservative seems to be in the unfortunate position of opposing government power except when it is on his side."(113)

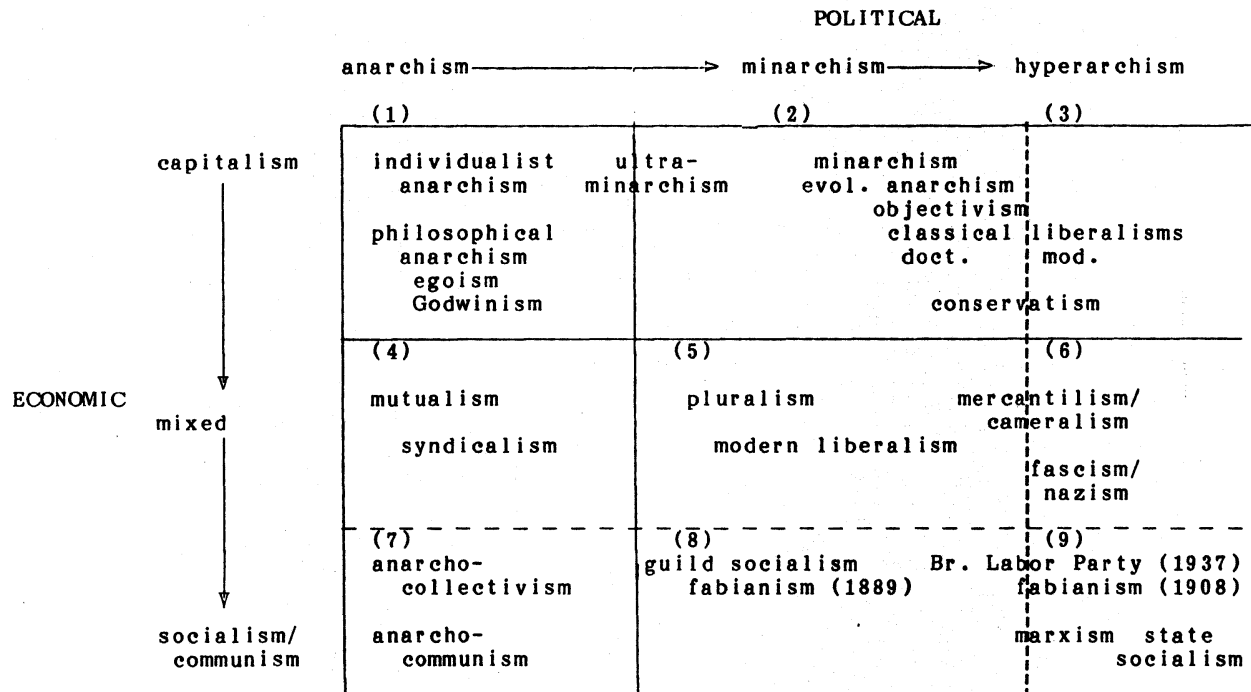
It is also difficult to define the political position of the conservatives with any degree of precision. While earlier conservatives such as Burke and de Maistre were opposed to democracy, modern conservatives such as Kirk and Buckley have appeared to reconcile themselves to such a system. Nevertheless, their attachment to democracy seems to be strictly conditional: democracy is permissible so long as it does not endanger "the permanent things," the traditions and customs that hold society together. Authority and tradition are viewed as "pillars of any tolerable social order," which it is man's sacred duty to preserve at all costs.(114) While the conservatives have never squarely confronted the issue, this presumably means that at any time democracy comes into conflict with the permanent things, democracy must be abandoned for the sake of the latter. It is the acknowledgement that government is an indispensable social institution coupled with the reluctance to "accept the verdict of democracy's tribunal,"(115) that results in the marked authoritarian streak that runs throughout conservative thought.

The conservative sees society as an organic whole.(116) If democracy should conflict with the maintenance of the "permanent things," it becomes his duty to defend, and if necessary to sacrifice himself and others, for the sake of the preservation of the social order. Thus, the conservative's commitment to democracy is strictly conditional and masks a deeper authoritarianism that may, at times, border on fascism.(117)

3. SUMMARY

Anarchism encompasses a wide range of economic positions ranging from anarcho-communism to individualist anarchism. Similarly, the capitalistic economic system is compatible with a spectrum of political structures ranging from anarchism to hyperarchism. The relationship between these two spectrums as well as their relationships to other philosophies can be seen in the following diagram. The political spectrum, ranging from anarchism on the left to hyperarchism on the right, runs across the top. The economic spectrum, ranging from capitalism at the top to communism at the bottom, runs down the page. The unbroken horizontal line across the

THE POLITICAL/ECONOMIC SPECTRUM



top indicates the political range of capitalism; the unbroken vertical line indicates the economic scope of anarchism.(118)

Box [1] entails both a capitalistic economic system and an anarchistic political structure. This would include the contemporary individualist anarchists such as Rothbard and Friedman as well as the philosophical anarchists such as Tucker and Spooner. Still squarely within the anarchist spectrum but moving slightly away from capitalism would be Stirner and Godwin. On the other hand somewhat less anarchistic but still ardently capitalistic would be the ultraminarchists such as Hospers.

Box [2] entails a limited form of government coupled with a capitalistic economic structure. This would include the minarchists, like Nozick, the evolutionary anarchists, like Spencer and Bastiat, as well as the objectivists. Also included in this category would be the doctrinaire classical liberals such as Humboldt and Mises, and their more moderate counterparts like Mill and Smith and, more currently, Hayek.

Box [3] entails a highly interventionist state coupled with a market economy. Such a state would restrict its interventionist activities to the social realm, regulating speech, press, drug use, and the like, while permitting the market to function freely. While this category is, perhaps, of rather limited empirical import, probably the closest thing to capitalist-hyperarchism would be the conservatism of Burke and de Maistre and, more currently, Buckley, Kirk, and Burnham.

Box [4] entails an anarchist political framework as in Box [1], but a less capitalistic economic structure than prevailed in Boxes [1-3]. There would still be much market phenomena and individual ownership, however some form of collectivism or workers' control is also envisioned. This would include the mutualism of Proudhon and Warren and, while somewhat more collectively oriented, the syndicalism of Sorel, Rocker, and Goldman.

Box [5] entails the limitation of the market by interest group democracy which extends government into areas that under Boxes [1-3] would be handled by the market. This includes the modern exponents of pluralism and the partisans of contemporary liberalism and the

welfare state such as John Rawls.

Box [6] entails severe limitations on the market. Democracy is also rejected in favor of rule by elites. It includes the mercantilists and cameralists of the eighteenth century, and the extreme conservatives as well as the exponents of fascism and nazism such as Rockwell and Gentile.

Box [7] entails the rejection of the state coupled with a pronounced movement toward a marketless economy. This would include the anarcho-collectivism of Bakunin, and the more extreme anarcho-communism of Kropotkin.

Box [8] entails a socialist economy coupled with some form of limited statism. It would include the quasi-anarchistic Guild Socialism with its reliance on functional representation, where the only role for the state is to mediate between the functional groups when controversies could not be otherwise resolved. Close to this would be Fabianism (1889) with its emphasis on universal suffrage and municipal or local control of industry.

Box [9] entails a socialist or communist economic framework with planning to be done through the instrumentality of the state. This would include the British Labor Party (1937) with its call for nationalization of industry and a "general state plan." Close to this is Fabianism (1908) with emphasis on nationalization of such industries as water works, the mines, and the harbors, as well as a large dose of state planning. Also included in this category would be Marxism, which advocated a planned economy, but one in which all individuals participated in both the planning and the execution of the plans, and the elite-planned socialist technocracies outlined by Saint-Simon and Edward Bellamy.

If the foregoing is correct, the traditional view that anarchism is incompatible with capitalism is clearly incorrect. Both anarchism and capitalism traverse a wide spectrum of thought, and while some variants of anarchism are incompatible with some variants of capitalism, other types are quite compatible. Moreover, the place of the individualist anarchists in both the economic and the political sepctrums has been pointed out, and the initial groundwork has been laid for the study of individualist anarchism.

FOOTNOTES

(1) One may distinguish between "states" and governments." For example, John Sanders says that "states are not taken to be the same as governments. . . . They are communities-with-governments." Government therefore is a necessary but not a sufficient condition for a state. Since Sanders defines government "in terms of coercion," and since government is a necessary condition for a state, the state too is inherently coercive. See John T. Sanders, *The Ethical Argument Against Government* (Washington, D.C.: University Press of American, 1980), pp. xi-xiii. Since the purpose of this study is to present and analyze a particular voluntary model of social organization and to compare it with the coercive model, unless otherwise noted, I will use the terms "government" and "state" interchangeably.

(2) Ludwig von Mises, *The Free and Prosperous Commonwealth: An Exposition of the Ideas of Classical Liberalism* (Princeton: D. Van Nostrand, 1962), pp. 26-37.

(3) Daniel Guerin, *Anarchism, From Theory to Practice* (New York: Monthly Review Press, 1970), p. 12.

(4) Max Adler, "Max Stirner," *Encyclopedia of the Social Sciences* (New York: Macmillan, 1948), vol. 14, p. 393. Also see George Woodcock, "Anarchism," *Encyclopedia of Philosophy* (New York: Macmillan, 1967), vol. 1, pp. 111-14, and especially p. 113 where Stirner is described as being on the "dubious fringe" of anarchism.

(5) Peter Kropotkin, "Anarchist Communism," *The New Encyclopedia of Social Reform*, eds. William Bliss and Rudolph Binder (New York: 1908), p. 47.

(6) George Woodcock, *Anarchism, A History of Libertarian Ideas and Movements* (Cleveland: Meridian Books, 1969), pp. 163 and 204.

(7) William Morris, *News From Nowhere* (London: 1891).

(8) Mikhail Bakunin, "Stateless Socialism: Anarchism," *The Political Philosophy of Bakunin*, ed. G. P. Maximoff (New York: Free Press, 1953), pp. 298-99. Also see Woodcock, *A History*, p. 164.

(9) Pierre Joseph Proudhon, "What is Property?," *Socialist Thought*, eds. Albert Fried and Ronald Sanders (New York: Doubleday, 1964), p. 202; and Woodcock, *Anarchism, A History*, p. 129.

(10) William Godwin, *Enquiry Concerning Political Justice* (Middlesex, England: Penguin, 1976), p. 705.

(11) Benjamin Tucker, "State Socialism and

Anarchism," **State Socialism and Anarchism, and other essays** (Colorado Springs: Ralph Myles, 1972), pp. 12-16.

(12)Mises, p. 37.

(13)John Hospers says that "my own option is for limited government." **Libertarianism** (Santa Barbara, Calif.: Reason Press, 1971), p. 417. Ayn Rand asserts that "anarchy as a political concept is a floating abstraction," and that "capitalism is incompatible with anarchism." **Capitalism: The Unknown Ideal** (New York: Signet Books, 1962), pp. 125 and 334. And Leonard Read writes that "the enemy of the free market is not the state. . . This formal agency of society, when organized to keep the peace, to uphold a common justice under the law and to inhibit and penalize fraud, violence, misrepresentation, and predation is a necessary and soundly principled ally of the free market." **The Free Market and Its Enemy** (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1965), pp. 27-28.

(14)"To point out the advantages which everybody derives from the working of capitalism is not tantamount to defending the vested interests of the capitalists. An economist who forty or fifty years ago advocated the preservation of the system of private property and free enterprise did not fight for the selfish class interest of the then rich." Ludwig von Mises, **Omnipotent Government, The Rise of the Total State and Total War** (New Rochelle: Arlington House, 1969), p. iii.

(15)See Adam Smith, **The Wealth of Nations** (New Rochelle: Arlington House, n.d.), especially vol. 2.

(16)Martin Miller, **Kropotkin** (Chicago: University of Chicago Press, 1976), p. 183.

(17)Quoted in Paul Eltzbacher, **Anarchism** (New York: Chips, n.d.), pp. 101 and 106. Alan Ritter terms these methods "anarchist censure" as opposed to the "legal sanction" imposed by government. See his **Anarchism: A Theoretical Analysis** (Cambridge: Cambridge University Press, 1980). Also see his "The Modern State and the Search for Community: The Anarchist Critique of Peter Kropotkin," **International Philosophical Quarterly** (March 1976), especially pp. 24-28.

(18)Peter Kropotkin, **The Conquest of Bread** (New York: Benjamin Blum, 1968), p. 15.

(19)*Ibid.*, p. 75.

(20)Peter Kropotkin, "Fields, Factories and Workshops," **The Essential Kropotkin**, eds. E. Caporya and K. Tompkins (New York: Liveright, 1975), pp. 270-72.

(21)Eltzbacher, pp. 112-13.

(22)Kropotkin, "Communist Anarchism," p. 45. Reasons of space permit only a brief presentation of the

major representative figures of each anarchist type. Thus only Kropotkin was dealt with here. However, Leo Tolstoy and Paul Goodman could also be classified as "anarcho-communists." For a good summary of Tolstoy's views see Eltzbacher, pp. 149-81. Also see Paul and Percival Goodman, *Communitas* (New York: Vintage, 1960). On the similarities between Kropotkin and Paul Goodman see William Merrill Downer, "Kropotkin in America: Paul Goodman's Adaptation of the Communitarian Anarchism of Peter Kropotkin" (Paper presented at the 1977 Midwest Political Science Convention, April, 1977). Also in the Kropotkinian tradition is Murray Bookchin. See his *The Limits of the City* (New York: Harper, 1974).

(23) Mikhail Bakunin, "On the Morrow of the Social Revolution," *The Political Philosophy of Bakunin*, ed. G.P. Maximoff (New York: Free Press, 1953), p. 410.

(24) James Guillaume, "On Building the New Social Order," *Bakunin on Anarchy*, ed. Sam Dolgoff (New York: Alfred A. Knopf, 1971), p. 360.

(25) Woodcock, *Anarchism, A History*, p. 164. Witness Bakunin's remark that "any persons who, though robust and of good health, do not want to gain their livelihood by working shall have the right to starve themselves to death. . ." "On the Morrow of the Social Revolution," p. 412.

(26) According to Bakunin, the collectives will form themselves into federations, the federations into regions, the regions into nations and, ultimately, the nations into what he terms an "international fraternal association." See Bakunin, "Stateless Socialism: Anarchism," p. 298.

(27) Guillaume, p. 366.

(28) *Ibid.*, p. 368.

(29) It should be pointed out that the anarcho-syndicalist, Rudolph Rocker, explicitly repudiates Sorel and maintains that Sorel neither "belonged to the movement, nor had . . . any appreciable influence on its internal development." See Rudolph Rocker, "Anarchism and Anarcho-Syndicalism," appendix to Paul Eltzbacher, *Anarchism* (New York: Chips, n.d.), p. 250.

(30) George Sorel, *Reflections on Violence* (New York: Doubleday, 1941), p. 294.

(31) See Mulford Sibley, *Political Ideas and Ideologies* (New York: Harper and Row, 1970), p. 547.

(32) Rocker, pp. 253-55.

(33) Emma Goldman, "Syndicalism," *Liberty and the Great Libertarians*, ed. Charles Sprading (New York: Arno Press, 1972), p. 507. Also see the quotation of Hins in Rocker, p. 247.

(34)A critic of syndicalism, Ludwig von Mises, writes that "In the syndicalist society the income of a citizen is made up of the yield from his portion of property and the wages of his labor." *Socialism* (London: Jonathan Cape, 1969), p. 274.

(35)See especially *ibid.*, p. 270-75.

(36)Proudhon, pp. 546-48.

(37)Pierre Joseph Proudhon, *Selected Writings of P. J. Proudhon*, ed. Steward Edwards (New York: Doubleday, 1969), pp.. 96-99.

(38)*Ibid.*, p. 59.

(39)*Ibid.*, p. 140-41.

(40)See George Woodcock, *Pierre-Joseph Proudhon* (New York: Shocken Books, 1972), pp. 49-50.

(41)For a good summary of Proudhon's ideas on handling antisocial activity in an anarchist society see Alan Ritter, "Godwin, Proudhon and the Anarchist Justification of Punishment," *Political Theory* (February 1975), especially pp. 81-84. An excellent presentation of Proudhon's views on justice and law can be found in William O. Reichert's "Natural Right in the Political Philosophy of Pierre-Joseph Proudhon," *The Journal of Libertarian Studies* (Winter 1980), pp. 77-91.

(42)Proudhon was not a terribly consistent writer. Thus, despite his attacks on large scale property, one also finds Proudhon writing that "Once the land has been freed by the apparatus of the revolution and agriculture liberated, feudal exploitation will never be re-established. Let property then be sold, bought, circulated, divided, and accumulated, becoming completely mobile... It will no longer be the same name, so dear to the heart of man and so sweet to the peasant's ear: PROPERTY." Proudhon, *Selected Writings*, p. 73.

(43)H. N. Brailsford, "William Godwin," *Encyclopedia of the Social Sciences* (New York: Macmillan Co., 1948), vol. 6, p. 686.

(44)Godwin, p. 722.

(45)*Ibid.*, p. 552-56. A good summary of Godwin's justification of punishment is found in Ritter, "Godwin, Proudhon," p. 72-79. Also useful is Eltzbacher, pp. 31-33, as is John P. Clark, *The Philosophical Anarchism of William Godwin* (Princeton: Princeton University Press, 1977), especially pp. 237-47.

(46)Godwin, pp. 710-24.

(47)See, for example, Stirner's statements that "Morality is incompatible with egoism," and "the State and I are enemies. . ." Max Stirner, *The Ego and His Own* (New York: Dover, 1973), p. 179.

(48)See, for example, James Forman's sarcastic remark that "As far as Stirner was concerned, two people

acting in concert were a crowd." James D. Forman, *Anarchism* (New York: Dell, 1975), p. 74. Incredibly, Forman also claims that Stirner was, through Nietzsche, a precursor of Nazism.

(49) Stirner, pp. 34-36.

(50) Ibid., p. 179, fn. Also see Woodcock. Stirnerite egoism, he points out, "does not deny union between individuals. Indeed, it may well foster genuine and spontaneous union. For 'the individual is unique, not as a member of a party. He unites freely and separates again'," *Anarchism, A History*, pp. 100-02.

(51) Stirner, p. 258.

(52) Ibid., pp. 114-15, Emphasis in original.

(53) In Paul Thomas, "Karl Marx and Max Stirner," *Political Theory* (May 1975), p. 169.

(54) Charles Madison, "Anarchism in the United States," *Journal of the History of Ideas* (January 1945), p. 48.

(55) The compatibility of egoism and the free market is especially apparent in the address of the egoist, John Babcock, "Slaves to Duty," reprinted in *Libertarian Analysis* (September 1971), pp. 15-39. On the views of Mackay see Thomas Riley, "Anti-Statism in German Literature," *Modern Language Association Publications* (September 1947), pp. 828-43.

(56) Benjamin Tucker, "State Socialism and Anarchism," *State Socialism and Anarchism, And Other Essays* (Colorado Springs: Ralph Myles, 1972), pp. 13-21.

(57) Benjamin Tucker, "The Attitude of Anarchism Toward Industrial Combinations," *State Socialism and Anarchism, And Other Essays* (Colorado Springs: Ralph Myles, 1972), pp. 27-34.

(58) For a succinct statement of the similarities and differences between the two schools of anarchism on the subject of profits and interest, see Murray Rothbard, "The Spooner-Tucker Doctrine: An Economist's View," *Egalitarianism as a Revolt Against Nature, and Other Essays* (Washington, D.C.: Libertarian Review Press, 1974), pp. 125-32.

(59) Murray Rothbard, *Power and Market, Government and the Economy* (Menlo Park, Cal.: Institute for Humane Studies, Inc., 1970), p. 2.

(60) Murray Rothbard, *Man, Economy and State, A Treatise on Economic Principles*, 2 vols. (Los Angeles: Nash, 1970), 2:883-90. Also see Sanders, pp. 97-192.

(61) See, for example, Paul Beaird, "On Proper Government, I," *Option* (January 1976), p. 20; John Hospers, "Will Rothbard's Free-Market Justice Suffice? No," *Reason* (May 1973), pp. 18-23. Also see Jeffrey

Paul, "Anarchism and Natural Rights" (Paper Presented at the Association for the Philosophic Study of Society, October 6, 1977).

(62)David Friedman is one of the few individualist anarchists to recognize the distinction between libertarianism and anarchism, and he extricates himself from this possible dilemma by refusing to classify himself as a libertarian. See his *The Machinery of Freedom* (New York: Harper and Row, 1973), pp. 173-78.

(63)John Hospers, "What Libertarianism Is," *The Libertarian Alternative*, ed. Tibor Machan (Chicago: Nelson-Hall, 1974), p. 13.

(64)Ibid., pp. 7-8; and Hospers, *Libertarianism*, pp. 61-62.

(65)Hospers, *Libertarianism*, p. 386-87.

(66)John Hospers, "Rothbard's Free-Market Justice," p. 21.

(67)Ibid.

(68)Hospers, *Libertarianism*, p. 387.

(69)Hospers, "Rothbard's Free-Market Justice," p. 21.

(70)See, for example, Max Weber, *Law in Economy and Society*, ed. Max Rheinstein (New York: Simon and Schuster, 1954), pp. 338-39.

(71)It would certainly be stretching the point to maintain that the fee would be voluntary since consumers could forego purchasing protection altogether, and those providing protection could enter a new line of work, if either objected to the fee. This is tantamount to arguing that the obligation to pay income tax is "voluntarily" assumed when the individual "chooses" to earn a living.

(72)Robert Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), pp. 15-26.

(73)Ibid., pp. 110-13.

(74)Ibid., pp. 33-5.

(75)Ibid., p. 156.

(76)See *ibid.*, pp. 22-25.

(77)Ibid., p. 109. (emphasis in original).

(78)See John Sanders, "The Free Market Model Versus Government: A Reply to Nozick," *The Journal of Libertarian Studies* (Winter 1977), pp. 35-44.

(79)Nozick, p. 118.

(80)Roy Childs, "The Invisible Hand Strikes Back," *The Journal of Libertarian Studies* (Winter 1977), pp. 23-33.

(81)Herbert Spencer, *Social Statics* (New York: D. Appleton, 1892), p. 125.

(82)Herbert Spencer, *The Right to Ignore the State* (Cupertino, Cal.: Caymen Press, 1973), p. 5.

(83)Spencer, *Social Statics*, p. 84.

(84)Spencer, *Right*, p. 14.

(85)Frederic Bastiat, *The Law* (Irvington-on-Hudson, N.Y.: Foundation For Economic Education, 1972), pp. 6-11.

(86)Frederic Bastiat, *Economic Harmonies* (Princeton: D. Van Nostrand, 1964), p. 533.

(87)Rand, *Capitalism*, p. 331.

(88)*Ibid.*, p. 335.

(89)*Ibid.*, p. 332. Rand also states, however, that the source of the government's authority is "the consent of the governed." (p. 332). But this introduces a tension -- of the same sort found in John Locke and Herbert Spencer -- between natural rights on the one hand and consent on the other. Would an individual be obliged to obey a government enforcing only "natural rights" even if he had not consented to it?

(90)Ayn Rand, *The Virtue of Selfishness* (New York: Signet, 1961), pp. 116-20. Interestingly, Rand also outlines a scheme for the payment of court services through a Hospersian-like fee-for-service arrangement, while Hospers, in turn, says he would have no objections to a Randian-donation policy.

(91)*Ibid.*, p. 118-19.

(92)Paul Beaird, "Of Proper Government, I, II, and III," *Option* (January 1976, April 1976, and May-June 1976), pp. 19-20 and 28, 12-14 and 26-27, and 22-26.

(93)Beaird, "Of Proper Government, III," p. 24.

(94)Beaird, "Of Proper Government, II," p. 12. Beaird defends his consent doctrine by recourse to "tacit consent." This, of course, makes it very similar to the Lockean position, and it is therefore open to the same criticisms. While the land owner consents to a government by the positive act of subscribing to it, a traveller, a renter, etc., is claimed to be automatically consenting to a government simply "by entering land" over which a particular government has been given jurisdiction by the owner. But surely such a strained use of the term robs it of any real meaning.

(95)It is true that Rand does mention the possibility of a fee-for-service arrangement for "one of the needed services" rendered by government, i.e., "the protection of contractual agreements among citizens." But not only does Beaird extend this to all government services, he also ignores Rand's disclaimer that "this particular plan is mentioned here only as an illustration of a possible method of approach to the problem . . . not as a definitive answer. . ." Rand, *Selfishness*, p. 117. She also mentions the possibility of lotteries, but Beaird has preferred to ignore this suggestion.

Moreover, this fee-for-service suggestion, especially when extended beyond the area mentioned by Rand, would conflict with her goal of providing everyone, including the poor, with police and court services.

(96) Wilhelm von Humboldt, *The Limits of State Action* (London: Cambridge, 1969); Mises, *Free and Prosperous*.

(97) Mises, *Omnipotent Government*, p. 48.

(98) Mises, *Free and Prosperous*, p. 52.

(99) Mises, *Human Action* (Chicago: Henry Regnery, 1966), p. 150. Much, but not all, of the "Public Choice" literature also expresses the fear that democratic government, under the impetus of responding to the will of the electorate, will expand, with disastrous consequences, into areas that had traditionally been left to the market. This is especially evident in the writings of James Buchanan and Gordon Tullock, whose proposal for an "optimal majority" -- a requirement of a two-thirds majority for most issues -- was advanced as a device for controlling this tendency of democratic government to expand. See their *The Calculus of Consent* (Ann Arbor, Michigan: University of Michigan Press, 1962). For an intriguing contrasting view, also in the "Public Choice" vein see Anthony Downs, "Why the Government Budget is Too Small in a Democracy," *World Politics* (July 1960), pp. 541-63.

(100) *Ibid.*, p. 807.

(101) Mises, *Socialism*, p. 491.

(102) Mill, *On Liberty* (Chicago: Henry Regnery, 1955), p. 13.

(103) George Sabine, *A History of Political Theory* (New York: Henry Holt, 1937), p. 665.

(104) Mill, pp. 140-60.

(105) H. J. McCloskey, "Mill's Liberalism," *Essays in the History of Political Thought*, ed. Isaac Kramnick (Englewood Cliffs: Prentice Hall, 1969), p. 381.

(106) *Ibid.*, p. 379.

(107) F. A. Hayek, *Constitution of Liberty* (Chicago: Henry Regnery, 1960), p. 223. Also see Chapter 15, pp. 220-33.

(108) On the emergence of traditions as true values see Eric Vogelin, *The New Science of Politics* (Chicago: University of Chicago Press, 1952); Michael Oakeshott, *Rationalism in Politics* (New York: Basic Books, 1962); and Russel Kirk, *The Conservative Mind* (Chicago: Henry Regnery, 1967).

(109) Edmund Burke, *Reflections on the Revolution in France* (New Rochelle: Arlington House, n.d.), pp. 100-01.

(110) See Kirk, *Conservative Mind*; and the same

author's *Enemies of the Permanent Things* (New Rochelle: Arlington House, 1969).

(111) James Burnham, *Suicide of the West* (New Rochelle: Arlington House, 1964), pp. 290-91.

(112) *Ibid.*, p. 288.

(113) L. T. Sargent, *Contemporary Political Ideologies* (Homewood, Ill.: Dorsey Press, 1972), p. 99.

(114) Kirk, *Enemies*, p. 282.

(115) Burnham, p. 139.

(116) "Conservatives respect the wisdom of their ancestors . . . They think society is a spiritual reality, possessing an eternal life but a delicate constitution: it cannot be scrapped and recast as if it were a machine." Kirk, *The Conservative Mind*, p. 6.

(117) For analyses that point out the authoritarianism of conservatism see Edith Effron, "Conservatism: A Libertarian Challenge," *The Alternative* (October 1975), pp. 9-13; Murray Rothbard, "Conservatism and Freedom: A Libertarian Comment," *Modern Age* (Spring 1961), pp. 217-20; Murray Rothbard, "Confessions of a Right-Wing Liberal," *Ramparts* (June 15, 1968), pp. 47-52. The contemporary sociologist, Robert Nisbet, sees as least the traditional conservatism of Burke, Lemmenais and DeBonald not only as highly pluralistic but as a bulwark against political centralization and the authoritarian state. See his "Conservatism and Libertarians: Uneasy Cousins," *Modern Age* (Winter 1980), pp. 2-8; "Conservatism and Sociology," *The American Journal of Sociology* (September 1952), pp. 167-75; and "DeBonald and the Concept of the Social Group," *Journal of the History of Ideas* (June 1944), pp. 315-31. In emphasizing the role that the "social group" and tradition played in impeding the growth of centralized power, Nisbet has highlighted an important and unjustly neglected aspect of conservatism. But this still doesn't negate the authoritarian streak in much of conservative, particularly modern conservative, thought.

(118) Two things should be mentioned regarding the "political spectrum." First, it might be argued that there is an inverse relationship between the economic and political spheres -- as one increases the other must decrease -- so that both spectrums are merely measures of the same things. This, however, not only overlooks the large body of thought that felt that the reverse was true -- that the market presupposed a highly interventionist and authoritarian state -- Marx, for example, and Kropotkin -- but also ignores that group which desired neither the market nor the state -- Kropotkin, Bakunin and Berkman, to name just a few. It seems to me

that while a free market presupposes some restraints on the state, the reverse is not true. A limited state does not necessarily entail the free market.

Second, one should not jump to the conclusion that the "political spectrum" is some sort of "freedom index." This spectrum classifies political frameworks according to the degree of state interventionism. Since there would be no state under anarchism, state intervention would, of course, be zero. But except in the sense in which freedom is defined in terms of the limits on the state there is no one-to-one relationship between the absence of state intervention and freedom. This is the major flaw in the analytical frameworks advanced by David Nolan and Randy Barnett (See David Nolan, "Classifying and Analyzing Political-Economic Systems," *The Individualist* (January 1971), pp. 5-11; and Randy Barnett, *In Defense of Political Anarchism* (Unpublished Manuscript, 1974), pp. 1-10.) For the state is not the only obstacle to freedom. One of the greatest fears by such thinkers as Mill and Tocqueville was of democracy's potential for repression by public opinion. Since many anarchists -- Proudhon and Godwin to name but two -- would rely, for the maintenance of order in their communities, on the force of public opinion, this introduces the possibility of the "tyranny of public opinion" in anarchist as well as democratic societies. Thus, "authoritarian-anarchism" is at least a theoretical possibility. Moreover, modern liberals, beginning with T. H. Green, have always maintained that state intervention is required to overcome the obstacles to freedom, such as poverty, ignorance, discrimination, and the like. Thus, a highly interventionist state, they hold, is necessary to increase freedom. This group may or may not be correct, but things are hardly as simple as the analytical frameworks of Nolan and Barnett imply.

PART ONE

The Individualist Anarchist Critique of Government

The bulk of this study focuses on the individualist anarchist alternative to the state. But before one can deal meaningfully with that question it must first be asked why should one be concerned with an alternative to the state at all? What is it about the nature of the state that makes it an intrinsically dangerous or aggressive institution?

Chapters II, III, and IV will attempt to deal with the individualist anarchist response to that question, thereby laying the groundwork for Part Two of this study: the development of a positive alternative to the state.

The State and Property Rights

It is important to recognize that the individualist anarchist view of the state differs fundamentally from that of the collectivist anarchist and that this difference results directly from their divergent views on property. Since the individualist anarchist critique of the state becomes intelligible only after one has fully grasped his position regarding property rights, it is necessary to clarify his views on this issue.

1. THE DISTINCTION BETWEEN THE INDIVIDUALIST ANARCHIST AND THE COLLECTIVIST ANARCHIST CRITIQUES OF THE STATE

Individualist anarchists would no doubt agree with Alexander Berkman that "government is the greatest invader, more than that, the worst criminal man has ever known of." (1) They would likewise agree with Kropotkin's assessment that "the mission of all government, monarchical, constitutional, or republican, is to protect and maintain by force the privileges of the classes in possession, the aristocracy, clergy, and traders." (2) But such agreement, if indeed it can be called that, on the nature of the state is quite superficial and masks a fundamental disagreement between the two broad strains of anarchism. The collectivist anarchist argues that the state must be abolished because it is the defender of property rights which it sees as a form of economic coercion. The individualist anarchist, on the other hand, argues for the abolition of the state because he sees it as the great violator of property rights.

The anarcho-collectivist sees the concept of property rights as the means by which the capitalist or owning class oppresses the laboring or non-possessing class. Since the capitalists own the means of production, they argue, they are able to dictate wage-terms to the workers, thereby keeping them in abject poverty. (3) The capitalist requires the state, however, for without government coercion he would not be able to retain his exclusive hold on the means of production. Thus, Kropotkin writes that "no limitation of the

powers of government can be made as long as society is divided into two hostile camps and the laborer is, economically speaking, a slave to his employer. . . But in a society where the distinction between capitalist and laborer has disappeared, there is no need of such a government. . . The no-capitalist system implies the no-government system."(4) And Berkman says that "when government is abolished, wage slavery and capitalism must also go with it, because they cannot exist without the support and protection of government."(5) Thus the collectivist anarchist believes that private property is a form of coercion and can exist only when supported by the power of the state. The abolition of government is therefore the means to the abolition of private property.

The individualist anarchist, on the other hand, argues that while the premise is correct the conclusion does not necessarily follow. From the cognition that government uses its force to protect the interests of the property-owning class, it does not follow that property rights, themselves, are coercive.(6) Rather, he not only contends that [1] in the absence of property rights there can be no rights at all, but also that [2] far from upholding property rights, as contended by the collectivist anarchist, the state, by its very nature, is the single greatest violator of these rights.

The individualist anarchist reasons as follows. That individual (or group) who is able to determine how a good will be utilized is the actual owner, regardless of the legal fictions to the contrary. Sociologically, ownership is the ability to make the determining decisions regarding the disposition of property.(7) It is clear that it is impossible to eliminate ownership in the sociological sense of the term, for decisions concerning the use of properties have to be made in every society. Whoever makes these decisions is the owner. From this cognition the individualist anarchist concludes that if an individual is not permitted to retain what he has earned, i.e., either produced himself or obtained by means of voluntary exchange, his life is dependent upon whoever determines the disposition of property. Regardless of whether such determinations are made by a single individual--a tyrant, a group of individuals--an oligarchy, or a majority--a democracy, such "human rights" as those of freedom of speech, assembly, religion, etc., are, if not meaningless, at least perpetually precarious, for the individual cannot afford to incur the displeasure of those who hold his

means of survival in their hands. The ruler(s) may be benevolent and permit individual dissent to occur. But the fact remains that such dissent occurs only so far as and to the extent that the ruler(s) is (are) disposed to allow, it. "Rights" that can be suspended at the will of the ruler(s), he therefore argues, are in reality no rights at all. They are only privileges granted by the ruler(s), allowing certain individuals to engage in certain activities and, like any privilege, can be withdrawn at the discretion of the ruler(s). This means that whatever liberty exists in such a society is not based on rights belonging to the members of the society but are privileges granted by the ruler(s), and can therefore be revoked any time the ruler(s) is (are) so disposed. Moreover, it is obvious that the abolition of private property rights logically entails a centralization of decisions regarding property allocation and this, in turn, necessitates a centralized political power structure of immense proportions. The individualist anarchist agrees with Friedrich Hayek that in every society there are individuals who delight in the exercise of power over others, and that these individuals naturally gravitate toward the centers of political power. And such people, by the fact that they will do anything to obtain power, will be in a position to outflank any morally scrupulous opponent. Thus, it will be only a matter of time before these unscrupulous individuals gain control of the power structure. Therefore, Hayek believes, liberty cannot long endure in a society not recognizing individual rights of ownership.(8)

In short, the individualist anarchist argues that without an independent basis for existence, which can come only when the individual can own property, there can be no rights. And without rights there cannot long be liberty.

The point was graphically illustrated by events in Russia prior to the Bolshevik Revolution in 1917. During the last half of the nineteenth century, Alfred Cuzan has observed, "the Tsarist government 'promoted Western forms of strong property, private enterprise, public discussion, and local self government'." Since "wealth became secure," opponents of the Tsar were now "free to attract resources for their campaigns or ideas." The dictatorship was overthrown in 1917 and replaced by the provisional government under Alexander Kerensky. The Bolsheviks had learned the lesson well. Once they defeated the provisional government they

promptly proceeded "to destroy private property with force." The result, as is well know, was "the revival of despotism in Russia."(9)

The anarcho-collectivist might well agree with the thrust of the above argument but argue that liberty would be secure in his society since, according to Kropotkin, there will be "common possession of the necessities for production" and all decisions will be "the work of all, . . . a product of the constructive genius of the great mass."(10) The individualist anarchist would contend, however, that such an arrangement does not materially alter the validity of his argument, for an unpopular or non-conforming minority may still find itself confronted with the choice of either conforming or starving.

The collectivist-anarchist, he believes, has placed himself in two serious dilemmas. First, while he proclaims himself to be an advocate of individual autonomy, i.e., the right of every individual to the "free development of all his faculties," he believes that this entails the liberation from private property. But if the individual is not permitted to own what he has produced then he becomes dependent upon "society," thereby losing his autonomy. But if he is permitted to own the fruits of his labor then private property is admitted. In short, the individualist anarchist believes that autonomy and collectivism are mutually contradictory.(11)(12) Second, the anarcho-collectivist is opposed to all forms of coercion. But what if some individuals decide they would like to retain what they have produced and either consume it themselves or engage in voluntary exchange? If the anarcho-collectivists would permit this, they would be permitting private property. But if they would refuse to permit it, they would be initiating the use of force, or the threat of its use, in order to prohibit non-aggressive actions, i.e., they would be engaging in coercion. Thus the individualist anarchist also concludes that a society cannot be both collectivist and free at the same time.(13)

The individualist anarchist goes even further, however, and contends not only that there can be no liberty without property rights but that there are no rights other than property rights. Rothbard, for example, argues that "there is no such thing as separate 'right to free speech'; there is only a man's property right: the right to do as he wills with his own or make

voluntary agreements with other property owners."(14) While such a statement might sound surprising and even authoritarian, particularly for a group that purports to favor anarchism, it is, in fact, a logical corollary of their position regarding property rights and one that is, they believe, the only one compatible with the maintenance of a free society. Hence it is absolutely essential that one fully understands their reasoning on this issue.

Most individual anarchist thinkers(15) subscribe to a Lockean natural rights position that "every man has a property in his own person." By extension "the labor of his body and the work of his hands we may say are properly his." Therefore, by "mixing his labor" with that which was formerly unowned, says Locke, one removes it from the state of nature and "thereby makes it his property."(16) If one grants this premise, the individualist anarchist contends, no other deduction is possible. For if one cannot keep the fruits of his labor then he has no means to sustain his own life and is dependent upon whoever does own, i.e., control, them. Whether that agent is a single individual, a small group, or the entire society is immaterial. For as the Lockean philosopher Ayn Rand notes, "The man who produces while others dispose of his product is a slave,"(17) which of course violates the premise of man's self-ownership. But if, on the other hand, one denies the premise of self-ownership then, Murray Rothbard points out, one must conclude either that "[1] a certain class of people, A, have the right to own another class, B; or [2] everyone has a right to his equal quotal share of everyone else."(18) The first proposition is a logical contradiction for both group A and group B belong to the same class "human beings" and as such must possess all the same essential characteristics of that class. Thus, A cannot own both himself as well as B for that would negate B's right of ownership. This means that one must either grant every individual's right of self-ownership or contend that while no one may own himself, everyone has a right to own everyone else. This latter position is attacked on two counts. First, "If there are three billion people in the world, then everyone has the right to own one three-billionth of every other person." This means, comments Rothbard, that "no man is free to take any action whatever without prior approval or indeed command by everyone else in society. It should be clear that in that sort of 'communist' world, no one would be able to do anything, and the human race would quickly per-

ish." Second, it is argued that "It is physically impossible for everyone to keep continual tabs on everyone else and thereby to exercise his equal quotal share of partial ownership over every other man. In practice, then, any attempt to institute universal and equal other-ownership is utopian and impossible, and supervision and, therefore, control and ownership of others would necessarily devolve upon specialized groups of people who would thereby become a 'ruling class.' Hence, in practice, any attempt at Communist society will automatically become class rule, and we would be back at our rejected first alternative."(19)

To summarize, most individualist anarchists adopt a Lockean natural rights position. They then proceed to argue that [1] if one accepts the premise of self-ownership there is no alternative to recognition of private property, and [2] if one rejects the premise then one must adopt the view that (a) A has a right to own himself as well as B, while B is denied any right of ownership, or (b) that everyone can own everyone else but is denied the right to own himself. Both of these positions, he feels, are self-contradictory. Hence the only logically consistent position is that of the Lockean principles of (a) self-ownership and (b) its corollary, the right to retain the fruits of one's labor.

2. THE DEFENSE OF PRIVATE PROPERTY: NATURAL RIGHTS VERSUS UTILITARIANISM

The fact that the foregoing analysis may show that the alternatives to private property are logically contradictory and/or lead to consequences that everyone considers disastrous does not, in itself, morally validate private property. What, then, is the individualist anarchist's ethical defense of property rights?

Free market anarchism is composed of two divergent factions. The dominant faction is the Rothbardian-anarchists, which adopts a "natural rights" defense of property; the competing faction is the Friedmanite-anarchists, which defends property on "utilitarian" grounds. The latter will be dealt with first.

Like the philosophical anarchist Benjamin Tucker before him, David Friedman believes that an anarchist society will protect private property not because it is a natural or human right but because it is useful.

Freedom, he says, "is efficient--the value to me of being able to order you around is rarely as great as the cost to you of being ordered around. Going from coercive to libertarian law is on net profitable, so a system which produces law for profit will rarely produce coercive laws." (20) While the natural rights anarchist believes that laws against drugs, pornography, prostitution, and the like, are immoral, Friedman sees nothing inherently wrong with them. Under his utilitarian-anarchism laws would be produced on the market. And if those laws are what people want, that is what the market will produce. He is confident, however, that such laws would be the exception; that because of its social utility, an anarchist society would be biased toward freedom. (21)

An excellent criticism of utilitarianism has been provided by Murray Rothbard. The utilitarian, he notes, must regard the laissez faire principles of self-ownership and property ownership not as an "absolute and consistent yardstick," but simply as a tendency or rule of thumb that the majority is free to override at will. Consequently, Rothbard hypothesizes, suppose that the majority "considers all redheads to be agents of the Devil and therefore to be executed whenever found. Let us further assume that only a small number of redheads exist in any generation. . . . The utilitarian libertarian might well reason: 'While the murder of isolated redheads is deplorable, the executions are small in number; the vast majority of the public. . . achieves enormous psychic satisfaction from the public execution of redheads. The social cost is negligible, the social, psychic benefit to the rest of society is great; therefore, it is right and proper for society to execute redheads'." (22)

It is likely that Friedman would recoil from such a conclusion. Yet, he cannot logically reject it while remaining consistent with his utilitarianism. Clearly, utilitarianism provides only a shaky defense for the principles of self-ownership and private property.

Murray Rothbard, on the other hand, has endeavored to defend these rights on ontological grounds. It should be acknowledged, however, that the closest he has come is in his book, *The Ethics of Liberty*. While he does say "it is not the intention of this book to expound or defend at length the philosophy of natural law" but rather "to elaborate that subset of the

natural law that develops the concept of natural rights,"(23) the principles from which his ontological defense would be derived are clearly presented in Part One of that manuscript.

Rothbard begins by arguing that man, like all other entities, must have a specific nature: "... if apples and stones and roses each have their specific natures," he asks, "is man the only entity, the only being, that cannot have one? And if man does have a nature, why cannot it too be open to rational observation and reflection?" He then maintains that since "man's reason is **objective**, i.e., it can be employed to yield truths about the world," reason can be used to study man and to ascertain what his nature really consists of. Once this is done it is possible, again through the use of reason, to deduce a natural law ethic which, since it is grounded in man's nature, is valid for, and morally binding on, all men.

Following the phenomenologist, John Wild, Rothbard equates virtue, or goodness, or value, with what Wild terms "the fulfillment of tendencies determined by the structure of the existent entity." Evil is defined as "that mode of existence in which natural tendencies are thwarted and deprived of realization." (24) Hence man is held to have a specific nature which is discoverable by man's reason and this discovery leads to the deduction of an ethic based on objective, absolute values. Actions that are in conformity with man's nature are virtuous; those that are in conflict with it are evil. In contrast to economics, where values are treated as subjective phenomena, Rothbard believes that natural law is able to demonstrate that there are moral values which are, in fact, "objective." "The natural law," he says, "elucidates what is best for man--what ends man should pursue that are most harmonious with, and best tend to fulfill, his nature." Since, as we have seen in the previous section, Rothbard believes that society, and even life itself, is impossible without recognition of self-ownership and private property, these are necessary to enable man to fulfill his nature.

Rothbard's position can be formulated as follows:

1. The behavior of any entity having a nature ought to be in accord with its nature.
2. Man has a nature.
3. Hence, man ought to act in accord with it.

4. Self-ownership and private property are grounded in man's nature.
5. Hence self-ownership and private property ought to be recognized and respected.

It is important to note that Rothbard hasn't demonstrated why one is **morally obliged** to act in accord with his nature; rather, he has pointed out the disastrous consequences of acting contrary to one's nature. Now, these are two quite different things. The latter may be felt to suggest the former. One may believe that no reasonable or sane person would choose the consequences attendant upon acting contrary to one's nature and thus that any reasonable person would feel obliged to act in accord with his nature. But there is, **strictly speaking**, no logical connection between the two.

This point was well made by Thomas Spragens:

Logically, men could seek out chaos, pain, tyranny, and self-destruction. But **normally**, men will seek to avoid these perils in favor of order, happiness, liberty, and fulfillment. Accordingly, if you say to someone that this road leads to fulfillment, that road to destruction, you are not saying that he **ought** to take this road instead of that road. But he almost surely will do so, if he believes you, because he ought to do so if he prefers fulfillment to destruction -- if, that is, he is normal and sane.(25)

Thus, from a **strictly logical point of view**, Rothbard didn't demonstrate what he intended to demonstrate: "what ends man should pursue." Rather, he has shown what ends men should pursue provided they desire to avoid the consequences of acting contrary to their nature. Put another way, there is no reason why the moral injunction to act in accord with one's nature would hold for anyone prepared to accept the consequences of acting contrary to one's nature.

In brief, Rothbard's presentation of the libertarian natural rights ethic falls victim to the "is-ought dichotomy": one cannot logically derive a normative injunction such as "one must act in accord with one's nature," from a statement of fact, such as "man has a nature."

But as Arnold Brecht, among others, has noted, while there are no **logical** links between the is and the ought, there may be **factual or empirical** links between the two.(26) This distinction is made clear in the following syllogisms:

Syllogism A

1. Man exists.
2. Murder terminates that existence.
3. Hence, murder is wrong.

Syllogism B

1. Man has a right to exist.
2. Murder terminates that existence.
3. Hence, murder is wrong.

Syllogism C

1. Fred believes that man has a right to exist.
2. Murder violates that existence.
3. Hence, it is wrong for Fred to murder.

It is obvious that in Syllogism A the normative conclusion that one ought not to murder does not follow logically from the factual premise that man exists. This is a clear violation of the is-ought dichotomy. It is at least **conceivable** that man should not exist, in which case murder would be morally good. The moral injunction not to murder does follow logically from its premise in Syllogism B. The problem here, though, is that of demonstrating the validity of the premise. Unless its validity can be demonstrated it is nothing more than an assertion which, even if true, cannot be verified. Thus, it has no more **logical** validity than its converse: man has no right to exist. In syllogism C, however, the conclusion that one ought not to murder avoids both of these difficulties: (a) the moral injunction follows logically from the premise and (b) the premise has a **factual or empirical** status which is capable of verification (or falsification).

I believe that the Rothbardian position can be reformulated after the fashion of Syllogism C. This can be done, moreover, in a way which enables it both (a) to meet the problem of the is-ought dichotomy while (b) still keeping its comprehensive scope virtually intact. The reformulation would read as follows:

1. If one values life more highly than death then he ought to adopt measures to sustain life.
2. Self-ownership and property ownership are necessary to sustain life.
3. Everyone wants to live.

4. Hence, **everyone ought to adopt the principles of self-ownership and property ownership.**

Since the second premise is a factual statement asserting an indispensable or necessary causal relationship between a particular goal, viz., life, and a particular set of means, viz., self- and property ownership, this premise can be objectively examined and the truth of the claim ascertained. The individualist anarchists, and Rothbard in particular, have as we have already noted, endeavored to establish the logical connection between life and property rights and to depict the inevitable disastrous consequences of violating those rights. If this analysis is correct, the premise is sound.

But how can the third premise, that "everyone values life," be demonstrated? Values are revealed, in fact can **only** accurately be revealed, through what economists term "demonstrated preference." An individual's values are made known, to himself and others, through his actual choices.(27) And since anyone can end his life at any time he chooses, this means that we have incontrovertible empirical verification that everyone in the world today does actually value life over death.

It is important to bear in mind what is not being claimed. It is **not** being claimed that life is a universally-held absolute value. It is clear that at least some, and probably many people, do not regard it so. Nor is it even being claimed that life is a necessary condition for the attainment of all possible ends. It is being claimed, rather, that life is seen either as an end in itself or as a necessary condition for the attainment of any end that people in the world **actually do hold**. This is so since, as the doctrine of demonstrated preference tells us, the moment continued life prevents the attainment of any individually-held end, the individual will forego his life for the attainment of that end. A despondent individual may, for example, decide to end his misery on earth by taking his own life. But in taking his life the individual also takes himself out of the picture. Since everyone in the world empirically demonstrates by the simple fact of his continued existence that he values life more highly than death it would appear that this premise too has been verified. If so, then the conclusion that "everyone ought to adopt the principles of self-

ownership and property ownership must, ipso facto, follow.(28)

In brief, the Friedmanite or utilitarian anarchist position does not provide an effective defense of property rights. The Rothbardian or natural rights anarchist position is weakened by its violation of the is-ought dichotomy. But if the foregoing is correct, this weakness is not inherent in the doctrine itself, but lies in the particular way it was formulated. By shifting the defense of that ethic from the assertion that certain things are **universally valuable** to the demonstration that certain things are **universally valued**, the is-ought dichotomy is avoided while the content of that doctrine remains unchanged, and quite persuasive.

This line of argument is only meant to demonstrate that all individuals are required by logic to **recognize** the existence of rights. It is not meant to imply that this recognition provides everyone, or anyone, with a sufficient incentive to **respect** those rights. One can certainly acknowledge that theft violates natural rights and still, when given the opportunity, steal a watch which he dearly covets. Indeed, were this not the case, rights would not need to be protected since no violation of them would ever occur. This would not only render redundant the individualist anarchist proposals for the protection and enforcement of rights in the absence of government, it would, interestingly enough, undercut the traditional justification of government, as well.

3. THE IMPLICATIONS OF UNIVERSAL PROPERTY OWNERSHIP

The individualist anarchist contention that "there are no rights but property rights"(29) is a logical extension of his Lockean natural rights--or in Friedman's case his laissez faire utilitarian--position. To claim, for example, that one has "a right of free speech" neglects the question of **where** one has this right. Since ownership means the absolute right of the owner to use his property as he deems fit, the owner can therefore set any stipulations on the use of his property that he desires. Hence he is perfectly within his right to refuse to permit communists, individualist anarchists, or people wearing green ties to speak, assemble, etc., **on his property**. Rothbard is being consistent with his philosophical premise, therefore, when he says that one has a right to free speech "only

either on his own property or on the property of someone who has agreed, as a gift or in a rental contract, to allow him on the premises." Clearly, any legislation intended either to extend or restrict this scope of free speech would be a violation of property rights. Similarly, with the "right of assembly": "If all ownership were private, it would be quite clear that the citizens did not have any nebulous 'right of assembly.' Their right would be the property right of using their money in an effort to buy or rent space on which to make their demonstration, and they could do so only if the owner of the street agreed to the deal." (30) Rothbard then proceeds to apply his universal private ownership approach to Justice Holmes' argument that rights cannot be absolute since they must be balanced against the "common good"; that one does not have, for instance, a right to yell "fire" in a crowded theater. The trouble with Holmes' position, he says, is that there is neither a right to free speech nor a "public good." It is therefore impossible to limit one for the sake of the other. Instead, the individualist anarchist reasons as follows. The person yelling "fire" must be either (a) the owner, (b) a guest of the owner, or (c) a paying customer. If it is the owner then he has committed fraud upon his customers by taking their money in exchange for the promise of showing a motion picture, but instead disrupts the performance by his action. "He has thus willfully defaulted on his contractual obligations and has therefore violated the property rights of his patrons." If it were either a patron or a guest who yelled, then that person has violated the obligation to respect the owner's property rights as well as those of the customers who have paid to see the performance, and must therefore make restitution to the victims. "The person who maliciously cries 'fire' in a crowded theater, therefore, is a criminal, not because his so-called 'right of free speech' must be pragmatically restricted on behalf of the so-called 'public good' but because he has clearly and obviously violated the property rights of another human being. There is no need, therefore, to place limits upon these rights." (31)

We are now in a position to understand the individualist anarchist's belief that "the State has always been the great enemy and invader of the rights of private property." (32) In contradistinction to the collectivist anarchists, the individualist anarchists argue that by its very nature it is impossible for the state to exist without violating property rights, and

this for two reasons. First, it is pointed out that for a government to remain a government it must maintain a coercive monopoly on the use of force within a given area. It therefore must initiate the use of violence against any entrepreneur endeavoring to compete with government by providing defense services to the highest bidders, as well as any customer endeavoring to contract such services. Yet, so long as [1] the agreement was voluntarily entered into by both parties and [2] the contract was purely for defense and/or retaliatory purposes, i.e., it does not interfere with any other individual's equal right to dispose of himself or his property as he chooses, both parties are entirely within their rights to enter such a contract. Hence, any actions on the part of a government to suppress, prohibit or interfere with such contracts in any way constitutes a clear violation of natural rights, i.e., initiates the use, or the threat of the use, of violence against individuals who have not initiated the use of violence.(33) As Linda and Morris Tannehill remark, "Government is by its very nature an agency of initiated force. If it ceases to initiate force, it would cease to be a government and become, in simple fact, another business firm in a competitive market."(34)

Second, the government uses this coercive monopoly to obtain its operating revenue. The state is the only agency, it is pointed out, that obtains its revenues, not by means of voluntary payments in exchange for services rendered, but by taxation. But if one acknowledges the right of the individual to the fruits of his own labor then taxation, which is a coercive transfer of property from the owner to the state, is nothing short of "legalized robbery," i.e., a violation of property rights. Thus Rothbard writes that "The difference between a government and a criminal band. . . is a matter of degree rather than kind. . . And there is no praxeological difference between the two."(35) And Richard and Ernestine Perkins say that "The aggressive actions of the thief or Mafia are not generally tolerated or socially accepted, yet the only thing which distinguishes them from government is that governments aggress in many other areas, and against many more people, even though their aggression is not recognized by the majority. Aggression is immoral whoever does it, or regardless of how many approve, or fail to recognize it for what it is."(36) And similarly, the Tannehills note that "Either an organization is a business, maintaining itself against competition by excel-

lence in satisfying customer wants, or it is a gang of thieves, existing by brute force. . .It can't be both."(37)

The individualist anarchists also point out that taxation provides a vivid illustration of where the moral, or natural law, concepts of ownership depart from the sociological. Sociologically, ownership is the power to dispose of property. Hence, says the individualist anarchist, a good test to see if one really owns "his" property is for the "owner" to refuse to pay taxes. It can then be seen that the "owner" does not really own "his" property. Instead, the relation of the "owner" to the government is analogous to that of the renter of a house to the owner, with the important distinction that the latter relationship is a contractual agreement voluntarily entered into by both parties, while the former was imposed upon the "owner" without his consent. As the Tannehills remark: "When a man is required to 'rent' his own property from the government by paying property taxes on it, he is being forbidden to fully exercise his right of ownership. Although he owns the property, he is forced into the position of a lessee, with the government the landlord. Proof of this is that if he fails to pay the taxes the government will take his property away from him."(38)

But the libertarian-minarchist, as we have seen in Chapter I,(39) maintains that neither a monopoly on the use of force nor taxation are **necessary** elements of a state. It is at least conceivable, they maintain, for there to be a single agency which simply secures a libertarian framework. Everyone would then be free to choose the type of lifestyle -- communist, socialist, fascist, etc. -- to his liking, with the sole proviso that no one could impose his preferences upon others holding different values. This would be archism, in the sense that there would be a single agency stipulating the libertarian framework, but so long as enforcement of the statutory laws were left to private agencies, neither taxation nor monopoly would be present.

The problem is that the existence of such a legislative agency entails at least some cost. Whether this cost would be small enough to be defrayed without the violation of rights by such means as bingos, lotteries, voluntary contributions, and the like, is certainly doubtful. This has never been the case of course and, if these measures would fail, the government would have no choice but to resort to some type of taxation.

In brief, in contrast to the collectivist anarchist, the individualist anarchist maintains that the state is an aggressive institution because it entails the violation of property rights, not because it upholds them. And, contrary to the libertarian-minarchist, he holds that this violation inheres in the nature of the state, rather than being incidental to it.(40)

With this in mind the view that the state is an institution which violates property rights by its protection of the interests of the property-owning groups becomes intelligible.

FOOTNOTES

(1) Alexander Berkman, *ABC of Anarchism* (London: Freedom Press, 1973), p. 9.

(2) Peter Kropotkin, "Law, the Supporter of Crime," *Patterns of Anarchy*, eds. Leonard Krimmerman and Lewis Perry (New York: Doubleday and Co., 1968), p. 292.

(3) Peter Kropotkin, *The Conquest of Bread* (New York: Benjamin Bloom, 1968), p. 18; Berkman, pp. 74-75.

(4) Peter Kropotkin, "A Scientific Approach to Communist Anarchism," *Patterns of Anarchy*, eds. Leonard Krimmerman and Lewis Perry (New York: Doubleday and Co., 1968), p. 226.

(5) Berkman, p. 31.

(6) Richard and Ernestine Perkins, *Precondition for Peace and Prosperity: Rational Anarchy* (Ontario: Private Publication, 1971), p. 9.

(7) Ludwig von Mises, *Socialism* (London: J. Cape, 1969), pp. 37-42. And Murray Rothbard, *Power and Market* (Menlo Park, Calif.: Institute for Humane Studies, Inc., 1970), p. 139.

(8) Friedrich A. Hayek, *The Road to Serfdom* (Chicago: Phoenix Books, 1967). See especially Chapter Ten, "Why the Worst Get on Top," pp. 134-52. For a reply to Hayek see Herman Finer, *The Road to Reaction* (Boston: Little, Brown and Co., 1945). While Hayek sees corruption and the abuse of power as endemic to politics, Finer sees them as largely a function of the type of political order and, in a democracy at least, the exception rather than the rule. Robert Nisbet, however, has recently advanced the interesting proposition that, if anything, these things would occur with greater regularity in a democracy than in other political orders: "Democracy, with its tacit responsibility to the electorate, with its accountability in some degree to legislatures, press, and public, carries a larger potential for deception than is likely in other forms of government simply by virtue of this accountability." *The Twilight of Authority* (New York: Oxford University Press, 1975), p. 17. Regardless of whether one subscribes to the Hayekian and Finerian explanation of political corruption and abuse of power, empirical documentation of these phenomena in this country is certainly abundant. Watergate, of course, comes first to mind. Of the legions of books now written on the subject, Theodore White's *The Breach of Faith* (New York: Dell, 1975) is the most balanced and reflective to appear thus far. Some attempt is now being made to place Watergate in historical perspective. Jarol

Mannheim's *Deja Vu* (New York: St. Martin's Press, 1976) compares it with the Credit Mobilier scandal during the Grant Administration and the Teapot Dome Scandal under Harding. The parallels between Teapot Dome and Watergate are especially striking. Also noteworthy is Victor Lasky's *It Didn't Start With Watergate* (New York: Dell, 1977) and David Wise's *The Politics of Lying* (New York: Vintage, 1973). Both chronicle the extensive Watergate-like activities in every administration from Franklin Roosevelt to Lyndon Johnson. Also valuable are Michael Dorman's *Dirty Politics From 1776 to Watergate* (New York: Delacorte, 1979), and Morton Halperin, et al., *The Lawless State* (New York: Penguin, 1976). Lest one think that such activities are confined to America, see John Barron, *KGB* (New York: Bantam, 1974). And one should not forget that it was precisely the rampant corruption in the sixteenth century Italian city-states that prompted Machiavelli to write *The Prince*. See George Sabine, *A History of Political Theory* (New York: Henry Holt, 1947), pp. 337-38. Finally, the interested reader should consult Harry Elmer Barnes' (ed.), *Perpetual War For Perpetual Peace* (Caldwell: Caxton, 1953), which presents an unorthodox interpretation of America's entry into World War II. If correct, this would certainly make the actions of Franklin Roosevelt the most serious abuse of power in US history.

(9) Alfred Cuzan, "Political Profit: Taxing and Spending in Dictatorships and Democracies," *American Journal of Economics and Sociology* (October 1981), pp. 329-40.

(10) Kropotkin, "A Scientific Approach," pp. 227 and 230.

(11) See, for example, the argument by the individualist anarchist, John Henry McKay, "Communists Cannot be Anarchists," *Patterns of Anarchy*, eds. Leonard Krimmerman and Lewis Perry (New York: Doubleday, 1968), p. 31.

(12) Since individuals can own property they certainly have every right to divest themselves of it and voluntarily form a communal society if they so desire. However, such a society is a result of the voluntary contributions of each individual's personal property, and as such it is still based on the recognition of private property. Any member, of course, could therefore withdraw from that arrangement any time he desired. See my "Notes Toward Understanding Capitalism and Socialism," *The Alternative* (October 1972), p. 21.

(13) Murray Rothbard, "Anarcho-Communism,"

Egalitarianism As A Revolt Against Nature, and Other Essays (Washington, D.C.: Libertarian Review Press, 1974), p. 121-24.

(14) Rothbard, **Power and Market**, p. 176. Also see Morris and Linda Tannehill, **The Market for Liberty** (Lansing, Mich.: Private Publication, 1970), pp. 60-64.

(15) The only exception is that of David Friedman who, like his father Milton, is a utilitarian. See David Friedman, **The Machinery of Freedom** (New York: Harper and Row, 1973).

(16) John Locke, **Of Civil Government, Second Treatise** (Chicago: Henry Regnery, 1968), p. 22. It should be noted at this juncture that Locke did put two limitations on the right of property: scarcity and spoilage. Man can, by his labor, remove property from the common stock provided "there is enough, and as good left in common for others." Locke, himself, however, does not seem to feel that this is a serious restriction, for later he expressly states that "Nature and the earth furnished only the almost worthless materials as in themselves," and that "the property of labor should be able to overbalance the community of land. For it is labor indeed that puts the difference of value on everything" (pp. 32-35). And elsewhere he acknowledges that private property so facilitates production as to leave more, not less, for everyone else (p. 29). As for spoilage, Locke's original position is that since "Nothing was made by God for man to spoil or destroy" no one has a right to accumulate more than he can use without waste (p. 25). Yet, he later says that "the invention of money. . . introduced larger possessions and a right to them" (p. 29). It is therefore at least arguable that Locke's limitations on property do not really constitute limitations at all.

At any rate, the individualist anarchists feel that the essence of the Lockean doctrine is its justification of private property as a "natural right." For that reason, whenever anyone in this study is referred to as a Lockean-natural rights theorist it will be meant in this sense, i.e., that every man has a natural right to his own body and by extension to the fruits of his own labor.

(17) Ayn Rand, "Man's Rights," **Capitalism: the Unknown Ideal**, ed. Ayn Rand (New York: Signet Books, 1967), p. 322.

(18) Murray Rothbard, "Justice and Property Rights," **Egalitarianism As A Revolt Against Nature, and Other Essays** (Washington, D.C.: Libertarian Review Press, 1974), p. 59.

(19) *Ibid.*, pp. 59-60.

(20) David Friedman, "The Anarchist Reply," *Reason* (August 1976), p. 37. Also see his *Machinery of Freedom*, pp. 173-78.

(21) Even though he speaks of "natural rights," Gilbert Harmon subscribes to a utilitarian position similar to Friedman's when he speaks of rights as grounded in "convention" and being the outcome of "implicit bargaining" among individuals of varying strengths. See his "Moral Relativism as a Foundation for Natural Rights," *The Journal of Libertarian Studies* (Fall 1980) pp. 367-72. A very interesting and far more elaborate defense of property rights by a utilitarian can be found in James Buchanan, *The Limits of Liberty* (Chicago: University of Chicago Press, 1975). Although Buchanan has on occasion referred to himself as a "philosophical anarchist" he is more accurately placed in the minarchist camp with Robert Nozick. While Nozick relies heavily on Locke, Buchanan is essentially a Hobbesian. For a provocative synthesis of Nozick and Buchanan see Lawrence Moss, "Optimal Jurisdictions and the Economic Theory of the State: Or, Anarchy and One World Government Are Only Corner Solutions," *Public Choice* (No. 1, 1980), pp. 17-26.

(22) Murray Rothbard, *For A New Liberty* (New York: Macmillan, 1973), pp. 24-25.

(23) Murray Rothbard, *The Ethics of Liberty* (Atlantic Highlands, New Jersey: Humanities Press, 1981).

(24) John Wild, "Natural Law and Modern Ethical Theory," *Ethics* (October 1952), pp. 1-13, quoted in *ibid.*, p. 14.

(25) Thomas Spragens, *Understanding Political Theory* (New York: St. Martin's, 1976), p. 105.

(26) Arnold Brecht, *Political Theory* (Princeton: Princeton University Press, 1959), pp. 367 ff.

(27) Ludwig von Mises, *Human Action* (Chicago: Henry Regnery, 1966), pp. 11-29; Lionel Robbins, *The Nature and Significance of Economic Science* (London: Macmillan, 1962), pp. 83-94; and Murray Rothbard, "Toward a Reconstruction of Utility and Welfare Economics," *On Freedom and Free Enterprise*, ed. Mary Senholz (Princeton: Van Nostrand, 1965), pp. 225-35.

(28) For a fuller presentation of this position see my "Reflections on the Substantive and Epistemological Aspects of the Rothbardian Natural Rights Ethic," (Paper presented at the Fifth Libertarian Scholars Conference, Princeton University, October 21-23, 1977). For a critique of this position see Douglas Rasmussen, "A Groundwork for Rights: Man's Natural End," *The Journal of Libertarian Studies* (Winter 1980), pp.

65-76. My reply is "The Natural Rights Debate: A Comment on a Reply," **The Journal of Libertarian Studies** (Spring 1983), pp. 101-13.

(29) Rothbard, **Power and Market**, p. 176.

(30) *Ibid.*, pp. 176-77.

(31) *Ibid.* Also see Rothbard, **For A New Liberty**, p. 104.

(32) Rothbard, "Anarcho-Communism," p. 121.

(33) For an excellent and succinct delineation of this position see R. A. Childs, "An Open Letter to Ayn Rand," pamphlet reprinted from **The Rational Individualist**, August, 1969.

(34) Tannehill and Tannehill, p. 33.

(35) Rothbard, **Power and Market**, p. 63.

(36) Perkins and Perkins, p. 6.

(37) Tannehill and Tannehill, p. 34.

(38) *Ibid.*, p. 54.

(39) See Chapter I, sections 2b and 2c.

(40) It should be pointed out that the terms "minarchism" and "collectivism" have been used in this chapter in a less restrictive sense than that used in Chapter I.

The State as a Caste Institution

1. THE ORIGIN OF THE STATE

For his views on the origin and nature of the state, the individualist anarchist owes a heavy intellectual debt to the sociological writings of Herbert Spencer and such members of the German school of historical sociology as Ludwig Gumplowicz, Gustav Ratzenhofer, and, in particular, Franz Oppenheimer. Since Oppenheimer introduced the distinction between the "political" and the "economic means," a distinction which has assumed a central position in the individualist anarchist analysis of the state, one cannot understand this analysis without some familiarity with the writings of this early twentieth century German sociologist.

Oppenheimer's fundamental insight was that man can satisfy his desires through two mutually exclusive means. One is work; the other robbery. Work, by which he means one's labor as well as what one receives in exchange for one's labor, he designated as "the economic means."

Robbery, the "unrequited appropriation of the labor of others," is termed the "political means." While these two means are mutually exclusive, their purpose is identical: the acquisition of wealth. Oppenheimer therefore views "all world history, from primitive times up to our own civilization" simply as "a contest. . . between the economic and the political means." Such is Oppenheimer's conceptual framework and world view.

There are two ramifications of this conceptual framework which Oppenheimer is quick to point out: (a) the state is the institutionalized embodiment of the political means, and (b) since production necessarily precedes robbery society, by use of the economic means, must have obtained a certain level of economic development before the emergence of the state was possible.

This latter point, Oppenheimer feels, explains why no state ever existed among such groups as the primi-

tive peasants (grubbers) or the primitive huntsmen. The grubbers, for example, are attached to the land and live in both abject poverty and relative isolation. Such a situation provides no foundation for the rise of a state, for the primitive peasants are too impoverished to support one and too scattered from one another, physically, to organize even for their own defense. It is much different, however, with the herdsmen. Accidents of nature (luck) as well as the cleverness and diligence of the breeder produce distinctions in fortune and, consequently, distinctions of class. But since luck cannot be controlled and such traits as cleverness are not hereditary, economic equality soon begins to re-emerge. It is quite natural for the existing wealthy to block this trend by recourse to violence. This utilization of the political means is of the utmost significance, says Oppenheimer, because with it economic and social equality is "destroyed permanently," and the foundation of the state is laid.

Theft is easier and more exciting than the tedious and disciplined routine of production. Thus the political means tend to breed on its own success. Its successful use in one case encourages its use in others. Consequently, the herdsmen began to turn more and more to the political means. The weaker huntsmen are able to flee before their onslaught, but "the peasant cannot. His livelihood being tied to the land, he yields to subjection, and pays tribute to his conqueror; that is the genesis of the land states in the old world." The state therefore emerges, according to Oppenheimer, when the developing economic means of the peasantry are subordinated, by the use of the political means, to the direction of the herdsmen.

Analytically, Oppenheimer sees six stages in the development of the state. The first stage entails the use of the political means in its most rudimentary form: random robbery and killing of peasants by roaming bands of herdsmen. The second stage is begun when the peasant finally accepts his fate and ceases to resist the attacks. The herdsman then discovers that except where it is necessary to keep the subjects suitably cowed or to crush an occasional rebellion it is in his interest to enslave rather than kill the peasant. After all, "a murdered peasant can no longer plow." The key difference between the first two stages is presented in terms of an analogy. In the first stage he says, the herdsman is like the bear who, for the purpose of robbing the beehive, destroys it. In the sec-

ond stage the herdsman is compared to a bee-keeper "who leaves the bees enough honey to carry them through the winter." It is at this point that one discerns the beginning of a change in the attitude of the subjugated peasants toward the conquering herdsmen. Since there still exist other bands of herdsmen who live largely by robbery, it becomes necessary for the conquering herdsmen to protect their "beehives." Hence, whenever danger threatens they must rush to the protection of "their" peasants, who now begin to see their conquerors as their protectors and saviors instead of plunderers and murderers. Taxation makes its appearance when the now cowed peasants regularly present the victorious herdsmen with their "surplus" yield. The fourth stage is that of territorial union and emerges when the herdsmen begin to settle down in the midsts of the peasants. This they do for two reasons. First, it enables them to protect their "bees" from raids by other "bears." And second, it affords them a better means of keeping the peasantry under control. Stage five occurs when the lords assume the right to arbitrate disputes among the peasants. The lords are forced to do this in order to prevent violent feuds among the peasant clans and villages which would impair the capacity of the peasants to pay tribute. In the final stage one witnesses the development of nationality. Over time the separate identities of the two groups fade. "They intermingle, unite, amalgamate to unity, in customs and habits, in speech and worship. Soon the bonds of relationship unite the upper and lower strata." Such, according to Oppenheimer, is the evolution of the state from its origin in plunder and murder to its full development in the integration of the ruling elite and their subjects.

But Oppenheimer does not stop here. "The economic want of the master group has no limits," he says. Hence, the primitive state naturally expands, bringing ever more peasant groups under its control. Expansion ceases only when it collides with another, equally expansive, primitive state. It is at this point that "we have for the first time, in place of the warlike robbery heretofore carried on, true war in its narrower sense, since equally organized and disciplined masses are hurled at one another." The result is the amalgamation of the two primitive states into a single, greater and more powerful state, and once completed the process of amalgamation begins anew. The origin of war, moreover, introduces one of the most significant factors in the development of the infant state. While

the purpose of war is exactly the same as that of the original invasions of the herdsmen, i.e., "the produce of the economic means of the working classes, such as loot, tribute, taxes, and ground rents," the struggle is no longer between those intent upon exploitation, and those resisting it, but between two groups of exploiters for the "possession of the entire booty." What is more, since by this time the subjugated peasants have been integrated into the state and no longer view their rulers as robbers and exploiters but as their protectors, they "with all their might. . .aid their hereditary master group in times of war." Thus, the master group is even able to get its exploited subjects to fight its battles for it.

Oppenheimer's conclusion is that the state is a social institution, forced by a victorious group of men on a defeated group, with the sole purpose of regulating the dominion of the victorious group over the vanquished, and securing itself against revolt from within and attacks from abroad. Teleologically, this dominion had no other purpose than the economic exploitation of the vanquished by the victors. And states are maintained, he continues, in the same way that they were created. The primitive state is the creation of warlike robbery; and only by warlike robbery can it be preserved.(1)

While critical of certain particulars in Oppenheimer's writings, the conflict theory of the origin of the state has recently received endorsement in the "environmental circumscription" theory of the noted anthropologist, Robert Carneiro. Carneiro contends that "a close examination of history indicates that only a coercive theory can account for the rise of the state. Force, and not enlightened self-interest, is the mechanism by which political evolution has led, step by step, from autonomous villages to the state.

But, while endorsing a conflict theory of the origin of the state, Carneiro is critical of the Oppenheimer account since, he points out, there are many cases of wars, even within the conditions described by Oppenheimer, that did not lead to a state. This means that while war is a necessary condition for the rise of the state, it is not a sufficient one. Carneiro notes that those areas where states emerged, such as the Nile, Tigris-Euphrates, and Indus Valleys, have only one thing in common: "they are all areas of circumscribed agricultural land." This is in

contrast to those areas such as the Amazon basin which had "almost unlimited agricultural land." While there was frequent warfare in such places, he says, this did not lead to the rise of the state, for the defeated groups merely fled to another part of the forest. Hence the effect of warfare in such places was to "disperse villages over a wide area, and to keep them autonomous."

By contrast, flight and re-settlement in an area like the coastal valley of Peru, which was surrounded by mountains to the back, the sea to the front, and deserts on both sides, was impossible. As population pressure increased, so did the demand of each independent village for more land. Such pressure culminated in land wars and "a village defeated in war thus faced grim prospects," says Carneiro. "If it was allowed to remain on its own land, instead of being exterminated or expelled, this concession came only at a price. And the price was political subordination to the victor." The defeated village was incorporated with that of the victor's, forming chiefdoms. As land shortages continued, the warring units now became large chiefdoms, and the process was begun anew. Hence, "autonomous neolithic villages were succeeded by chiefdoms, chiefdoms by kingdoms and kingdoms by empires."

From the point of view of the individualist anarchist, the differences between Oppenheimer and Carneiro are far overshadowed by the agreement of these two notable scholars on one vital issue: the coercive origin of the state. As Carneiro says, "there is little question that, in one way or another, war played a decisive role in the rise of the State."² But coercion, *ipso facto*, entails exploitation. It is the method by which the dominant group in society is able, by use of the "political means," to institutionalize its socio-economic position at the expense of the subordinate group.

It should be pointed out that the conflict theory has been criticized as being one-sided. "There is no doubt that conquest played a part in most if not all processes of state formation," Lawrence Krader remarks. But "the conquest theory failed as a general theory of the origin of the state because it introduced only external factors, and failed to take into account internal processes in the formation of a given state." Prior to conquest, he maintains, there must have existed "at least the germ of social stratification, of an ad-

ministrative system, of an ideology of superiority and of rulership, and of a burgeoning economy with some differentiations of economic functions." (3) Anthropologists such as R. M. MacIver and R. H. Lowie (4) have concentrated on internal factors and contended, along what is essentially Aristotelian lines (5), that the state emerges from the existence within society of associations which were voluntarily formed by independent bands for such specific purposes as the preservation of order or the maintenance of a religious cult. As these associations gradually develop their own rules and enforcement mechanisms, they tend to break down the tribal bonds of kinship, thereby uniting several formerly independent bands into the larger association. While these various associations are autonomous under the pain of necessity they are willing, at specific times and for specific purposes, to cooperate in the formation of a larger political unit and to temporarily delegate their authority to it. This process, according to Lowie, leads toward the voluntary formation of the state, which would be attained once such delegation of power became permanent. For empirical support Lowie cites the eight Associations of the Crow Indians of North America. Once every year, at the time of the hunt, these associations would delegate their authority to an agreed upon central power. They would do so because to be successful a hunt required the cessation of inter-association conflicts during its duration. Once the hunt was over, however, the associations would again assume their independent status and authority. While Lowie claims that the tendency was toward the emergence of the permanent state, the Crow Indians were conquered by the government of the United States before the final state was reached. While admitting "definite validity" to certain aspects of the Lowie-MacIver thesis, the conflict theorists rebut that since the stage of autonomous associations had existed among the Crow Indians for centuries there was in fact no tendency toward the emergence of a permanent state. Hence, they say, the theory is unable to account for "the 'jump' from non-state to state." (6)

Another theory, also concentrating on internal factors, has been propounded by Morton Fried. Fried is in basic agreement with Oppenheimer's analysis regarding the emergence of economic inequality and social stratification. To protect their positions, however, the wealthy must not simply resort to occasional violence, but must establish "powerful institutions of political control." Thus, the stratified non-state

society must either lapse back into relative economic equality or complete the movement toward the state.(7) The conflict theorists are quick to note that the Fried Thesis actually compliments Oppenheimer. Whether emerging from internal or external conflict, the state is the essence of the "political means."

While there is general agreement that conflict played at least some part in the formation of the state, the extent of its role is still in question. Even though voluntary associations may not be able to account for the "final jump," the critics of the conflict theory have raised important questions concerning the ability fo the conflict theory to explain fully the origin of the state. Yet, it must also be admitted that, as Randall Collins noted, "the conflict theory has been vindicated by empirical evidence to a degree approached by no other sociological theory."(8)

2. THE PERSISTENCE OF THE STATE

The individualist anarchist is in agreement with such thinkers as David Hume and Ludwig von Mises that every government, regardless of type, must be able to secure the acceptance of the majority. This position is vividly illustrated in Rothbard's statement that "While force is their *modus operandi*, their basic long run problem is ideological. For in order to continue in office, any government (not simply a 'democratic' government) must have the support of the majority of its subjects. This support, it must be noted, need not be active enthusiasm; it may well be passive resignation..."(9)

But this immediately raises a difficult question. If the state is an institution through which a ruling minority exploits a ruled majority, how can the state persist? Why does the majority continue to submit to the dictates of the ruling minority? The individualist anarchist believes that the solution can be found in the state policy of combining the carrot, the stick, and political indoctrination. As for the carrot, the state is able to use a portion of its tax revenue to purchase the allegiance of such important groups in society as the intellectuals, who are needed for purposes of political indoctrination. This does not mean that those groups bought off by the state need always become wealthy. The public educators, for example, generally do not. But the striking infatuation of many

intellectuals with government, (10) which dates back at least to Plato's association with Dionysius and Aristotle's stint at the court of Philip of Macedon in the Fourth Century B.C., cannot be explained solely or even primarily by reference to pecuniary benefits. Certainly what Robert Nisbet terms the "intoxication of participating in great decisions," the "desire to be close to the seat of power," acts as a magnet upon "society" in general, but especially upon a group, like the intellectuals, which is primarily concerned not with the "banality of the marketplace," with the mere humdrum toils of earning a living, but with such "higher" and far more stimulating interests as honor, duty, justice, and collective action. For it is the state, with its monopoly on the use of force, that is the perfect vehicle for launching that "intoxicating crusade" for the "good society," within which such higher values could be implemented. (11) But, it is obvious that only a few can be net tax beneficiaries, and fewer still can be close to "the seat of power." Thus, this purchase of allies through the distribution of pecuniary and psychological benefits can only be extended to a minority.

A second method by which the state is able to obtain, if not enthusiasm for its policies at least obedience to its laws, is the recourse to force. But this too is limited. If, for example, everyone suddenly began to disobey all traffic laws, it would be physically impossible for the state to compel obedience. Only when laws are supported by the preponderant majority is it possible for the state to effectively coerce a recalcitrant minority.

However, it should be pointed out that the more totalitarian the state, the easier it becomes to enforce obedience. Through the elimination of secondary associations and the use of random and apparently senseless violence, continual change of policy and the perpetual juggling of government personnel, society becomes atomized. In such situations, communication between individuals breaks down and the individual becomes thoroughly isolated. He may hate the government and numerous others may feel likewise, but he has no way of either communicating his feelings or knowing the feelings of others. Consequently, dissent is sporadic, uncoordinated and therefore easily suppressed. Each individual, forced to face the government alone, has little hope of success. But such a policy can succeed only if the society can be kept atomized. This means that the state must follow a policy designed to main-

tain a perpetual flux.(12) But regardless of how powerful the state, its power is always finite. Thus, no government can be completely "totalitarian" and no society can be completely atomized. Moreover, the central point still holds, for even with an atomized society no government could persist if large numbers of individuals, despite their isolation, suddenly decided to resist the state. Hence, while the more totalitarian countries can coerce obedience from greater numbers than can the more open societies, the extent and effectiveness of coercion still remains limited.

But if both the carrot and the stick are confined to the minority, the brunt of the burden falls on the third category of political indoctrination. There are, the individualist anarchist argues, two types of justifications propounded by the apologists for the state: [1] the rulers are good and wise, and [2] the rule of the state is necessary and inevitable. Under the latter one finds arguments such as [1] anarchism is chaos and hence the state is inevitable, and [2] the state is the great benefactor of the people, protecting them from both foreign invasion and domestic violence. Other means of securing support, Rothbard says, are such ploys as [1] patriotism, [2] "tradition," [3] exaltation of the collectivity, and [4] guilt. First, the state is able to generate patriotism by identifying itself with such common objects of love as one's homeland. Thus, one comes to think of the entire territory over which the state rules as "my country." Second, the rulers exhort their subjects to "worship your ancestors" and "uphold old customs and institutions," while they portray themselves as the legitimate heirs of these ancestors and the product of these customs.(13) Third, individual dissent is discouraged by appeals to "adjust to society" or "heed the will of the majority." And finally, "Any increase in private well-being," says Rothbard, "can be attacked as 'unconscionable greed,' 'materialism' or 'excessive affluence'; profit-making can be attacked as 'exploitation' and 'usury,' mutually beneficial exchanges denounced as 'selfishness,' and somehow with the conclusion always being drawn that more resources should be siphoned from the private to the 'public sector.' The induced guilt makes the public more ready to do just that. For while individual persons tend to indulge in 'selfish greed,' the failure of the State's rulers to engage in exchanges is supposed to signify their devotion to higher and nobler causes--parasitic predation being apparently morally and esthetically lofty as compared to peaceful and pro-

ductive work."(14)

It is through a combination of all of these devices that the state is able to make itself appear both beneficial and legitimate and thus to secure popular support, ranging from enthusiasm to simple resignation. A way in which the state is able to obtain acquiescence by combining the use of such methods as appeals to patriotism and the threat of coercion is well illustrated by the anti-statist Randolph Bourne. Men are told, he writes, that

they will enter the military establishment of their own volition, as their splendid sacrifice for their country's welfare, and that if they do not enter they will be hunted down and punished with the most horrid of penalties; and under a most indescribable confusion of democratic pride and personal fear they submit to the destruction of their livelihood if not their lives, in a way that would formerly have seemed to them so obnoxious as to be incredible.(15)

A final word should be mentioned concerning the crucial role compulsory public education has in inducing acceptance of the state ideology. The state gets the child at a young and impressionable age. The child is then taught to be patriotic, love his country, and revere his ancestors. Anarchism is either equated with chaos or disregarded altogether. Hence, the child is indoctrinated into the habit of thinking in terms of the state. He becomes a prisoner of his educational environment, incapable of thinking in terms beyond the statist paradigm. Particular government A or particular government B may be bad, but government itself is never questioned. It is through such educational indoctrination that the individual becomes so susceptible to the statist ideology he encounters later in life.

3. THE GROWTH OF THE STATE

The fact that the state originated in violence and exploitation does not, in itself, go very far in explaining how and why the state grows, and grows not just in size but in the power it exercises over its subjects. An answer was hinted at earlier. Oppenheimer's world view was that there were two exclusive means, the economic and the political, for obtaining the same object: material satisfaction. Since the

latter is the embodiment of violence while the former entails voluntary and peaceful exchange of goods, it should not be suprising that the political means gain at the expense of the economic. And since it is the state that maintains a monopoly of the political means, it should likewise not be suprising that it is able, as James Madison once remarked, to turn "every contingency into a resource for accumulating force in the government. (16)

But this answer, by itself, is too abstruse. What, more specifically, do the individualist anarchists see as the means that the state uses to augment its power? Drawing heavily on the writings of such men as Bertrand de Jouvenel, American anti-statists such as Randolph Bourne, and such laissez faire economists as Ludwig von Mises, a few of the more important means can be indicated.

a. Democracy.

Bertrand de Jouvenel agrees with Oppenheimer that "the state is in essence the result of the successes achieved by a band of brigands who superimpose themselves on small distinct societies . . . It pursues no just end; its one concern is the profitable exploitation of conquered and submissive subjects. It lives off the subject populations." (17) But with the passage of time the governmental units expanded beyond the ability of the king to exert personal control. Consequently, control over particular areas was delegated to the king's subordinates and friends, in particular to those military figures who had supported the king in his struggle for power. These areas gradually emerged into all but completely independent political units, viz., fiefdoms, possessing their own courts, military forces and sources of revenue. In this way the king became largely dependent for his revenue on the support of those elements independent of him, i.e., the feudal lords. Since there was an inverse relationship between the power of the king and that of the aristocracy, the latter were always careful to view the king as a person in opposition to themselves. They were jealous of their independent prerogatives and relinquished them to the king only grudgingly and when they either agreed with the king's policies or were presented with no alternative. Thus it was rather difficult for the employment of the political means, or "State power" to use Albert Jay Nock's term, to grow at the expense of the economic means, or "social power."

But the emergence of democracy and the idea of popular sovereignty greatly facilitated the growth of state power. "It was not that the throne was overthrown," says de Jouvenel in speaking of the French Revolution, "but that the whole, the nation-person, mounted it. Its life was as that of the king it succeeded, but it had one great advantage over him: for subjects are in regard to a king--who is seen to be a **person different** from themselves--naturally careful to secure their rights. Whereas, the nation is not a **different person**: it is the subject himself, and yet it is more than he--it is a hypostatized We."(18) Since the state is now controlled by "the people" it is no longer feared as a dangerous instrument but looked upon as the means to achieve the "common good."

Democracy serves to facilitate the growth of state power in yet another way. By possessing an independent base the aristocracy in the feudal period were able to block or at least retard, the growth of the king's power. But the democratization of society, says de Jouvenel, entailing as it does the elimination of all such independent bases of power, removes all obstacles to the centralization and augmentation of state power. For regardless of such devices as the written Constitution and the division of the government into several separate branches, the fact remains that all branches derive their power from the same source: the majority of the people.(19) The individualist anarchist agrees and therefore denies that even a constitutionally established "independent judiciary" is able to serve as a check. The judges themselves, they argue, are employed by and are therefore part of the state. Thus, says Rothbard, over the years the state has been able to transform judicial review from "a limiting device to yet another instrument for furnishing ideological legitimacy to the government's actions. For if a judicial decree of 'unconstitutional' is a mighty check to government power, an implicit or explicit verdict of 'constitutional' is a mighty weapon in fostering public acceptance of ever-greater government power."(20) The idea of checking the government by a written constitution is seen as "a noble attempt that failed." It failed because "when you give the State itself the final power to interpret the very instrument that is supposed to limit the State, you will inevitably find the Constitution being stretched and distorted..."(21)

De Jouvenel's fear is that as democracy matures power is ever more easily delegated to the state while

individual liberty is subordinated to the "common good" or "social justice." Under the rubric of popular sovereignty, he says, Parliaments were established and invested with the power of law-making. This was not simply a transfer of authority from the king to "the people" or their representatives, he points out, but an addition to state power of immense proportions. In pre-democratic societies the king was not sovereign but was seen as the mandatory of God or of the gods. But God's law was immutable. Hence, the king had no power to make or change the law. He could obtain obedience only if he himself remained obedient to the divine law. This confined the king's actions within rather narrow and predictable limits.

Positive legislation appeared only when the idea of popular sovereignty replaced that of divine sovereignty. Since the people were now sovereign they were empowered to make the law, and the Age of Rationalism served to reinforce this by teaching that any order was merely conventional and hence changeable at will. This, says de Jouvenel, was a great breakthrough for state power. By identifying themselves with the state, the people were willing to delegate more and more power to it. Democratic theorists erred, he says in quoting Montesquieu, in confusing the power of the people with the liberty of the people, for the power of the state "is command, and everyone cannot command. Sovereignty of the people is therefore nothing but a fiction," and one which "confers on the rulers the authority of the whole." (22)

While the emergence of democracy opened the doors for the expansion of state power at the expense of social power, the growth of the state beyond a certain point assumes a life of its own; expansion of the state in one area requires expansion in other areas as well. For, "when the State is so large, when everything is political, one cannot say 'I will live in a certain way.' What he must say is 'To live in a certain way myself, I must seize the controls of the great machine and employ them in such a manner as suits me.'" In this way every issue becomes politicized and requires the intervention of the state. Democracy, de Jouvenel therefore concludes, is merely "the time of tyranny's incubation." (23)

b. War.

A second, vitally important, means for the growth of the state is war. Here the individualist anarchist turns, in particular, to the writings of Randolph Bourne. Bourne believes that the state is "the instrument by which the whole herd is wielded for the benefit of a class." It follows that the more powerful the state, the more entrenched the ruling elite, the better able it is to benefit itself. Hence, says Bourne, "The ideal of the State is that within its territory its power and influence should be universal." But even in a democracy the majority might well resist naked attempts by the state to restrict free speech or impose an overriding uniformity. Hence, what is required is some justification for state action. And since it is precisely in war that this justification is most easily and clearly found, Bourne concludes that "war is the health of the state." Once war breaks out "Old national ideals are taken out, re-adapted to the purpose and used as universal touchstones, or molds into which all thought is poured." Dissent, which was permitted in times of peace, is usually outlawed in times of war. "Criticism of the State, objections to war, lukewarm opinions concerning the necessity or the beauty of conscription, are made subject to ferocious penalties far exceeding in severity those affixed to actual pragmatic crimes. Public opinion . . . becomes one solid block. 'Loyalty,' or rather war orthodoxy, becomes the sole test for all professions, techniques, occupations." (24)

But what is especially striking is the realization that once the population is infused with a war psychology, all else follows automatically. For wars, at least our modern "democratic" wars which depend for their success on mass support and enthusiasm, are invariably presented in terms of a struggle for righteous and humanitarian goals. The enemy is dehumanized and the complex and often subtle differences in culture and policies are presented in simplistic black and white terms. (25) War is thereby transformed into a moral crusade to "make the world safe for democracy," to "destroy totalitarianism," or to "contain Communism." And not only does this crusade provide a welcome contrast to the mundane chores of daily living but, perhaps even more importantly, it infuses life with a meaningfulness it never had during peacetime. It is this that largely explains that striking phenomenon of the outpouring of voluntary sacrifice, of millions of men willingly marching to their nearly certain deaths,

that is so characteristic a feature of modern war. For it is only through voluntary sacrifice that one can become a part of, belong to, the crusade. Thus it is during war in particular that government has rarely to compel sacrifice. It has only to ask but to receive.(26)

Hence it is only in wartime, as Bourne notes, that the nation is able to "attain a uniformity of feeling, a hierarchy of values, culminating at the undisputed apex of the state idea." This "could not possibly be produced through any other agency than war."(27)(28)

c. Economic Intervention.

There are two major economic factors the free market anarchist can and does cite to help explain the growth of government. First is the inequality of costs and benefits of government programs, and second is the dynamic of the market process.

The costs of government programs are usually widely diffused, while the benefits are highly concentrated. Since the benefits a government can offer to a particular interest group can be substantial, that group will lobby vigorously for them. But so long as the costs are distributed widely throughout society it will generally come to no more than a few cents per person per program. Since this would be less than the cost of organizing an effort to oppose the program, such is not done. It is therefore usually politically profitable for the politicians to implement the programs desired by the interest groups.(29)

Secondly, the anarchist emphasizes the delicate interdependencies of the modern market economy. Since any tampering with the market process has ramifications throughout the entire economic system, the policy-makers will therefore be confronted with the choice of either abandoning the original interventionist policy altogether or expanding it into ever more areas. The government, for example, may desire to "stimulate" the economy by increasing the supply of money. This will result in rising prices and the policy-makers may then find it politically necessary or expedient to impose maximum prices on some or all goods. But since this will reduce or even eliminate profit margins, investment will be discouraged in those areas where the controls were enacted, thereby causing a reduction of output and hence a shortage of those goods. This will

have several important consequences. First, in an effort to stimulate production, price controls for the factors of production will also have to be imposed. But since this will discourage production of factors, the policy of price controls will have to be expanded into ever wider areas. Second, to cope with the shortage, the government may also decide to adopt a policy of rationing. And third, if rationing is resorted to, the government will almost certainly be forced to expand greatly its police force in order to cope with the black markets, which are the inevitable accompaniment of rationing.(30) All of this must entail the progressive extension of government control into areas that were heretofore independent and, as a corollary, the concentration of ever more power in the hands of government.

In short, the individualist anarchist believes that there is an inherent tendency for state power to expand at the expense of social power. The state, comments Rothbard, "has invariably shown a striking talent for the expansion of its powers beyond any limits that might have been imposed upon it."(31) The general reason lies in what John Calhoun referred to as the propensity of the dominant power in society to abuse its power. Since normally the dominant power is that which is in control of the government, Calhoun felt that Constitutional restrictions "would ultimately be annulled and the government converted into one of unlimited powers."(32) The political means, as Oppenheimer would say, quite naturally prevail over the economic means. Democracy, war and economic intervention are just three of the more important ways by which the political means are implemented.

4. THE TOTAL STATE

The individualist anarchist has written little on the twentieth century phenomenon of the totalitarian state. However some mention of it should be made since it is the logical culmination of what he sees as the statist dynamic.

Totalitarianism is the logical extension of the concept of sovereignty. While the development of that term owes much to the writings of Jean Bodin in the sixteenth century, it was Thomas Hobbes a century later who made that concept the center of his entire political system. Believing that there was no society without order and no order without a sovereign, Hobbes

quite logically concluded that sovereignty was the creator, the *sine qua non*, of society. Without the state, said Hobbes in his most famous passage, the life of man is "solitary, poor, nasty, brutish and short."

Since order required that all power be centralized in the state there could be no room for independent associations. Associations could only undermine the unity of power required for peace and order.(33) Thus the Church, the university, and even the family fall victim to Hobbes' sovereign. But it is important to realize that for Hobbes sovereignty was not an end in itself but was necessary, as Nisbet points out, to provide a secure and "impersonal environment of law within which individuals may pursue rationally their proper interests." And far from infringing upon individual freedom Hobbes believed that sovereignty and freedom went hand-in-hand. The sovereign state was the agent for the liberation of the individual from the petty tyrannies of "church, guild or any other form of intermediate association." Thus while Hobbes believed that the state was the creator of society he did not endeavor to abolish the distinction between the two.

It was Rousseau who, recognizing that man's psychological need for attachment conflicted with the impersonality of Hobbes' Leviathan, preceeded with such an abolition. Like Hobbes, Rousseau desired the liberation of man from the constraints to traditional society. And also like Hobbes, he recognized that this required a powerful and highly centralized state. It is the cognition of this fact that makes explicable Rousseau's otherwise paradoxical remark that man is to be "forced to be free." But if the atomization of society, as Hobbes knew, was a necessary condition for sovereignty, and if sovereignty, as he believed was a necessary condition for social order, it was not, as Rousseau fully realized, a sufficient condition. For perhaps the most fundamental of man's psychological needs is the need to belong, to feel a part of something. Thus, if sovereignty demanded destruction of all intermediate associations, something would have to be substituted in their place. Rousseau offered as the functional equivalent of membership in the plurality of independent and autonomous associations membership in the monolithic, overarching political community; membership, that is, in the total state.(34)

It is therefore in the writings of Rousseau in the eighteenth century that one finds a description of the

essentials of the modern totalitarian order that did not emerge for nearly another two centuries. For one cannot understand totalitarianism by focusing on such phenomena as the mass murder of Jews by the Nazis, or the extermination of the kulaks in Soviet Russia. As Nisbet points out, totalitarianism "cannot be reduced to the operation of force and terror." As tragic as such occurrences are, they are merely incidental rather than essential elements of the totalitarian order. Force will be used against recalcitrant minorities but, as we have already seen, it cannot be used effectively against the majority. Thus, to understand totalitarianism, one must explain its appeal to the masses.

Historically, the emergence of totalitarian orders have followed a period of extreme fluctuations and rapid social decay in which the customs and stability of the old order are overturned. This was as true of pre-1917 Russia as it was of Italy and Germany in the 1920's and 1930's. But as Rousseau recognized, and a plethora of sociologists of whom Emile Durkheim was only the most famous have confirmed, man is simply not equipped, psychologically, to live in such an atomized and uncertain environment. Hence the emphasis by the totalitarian state on mass demonstrations and parades, such as the May Day parade, the extensive use of such symbols as the swastika, and such special forms of address as "comrade." All are cultivated in the conscious attempt to generate in the individual a feeling of attachment and community.(35) But undoubtedly the most significant element in the creation of attachment to the total state is the ideology, such as that of the "master race" or the "proletariat." For, as Jacques Ellul says, the ideology or myth, being comprehensive, envelops the individual and therefore renders him immune from all other influences.(36)

But if it is the creation of the political community that largely explains the appeal of totalitarianism, its appeal holds only in the absence of other, competing communities. Hence the necessity for the political community to become total. Hence, too, its increasing appeal as it becomes total. For when the state becomes the only community, regardless of how artificial it may be, life becomes identified with the state. Dissent can be undertaken in only the most serious of cases and by only the most intrepid. For open dissent risks ostracism from the political community. And when that is the only community, this means consignment to the psychological death of complete iso-

lation. This explains such otherwise inexplicable phenomena as the willingness, even desire, of the "enemies of the people" to confess, during the Soviet purge-trials, to nearly any charges levelled against them.(37) For such is the route to psychological peace and, no matter how remote, the possible return to the flock. As Nisbet has explained in a particularly insightful passage, "the State becomes powerful not by what it takes from the individual, but by what it takes from the spiritual and social associations which compete with it for man's devotion."

One can now see the role that violence plays in the totalitarian state. Since a totalitarian order is possible only in the absence of intermediate associations a totalitarian ruler, unless his rise to power itself follows upon the disintegration of the old order and the atomization of society, must take measures to create atomization. Hence the violent assault upon all intermediate associations. And since there is a natural tendency for such associations to reemerge, the perpetuation of atomization requires the periodic recourse to violent measures to forestall such an occurrence.

The foregoing highlights the salient role intermediate associations play in the preservation of a relatively free and stable social order, and some have contended that this poses a serious question for the libertarian. The free market anarchist often appears to be oblivious to such associations. His alternative to the state is simply **The Individual**, restricted only by the "libertarian non-aggression axiom" and his own voluntary contractual agreements. The role of custom and tradition is downplayed, if not held in outright contempt. And the result is a view of the social order as a mechanical process, changeable at will and with no side effects, and held together largely by the heavy hand of the government in a statist society, and purely by contractual agreement in the anarchist. The libertarian's emphasis is invariably on the individual in the abstract, the completely rational and unemotional individual. The focus is not on attachment, but on release; and not release from the state to permit attachment to other communities and associations, but on release, *per se*. But atomization, goes the argument, is the same whether it is created by the Leviathan State or the "Libertarian Nonaggression Axiom." This, however, raises the question of whether a society constructed along pure laissez faire lines could ever be

stable, or would it, as paradoxical as it may seem at first, actually pave the way for a new totalitarianism? For "It is ludicrous," warns Robert Nisbet, "to hold up the assorted charms of individual release and emancipation to populations whose burning problems are those arising, today, from moral and social release. To do so is but to make the way for the Grand Inquisitor the easier. For this is the appeal, as we have seen, of the totalitarian prophet -- to 'release' masses of atomized individuals from their intolerable individualism"(38)

The old *laissez faire* failed, Nisbet continues, because it focused on the abstract, imaginary, rational individual at the expense of kinship and community. What is needed is a "new *laissez faire*" which will present an environment within which "autonomous groups may prosper." (39)

While this analysis of contemporary society is profound, as a criticism of libertairianism it is based on a misunderstanding. Libertarianism is a political, not a moral or social, philosophy and as such concerns itself with the use of force in society.(40) Its premise, the "non-aggression axiom," is that initiated force is never justified. Put differently, this means that any and all peaceful activity is legitimate. Libertarians therefore oppose coercively imposed attachments. But if individuals do have a psychological need for attachment there is nothing to prevent them from associating voluntarily. Given the requisite freedom, David Friedman argues, not only will groups of like-minded individuals naturally gravitate toward each other, but those with conflicting values will just as naturally migrate away from each other. The result, according to Friedman, would be a plethora of more or less autonomous communities populated by like-minded individuals, with each community subscribing to its own, and in many cases quite unlibertarian, laws, and cultivating its own identity, customs and traditions.(41)

Thus, far from conflicting with man's need for attachment, on closer analysis libertarianism actually appears to offer precisely that environment which Nisbet's community-oriented "new *laissez faire*" requires.

5. WHO RULES THE STATE?

It is clear that the validity of the individualist anarchist view of the state is dependent upon the existence of a ruling elite; yet this elite has not been identified. Who, then, constitutes this dominant group? In primitive times it was easy to spot. One group, employing the political means, would subject another to its will and begin to extract tribute from them. Gradually, as this arrangement persisted, it came to be accepted and the extraction of tribute became systematized in the periodic payment of taxes to the "government." As economist Walter Grinder summarizes it, "It is to this more powerful group that the wealth, plundered by the political means, accrues. In time this group becomes entrenched both politically and economically, through its plundered wealth." (42)

But this relatively straight-forward process becomes much more complicated in today's world. Now, all areas are ruled by governments. Hence, one cannot simply organize a military band, impose one's will on a stateless society, call oneself a government, and begin to collect taxes. Further, since the government is the most powerful institution in society, a direct assault is usually doomed to fail. While in primitive societies the ruling elite was able to set up its own government, today this is no longer, or only rarely possible. The ruling elite of today is that group which, working through the existing power structure, is able to obtain control of the government and use it for its own purposes. This means that the vast bulk of the government bureaucracy are not really members of the elite except in the broadest sense of the term, but rather conscious or unconscious servants of that group. It also means that, and this is perhaps more important, the essence of the state has remained unchanged from primitive times. It is still the institutionalization of the political means for the purpose of the transfer of wealth from the producing group to the exploiting or ruling group.

Though it might at first seem paradoxical, the individualist anarchists believe that the ruling group of today is composed of the upper echelons of the capitalist class, or what Walter Grinder refers to as the "corporate-financial super-rich." They reason as follows. The position of the entrepreneur on the market is always insecure. Just as the market provides opportunities for the acquisition of wealth, it also pre-

sents the possibility of loss. This means that the entrepreneur could never relax. No sooner would he triumph over one competitor than he would be met by others intent upon cutting into his share of the market. No sooner would he uncover a lucrative area for returns on investment than other entrepreneurs would follow suit, the increasing production forcing the profit rate down. And as soon as he would fail to take advantage of the latest investment opportunities or adopt the latest methods of production he would risk losing his investment to those who did. And behind all of this there is, of course, the ever present possibility of entrepreneurial error. Since the first concern of the capitalist is to realize a profit, and since the rigors of the market mean that this is a difficult and perpetual struggle for an ever elusive object, the capitalist has no concern for the market, as such. Hence it was only natural for him to turn, whenever possible, to the state which, with its monopoly on the use of force, could institutionalize profits by implementing various statist measures such as tariffs, subsidies, licensing restrictions, etc., in order to keep out competition, raise prices and keep wage rates low. The free market anarchist is therefore in complete agreement with the anti-statist Albert Jay Nock's contention that, contrary to conventional wisdom, "American business never followed a policy of *laissez faire*, never wished to follow it, never wished the State to let it alone." (43)

In other words, the individualist anarchist believes that there is a natural affinity between wealth and power. Those who have political power can use it to obtain wealth. On the other hand, the wealthy are able to use their wealth to obtain political power. Once in control of the state, they are in a position to use the political means to perpetuate and even enhance their own positions in the socio-economic hierarchy. As the individualist anarchist sees it, this creates a vicious circle: wealth can be used to acquire political power which in turn can be used to acquire more wealth. While the circle is not completely closed, its opening is certainly quite small. The "rise to the top" by those from the lower economic strata is not ruled out completely. However, its occurrence which would be difficult under any circumstances is made even more so by the artificial obstacles imposed by the elite. Such, in brief, is the individualist anarchist theory of the state as an instrument of elite rule.

6. COMMENTS AND EVALUATION

Before evaluating this argument, two points need to be clarified. First, although the individualist anarchist often uses the term "class analysis" to describe his position, that term has not been used here. Instead the term "caste" has been adopted. This has been done for two reasons. First, "class analysis" is commonly linked with Marxism. But there are fundamental differences between the Marxist and libertarian analyses. While both see the capitalist class, or at least part of that class, as the ruling group, they draw quite different conclusions from this. The Marxists believe that wealth itself confers power and hence that the only means to end exploitation is to nationalize the means of production. The free market anarchist, on the other hand, argues that wealth does not in itself confer power since the capitalist can maintain his position on the free market only by serving others better than anyone else. Since the state is the only means for the institutionalization of profit, the individualist anarchist believes that "the State, as the institutionalization of force, is the source of all exploitation, either directly or indirectly." (44) Thus, while the Marxist sees private property and wealth inequality as the sources of exploitation the individualist anarchist sees it in the state. Consequently, the Marxist opts for the nationalization of the means of production; the free market anarchist advocates the abolition of the state. (45) To avoid confusion with its Marxian counterpart the anarchist position is referred to as a "caste analysis."

Second, and more important, the term "caste" more accurately denotes the anarchist position than "class." The key distinction between "class" and "caste" is that the former is characterized by fluidity; the latter by rigidity. Individuals may move into and out of a class; such movement is precisely what is missing in a caste. (46)

The distinction is crucial for grasping the anarchist analysis. It is a characteristic of the market process that wealth is dispersed unevenly. But if the market is free there are no external impediments preventing an individual, or even an entire group, from rising from a lower to a higher economic position. For example, the vast majority of immigrants to America were penniless upon their arrival. This was a strictly temporary phase. After adjusting to American life,

which usually meant adjusting to the shock of moving from a rural to an urban environment, these individuals, and in fact entire ethnic groups, began to ascend the economic ladder, their places at the bottom being taken by succeeding generations of immigrants. Thus, while there is a permanent "bottom twenty percent" the individual occupants of that category were constantly changing.(47) In brief, **markets produce classes.**

In contrast, a caste is characterized by its rigidity: one born into a caste remains in it for life. If the individualist anarchist is correct and the wealthy are able to use government to institutionalize their position one can refer to this as the **transformation of a class into a caste.** What is important for the anarchist position is that it is only through government that a socio-economic position can be institutionalized. As shown in Fig. 1, this means that while market results in classes, governments produce castes. These concepts are pure types. The question is not: which is present class or caste? Elements of both can

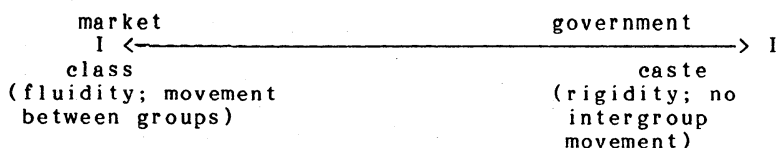


Fig. 1: Class and Caste Distinctions

be found in all societies. The key question is the **cause** of the relative mix of class and caste. If the anarchist analysis is correct, one would expect to find relatively fewer castelike features, i.e., more fluidity, in more market oriented societies than in the more government dominated ones. A dictatorship would be expected to contain more castelike features than a democracy.

For both of these reasons, to avoid confusion with the Marxian analysis and to make clear the anarchist belief that in statist societies the distinction between the ruling elite and other social groups is quite rigid, the term caste has been adopted.

The second point needing clarification is the notion of conspiracy. The anarchist's caste analysis should **not** be interpreted as a conspiracy theory. Analyses of the distribution of power in society are

usually divided into two broad descriptive categories: pluralism and elitism. Pluralism insists that power is widely diffused; elitism maintains that it is highly concentrated. The anarchist analysis, of course, is in the elitist tradition. Now it should be evident that the real question is not: is power diffused or concentrated? Rather, it is: to what **degree** is power diffused (or concentrated)? Posing the question in this way enables us to see that rather than viewing elitism and pluralism as mutually exclusive categories, they are relative positions on a spectrum running from total concentration at one pole to infinite diffusion at the other. This is shown in Fig. 2.

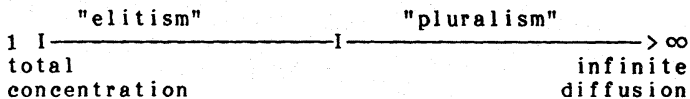


Fig. 2: Degrees of Power Concentration (Diffusion)

The extremes of total concentration and infinite diffusion are, of course, pure types. While they are useful for analytical purposes there are few if any "elitists" who believe that power is concentrated in the hands of a single person or even a few individuals; similarly, there are few if any "pluralists" who claim that power is infinitely diffused throughout society. One can, as was done in Fig. 2, divide the spectrum in half and label those on one side "elitists" and those on the other "pluralists." This is a convenient way of dealing with the differences and there is nothing wrong with this procedure provided one realizes that the real difference is a matter of degree; that one position shades into another and any line of demarcation is arbitrary. All that one can say is that those who are termed "elitists" believe that power is relatively more concentrated than those labeled "pluralists."

When viewed in this light, it is clear that in its most extreme version elitism is compatible with the notion of a small, unseen conspiratorial elite, ensconced behind closed doors, busily pulling strings, bribing politicians and manipulating the key institutions throughout society. But nothing so sinister is required and neither the elitists in general nor the anarchists in particular subscribe to such a position. Rather, the validity of elitism hinges upon the presence of two things:

- (a) a set of social institutions which regularly operates to the advantage of a relatively small group, i.e., the group benefits; and
- (b) this group is primarily responsible for establishing and/or preserving those social institutions, i.e., the group rules.

It should be pointed out that neither of these propositions requires [1] that the elite is either omnipotent or omniscient; [2] that the elite always wins; [3] that the elite is a completely cohesive group; [4] that the elite is completely unresponsive to the needs and demands of the other groups in society; [5] that the presence of a ruling elite means that the other groups in society are made worse off in any absolute sense; [6] or that there is no mobility between the rulers and the ruled. This is because, it must again be pointed out, the difference between elitism and pluralism is one of degree, not kind. For example, the degree of "responsiveness" or "upward mobility" required of a particular theory would depend on the point at which the theory would place itself on the spectrum. The closer a theory is to the pole of "infinite diffusion" the greater the degree of responsiveness demanded of it. Similarly, such things as "elite omnipotence" or the complete absence of intergroup mobility is required only of those extremist theories falling on or near the pole of "total concentration." The further one moves from this pole, the more mobility permitted by a theory. Having cleared away the underbrush the individualist anarchist caste analysis can now be evaluated.

"In all societies, from societies that are very meagerly developed . . . down to the most advanced and powerful societies," wrote Italian political sociologist Gaetano Mosca,

two classes of people appear, a class that rules and a class that is ruled. The first class, always the less numerous, performs all political functions, monopolizes power and enjoys the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first.(48)

This is a succinct statement of the elitist position. Is it congruent with the evidence?

One must admit that it is an accurate description of dictatorships. In the Soviet Union the Communist Party monopolizes control of the government and through it the entire society. It is the sole political party; no others are permitted to exist. Admission to the party is rigidly controlled with party membership kept to about five percent of the general population. Within the party power is concentrated in the hands of a very small group known as the Politburo. Since the Politburo determines its own membership, it is a self-perpetuating oligarchy. It is clear that party members, and in particular party officials, monopolize power. Not surprisingly, this group also "enjoys the benefits that power brings." Officially, wealth is distributed fairly evenly. But this is quite misleading because of the huge economic and social benefits that accrue to party membership. Because of these benefits, there is a waiting list for admission to the party.

Large, centralized dictatorships such as the Soviet Union fit the anarchist's caste analysis: a small, distinct ruling group monopolizes power and uses that power for its own benefit. But what of democracies such as the United States? Isn't it precisely because democracy introduces competition and thus the ever-present possibility of removal from office, that the rulers neither [1] constitute a ruling caste nor [2] are able to use their power to their own advantage?

Is there a ruling caste in the United States? Although space precludes a full-scale historical investigation, the evidence is at least very suggestive.

While more open than in the Soviet Union, acquiring elite positions in the United States can hardly be said to be equally accessible to all. Political scientists Kenneth Prewitt and Alan Stone among others have concluded that the wealthiest twenty percent of the families in this country supply about ninety percent of the elite. Of the remaining ten percent about nine percent are drawn from families in the second twenty percent, with the remaining one percent scattered among the bottom sixty percent.(49) This is shown in Fig. 3.

Family Ranking Based on Wealth	Percent of Elite Supplied
top 20%	90
second 20%	9
bottom 60%	1

Fig. 3: Income Groups and Elite Recruitment

In itself, this merely demonstrates the existence of a ruling class, not a caste. It is conceivable that there is rapid turnover in the top twenty percent. But this does not appear to be the case. The ruling elite is composed of white, well-educated, wealthy, native-born, Protestant, middle-aged, males, the same traits. Dye and Zeigler have noted, that were required for elite status in 1789.(50) This evidence suggests that while individuals of exceptional intelligence, drive and/or luck can and do attain elite status, the elite is a relatively small, homogeneous, permanent and largely closed group.

This does not imply either that the elite is a conspiratorial group or that elite status is solely a matter of birth. "Achievement is the final arbiter of elite recruitment." But there is a high correlation between birth and achievement. A Harvard graduate from a wealthy family with good connections is certainly much more likely to enter the elite than a son of a Midwestern garage mechanic. The simple fact is that opportunities are not distributed equally.

But it is not achievement in the abstract that is important, but a specific type of achievement. To cite Prewitt and Stone:

Persons who reach elite positions will have demonstrated ability to manage, direct and command . . . This again suggests why the better-off contribute so disproportionately to the elite groups. The wealthy or well-born have the initial advantages that provide the education and contacts necessary to gain positions in which talent and ability can be demonstrated on a grand scale. The used car salesman may be as skilled . . . and as hard-working as the president of General Motors, but he was born into the working class, not the upper classes . . . his friends also sell

used cars, rather than direct corporations that sell them When the list is compiled of possible appointees to the Cabinet or possible candidates for the ambassadorship, it seems never to include the skilled, personable, hard-working used car salesman.(51)

A final consideration is that individuals tend to associate with others of the same social status. It is quite natural, then, that the ruling elite would recruit most heavily from those with upper class backgrounds similar to their own, just as those with upper class backgrounds naturally gravitate toward elite positions. For the same reason those from lower classes tend to enter less esteemed positions. The son of the president of General Motors is far more likely to become a corporate executive than a mechanic; the son of a garage mechanic is much less likely to become a corporate executive than a mechanic.

In brief, the evidence does suggest that there is a ruling elite, that this elite is largely closed and tends to perpetuate itself, that elite recruitment is based on achievement but that there is a close affinity between achievement and birth. Moreover, none of this, it was argued, implies a conspiracy. On the contrary, the method of recruitment and self-perpetuation is quite natural. Although it may be too strong to refer to the ruling elite as a caste, it does exhibit a castelike quality. The question that now must be addressed is: does this elite use its position to benefit itself?

Even granting the existence of a ruling elite, doesn't competition for votes insure that the rulers will be responsive to the demands of the ruled? According to Anthony Downs this is precisely the case.

The goal of a political party, according to the Downsian model, is to win elections. As such it can be compared to the firm in the business world. Just as in a competitive situation the firm will maximize profits by maximizing sales, so a party will win elections by maximizing votes. And just as the profit motive insures that the entrepreneur will respond to the demands of the consumer, the vote motive, assuming that the voters are well informed, constrains the political entrepreneurs to respond to the demands of the electorate. The moment the entrepreneur, in either case,

fails to serve his clients, the clients will turn to alternative suppliers.(52)

Given the assumptions of **vote maximization** on the part of parties and **perfect information** on the part of voters, the conclusion that the parties will respond to the demands of the electorate must necessarily follow. This is a most comforting theory indeed. While consistent with the existence of a ruling elite this model assures us that the elite will be constrained from abusing its power by the ever-present possibility of displacement from office in the next election. Is this an accurate description of the democratic process?

Donald Wittman has challenged both of Downs' assumptions. The real goal of a party, he says, is not to win elections but to maximize its utility. This is done by adopting policies in accord with the preferences of its members. Winning elections is a necessary means to this goal but should not be confused with the goal itself. A party will maximize its utility by adopting a platform which will maximize the party's chances of winning the election while still retaining as many benefits for itself as possible.

Both the information level of the voters and the number of existing parties are key factors in the choice of a party's strategy. With totally uninformed voters voting would be a random process. Since each party would then have an equal chance of winning regardless of its stand on issues, the rational party would adopt that platform which would provide itself with 100 percent of the benefits. Presumably, the more informed the voters the larger the share of benefits each party would be forced to offer the voters. At this point, the Downs and Wittman models are in agreement. Other things being equal party responsiveness is a function of the information level of the voters. Their difference here is that for analytical purposes Downs assumes perfect information while Wittman assumes a totally uninformed electorate. These positions are seen in Fig. 4. The Downsian position is D,D'; Wittman's is W,W'. But this agreement is more apparent than real. The relationship between information and responsiveness is never questioned by Downs. Given the assumption that parties are interested solely in winning elections, it is obvious that the relationship must hold, since winning is a zero-sum game. However, argues Wittman, if parties are interested in maximizing

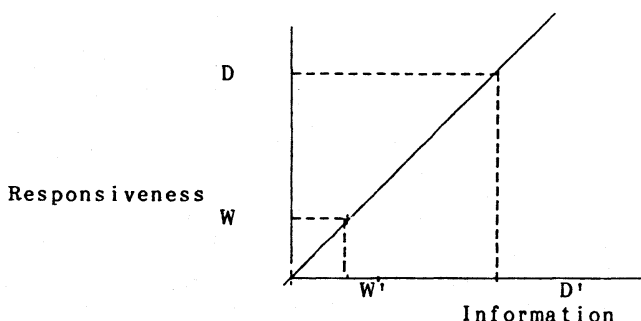
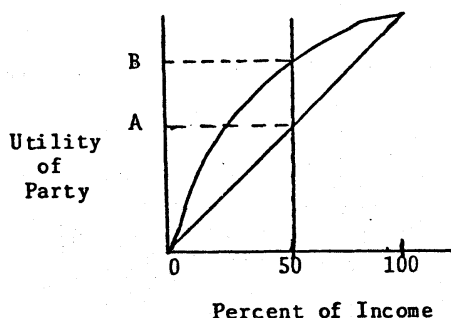


Fig. 4: Responsiveness as a Function of Information

utility, and if the number of parties is sufficiently small, collusion rather than competition may be the optimal strategy. In fact, what is most interesting is that the better informed the electorate, the greater the incentive for collusion. As shown above, the better informed the electorate the more benefits the competitive party would have to provide the voters. This, of course, is precisely Downs' point. But this also means the fewer the benefits retained by the party. Thus, party competition with informed voters would all but eliminate the benefits to party members. In such a situation instead of competing against one another to serve the voters, it becomes rational for parties to collude with one another against the voters. Major issues are then avoided, the competition is limited to "advertising and product differentiation," and the voters are denied a choice on fundamental policy issues.

Collusion prevents the benefits from flowing to the voters. They are retained by the parties for internal distribution. Thus, either way, according to Wittman, the voters lose. If voters are completely uninformed the parties might compete but they will adopt policies that will provide themselves with all of the benefits. With two parties, each party would have a 50 percent chance of winning 100 percent of the benefits. If voters are informed parties will collude, in which case each party will have a 100 percent chance of receiving 50 percent of the benefits. This is shown in Fig. 5.



- A = Expected Utility with 50% chance of 100% of the income and 50% chance of 0% of the income (competition).
 B = Expected Utility with 100% chance of 50% of the income (collusion).

Fig. 5: Party Utility Under Competition and Collusion

In brief, in contrast to the Downsian model in which parties are viewed as sales-maximizing firms, Wittman depicts them as profit-maximizing oligopolists:

Just as oligopolists often collude against the consumers, the parties may collude against the voters. In such cases the distinction between multiparty systems and one party systems may not be very great.(53)

For our purposes it is not necessary to prove collusion, although several examples come immediately to mind: the 1940 agreement between Roosevelt and Wilkie to avoid the issue of the war in Europe; the apparently tacit agreement between the parties to avoid such issues as civil rights in the 1950's and the war in Vietnam in the 1960's. Since Downs' model hinges on the correlation between responsiveness and information, we need only examine this relationship. Public opinion studies consistently indicate an appalling lack of political knowledge on the part of the average citizen. Only about fifty percent even know that each state has two Senators; fewer still can name their Congressman or know the length of his term, much less what party he belongs to or how he voted.(54) Given this dearth of information, most voters would be much closer to W,W' than D,D'. That is to say, information levels are too low to insure much in the way of responsiveness.

Interestingly, while Downs assumes perfect information, he nevertheless comments that since the preservation of the democratic process is a public good, voting and the acquisition of political information are irrational. Put differently, while the Downsian model works only when the voters are well informed, Downs himself says that given the marginal costs and benefits of political information it is rational to be politically ignorant.(55) This admission deprives the model of its previously comforting conclusions as Downs appears to be saying one shouldn't really expect the democratic process to be very responsive after all. But this was precisely Wittman's contention all along. Ultimately, their only major difference, then, is whether parties will compete for all of the benefits or collude for a share of the benefits.

Although political parties might not insure a responsive system, some commentators have argued that the interest group does. This is the position taken by the pluralists. Individuals who perceive a problem will naturally gravitate toward one another and form a group. Often this group will then make demands on government. These groups are so numerous that no single group can ever reach a position of dominance. If it ever appeared that a group was beginning to become too powerful other groups would join forces to counter this. Government is seen as an umpire mediating between the demands of these groups. Decisions are reached through compromise and bargaining in which every group gets some of what it desires, but no group gets all of what it wants. This too is a comforting theory. Government is responsive to the public, this time not as expressed through political parties but through interest groups.(56)

Although far more sophisticated than this, the foregoing is the gist of the pluralist position. There is no doubt an element of truth in pluralism, but the picture is far less rosy than the pluralists would have it. To operate effectively in the interest group system three things are required: time, money and expertise. Both time and money are required to put together an effective interest group; money is also required to hire the services of lobbyists; and some expertise is needed to know how to manipulate the political system. The simple fact is that these traits are not distributed randomly but are clustered at the top end of the politico-economic ladder. As one commentator has put it, the interest group system is "skewed, loaded, and

unbalanced in favor of a (wealthy) minority." And, he adds, probably "about 90 percent of the people cannot get into the pressure system." (57) This means that insofar as the government responds to the demands of interest groups, and those demands are more or less restricted to a wealthy minority, government policies will reflect the interests of this minority. Politicians, writes Alfred Cuzan, "have no incentive to redistribute income and wealth from 'the rich' to 'the poor.'" A politician gains nothing taxing well-organized, well-informed, high-income groups and spending the money among a larger number of unorganized low-income people who might not even realize the benefits of the action. On the contrary, the organized, high-income groups will oppose him while the unorganized poor will do nothing." "Political profit is made," Cuzan continues, "by taxing the uninformed and the unorganized and spending on the informed and organized." The former tend to be poor; the latter the rich. Cuzan terms this the "iron law of political redistribution." (58)

Far from representing the interests of the public at large, as claimed by the pluralists, the interest group system is, in fact, almost ideally suited to the interests of a wealthy elite. Thus, neither political parties nor interest groups prevent the emergence of a ruling elite. Nor, it would seem, do they prevent that elite from using its position to benefit itself.

From the foregoing one would expect that government would make class lines more rather than less fluid. A full scale test of this hypothesis would take us too far afield. But a cursory review of the data does lend support for it.

The standard interpretation of the Progressive Period of the late 19th and early 20th centuries holds that many businesses had achieved monopolistic positions which they were using to gouge the public. Responding to public pressure government intervened to subject business to regulatory control. Recent historical and economic scholarship has largely discredited this view by showing that the business elite actually favored government regulation. Why? Far from tending toward monopolism markets in practically every area were becoming increasingly competitive. To cite a single example, in 1894, A.T.&T. was the only company in its field. By 1907 A.T.&T. found itself in competition with over 22,000 companies. Similar, if less dramatic

trends existed in such fields as oil, steel, meat packing and automobile production to name but a few. Big business desired government regulation as a means to rescue itself from the increasing competition. And such regulation did serve to institutionalize its economic position. As one historian phrased it, "political power in our society after the Civil War responded to power and influence in the hands of businessmen, who have often had more leverage over political . . . than over business affairs -- and they were quick to use it to solve business problems."(59)

The New Deal is another period in which government is usually viewed as responding to popular pressures to shackle big business. Yet, as historian James Martin notes, "contrary to the brave talk of the 'reformers' financial concentration steadily piled up between 1933 and 1941." Similar findings were reported by Prewitt and Stone, and Radosh and Rothbard.(60)

Finally, analyses of current income transfers does not indicate any transfer from the rich to the poor. Although the federal income tax appears to be progressive, much of the progressivity is eliminated by loopholes. And when this is combined with the regressive nature of social security and most state and local taxes, the overall effect is that the tax burden is "essentially proportional for the vast majority of families."(61) But government revenues are only half the story; there are also government expenditures.

When one considers the direct effect of such government programs as subsidies to businesses such as Lockheed and Chrysler Corporation, and the indirect effect of such policies as licensing restriction and tariffs, which cost consumers in excess of \$130 billion a year, the overall effect of government policies appears to be a slight transfer of wealth from the less well off to the better off. Two examples serve to illustrate this point. A study of the Shaw-Cardozo ghetto in Washington, D.C., revealed that in 1967 the federal government spent \$45.7 million to fight poverty. However, it took out of that same area \$50 million in taxes.(62) And economist Walter Williams has determined that \$250 billion dollars is spent annually at all levels of government in the name of "fighting poverty." Now, if all of this were simply divided equally among those families with reported incomes below the poverty line, each family would receive a yearly stipend of \$34,000.(63) Of course very little

of this ever reaches the poor. Most of it gets eaten up in bureaucratic overhead or siphoned off by private contractors.(64)

We can now conclude this chapter. According to the anarchist caste analysis the upper classes are able to use their wealth to capture control of government. They are then able to use the coercive arm of government to institutionalize their positions. In this process economic and social mobility becomes more restricted as the economic class congeals into a political caste. This holds true, according to the theory, regardless of the type of government.

Although dictatorships are more castelike than democracies, the evidence does indicate support for the anarchist position. Neither political parties nor interest groups have prevented a ruling elite from emerging. While this elite is not completely closed, it does appear to be relatively permanent enough to be termed castelike, if not actually a caste. And finally, evidence was adduced which indicates that this elite does "enjoy the advantages that power brings."

FOOTNOTES

(1) Franz Oppenheimer, *The State* (New York: Free Life Editions, 1975). See especially pp. 1-41.

(2) Robert Carneiro, *A Theory of the Origin of the State* (Menlo Park, Calif: Institute for Human Studies, Inc.). The conflict theory of the origin of the state has been endorsed by other important sociologists and anthropologists throughout history. Charles Hamilton notes that "This view of the dynamic conflict is not new . . . The idea is evident in the Epicureans, in Ibn Khaldun, Machievelli, Voltaire, Hobbes, Hume, Spencer and Lester Ward. Their ideas and the indigenous conflict theories of Ludwig Gumplowicz . . . and Gustav Ratzehhofer set the stage for the writings on conflict theory in this century." "Introduction" to Oppenheimer's *The State*, p. vi. Also see Herbert Spencer, *The Evolution of Society; Selections from Herbert Spencer's Principles of Sociology*, ed. Robert Carneiro (Chicago: University of Chicago Press, 1967).

(3) Lawrence Krader: *Formation of the State* (Englewood Cliffs, N.J.: Prentice-Hall, 1968), pp. 44-45.

(4) R. M. MacIver, *The Modern State* (London: Oxford University Press, 1926); R. N. Lowie, *The Origin of the State* (New York: Russell, 1961).

(5) See Aristotle's explanation of the polis, or state, as the natural extension, in fact perfection, of the family. *The Politics*, ed. Ernest Barker (New York: Oxford University Press, 1962), Chapter II, pp. 2-8. Also see John Sanders' provocative interpretation of Aristotle's notion of the state in his *The Ethical Argument Against Government* (Washington, D.C.: University Press of America, 1980), pp. 1-12.

(6) Hamilton, p. xiii.

(7) Morton Fried, *The Evolution of Political Society* (New York: Random House, 1967).

(8) In Hamilton, p. vi.

(9) Murray Rothbard, "The Anatomy of the State," *Egalitarianism As A Revolt Against Nature*, and other essays (Washington, D.C.: Libertarian Review Press, 1974), p. 37. Note the striking resemblance of this passage to the following remarks by Ludwig von Mises: "Rule is based upon might, i.e., the power to direct other people's action." But "he who is mighty, owes his might to ideology. . . One can become a leader only if one is supported by an ideology which makes other people tractable and accommodating." Hence, "a durable system of government must rest upon an ideology accept-

able to the majority." **Human Action** (Chicago: Henry Regnery, 1966), pp. 188-89.

(10) Those who deny the existence of the court historians should consult Harry Elmer Barnes, "Revisionism and the Historical Blackout," in **Perpetual War for Perpetual Peace**, ed., Harry Elmer Barnes (Caldwell, Idaho: Caxton, 1953), 1-78. On the strategic role of the intellectual in the United States in manufacturing the war psychology necessary to fight the first world war see Robert Nisbet, **The Twilight of Authority** (New York: Oxford University Press, 1975), pp. 71-84.

(11) Nisbet, p. 189.

(12) See, for example, Hanna Arendt, **The Origins of Totalitarianism** (New York: World Publishers, 1971), pp. 341-479. The plight of the atomized individual against the state is excellently portrayed in two novels, Arthur Koestler, **Darkness at Noon** (New York: Bantam Books, 1972); and Franz Kafka, **The Trial** (New York: Vintage Books, 1969). The latter is particularly intriguing since it was written prior to the conscious development and employment of such tactics in the 1930's and 1940's by Joseph Stalin and Adolf Hitler.

(13) Witness, for example, the great, and at times absurd, lengths to which our government went to promote the celebration of the bi-centennial. But it must be pointed out that this "veneration of tradition" is strictly one-sided. For while venerating particular traditions the state must simultaneously endeavor, as Nisbet points out, to sever all connections with the past that would conflict with one's duty and loyalty to the state. And in their places, he continues, the state will create "new ceremonies and symbols." Robert Nisbet, **The Quest for Community** (New York: Oxford University Press, 1953), pp. 194-96.

(14) Rothbard, "Anatomy," pp. 37-41. Both the structure and the substance of this chapter draw heavily on "The Anatomy of the State."

(15) Randolph Bourne, "The State," **The World of Randolph Bourne**, ed. Lillian Schlissel (New York: E. P. Dutton and Co., 1965), pp. 261-62.

(16) Quoted in Albert Jay Nock, **Our Enemy, The State** (New York: Free Life Editions, 1973), p. 11. Also see John C. Calhoun, **A Disquisition on Government** (Indianapolis: Bobbs-Merrill Co., 1953), pp. 25-26.

(17) Bertrand de Jouvenel, **On Power, Its Nature and the History of Its Growth** (Boston: Beacon Press, 1967), pp. 100-11.

(18) *Ibid.*, p. 48.

- (19) Ibid., p. 298-99.
- (20) Rothbard, "Anatomy," p. 43.
- (21) Murray Rothbard, "Conservatism and Freedom: A Libertarian Comment," *Modern Age* (Spring 1961), p. 219.
- (22) de Jouvenel, pp. 200ff.
- (23) Ibid., p. 11. Compare this with Proudhon's striking comment that "Democracy is merely the state raised to the nth power." Cited in Robert Nisbet, "De Bonald and the Concept of the Social Group," *The Journal of the History of Ideas* (June 1944), p. 326, fn.
- (24) Bourne, pp. 248-50.
- (25) See Ralph K. White's excellent *Nobody Wanted War* (New York: Anchor Books, 1970), especially Part Three, "Black-And-White Thinking," pp. 241-336.
- (26) Nisbet, *Twilight*, pp. 181-82.
- (27) Bourne, p. 260. Bourne's antistatism was a corollary of his pacifism for, he concluded, "We cannot crusade against war without crusading implicitly against the state," p. 260. The contemporary anarchist, Paul Goodman, also noted the link between pacifism and anarchism. See his interesting article, "The Ambiguities of Pacifist Politics," *Patterns of Anarchy*, eds., Leonard Krimmerman and Lewis Perry (New York: Doubleday and Co., 1968), p. 292.
- (28) The extensive use of the intellectuals -- academics, writers and artists -- by the Wilson Administration to manufacture, even prior to America's entry into World War I, a war psychology that functioned, as Bourne observed, to suppress every hint of dissent, has long been overlooked. Thus, Nisbet's seemingly incredible comment that "the West's first real experience with totalitarianism -- political absolutism extended into every possible area of culture and society, education, religion, industry, the arts, local community and family included, with a kind of terror always waiting in the wings -- came with the American war state under Woodrow Wilson," (*Twilight*, p. 183), has a great deal of truth to it.
- (29) See, for example, Milton Friedman, "Playboy Interview," *Playboy* (May 1973), especially pp. 54, 55, and 58. Also see Allan Meltzer, *Why Government Grows* (Los Angeles: International Institute for Economic Research, 1976).
- (30) See, for example, two essays by Ludwig Von Mises in his *Planning for Freedom* (South Holland, Ill.: Libertarian Press, 1969), "Middle-of-the-Road Policy Leads to Socialism," pp. 18-35; and "Inflation and Price Control," pp. 72-82. Also see John Hagel,

III, "From Laissez-Faire to Zwangswirtschaft: The Dynamics of Interventionism," paper presented at the symposium on Austrian Economics, University of Hartford, 22-28 June 1975.

(31) Rothbard, "Anatomy," p. 48.

(32) Calhoun, p. 27.

(33) Hobbes, *Leviathan* (New York: Washington Square Press, 1969). Especially see Chapter XXII, "Of Systemes Subject, Politicall and Private," pp. 157-69, and Chapter XXIX, "Of those things that Weaken, or tend to the Dissolution of the Common-wealth," pp. 229-40: "Another infirmity of a Common-wealth is immoderate greatness of a Town. . . As also the great number of Corporations; which are as it were many lesser common-wealths in the bowels of a greater, like wormes in the entrayles of a naturall man." p. 239.

(34) For this perspective on totalitarianism I am heavily indebted to Robert Nisbet, especially his *In Quest of Community*, pp. 121-52.

(35) Jacques Ellul points out a second reason for the emphasis on getting the individual to take an active part in the movement. The intent is to entangle the individual in the totalitarian web by enticing him to perform activities for the party or ideology. If these conflict with the individual's beliefs, psychological stress, or "cognitive dissonance," results. The individual desires to relieve this stress by eliminating the conflict between his actions and his beliefs. This can be accomplished either by altering one's actions or by altering one's beliefs. But, notes Ellul, since actions are stronger and more concrete than beliefs, and once committed cannot be retracted, the normal response is for the individual to alter his beliefs to conform with his (deviant) actions. Jacques Ellul, *Propaganda, The Formation of Men's Attitudes* (New York: Vintage, 1965).

(36) *Ibid.*, p. 11.

(37) Aleksander Solzhenitsyn has understood and related this phenomenon very clearly in his anecdote on Bukharin. Stalin, he says, put Bukharin through psychological hell by not arresting him. In his purge of the rightists, Stalin had arrested all of Bukharin's comrades. Yet Bukharin, as leader of the rightists, was not. He was informed of the charges made against him by his former comrades, Kamenev and Zinoviev. Much earlier in his career he was threatened with expulsion from the Party, and Bukharin promptly renounced his views to remain in it. He was prepared to do the same thing now, but Stalin refused to answer his numerous letters. And, says Solzhenitsyn, "no one visited him

or phoned him any longer." Yet, not only was he not arrested, Stalin actually invited Bukharin to sit next to him at a demonstration on Red Square. For a year and a half, Solzhenitsyn notes, Stalin played with Bukharin "as a cat plays with a mouse, letting him go just a little, and then catching him." The "mouse" was caught for good in March, 1938. *The Gulag Archipelago* (New York: Harper and Row, 1974), pp. 407-19. For more extensive accounts of the purges and the "confessions" see such standard works on the subject as Donald Treadgold, *Russia in the Twentieth Century* (New York: Rand McNally, 1970), pp. 275-83; and Isaac Deutscher, *Stalin* (New York: Oxford University Press, 1972). Also invaluable is Arthur Koestler's *Novel, Darkness at Noon*, mentioned above in fn. 12.

(38) Nisbet, *Community*, p. 245.

(39) *Ibid.*, pp. 278-79.

(40) See, for example, Murray Rothbard, "Myth and Truth About Libertarianism," *Modern Age* (Winter 1980), p. 10: "What a person does with his or her life is vital and important, but it is simply irrelevant to libertarianism." "Libertarianism does not offer a way of life; it offers liberty, so that each person is free to adopt and act upon his own values and moral principles."

(41) David Friedman, *The Machinery of Freedom* (New York: Harper and Row, 1973). Also of interest in this respect are Jerome Tuccille, *Radical Libertarianism* (New York: Harper and Row, 1970); and Spencer MacCallum, *The Art of Community* (Menlo Park, Cal.: IHS, 1970). Tuccille, however, has since moved away from anarchism and MacCallum's book has not received the attention it deserves. Also of interest is the brilliant argument for communities by the minarchist Robert Nozick in his *Anarchy, State and Utopia* (New York: Basic Books, 1974), Part III, "Utopia," pp. 297-334.

(42) Walter Grinder, "Introduction" to Albert Jay Nock, *Our Enemy, The State* (New York: Free Life, 1973), pp. xviii-xix. Also see Vincent Ninelli, "The State and the Ruling Class," *Libertarian Analysis* (Winter 1970), pp. 4-12.

(43) Quoted in Michael Wreszin, *The Superfluous Anarchist* (Providence: Boston University Press, 1971), p. 128.

(44) Grinder, p. xvi.

(45) While the Marxist analysis places heavy blame on the free market, a closer examination demonstrates that even on its own terms the state is the real cause of exploitation. Hence the analysis is contradictory.

See my "Class Analysis and Economic Systems," *The Libertarian Forum* (October 1975), pp. 5-7. The same theme is pursued further in my "Karl Marx, Benjamin Tucker and Class Analysis," (Paper Presented at the Libertarian Scholars Conference, October 22-24, 1976, New York, New York.)

(46) Gerald Verreman, "The Concept of Caste," *The International Encyclopedia of the Social Sciences* (New York: Macmillan, 1968), vol. 2, pp. 333-39. There are, of course, other characteristics, such as heredity, but rigidity seems to be the most important.

(47) See Thomas Sowell, *Ethnic America* (New York: Basic Books, 1981). On the use of economic statistics bearing on the issue of upward mobility see Thomas Sowell, *Knowledge and Decisions* (New York: Basic Books, 1980), pp. 344 and 364-66.

(48) Gaetano Mosca, *The Ruling Class* (New York: McGraw-Hill, 1939), p. 50.

(49) Kenneth Prewitt and Alan Stone, *The Ruling Elites* (New York: Harper and Row, 1973), pp. 136-37.

(50) See *ibid.*, pp. 137-38; Michael Parenti, *Democracy for the Few* (New York: St. Martin's, 1977), pp. 34-35; Thomas Dye and Harmon Zeigler, *The Irony of Democracy* (Monterey, Cal.: Duxbury, 1981), pp. 29-64, and Albert Jay Nock, *Our Enemy*.

(51) Prewitt and Stone, pp. 143-44.

(52) Anthony Downs, *An Economic Theory of Democracy* (New York: Harper and Row, 1957).

(53) Donald Wittman, "Parties as Utility Maximizers," *American Political Science Review* (June 1973), pp. 490-98. Fig. 5 is taken from p. 497.

(54) See Dye and Zeigler, p. 191.

(55) Downs, pp. 207-76. Also see Gordon Tullock, *Toward a Mathematics of Politics* (Ann Arbor: University of Michigan Press, 1967), pp. 82-143.

(56) See David Truman, *The Governmental Process* (New York: Alfred Knopf, 1951); Robert Dahl, *Who Governs?* (New Haven: Yale, 1962); and Earl Latham, *The Group Basis of Politics* (New York: Octagon Books, 1965).

(57) E.E. Schattschneider, *The Semisovereign People* (Hillsdale, Ill.: Dryden Press, 1975), pp. 34-35.

(58) Alfred Cuzan, "Political Profit: Taxing and Spending in the Hierarchical State," *American Journal of Economics and Sociology* (July 1981), pp. 265-71.

(59) See Gabriel Kolko, *The Triumph of Conservatism* (Chicago: Quadrangle Books, 1967); Gabriel Kolko "Power and Capitalism in 20th Century America," *Liberation* (December 1970), pp. 21-26; D.

T. Armantano, *The Myths of Antitrust* (New Rochelle: Arlington House, 1972); A. S. Dewing, "A Statistical Test of the Success of Consolidations," *Quarterly Journal of Economics* (1921), pp. 84-101; Yale Brozen, "Is Government the Source of Monopoly?" *The Intercollegiate Review* (Winter 1968-69), pp., 67-78; and Ronald Radosh and Murray Rothbard, eds., *A New History of Leviathan* (New York: E.P. Dutton, 1971). Kolko is a New Left writer who is not at all friendly to the free market. For attempts to fit Kolko into a libertarian framework see Roy Childs, "Big Business and the Rise of American Statism," *The Libertarian Alternative*, ed. Tibor Machan (Chicago: Nelson-Hall, 1974); and my "The Free Market and the 'Tyranny of Wealth'," *The Freeman* (December 1976), pp. 749-56.

(60) James Martin, "Business and the New Deal," *Reason* (December 1975), p. 26; Prewitt and Stone, pp. 44-50; and Radosh and Rothbard, pp. 111-87.

(61) Joseph Pechman and Benjamin Okner, *Who Bears The Tax Burden?* (Washington, D.C.: Brookings Institution, 1974), p. 10.

(62) Murray Rothbard, *For a New Liberty* (New York: Macmillan, 1974) p. 190.

(63) Walter Williams, "Commentary," *Newsweek* (September 24, 1979), pp. 57-59.

(64) Also see George Stigler, "Director's Law of Public Income Redistribution," *The Journal of Law and Economics* (April 1970), pp. 1-10; Gordon Tullock, "The Charity of the Uncharitable," *Western Economic Journal* (December 1971), pp. 379-92; and my "The Government, the Market and the Poor," *The Freeman* (November 1980), pp. 643-59.

The State, Imperialism, and War

The individualist anarchist theory of imperialism is important not only because it is the international corollary of domestic exploitation by the ruling elite but also because it provides an explanation of imperialism fundamentally at odds with the prevailing view linking imperialism with capitalism.

With only a few notable exceptions such as Joseph Schumpeter and Ludwig von Mises⁽¹⁾ most theories of imperialism, both Marxist and non-Marxist, "have concluded that capitalist systems are susceptible to periodic crises of over-production and therefore require continual expansion of foreign markets and investment opportunities in order to insure domestic prosperity."⁽²⁾ Both of the major Marxist theories see imperialism as the inevitable result of capitalism's expansionist nature. The Lenin-Hilferding-Bukharin "finance capital" thesis maintains that as competition forces the "rate of profit" to fall the home market becomes "overripe." Domestic investment opportunities dry up and capital exportation follows in an effort to find profitable investment opportunities elsewhere.⁽³⁾ The competing Marxist theory propounded by Rosa Luxemburg argues that since the capitalist mode of production is predicated upon the exploitation of the workers by the capitalists, and since the capitalists do not consume all of their income but save and invest at least part of it, production must exceed demand and commodities will pile up, unsold. The existence of noncapitalist economies is therefore required as dumping grounds for the surplus production.⁽⁴⁾ The belief that capitalism is inherently overproductionist remains at the heart of the more current neo-Marxist theories of Maurice Dodd, Paul Sweezy and Paul Baran, and Harry Magdoff, who maintains that "For the sake of protecting profits and capital investment, the avid exploration of sales opportunities in the world markets must accompany the inexorable expansion of capacity." Hence, "Imperialism is not a matter of choice for a capitalist society; it is a way of life of such a society."⁽⁵⁾

Similarly, the "capitalist-overproduction" hypothesis is a central element in the major non-Marxist or

liberal theories as well. J.A. Hobson's *Imperialism* holds that "Aggressive Imperialism, which costs the taxpayer so dear, which is of so little value to the manufacturer and trader, which is fraught with such grave incalculable peril to the citizen, is a source of great gain to the investor who cannot find at home the profitable use he seeks for his capital, and insists that his Government should help him to profitable and secure investments abroad."(6) And Charles Beard felt that domestic prosperity under capitalism was contingent upon outward expansion, as did Parker T. Moon, who argues that imperialism relieved "the pressure of surplus goods and surplus capital on a temporarily saturated market."(7)

But the individualist anarchists flatly deny the possibility of general overproduction on the free market. Commodities, says the economist Ludwig von Mises, a thinker who has exerted a tremendous impact on nearly all contemporary libertarians, "are ultimately paid for not by money, but by other commodities. Money is merely the commonly used medium of exchange; it plays only an intermediary role. . . Every commodity produced is therefore a price, as it were, for other commodities produced."(8) This means, as Benjamin Anderson pointed out in his defense of Say's Law of Markets, that "supply and demand in the aggregate are not merely equal, they are identical, since every commodity may be looked on either as supply of its own kind or as demand for other things." But, he hastens to add, "The doctrine that supply creates its own demand . . . assumes a proper equilibrium among the different kinds of production, assumes proper terms of exchange (i.e., price relationships) among different kinds of products, assumes proper relationships between prices and costs. And the doctrine expects competition and free markets to be the instrumentality by means of which these proportions and price relations will be brought about."(9) Provided the market is free, falling prices in one area not only indicate that too much of that good is being produced but they also discourage production in that area, thereby automatically, as it were, rectifying the situation. Conversely, rising prices in an area are not only an indication that not enough of that good is being produced but they also encourage increased production which, again, rectifies the problem.(10)

But, if Say's Law is valid, then no overproduction theory is able to provide a satisfactory explanation.

tion for the phenomenon of imperialism. This does not mean that either libertarians in general or the free market anarchists in particular deny the existence of imperialism. On the contrary, there appears to be general agreement that imperialism does exist, although there is nothing resembling what can be termed "the libertarian theory of imperialism." In fact, three distinct versions can be discerned, all of which, assuming the validity of Say's Law, see the motive force of imperialism not in the market but in the statist restrictions on the market.

1. THREE THEORIES OF IMPERIALISM

General overproduction might be impossible. But interference with the market process disrupts the information flow of the price mechanism, resulting in shortages of some goods and unsaleable surpluses of others. Smaller nations are limited to allowing the economy to falter, abandoning the interventionist policy and permitting the painful readjustment process to take place, or attempting to stimulate the economy through further domestic interventionist measures. But the larger and stronger nations have an important additional option: imperialism and aggressive nationalism. There are three types of domestic intervention that libertarians see as having imperialistic ramifications.

a. Autarky.

Libertarians argue that interference with the price mechanism of the market has international ramifications which push the interventionist nation toward autarky, i.e., a policy of national economic self-sufficiency. Regardless of whether the government intervened to benefit the workers, the consumers or the entrepreneurs the effect is the same: prices for some, or in certain circumstances all, goods are forced above their would-be market prices. If wages are raised above their market levels the immediate impact will be to raise production costs, thereby reducing the income of the entrepreneurs. This will drive the marginal producers out of business and discourage additional investment in those fields. The resulting reduction in output will then cause the prices in those fields to rise. Thus, government intervention to hold wages up will have the same effect as attempts to hold prices up for the benefit of businessmen: domestic prices at above world-market levels. Efforts to hold prices down

for the benefit of consumers will have the same effect. At the lower prices more is bought. But investment is discouraged and the resulting shortages can only be corrected by either [1] removing the controls and permitting prices to rise, or [2] carrying on production by means of subsidies, which requires higher prices in other areas. Libertarians argue, therefore, that **any** government intervention must create economic imbalances which in turn tend to bring a rise in production costs and therefore in prices.

The rise in domestic prices could have serious international ramifications. The lower prices offered by imported goods will encourage the buying of the imported commodities and, if domestic prices do not fall, this foreign underselling will force many domestic firms out of business. Moreover, maintaining domestic wages above their equilibrium levels will attract immigrants from abroad. The influx of new laborers will either force the bloated wages down or engender mass unemployment. The apparent solution for such problems is to adopt a policy of foreign trade restrictions such as tariffs, migration barriers, exchange controls and the like.

It is evident that a country intent upon controlling wages and prices cannot permit either imports or immigration. But, the crux of the problem is that since "exports have no purpose but to pay for imports, they drop concomitantly." (11) Thus government economic interference creates a situation that necessitates autarky. This was seen by such figures as Ludwig von Mises and financial commentator John T. Flynn. Flynn, for example, remarked that

If you seek to plan your economy you must lay down rules for the behavior of manufacturers and distributors and farmers... Obviously you cannot let anybody inside that economy compete who does not comply with these regulations. All must pay the agreed wages, work the short hours, provide the minimum health and cultural conditions, pay compensation, old-age, employment, and health insurance, pay the same schedule of high corrective income taxes.

Having saddled domestic firms with these costly regulations, the government cannot permit foreign companies free access to the domestic market. Thus, Flynn

concludes, "planning means autarky." (12)

The dilemma of intervention, however, is that while it forces a nation toward autarky, complete autarky "is not practical anywhere." Even in a country as large and well-endowed as the United States, there are such essential materials as rubber and tin that we do not possess. (13) But, if intervention necessitates autarky and if autarky is impossible for most countries and possible only at very great sacrifices for others, then government intervention must lead to a policy of imperialism and/or war to make autarky possible. (14)

Libertarians see autarky as a major factor in both world wars. The domestic interventions which were occurring with increasing rapidity during the last half of the nineteenth and first part of the twentieth centuries produced the pre-World War I tariff mania. The resulting economic isolationism, with its consequent drive for territorial aggrandizement, made the outbreak of war only a matter of time. (15) While immensely complicated by both the personality of Adolf Hitler and the world-wide depression of the 1930's, the explanation for the outbreak of war in Europe in 1939 is fundamentally the same. As the depression hit Europe each nation adopted prohibitive tariffs as a device to stimulate their economies by encouraging the purchase of domestically produced goods. Similarly, since every nation was eager to protect its wage levels against encroachment from nations with still lower wage levels, very strict anti-immigration laws were passed by all European nations. The result was that once again a European war was made all but inevitable by the resulting drive of each nation toward autarky, i.e., for "Lebenstraum." (16)

b. Planned Scarcity.

A closely related view is that imperialism is a result of what may be termed a policy of "planned scarcity," i.e., granting privileges to a few firms, permitting them to restrict production in order to raise prices. First advanced by Adam Smith in his critique of mercantilism as early as 1776, and in the twentieth century by Joseph Schumpeter under the rubric of "export monopolism" and by John Flynn, it has been defended more recently by Joseph Stromberg. (17)

According to this theory, big business never wanted to be left alone. It wanted to be free from the

risks of competition and to institutionalize its position in the economic and social structure. Since this required licensing restrictions, tariffs, subsidies and the like, such economic stabilization entailed close relations with government.(18) Thus, big business quite naturally gravitated toward government, and the destruction of the political power of the southern agricultural interests in the Civil War proved to be a critical watershed in American history for the only opposition to the northern industrial interests was eliminated. The post-bellum period was therefore characterized by government intervention designed to aid big business by keeping prices up and wages down. Monopolistic privileges were granted to a few favored firms, permitting them to sell at above market prices, while tariffs were enacted to keep out foreign competition. Aside from the autarkical dimensions of the policy, there are other serious ramifications.

Stromberg believes that a government policy of planned scarcity must, of necessity, result in imperialism. "Briefly," he says, "steep tariffs enabled a great many American firms to price their goods well above the world market levels. At these prices the quantities produced could not be sold. But to take full advantage of economies of scale these quantities had to be produced. At this point, the cry went up for foreign markets for the unsold surplus."(19)

A variation of the foregoing is that monopolies may be profitable but they become more profitable as the area covered by the monopoly expands. Hence, if there is a politico-economic elite powerful enough to use the government to obtain monopoly profits for themselves there is no reason why they would not also be powerful enough to increase their profits by expanding production beyond what can be sold in the home market and then using the government to extend the area of their monopoly beyond their own borders. This view, in fact, was an essential part of Adam Smith's critique of mercantilism. Permitting the colonists to trade only with England, he noted, enabled the few favored English merchants to increase their monopoly profits far beyond what they would have been if the monopoly had been restricted to England. The only beneficiaries of mercantilism, he said, were "the rich and powerful."(20)

This, according to the proponents of the theory, is a major factor in American foreign policy throughout the twentieth century, manifesting itself in the

Spanish-American War, the two World Wars and the Cold War. Many libertarians are in agreement with the revisionist historian Robert Smith, who claims that the United States "wanted to preserve an international order in which the country could have the fruits of an imperial position. The British and French empires were important elements in the maintenance of this system... Thus, when the French collapsed and the British began to falter in mid-1940, the United States officials were faced with the dilemma of when and how militarily to engage the disruptors of the status quo." (21) Thus, the Roosevelt administration had a vested economic interest in the adoption of a policy of imperialism and war.

They also believe that the Truman Doctrine, which is the basis of the United States Cold War policy, has merely supplied a new ideological justification for the consistent American foreign policy of economic expansion and global hegemony. While the American policy makers spoke of communist aggression and the power of the Soviet Union, this was primarily a ploy to generate popular support. In actual fact, they believe, far from fear of Soviet power, the American policy makers were well aware of the Soviet weakness vis-a-vis the United States and used this advantage to expand American economic and political controls. (22)

But a policy of planned scarcity entails two significant ramifications. Not only is there unemployment resulting from the reduced production, but the result of the monopoly profits on the one hand, together with the restriction of production on the other, results in the phenomenon of surplus capital. While the latter may be solved by overseas expansion as Stromberg suggests, the problem of unemployment remains. The traditional method of handling unemployment in the interventionist system is to make government invest the savings that private business will not. But the government investment must be in areas outside the economic system, for otherwise the additional production in the areas where the government invests will force some of the private firms out of business. In that case, government investment would simply replace private investment in those areas, and neither additional investment nor jobs will have resulted. While other projects may be found, Flynn feels that since the project [1] must be one that will satisfy conservative and taxpaying elements of the country, and [2] must be, at least in a federal system, handled entirely at the federal level,

military spending is the almost inevitable project:

Preparation for war is far more effective than war as an antidote against unemployment. War produces a more complete result but it is temporary, passes swiftly, and leaves behind it immense dislocations. But preparation for war can go on for a long time--for forty years in Germany and France and Italy.

Moreover, national defense spending reduces unemployment by taking a million or so men out of the labor market while also drawing about three times that many into defense and defense related industries.(23)

But, continues Flynn, it will probably not be possible to maintain this heavy military spending without public support and that, in turn, requires a justification for the spending. Consequently, the United States will do what other countries have done: "we will keep alive the fears of our people of the aggressive ambitions of other countries and we will ourselves embark upon imperialistic enterprises of our own."(24) Having obtained a large military in an effort to stimulate the economy the government will then have to use it occasionally in order to justify its existence.

This is thought to be an element in the plethora of American military interventions since World War II. Rather than being in response to communist aggression, as the more orthodox interpretation maintains, the anarchists, again following lines pioneered by the revisionist historians, argue that the convenient phobia of "communist aggression" was employed to justify American military interventions.

There is still one additional factor. If the government is to assume responsibility for the elimination of unemployment, it cannot obtain the bulk of its revenue from taxes, for that would simply tax away roughly as many jobs as its spending policy would create. It will therefore have to finance its activities by borrowing from the stock of surplus funds. But, the only reason business does not invest these itself is because the interest payment would exceed the expected returns. Since the situation would be the same for the government, it must try to eliminate unemployment by borrowing the excess funds and investing them in projects from which it cannot possibly hope to profit. But this means that the only way it can pay the princi-

ple and interest to the government bondholders is by adopting a policy of inflation, i.e., by printing more money. Inflation, however, is seen as having an imperialistic dynamic of its own.

c. Inflation.

Relying heavily on the "Austrian" theory of the business cycle, some libertarians see the cause of imperialism in inflation. Economist Walter Grinder notes that since the state prints the money it reaps a pure economic gain from its activities. But it reaps a political gain as well, since it is usually easier for the government to finance its activities simply by expanding the money supply rather than attempting to raise taxes. But other beneficiaries of the inflationary process are also noted. "When the state buys from a 'private' contractor," says Grinder, "both the contractor and the bank have gained: the contractor, because he can pay for resources before their prices rise, and the bank, because its reserves and therefore its loanable funds (assets) have been expanded. In the initial stages of inflation, it would appear, the state, the banks and the government contractors have a vested interest in inflationary policies."⁽²⁵⁾ But regardless of why inflationary policies have been adopted, some libertarians feel that a nearly inevitable corollary of domestic inflationary policies is that of imperialism.

According to the "Austrian" business cycle theory, an increase in the supply of money and credit forces a reduction in the rate of interest. Since interest becomes an increasingly important cost factor the further removed a stage is from the point of final consumption, the reduction stimulates production in the capital goods industries at the expense of the consumer goods industries. One important consequence of this according to John Hagel is that "commercial activity abroad will therefore be increasingly supplemented by long-term investment in producing facilities--both foreign manufacturing enterprises and resource extraction industries." This situation is compounded by the fact that since inflation encourages production in such capital goods areas as resource extraction, it will tend to encourage investment in less developed countries which ordinarily export resources to the more developed nations in exchange for finished goods. Consequently, inflation will tend to increase the ratio of foreign to domestic investment which, in turn, will mean that cer-

tain domestic "industries become far more dependent on key raw material inputs from abroad and their sensitivity and vulnerability to developments within the international economic system will be particularly pronounced." (26)

Two important consequences emerge at this point. First, since the intricacies of foreign economic policy hold little interest for the common man, business interests are often able to obtain greater influence over foreign than domestic economic policy. Consequently, says Hagel, "a complex network of subsidy and privilege emerges in the sphere of foreign economic policy which socializes the costs of business activity abroad." But the government guarantee of foreign investment in turn serves to encourage still further investment abroad, which therefore intensifies the demand on government for still more guarantees. And second, since the threat of military force is the primary means by which the government is able to protect foreign investment from the risk of nationalization by other governments, "the growth and consolidation of a military infrastructure. . . closely parallels the growth in foreign trade and investment." (27) In short, the boom created by inflation encourages a disproportionate increase in foreign investment, and domestic prosperity becomes contingent upon the protection of that investment.

While this may culminate in a policy of imperialism, the real difficulty, according to Hagel, lies not in the upswing but in the downturn of the business cycle. The artificial reduction in the interest rate, believe the Austrians, will stimulate a boom in the capital goods industries. But after the money filters through the economy, the interest rate will return to its natural rate resulting in the painful readjustment process known as the depression. Further inflationary doses may postpone the depression by keeping the interest rate below its natural rate. But such a policy cannot be continued indefinitely. Thus, the depression cannot be permanently averted. But according to Hagel it is precisely in the economic downturn that the dynamic of imperialism attains its full force. (28)

Inflation short-circuits, as it were, the information flow of the price mechanism and leads the entrepreneurs to grossly overestimate the actual demand for their products. Consequently, old factories are expanded, new ones are built, and production is stepped up to meet the expected demand. But as soon as the inflation runs its course, demand slackens, goods pile up unsold, and production comes to a virtual halt. It is

this recurring spectacle of increasing inventories of unsaleable goods that is largely responsible, according to these theorists, for the persistent popularity of the overproduction doctrine. But if the libertarians are correct, these periodic "surpluses" are not the result of general overproduction but of malinvestment, which in turn occurs not from the market but from the government spawned inflation.

But Hagel points out that it is not the objective causes of the business cycle but the subjective perceptions of it by the policy makers that determine what the policy will be. "Since rapid expansion of foreign investment characterized the earlier period of economic prosperity, it is not surprising," he says, "that many draw the conclusion that expansion abroad provides the key to renewed domestic prosperity." Thus, "foreign markets are mistakenly perceived as an essential 'safety valve' which will permit an indefinite postponement of that period of readjustment."

These libertarians see considerable historical support for this variant of the imperialistic dynamic. In the years prior to the outbreak of the Spanish-American War in 1898 America was mired in the throes of the worst depression it had experienced up to that time. The cry was raised that what was needed were "new outlets for American capital and new opportunities for American enterprise." (20) It is not generally recognized that Roosevelt's New Deal policies failed to revive the American economy during the 1930's. Unemployment was at a height of 14.6 percent even as late as 1940. Consequently, it is argued, Roosevelt began to look at war and foreign expansion as a cure for the economic difficulties. As New Left historian Robert F. Smith noted, "the New Deal recovery program was based partly upon the recovery and expansion of foreign markets." (30) Hence, the expansionist policies of Japan and Germany were viewed with increasing fear.

d. Imperialism and Popular Support.

If the individualist anarchists are correct, the chief beneficiaries of the combined policies of domestic intervention and foreign imperialism are the elite. And since a policy of domestic intervention is believed to restrict output, create unemployment and lower the standard of living, and since imperialism is often accompanied by blood shed by the common man, the majority would seem to be the long run losers. An important

question then becomes "why the majorities pay the expenses and fight the wars necessitated by imperial expansion." (31)

One reason would seem to be that while the majority might lose in the long run the reduction in unemployment does give it an immediate gain from imperialism. And there is little doubt that the short run is felt more keenly than the long run. Second, and perhaps more important, is what may be termed the "1984 ploy." The 1984 ploy is seen as a method used by the elite to generate popular support for its policies by means of conscious deception. The interventionist system, says Flynn, "despite its promises of abundance, necessitates great personal and financial sacrifices, which people cannot be induced to make in the interest of ordinary objectives of civil life and which they will submit to only when they are presented with some national crusade or adventure on the heroic model touching deeply the springs of chauvinistic pride, interest and feeling," or, he says elsewhere, with "the fears of. . . the aggressive ambitions of other countries." (32)

The classic example of this, according to the anarchist, is in the Roosevelt Administration's policy prior to America's entry into World War II. For the short-run reason of lifting the country out of the depression and for the long-run reason of preserving and promoting an international economic order conducive to American dominance, the Roosevelt Administration adopted a policy of imperialism and war. But a difficult problem faced by Roosevelt was that throughout the 1930's opinion polls consistently indicated that eighty percent of the American People opposed entering a European war. Even as late as July, 1941, the figure remained as high as seventy-seven percent. Consequently, Roosevelt adopted a policy consciously designed to "lie us into war." Roosevelt's policy of increasing truculence toward Germany, manifested by such programs as the destroyer deal with England, Lend-Lease, and convoying, was intended to prod Germany into attacking the U.S. But it was officially justified on the grounds that such a policy of "strength" was necessary to keep us out of war. Roosevelt not only promised "again and again and again" that he would not send American boys into any foreign war, but characterized his policy as one designed "to isolate ourselves from war." This same policy was followed toward Japan. Since an incident was required to swing public opinion behind him,

Roosevelt adopted a policy of isolating Japan economically, with the full realization that since Japan was dependent upon the importation of foodstuffs, such a policy would force Japan to attack the United States. This was acknowledged, in fact, by Secretary of War Stimson, who recorded in his diary thirteen days before Pearl Harbor that

The question was how we should maneuver them into the position of firing the first shot without allowing too much damage to ourselves. It was a difficult proposition . . . I pointed out to the President that we had already taken the first steps toward an ultimatum in notifying Japan way back last summer that if she crossed the border into Thailand she was violating our safety and that therefore we had only to point out [to Japan] that to follow any such expedition was a violation of a warning we had already given.(33)

It is now known that the U.S. had broken the Japanese code and knew that Japan intended to attack this country. Yet, for reasons that have never been fully explained, Kimmel and Short, the commanders at Pearl Harbor, were not apprized of this information.(34) However, one may explain this, the fact is that (a) public opinion remained steadfastly opposed to war, and (b) Roosevelt justified his Pacific policy by claiming that his actions were necessary to preserve peace. The anarchist's view (b) as an attempt to circumvent the problems created by (a). Thus, they see America's road to World War II as a classic example of the "1984 ploy."

America's entry into the Second World War is, as they see it, a particular manifestation of the general policy of what Robert Bresler terms "liberal internationalism." This doctrine is both universal and crusading. It plays upon the "springs of chauvinistic pride" when it proclaims as its goals to "make the world safe for democracy," to "defend freedom throughout the world," to insure "the national self-determination of all peoples," etc.(35) This crusading ideology was not only manifested in Wilson's Fourteen Points, but later in Franklin Roosevelt's Four Freedoms, the Truman Doctrine, and the Marshall Plan. It probably reached its climax in the 1960's with Kennedy's urging of Americans to "pay any price, bear any burden, meet any hardships, support any friend, oppose any foe to

assure the survival and success of liberty," and Lyndon Johnson's "shrunken world theory of defensive war," which held that "warfare anywhere on earth could, if the President so judged, constitute an attack on the United States and thereby authorize him to wage 'defensive' war without congressional consent." (36) But not only did the conservatives usually adhere to the goals of "liberal internationalism," they supplemented these goals with their own policy of anticommunism and the two became all but indistinguishable. The result was the emergence of the "bi-partisan" foreign policy of the postwar period which, according to Bresler, "immobilized opposition to the executive and denied the public a focal point for debate." (37)

Quite clearly, both "liberal internationalism" and "international anticommunism" required an active foreign policy. An active foreign policy in turn necessitated the centralization of power in the executive branch, and the absence of any organized foreign policy debate resulting from "bi-partisanship" permitted that centralization. Whether unwittingly or not, the ideology of liberal internationalism, says Bresler, played into the hands of the corporate elite who required just such an active foreign policy to insure world stability and the protection of their investments. (38) Thus "liberal internationalism" is believed to have provided the necessary ideological cloak for a policy of imperialism and economic exploitation.

But whenever that policy resulted in bloody wars, and support for it began to wane, reliance on the other element, the fear of foreign enemies, was utilized. The active foreign policy of "liberal internationalism" includes the establishment of military bases throughout the world and these, in turn, insure that enemies will always be found when they are needed. George Lundberg commented that

According to current policy, our national security demands military bases around the world and elaborate military establishments off the shores or on the frontiers of other nations. . . . It is solemnly affirmed that these provisions are for defense only, and any person, party, or foreign nation that fails to take our word for this intent is roundly abused and is accused of aggressive designs upon us. (39)

The argument was then advanced that only by granting the executive branch more and more power and by spending more and more on "national defense" could the country be defended from these enemies.

In short, the individualist anarchist argues that the necessary support can be garnered for an imperialist policy by use of the 1984 ploy. The ideology of "liberal internationalism" is used to mask the deeper imperialistic nature of the foreign policy, and popular support is generated by reference either to the ideology's humanitarian precepts, or to the aggressive instincts of foreign enemies. It is also believed that the active foreign policy required by "liberal internationalism" automatically insures the easy discovery of the requisite enemies.

2. EVALUATIONS

The individualist anarchist theories of imperialism and war have been presented. According to these theories the basic cause of war and imperialism is economic, either to increase the profits of the ruling elite or to overcome the economic maladies created by restrictions on the market. That is, imperialism may be defined as a set of policies which provide wealth and/or economic benefits to a nation or a group within that nation at the expense of another nation or group of nations. The anarchists also claim that events in American foreign policy provide support for their theories.

An evaluation of these theories must deal with two separate questions, one historical, the other analytical. First, is the United States imperialistic? Second, are the theories valid?

a. Is the United States Imperialistic?

This is a broad topic and in the limited space available one cannot hope to be exhaustive, merely suggestive. There is no denying the fact that since 1945 the United States has intervened numerous times throughout the world. But this, in itself, does not prove that it is imperialistic, i.e., that U.S. foreign policy has been designed to promote and protect American corporate interests throughout the world. If it is indeed imperialistic then one would expect to find the government intervening when it would benefit American corporations and refraining when such intervention

would be detrimental or irrelevant to those interests.

What is the evidence that U.S. interventions occurred for the purpose of protecting American business interests? Two types of evidence can be used to examine this question: [1] what can be termed subjective evidence, i.e., the reasons government officials actually gave to explain the interventions, and [2] objective evidence, i.e., the congruence of the interventions with American business interests.

The subjective evidence does not lend support to the hypothesis. As Jerome Slater has noted,

there is. . . an enormous body of material in the form of memoirs, official documents, and scholarly analyses of how American policy makers have defined the "external challenges" to the United States. . . It rather conclusively shows that genuine security fears; ideological anticommunism; expansionist idealism; or other political, strategic, or psychological factors have been at the roots of the United States postwar policies including interventionist. . . behavior.(40)

The same conclusion was reached by historian Robert Maddox. New Left historian, William Appleman Williams, who has exerted such a profound influence on many individualist anarchists, has advanced the thesis that the single, overriding concern of American foreign policy has been the acquisition of markets. What has determined American foreign policy, he writes, "is the firm conviction, even dogmatic belief, that America's domestic well-being depends upon sustained, ever-increasing overseas economic expansion." "The history of the Open Door Notes," Williams wrote in 1959, "became the history of American foreign relations from 1900 to 1958." (41) American policy makers, he says, believed that Eastern European markets were vital for maintaining American prosperity in the post-World War II period, and they resolved to dislodge the Soviet Union. Yet, Maddox remarks, Williams is "unable to produce even the scantiest evidence" that Eastern European markets were regarded as critical. "How could a policy of such transcendent importance have left so few traces in the records," Maddox asks? "One might reasonably expect the sources to be brimming with references to the drive to obtain the Open Door in Eastern Europe." (42) Williams' reply is that American leaders

have so "internalized" "the morality and necessity of open-door expansion" that "they seldom thought it necessary to explain or defend the approach." Even granting Williams' claim that American officials had so "internalized" the Open Door Policy that they felt no need to discuss it among themselves, Maddox dryly comments that it is still

very odd. . .that they failed to call Stalin's attention to it. How could they expect the various strategies Williams assigned to them to work if Stalin himself did not know what it was they were trying to achieve? Coercion rarely succeeds when the victim is kept unaware of what he is expected to concede in order to get relief.(43)

Moreover, the argument that statements by public officials justifying American interventions in terms of "national security" were merely propaganda statements made for public consumption and that the real objectives were economic is likewise contradicted by the evidence. For example, in the mid-1970's a top-secret intergovernmental defense document, known as NSC-68, was declassified and published. The document was prepared in 1950 by the Secretaries of State and Defense. Its purpose was to provide an analysis of Soviet intentions and an overall assessment of American foreign policy. Since it was top secret the authors could be candid and one might expect the "real" motives for the containment policy to be revealed. But "throughout the report the emphasis is on the communist threat to democracy and freedom and the fundamental principles of Western civilization; no word is to be found about an 'open door,' the maintenance of capitalism, or, indeed, economic matters at all except as related to the building of military and political strength."(44)

In brief, a quick look at the subjective evidence, at the reasons the policy makers themselves have given for their decisions, provides little basis for the belief that American foreign policy is consciously designed to protect the interests of American business abroad. As we have seen, writers like Williams have attempted to rescue their position from this dearth of evidence to adopting the curious procedure of "proof by lack of evidence": Americans have so internalized the belief in the need for markets that the very absence of supporting evidence is actually proof that the open door was the motivating factor in American foreign

policy. But this, of course, is not history at all; it is merely dogma.

What of the "objective" evidence? Have American interventions coincided with American business interests? Once again, the evidence provides little support of the theory. In fact, argues Slater, "There is no case in which it can persuasively be argued that Washington resorted to serious covert political action or the use of armed force on behalf of private economic interests as such." (45) Korea and Vietnam, America's two major post-1945 wars, cannot be explained by economic factors. Both were immensely costly in both human and material terms. Yet neither nation possessed either indispensable raw materials or the lure of great markets. The same is true of such interventions as Laos, Cambodia, the Dominican Republic and Guatemala. New Left historians like Williams are aware of the difficulty and have tried to rescue their position by claiming that such economically counterproductive interventions were necessary to preserve the capitalist system as a whole. But as Slater points out "a theory that is so broad that it is capable of 'explaining' both A and its opposite B (intervention and nonintervention, intervention that is economically productive and intervention that is economically costly). . . is no theory at all, but simply dogma." (46)

Moreover, many cases which appear on the surface to be in conformity with the theory do not hold up under deeper analysis. It is well known that in the early 1950's the CIA played a major role in undermining the Mossedegh government in Iran and restoring the Shah. A popular explanation of this is that the CIA intervened because Mossedegh had nationalized foreign-owned oil holdings in 1951. But several things make this scarcely credible. First, Iran continued to receive substantial American foreign aid throughout 1952, even after nationalization. And second, there were no American-owned oil companies in Iran at this time. Thus, intervention could not have occurred to protect American business interests. In fact, since America was an oil exporter at this time, the cut off of Iranian oil shipments proved to be a boon for American oil interests. What actually precipitated the CIA move was Washington's increasing unease at Iran's leftward drift, symbolized by the signing of an oil sale agreement with Eastern European countries. Washington felt it essential that a stable, noncommunist Iran be preserved. It should also be pointed out that the restor-

ation of the Shah and the resumption of the Iranian oil flow to Western Europe produced an oil glut which reduced the profits of American oil companies. In brief, the evidence indicates that the "CIA coup was the result of fears of growing communist influence in Iran."(47)

The CIA involvement in the 1973 overthrow of Allende in Chile is similar. While economic considerations were present it is unlikely that the United States government would have intervened had they been the sole or primary consideration. The Nixon administration believed, rightly or wrongly, that an Allende government would mean a communist Chile, and that a communist Chile would be the first step toward a communist South America, a prospect which they found intolerable, both for ideological and national security reasons.(48)

Equally damaging to the "United States-as-Imperialist" thesis is the passive role Washington has played on numerous occasions in which American business interests have been adversely affected by the policies of foreign governments. Within the last few years American-owned corporations have been nationalized in such countries as Ceylon, Egypt, Indonesia, Algeria, Libya, Peru, Argentina, Bolivia, Brazil and Venezuela. Yet, far from coming to the defense of the nationalized corporations, as one would expect from the thesis, Washington has, in nearly every case, limited itself to mere formal protest, usually with little or no result.(49)

In short, the anarchist contention that their theories of imperialism find empirical support in American foreign policy is borne out by neither the subjective nor the objective evidence. This does not mean that economic factors were completely absent. It means that they seldom performed the determining role claimed by the individualist anarchists' theories of imperialism. It could be that one or more of the theories are valid but, for whatever reason, are not applicable to the United States. The theories themselves need to be examined and it is to this task that we now turn.

b. Analysis of the Theories of Imperialism.

The differences between the "autarky" and "planned scarcity" theories are overshadowed by their similarities. Both see government domestic interference engen-

dering inefficiencies and dislocations which impel a nation toward economic isolation. And since isolation implies self-sufficiency and no nation is self-sufficient, the drive toward isolation logically leads to imperialism and/or war to make self-sufficiency possible.

There is little doubt that autarky would require war or imperialism. The crucial question is whether government economic controls require autarky. This is not so in every case but depends upon the degree and kind of controls. Assume, for example, that economic privileges were dispensed only to a select few, say a grant of monopolistic control to those in the frisbee industry. The frisbee manufacturers would no doubt use this privilege to charge higher prices for their product. But at the higher price fewer frisbees would be bought. Some of the labor and capital, no longer needed in the frisbee industry, would seek employment elsewhere thus reducing wages and profits in these other areas. In such a situation imperialism would be unnecessary. Although the gains to the frisbee manufacturers would be paid for by the losses to the general population, the cost per person would be quite small. But the attempt to extend privileges to more and more groups would require ever diminishing gains to many individuals offset by ever larger losses imposed on a few. It is obvious that such a policy would become increasingly difficult and eventually impossible. Economic imperialism is, at base, noting more than wealth transfer. And wealth transfer is a zero-sum process. Clearly, the attempt to bestow privileges on all or nearly all groups within the boundaries of a country logically entails the imposition of losses on groups outside those boundaries.

Closely related to this is the likelihood that the more rigidly the government controls the market the less efficiently it will operate. Since costs of production and prices would therefore be relatively high, a highly interventionist country would indeed have a difficult time competing in the international market place. Moreover, output and the standard of living would be relatively low. If the interventionist country were militarily strong, or at least stronger than its neighbors, war or imperialism could well present themselves as solutions to both of these problems. If the foregoing is correct then one would expect to find that, assuming approximately equal military power, the more rigidly controlled the economy the more imperial-

istic or warlike the country. The foreign policies of the two major Cold War superpowers appear to conform to this expectation. We have seen that the United States, which relative to the Soviet Union has a free economy, cannot be considered imperialistic. On the other hand, such policies as the systematic economic rape of Eastern Europe by the Soviet Union, including the dismantling of entire factories and their transfer to Russia, certainly suggests that it is imperialistic.

In brief, the autarky and planned scarcity theories are logically valid. And there does appear to be some empirical support for them although, since many of the anarchists see the United States rather than the Soviet Union as imperialistic, perhaps not in the way anticipated by the anarchists.

What of the inflation theory? There are at least two things one would expect to find if this theory is correct. First, because it reduces real interest rates an inflationary policy is supposed to stimulate disproportionately the resource extraction industry and, consequently, investment in the less developed countries (LDCs). And second, if inflation engenders imperialism one would expect to find the rates of inflation to be higher in the stronger and more economically developed countries, simply because imperialism is not an option for weak countries. Neither is borne out by the data.

The great bulk of foreign investment emanating from the developed countries of the world is invested in other developed countries. And even much of that from the LDCs has been invested in the already capital intensive nations of the West. In fact, the book value of private foreign capital invested in the LDCs only rose from \$24 billion in 1914 to \$37 billion in 1965, an increase of merely 50 percent in 50 years. And since this is significantly less than the rate of inflation during these years, this represents a massive reduction, in real terms, of the amount of foreign capital invested in the LDCs.⁽⁵⁰⁾ Thus the data are directly counter to what one would expect from the inflation theory. Nor do the data support the expectation of higher inflation rates in the economically developed and militarily stronger nations. A study of the inflation rates for 45 countries over a ten-year period was published by the First National City Bank of New York. The study did indicate that three of the countries with the lowest inflation rates were the relatively weak countries of Guatemala, El Salvador and Venezuela.

This is in conformity with the theory. However, the study also showed that many of the countries with the highest inflation rates were also relatively weak: Vietnam, Brazil, Chile, and Uganda.(51) The conclusion seems to be that there is no relationship between inflation on the one hand and imperialism, or at least the option of pursuing an imperialistic policy, on the other.

One major problem with the theory is the assumption that LDCs supply raw materials to the developed countries and the latter supply manufactured goods to the LDCs. This distinction is unfounded. All engage in both resource extraction and manufacturing. The distinction is one of degree, not kind. Currently, over 25 percent of all exports from LDCs are manufactured goods, and this figure is rising rapidly. Countries such as Singapore, Hong Kong, Taiwan, South Korea and Brazil have all become major exporters of electronic equipment such as TVs and radios. And automobile production has recently been increasing at a yearly rate of 14 percent in Brazil and nearly 10 percent in Mexico, compared to only 4.4 percent in the U.S. and 3.4 percent in Britain. And the Philippines, South Korea and Malaysia are also becoming major producers of automobiles. Conversely, developed countries like the U.S. are major exporters of agricultural products or, in the case of Canada, major sources of raw materials.(52)

Since inflation is supposed to stimulate the resource extraction industries while harming the manufacturing sectors, and since nearly all nations are mixtures of both, inflation, even granting the logic of the theory, would not necessarily make a nation more dependent upon "key raw material inputs from abroad." This would depend upon such factors as what resources a country needed but had to import, what manufacturing industries it possesses and the relative mixture of resource extraction and manufacturing.

But perhaps the kernel of truth in the theory is that as a nation enters a depression and goods pile up unsold while unemployment begins to rise, there naturally begins a frantic search for new markets as outlets for these goods. And new markets usually mean foreign markets. This is plausible and it is quite possible that such considerations were at least contributing factors in some of the wars that have occurred in the last two centuries. But motivations are difficult to

determine and an examination of this aspect of the theory is not possible here.

However, influenced by the New Left historians many anarchists, as we have seen, believe that President Roosevelt intentionally maneuvered the United States into a war with Japan in order to stimulate the economy and reduce unemployment. In view of the overriding historical importance of America's entry into World War II, one must ask: is this interpretation consistent with the available evidence? This much is beyond dispute. Even as late as the early 1940's the economy was still sluggish and unemployment high. The Japanese code had been broken and the leaders in Washington, including Roosevelt, knew that the Japanese were preparing to attack the United States, probably on December 7, but the exact target was still uncertain. And, Kimmel and Short at Pearl Harbor were not adequately apprized of this information. The reasons for this have never been clear. In Infamy, the most recent study of Pearl Harbor, historian John Toland argues that as the Office of Naval Intelligence monitored the approach of the Japanese attack force, Roosevelt was faced with three options: [1] publicize the fact that the U.S. was tracking the Japanese carrier fleet. This "would indubitably have forced Japan to turn back;" [2] take appropriate military measures including informing Kimmel and Short. Since the success of the Japanese attack depended upon secrecy, this too would have forced them to turn back; and [3] keep Kimmel and Short and "all but a select few in ignorance." This last option is logical only on the assumption that it was Roosevelt's intention to get America into the war. Thus, the thesis that Roosevelt desired war in order to stimulate the economy is at least consistent with the known facts surrounding the Pearl Harbor catastrophe. But this by no means proves the thesis, for it is not the only one that is consistent with the data. Another explanation is that Roosevelt sincerely believed that the total destruction of Western civilization was a distinct possibility in the absence of American intervention against Nazi Germany. Since the country was badly divided on the issue he required some dramatic event which would unify the nation and galvanize the American people for the Crusade to save Western civilization. As Toland puts it, "The first bomb dropped on Oahu would have finally solved the problem of getting an America -- half of whose people wanted peace -- into the crusade against Hitler." (53) Roosevelt's mistake, says Toland, is that

he overestimated the defense readiness at Pearl Harbor and underestimated the capabilities of the Japanese. He therefore adopted the third option of permitting the Japanese to attack, believing that it would accomplish the objectives of unifying the American people and getting the country into the war without sustaining serious damage. It was a serious miscalculation. This explanation is also consistent with the known facts. It is also based on an assumption, that the American leaders sincerely believed that Hitler was a serious menace to Western civilization, that is at least as plausible as the economic assumption, if not more so. Moreover, from the "quarantine" speech of 1937, Roosevelt continually stressed the danger of Nazi aggression and international lawlessness. These were political speeches intended to sway the American public, and they no doubt contained an element of hyperbole. But in the absence of clear evidence to the contrary one cannot simply relegate these statements to the category of mere propaganda.

Continued high domestic unemployment may have been one of the factors affecting the decisions Roosevelt made in the period leading up to Pearl Harbor. But there is little evidence that it was the sole or even the chief factor. Thus, while one cannot dismiss the possibility that at least some wars have been caused primarily by the attempts of political leaders to stimulate the economy or to divert the attention of citizens from domestic problems, economic, social or political, it is most unlikely that this was the motivating factor behind Roosevelt's decisions before Pearl Harbor.

3. CONCLUSION

The libertarian theories of imperialism have been presented and analyzed. It is unlikely that either singly or together they afford the explanation for imperialism and war. The theories are solely economic. But the search for a key, a single factor, that will account for such complex historical phenomena as war and imperialism is illusory. Historical events are invariably multicausal. Wars have occurred for many reasons, political, social, psychological as well as economic. When in 1924 Adolf Hitler commented that he could never get married because he was already married to Germany,⁽⁵⁴⁾ he was still a fairly obscure leader of a minor political party. Since he was hardly a member of Germany's economic elite such sentiments must be

explained by psychological, not economic, factors.

What the libertarian theories assert is a causal connection between certain domestic economic policies and international conflict and war. For the most part the theories are valid in the sense of being internally consistent. Moreover, the assumptions on which they are based are plausible. This is especially true of the autarky and planned scarcity theories. It is likely, for example, that the significant increase in government regulations in practically all nations during the 1930's was partially responsible for the drive for autarky by both Germany and Japan, and there is little doubt that the drive for autarky was an important cause of hostilities in both the Atlantic and the Pacific.

The theories are able to explain the relationship between particular domestic economic policies and international turmoil quite well. Similarly they can be used to predict that certain economic policies are likely to result in foreign conflict. But the theories cannot claim that international conflict results only from these policies. Thus, if the theories are viewed not as the explanation of imperialism and war but as one explanation among several, they are on solid ground.

It should also be pointed out that there is no logically necessary connection between the existence of a domestic elite and a policy of imperialism and war. It is quite possible for the elite to subscribe to a policy of international conciliation or even isolation. Similarly, it is conceivable for a nation even in the absence of an elite to adopt a policy of aggressive nationalism. Thus, the findings in Chapter III of a governing elite in the United States coupled with the conclusion of Chapter IV of a non-imperialistic American foreign policy is in no way contradictory.

Finally, despite all the words that have been written on both sides of the imperialism debate one is compelled to ask: what does it matter? Imperialism may be viewed as a species of the broader concept of intervention, i.e., the imposition of one nation's will on another through the use of force or the threat of its use. Since libertarianism is inherently noninterventionist, intervention would seem to be a far more important concept for evaluating a nation's foreign policy than imperialism. Since it is less susceptible to definitional ambiguity it is easier to document. The

evidence is abundant and the conclusion is clear. Historically, all powerful statist societies, including both the U.S. and the U.S.S.R. in the twentieth century, have been interventionist. The difference has been merely one of degree, not one of kind.

FOOTNOTES

(1) See Joseph Schumpeter, *Imperialism and Social Classes*, (New York: Meridian Books, 1972); and Ludwig von Mises, *Omnipotent Government* (New Rochelle: Arlington House, 1969); also see Lionel Robbins, *The Economic Causes of War* (London: Macmillan, 1939).

(2) John Hagel, III, "Toward the Theory of State Capitalism: Imperialism--the Highest Stage of Interventionism," (Paper presented at the Libertarian Scholars Conference, October 24, 1975), p. 3.

(3) See V.I. Lenin, "Imperialism, the Highest Stage of Capitalism," *Selected Works of V. I. Lenin*, 3 vols. (New York: International Publishers, 1967), 1:673-777; and N. Bukharin, *Imperialism and World Economy* (London: Martin Lawrence, n.d.).

(4) Rosa Luxemburg, *The Accumulation of Capital* (New Haven: Yale University Press, 1951).

(5) Harry Magdoff, *The Age of Imperialism* (New York: Modern Reader, 1969), pp. 24-26; Paul Sweezy, *The Theory of Capitalist Development* (New York: Oxford University Press, 1942); on the position of Maurice Dobb see Tom Kemp, *Theories of Imperialism* (London: Dobson, 1967), pp. 120-126; on the position of Paul Sweezy see *ibid.*, pp. 126-33. For an excellent overview of theories of imperialism see Karl Deutsch, "Theories of Imperialism and Neocolonialism," *Testing Theories of Economic Imperialism*, eds. S. Rosen and J. Kurth (Lexington: D.C. Heath, 1955), pp. 15-34.

(6) J. A. Hobson, "Imperialism," *American Imperialism in 1898*, ed. Theodore Greene (Lexington, Mass.: Heath, 1955), p. 5.

(7) Alan Fairgate, "Non-Marxist Theories of Imperialism," *Reason* (February 1976), pp. 50-51.

(8) L. von Mises, "Lord Keynes and Say's Law," *Planning for Freedom* (South Holland, Ill.: Libertarian Press, 1969), pp. 65-66.

(9) Benjamin Anderson, *Economics and the Public Welfare* (New York: Van Nostrand, 1949), pp. 370-72.

(10) My purpose here is not to defend Say's Law, but to point out the basis for the individualist anarchist critique of those theories that link imperialism with general over-production emanating from the market system itself. For a defense of Say's Law see Mises, "Say's Law"; Anderson; W. H. Hutt, *A Rehabilitation of Say's Law* (Athens, Ohio: University of Ohio Press, 1974); and Richard Ebeling, "Say's Law Revisited," *The Libertarian Forum* (May 1975), pp. 6-8. For a critique of Say's Law, see J. K. Galbraith, *American*

Capitalism (Boston: Houghton Mifflin, 1951), pp. 21-23 and 67-73; H. W. Spiegel, **The Growth of Economic Thought** (Englewood Cliffs: Prentice-Hall, 1971), pp. 261-63; and I. H. Rima, **Development of Economic Analysis** (Homewood, Ill.: Irwin, 1972), pp. 99-101.

(11) Mises, **Omnipotent Government**, p. 72.

(12) John Flynn, **As We Go Marching** (New York: Free Life, 1973), pp. 199-200; also see Mises, **Omnipotent Government**, p. 66.

(13) Flynn, p. 199.

(14) Aside from Flynn and Mises, **Omnipotent Government**, also see Lionel Robbins, **Economic Planning and International Order** (London: Macmillan, 1937); and my "The Nature of Modern Warfare," **The Freeman** (April 1972), pp. 205-11, reprinted in **The Libertarian Alternative**, ed. Tibor Machan (Nelson-Hall, 1974), pp. 350-56.

(15) The classic book on this topic is Mises, **Omnipotent Government**.

(16) See *ibid.* Also see Flynn, and Charles Callan Tansill, **The Back Door to War** (Chicago: Henry Regnery, 1952), especially pp. 339-50, 441-42. See pp. 494-508 for a description of the role of autarky in producing the war in the Pacific. Also relevant is **Watershed of Empire** eds., Leonard Liggio and James Martin (Colorado Springs: Ralph Myles, 1976). Especially see the selections by Murray Rothbard and Robert Freeman Smith.

(17) Adam Smith, **The Wealth of Nations**, 2 vols. (New Rochelle: Arlington House, n.d.); Schumpeter; Flynn; and Joseph Stromberg, "American Monopoly Statism," **The Libertarian Forum** (September 1973), p. 1-5.

(18) Flynn, pp. 193-94.

(19) Stromberg, p. 2; also see Schumpeter, pp. 79-80.

(20) See Adam Smith, 2:207-62.

(21) Robert F. Smith, "American Foreign Relations 1920-1942," **Toward a New Past** ed., Barton Bernstein (New York: Random House, 1968), p. 250. For other revisionist works dealing with America's entry into the Second World War that have influenced the anarchists see Tansill; Harry Elmer Barnes, ed., **Perpetual War for Perpetual Peace** (Caldwell, Idaho: Caxton, 1953); William Henry Chamberlain, **America's Second Crusade** (Chicago: Henry Regnery, 1950); Admiral Robert Theobald, "The Final Secret of Pearl Harbor," **U.S. News and World Report** (April 1, 1954), pp. 44-93. Also important in this regard is the February 1976 "revisionist" issue of **Reason**. For a critique of the

foreign policy of the FDR administration from an explicitly libertarian point of view see Liggio and Martin, op.cit. For a detailed explanation of the role revisionist historiography plays in the libertarian analysis see Murray Rothbard, "Revisionism and Libertarianism," *The Libertarian Forum* (February 1976), pp. 3-5.

(22) Some of the cold war revisionist works heavily relied upon by the libertarians are Christopher Lasch, "The Cold War, Revisited and Re-visioned," *The Conduct of Soviet Foreign Policy*, eds. E. Hoffman and F. Fleron (Chicago: Aldine-Atherton, 1971), pp. 262-74; David Horowitz, *The Free World Colossus* (New York: Hill and Wang, 1971); William A. Williams, *The Tragedy of American Diplomacy* (New York: Delta, 1962); and the writings of D. F. Fleming. For a good presentation of Fleming's work as seen from a libertarian perspective see Alan Milchman, "D.F. Fleming on the 'Origins of Cold War'," *Left and Right: Selected Essays* (New York: Arno Press and the New York Times, 1972), pp. 64-83. The individualist anarchists have also done a considerable amount of historical investigation themselves. See for example, Leonard Liggio, "American Foreign Policy and National Security Management," *A New History of Leviathan*, eds. Ronald Radosh and Murray Rothbard (New York: E. P. Dutton, 1972), pp. 224-59; Murray Rothbard, *Myths of the Cold War* (Pamphlet); and his article written under the pseudonym of Aubrey Herbert, "The Real Aggressor," *Left and Right, Selected Essays* (New York: Arno Press and the New York Times, 1972), pp. 22-27. Also see Leonard Liggio, "Why the Futile Crusade?," *Left and Right, Selected Essays* (New York: Arno Press and the New York Times, 1972) pp. 32-63.

(23) Flynn, p. 207.

(24) Ibid., p. 213.

(25) Walter Grinder, "The Austrian Theory of the Business Cycle: Reflections of Some Socio-Economic Effects," (Paper presented at the Symposium on Austrian Economics, University of Hartford, June 22-24, 1975, pp. 25-27).

(26) Hagel, p. 9.

(27) Ibid., pp. 9-10.

(28) For a fuller statement of the Austrian theory of the business cycle see below, Chapter VII, Section 6.

(29) Charles Conant, "The Economic Basis of Imperialism" *Basic Documents in United States Foreign Policy*, ed. Thomas Brockway (Princeton: Van Nostrand, 1957), pp. 62-64. Also see Charles Beard, "Territorial Expansion Connected with Commerce," *American*

Imperialism in 1891, ed. T. Greene (Lexington: Heath, 1955, pp. 21-26.

(30)R.F. Smith, p. 246.

(31)Parker T. Moon, quoted in Hagel, p. 1.

(32)Flynn, pp. 162 and 213. It is important to bear in mind that Orwell's 1984 was written in 1948 and that his original title was actually "1948." As James Martin explains, "Orwell was not writing science fiction but describing what was already fully developed in 1948." "'Defense' Origins of the New Imperialism." *Revisionist Viewpoints* (Colorado Springs: Ralph Myles, 1971), p. 6 fn.

(33)Quoted in Percy Greaves, "FDR's Watergate: Pearl Harbor," *Reason* (February 1976), p. 20.

(34)The landmark book on this interpretation is Barnes, *Perpetual War*, op. cit. Also see Tansill, especially chapter XXV, "Roosevelt Seeks a Pretext for War with Germany," and Chapter XXVI, "Japan Is Maneuvered into Firing the First Shot at Pearl Harbor." The best presentation of the events immediately preceeding and surrounding the attack on Pearl Harbor is Theobald's "The Final Secret of Pearl Harbor," op. cit. Also very good are Bruce Bartlett, "The Pearl Harbor Cover-Up," Percy Greaves, "FDR's Watergate: Pearl Harbor," and Gary North, "World War II revisionism and Vietnam," all in *Reason* (February 1976). Roosevelt's duplicitous foreign policy is admitted even by his admirers. Thomas Bailey, *The Man in the Street* (New York: 1948), frankly admits that "Franklin Roosevelt repeatedly deceived the American People during the period before Pearl Harbor." Bailey likens this to "the physician who must tell the patient lies for the patient's own good. . . .The country was overwhelmingly non-interventionist to the very day of Pearl Harbor, and an overt attempt to lead the people into war would have resulted in certain failure and almost certain ousting of Roosevelt in 1940, with consequent defeat of his ultimate aims."

(35)See Robert Bresler, *The Ideology of the Executive State* (Menlo Park, Cal.: Institute for Human Studies, 1973), pp. 2-4; also see Murray Rothbard, *For A New Liberty* (New York: Macmillan, 1973), p. 287.

(36)Arthur Schlesinger, *The Imperial Presidency* (New York: Popular Library, 1973), p. 183.

(37)Bresler, p. 6. On the domestic authoritarian dynamic created by a foreign policy of imperialism see William Marina's excellent *Egalitarianism and Empire* (Menlo Park, Cal.: Institute for Humane Studies, 1975); also see Randolph Bourne, "The State," *The World of Randolph Bourne*, ed. Lillian Schlissel (New York: E.

P. Dutton, 1965), pp. 243-85.

(38) Bresler, pp. 2-3.

(39) George Lundberg, "American Foreign Policy in the Light of National Interest at the Mid-Century," *Perpetual War for Perpetual Peace*, ed. Harry Elmer Barnes (Caldwell, Idaho: Caxton, 1953), p. 183.

(40) Jerome Slater, "Is United States Foreign Policy 'Imperialist' or 'Imperial'?", *Political Science Quarterly* (Spring 1976), p. 69.

(41) Williams, pp. 11 and 45.

(42) Robert James Maddox, *The New Left and the Origins of the Cold War* (Princeton: Princeton University Press, 1973), pp. 18-19. Maddox has presented a devastating critique of the New Left. He painstakingly examined the sources New Left historians have relied on to bolster their thesis and discovered that when the desired evidence did not exist, which was most of the time, they simply manufactured it by splicing together quotations from different individuals or from the same individual made at widely different times or about completely different subjects. In fact, he says, they have, on occasion, even resorted to changing words in direct quotations (see, for example, p. 150). Maddox concludes that "it is history by irrelevant evidence, misused quotations, jumbled figures and distortions of documentary materials" (p. 158). This charge is directed specifically at Lloyd Gardner's *Architects of Illusion*, but it is clear that he believes it applies to most of the New Left historians including Williams, Aporovitz and Kolko.

(43) Maddox, pp. 29-30.

(44) Slater, p. 70, fn. For excerpts of NSC-68 see Daniel Yergin, *Shattered Peace* (Boston: Houghton Mifflin, 1977), pp. 401-02.

(45) Slater, p. 72.

(46) *Ibid.*, pp. 71-72.

(47) John Spanier, *Games Nations Play* (New York: Praeger, 1978), pp. 411-12.

(48) See Slater, p. 72.

(49) Slater, pp. 82-87. Also see David Osterfeld, "Assessing the New International Order: Prospects for Third World Development," *The Journal of Social, Political and Economic Studies* (Spring/Summer 1982), pp. 3-26.

(50) Alan Reynolds, "Problems of the Developing Countries," *Journal of International Relations* (Spring 1978), p. 92.

(51) Henry Hazlitt, *Man vs. The Welfare State* (New Rochelle: Arlington House, 1969), pp. 140-52.

(52) John Kimball, "The Trade Debate: Patterns of

U.S. Trade," and Geoffrey Godsell, "Tomorrow's Big Powers: 'Confucian Work Ethic' Thrusts Small Nations Into Big League," both in *World Politics*, 80/81, ed. Chau T. Phan (Guilford, Conn.: Dushkin Pub., 1980), pp. 107 and 163. Also relevant is P.T. Bauer's landmark work, *Dissent on Development* (Cambridge: Harvard University Press, 1972).

(53) John Toland, *Infamy, Pearl Harbor and Its Aftermath* (New York: Doubleday, 1982), pp. 72-73 and 318.

(54) In John Toland, *Hitler* (New York: Ballantine, 1976), p. 277.

PART TWO

The Individualist Anarchist Paradigm

Having presented the individualist anarchists' critique of government we are now ready to examine their alternative to government. Chapter V will present various arguments for government in order to evaluate better and more clearly the individualist anarchist paradigm. Chapter VI will present the views of the major predecessor of contemporary individualist anarchism: philosophical anarchism. And Chapters VII, VIII and IX will present and critically analyze the contemporary individualist anarchist proposals for a society without government.

CHAPTER V

Some Justification for the State

The foregoing has dealt with the individualist anarchist critique of the state. But the individualist anarchist argues not only that the state is evil but that it is also unnecessary. This is a large claim. Most of us simply assume the practical necessity of the state. We should raise this unreflective acceptance to the level of consciousness by briefly listing some of the more important arguments for the state. Such a list will help us evaluate the strengths and the weaknesses of the individualist anarchist claim.

1. THE ARGUMENT FROM THE COMMON GOOD

Perhaps the most common argument for the state is that it is a necessary instrument to achieve the common good. The common good argument includes manifold variations. For the sake of brevity, we will deal with only two such variations: (a) the totalist common good and (b) what may be called the personalist common good.

a. The totalist common good.

This version of the common good argument is most articulately presented in the writings of the Classical Greek philosopher, Plato, and the French Enlightenment philosopher, Jean-Jacques Rousseau. To the question "Why must a person obey the laws of the state?", Plato's answer is that obedience is owed the state in return for the benefits received from it. No one is forced to accept these benefits. "Anyone who does not like us," he says in the *Crito*, "has leave to take what is his and go where he will. None of us Laws will stand in the way or dissuade him; if one of you does not like us and the city and wishes to go to a colony, or if he prefers to emigrate somewhere else, he may go wherever he wishes and take whatever is his." But, Plato continues, "if any one of you remains . . . we say that he has now agreed in fact to do whatever we command."⁽¹⁾ Thus, Plato arrives at a tacit consent argument similar to Locke's. But this is not, strictly speaking, relevant to the question we are dealing with. (Tacit) consent focuses on the means for justifying the state. But the deeper question -- and the one with

which we are concerned -- is why would individuals ever give their consent to obey the state? Why don't they flee?

Plato's answer, like Locke's, is utilitarian: We benefit from it. Thus, Plato's argument is that we must obey the state because of the benefits we receive from it. And what benefits do we receive? Everything. "We (the state) . . . brought you into being, . . . brought you up, educated you, gave you and all the other citizens a share of all the beautiful things we could." And since everything the individual has comes from the state, Plato logically concludes that the individual owes total allegiance to the state: "you must . . . do whatever she commands; you must bear in quiet anything she bids you bear, be it stripes or prison; or if she leads you to war, to be wounded or to die, this you must do, and it is right; . . . in war and in court and everywhere you must do whatever city and country commands, or else convince her where the right lies. Violence is not allowed against mother or father, much less against your country." (2) Clearly, Plato's argument for the state begins with his recognition of the obvious utility of society coupled with his realization that society presupposes order.

Plato is often considered the "first great political philosopher" or "the one who worked out the first of the great systems of political thought." (3) But politics involves competition for power; it involves conflict between both groups and value systems. Not only was Plato aware of this, he explicitly rejected it. In a political society, Plato remarks in the *Laws*, "each party watches the other in jealous apprehension of insurrection. . . Such societies . . . are no constitutional states . . . men who are for a party, we say, are factionaries, not citizens, and their so-called rights are empty words." (4) The strife which politics entailed introduced instability into the polis. It dissolved public life into a "whirlpool" of "incessant movement of shifting currents." Politics, Plato argued, was evidence of a diseased polis. We can then find Sheldon Wolin correct when he says that Plato was not a political philosopher at all but a philosopher of antipolitics, or perhaps more accurately, "architectonics." (5) What he desired was the replacement of the unseemly strife and disorder of politics by a well-ordered, harmonious social order, and such order required that the social units or classes be "artfully" combined into an integrated whole. Any "meddling and

interchange between the three classes (tradesman, auxiliary, guardian) would be the greatest damage to the city, and would rightfully be entitled evil-doing in chief . . . The greatest evil-doing towards one's own city is injustice . . . So this is injustice. On the other hand, let us put it in this way. The opposite of this, own-dealing of each class, money-makers, assistants and guardians, each one of these doing its own business in the city, would be justice and would make the city just."(6) Since order, Plato assumes, requires the conscious direction and integration of the social units, the state becomes the indispensable agent not only for justice but for the good life of every individual.

Plato's argument can be put in syllogistic form:

1. Civil society benefits every individual.
2. Civil society presupposes order.
3. Order, in turn, requires the conscious direction and integration of the parts.
4. Conscious direction necessitates a director and therefore entails the state.
5. The state is therefore the essential agent for the attainment of the good life of every individual.

Rousseau's argument in the *Social Contract* is nearly identical to that of Plato's.(7) "I assume," says Rousseau, "that men have reached a point at which the obstacles that endanger their preservation in the state of nature overcome by their resistance the forces which each individual can exert with a view to maintaining himself in that state. Then this primitive condition can no longer subsist, and the human race would perish unless it changed its mode of existence."(8) Rousseau's vehicle for changing this "mode of existence" is the social contract. "Rightly understood," says Rousseau, the terms of the contract "are reducible to one only, viz., the total alienation to the whole community of each associate with all his rights." But he adds, since "each gives himself to all, he gives himself to nobody; and as there is not one associate over whom we do not acquire the same rights which we concede to him over ourselves, we gain the equivalent of all that we lose, and more power to preserve what we have."(9) Clearly, Rousseau, like Plato, believes that individuals enter into civil so-

ciety because of its utility and that a viable society presupposes order. Therefore, the state, being the supplier of order, becomes the indispensable agent for the common good.

Furthermore, both Plato and Rousseau deny that the common good is simply the will of the majority. For them the common good has an objective existence which must be discovered, not created. For Plato it was the "Form of the Good;" for Rousseau, the "General Will." Both believed that the existing, earthly society would function better the more closely it approximated the "Form of the Good" or the "General Will." The crucial difference between the two lies in their methods of discovery. For Plato, the idea of the common good, of the well-ordered, just or ideal society can be grasped only by a few who, by virtue of this insight, receive the right -- even duty -- to govern. "In no community whatsoever," Plato says in the *Statesman*, "could it happen that a large number of people received this gift of political wisdom and the power to govern by pure intelligence which would accompany it. Only in the hands of the select few or of the enlightened individual can we look for the right exercise of political power which is itself the one true constitution." "It makes no difference," he comments, "whether their subjects be willing or unwilling." (10) Thus, for Plato, the discovery of the common good requires the existence of a ruling elite, whose purpose it is to consult the unchanging and truthful "Form of the Good" and to construct, like an artist, he says, a society in its image. (11) What Plato desired was the replacement of the "opinions" of politics by the "truth" of philosophy. And the constituency of the philosopher-kings, as Wolin points out, would not be the members of the community but rather the "idea of the good community." (12)

For Rousseau, on the other hand, everyone is, at least potentially, able to perceive the common good. But in order to do so individuals must ignore their private or particular will and consciously search only for the "General Will." "When a law is proposed in the assembly of the people," Rousseau says,

what is asked of them is not exactly whether they approve the proposition or reject it, but whether it is conformable or not to the general will, which is their own; each one in giving his vote expresses his opinion thereupon; and from the counting of the votes is

obtained the declaration of the general will. When, therefore, the opinion opposed to my own prevails, that simply shows that I was mistaken; and that what I considered to be the general will was not so. Had my private opinion prevailed, I should have done something other than I wished; and in that case I should not have been free.(13)

The totalism of both Plato and Rousseau is evident. Both see order as intricately connected with and indispensable for the common good; both see a vigorous state with extensive regulations as necessary for order. Thus, the state becomes the *sine qua non* of the common good. Anytime the "private good" conflicts with the "common good" the former must yield. To reiterate Plato's remark in the *Crito*, "you must do whatever (the state) commands."

b. The personalist common good.

A slightly different version of the common good is presented by the Thomist philosopher, Jacques Maritain. Being a Thomist, Maritain accepts Aristotle's dictum that man is a social animal. Not only the good life but survival itself is possible only in a social context. This raises the question: "Does society exist for each one of us, or does each one of us exist for society?"(14) Any "unilateral answer," Maritain replies, would lead to either chaos, as in the former case, or totalitarianism, as in the latter. What is required is what he calls a "bilateral answer." Maritain distinguishes between the "individual" and the "person." The individual is but "a fragment of the species, a part of the universe."(15) Since the whole is, by definition, more important than its individual components, the "individual" has value only as it contributes to the "good of the whole," i.e., only as a means. Thus, the "public good" or the "proper good of the whole" "relates the parts to itself alone and sacrifices them to itself."(16)

But if the individual is only a part, the person, on the other hand, is a whole, or an end in himself. Maritain, therefore, arrives at the seemingly anomalous position that "society is a whole composed of wholes." The "tension" between the human being as person and the human being as individual, between the common good and the public good, is only apparent, he believes. It is resolved by a double or dialectical movement of "reci-

procal subordination": the individual can be sacrificed for the common good; but the common good, in turn, must "flow back" to the person.(17)

More concretely, the common good obtains when "the concrete person gains the greatest possible measure, compatible with the good of the whole, of real independence from the servitudes of nature."(18) This entails both rights and correlative duties. Man's rights include "the right to exist, to keep one's body whole, to found a family . . . , the right of association, the right to the private ownership of material goods." It also includes the right to work and to freely choose one's occupation, the right to a "just wage" and the right to relief, unemployment insurance, sick benefits, social security and the like.(19) Since these rights are "grounded on the very nature of man," says Maritain, they "are inalienable."(20)

As for man's duties, Maritain comments that "unlike a farmer's cooperative or a scientific association, which require the commitment of only part of the interests of the members, civil society requires the citizens to commit their lives, properties and honor."(21) But, he maintains, there is no contradiction between the person's inalienable rights and the individual's duty to, if necessary, sacrifice even his life for the good of society:

. . . the sheer fact of existing is neither the supreme good nor any one of the absolute goods to which the person as such is ordained. It is, however, the first prerequisite condition of the person's ordination to these goods. A human life is less precious than the moral good and the duty of assuring the salvation of the community. . . (22)

While not everything that is included in Maritain's version of the common good requires the state, certainly some, perhaps most, do.

We have two distinct versions of the common good justification for the state. The personalist common good of Maritain, building on the philosophical substructure laid by St. Thomas Aquinas, differs from the totalist common good of Plato and Rousseau in its emphasis on the completeness, wholeness and moral transcendence of the human person and its attempt to protect the inalienable rights of the person against the de-

mands of the majority by including them in the meaning of the common good. Thus, for Maritain, there can be rights or claims against the state, something which Plato and Rousseau, with their emphasis on total submission, could never grant. What these two versions of the common good argument for the state show is not so much an agreement on the content of the common good as the belief that the state is, regardless of the content, the indispensable agent for attaining the common good.

2. THE ARGUMENT FROM NECESSITY

A line of reasoning similar to the public-good justification for the state, although focusing more on the utility to the individual rather than the moral duty of sacrifice, is the argument from necessity advanced most articulately and consistently -- some would say ruthlessly -- by Thomas Hobbes.

Hobbes utilized the philosophical fiction of the "state of nature." According to Hobbes' mechanistic psychology, man is inelectably attracted to pleasure and repelled from pain. Since the experience of pleasure presupposes life, life becomes the greatest of all goods. The fatal flaw of life in the state of nature, he maintains, is that all men are by nature equal in the sense that any man can kill any other man. The result is complete insecurity and perpetual fear. The state of nature, says Hobbes in a particularly pungent passage, is a condition of "war, where every man is Enemy to every man." It is a condition

wherein men live without other security, than what their own strength, and their own invention shall furnish them withall . . . And the life of man (is) solitary, poore, nasty, brutish and short.(23)

This perpetual fear of violent death, endemic to the state of nature, is a powerful sensation. Since man is repelled from pain he naturally tries to extricate himself from this situation. His reason informs him that if there were a code of laws which indicated what each could and could not safely do, coupled with sufficiently powerful penalties to back it up, all would have their lives secured. Thus, if all individuals -- except, of course, the sovereign -- would surrender their "natural right" to kill, they would no longer have to fear being killed. No longer required

to fear one another, man could live in peace. Reason, continues Hobbes, also informs man how to attain this condition: each individual will remove himself from the state of nature by contracting with others similarly situated to submit to a "common sovereign," who would be limited only by the extent of his power.

Man contracts out of the state of nature because such a condition is absolutely intolerable. He submits to the sovereign because submission is instrumental in experiencing pleasure, i.e., because of the benefits accruing from the existence of the state. And what benefits accrue? Hobbes' answer is, like Plato's, everything. Without the security supplied by the sovereign, says Hobbes,

there is no place for Industry; because the fruit thereof is uncertain: and consequently no Culture of the Earth; no Navigation; nor use of the commodities that may be imported by Sea; no commodious Building; no Instruments of moving, and removing such things as require much force; no Knowledge of the face of the Earth; no account of Time; no Arts; no Letters; no Society; and which is worst of all continuall feare, and danger of violent death.(24)

In contrast to Plato's state, which would supply practically everything, Hobbes' sovereign would provide only security. However, this seemingly significant difference dissolves when we realize that, for Hobbes, such security is the prerequisite for everything else. Hence, like Plato, Hobbes believes that all of the social benefits we experience on a daily basis flow from the state.

The crucial difference between Hobbes and the common-good advocates is that the latter believe that since the individual benefits from the state he has a corresponding moral duty to obey. No such duty exists for Hobbes. Self-preservation is the only law. The individual is under no moral obligation to obey the sovereign. He does so only because and so long as his life is better secured by submission than revolt.

3. THE ARGUMENT FROM CONVENIENCE

An argument similar to but more moderate than the Hobbesian-necessity justification of the state is pro-

vided in John Lock's argument from convenience.

Like Hobbes, Lock begins with man in a state of nature. As we have already seen, Locke maintains that individuals have the right to "life, liberty and property." The law of nature, he states, "teaches all Mankind who will but consult it that being equal and independent, no one ought to harm another in his Life, Health, Liberty or Possessions." (25) Furthermore, believes Locke, man is naturally both sociable and reasonable, and most people do consult the law most of the time. Thus, in contrast to Hobbes, Locke depicts life in the state of nature as characterized not by perpetual war of all against all but, in general, by peaceful relations among individuals. Consequently, while Hobbes derived society and all of its benefits from the state, Locke sees society as prior to the state.

Nevertheless, since not everyone consults the natural law all of the time, there is a nagging element of uncertainty for which the establishment of government is the remedy. (26) While Hobbes felt that life in the state of nature was "solitary, poore, nasty, brutish and short," Locke viewed it as inconvenient. Only the state, he argues, can eliminate this residual uncertainty by translating the moral natural law into "an established, settled, known Law." Only the state can prevent the abuse that naturally results from each individual being the judge in his own case by establishing a "known and indifferent Judge, with Authority to determine all differences according to the established Law." And finally, only the state can render the execution of this law less dangerous and uncertain by establishing an executive and investing him with the "Power to back and support the sentence, when right and to give it due Execution." (27)

For all of these reasons, for a legislature, for an executive and for an independent judiciary, Locke believes that the state, while not perhaps necessary, is certainly very convenient.

4. THE ARGUMENT FROM NATURAL RIGHTS

An argument that bears some similarity to the Lockean-convenience justification for government is the argument from natural rights advanced by Herbert Spencer.

Spencer himself subscribed to the Lockean-natural

rights position: "Clearly the conception of 'natural rights' originates in the recognition of the truth that if life is justifiable, there must be a justification for the performance of acts essential to its preservation; and, therefore, a justification for those liberties and claims which make such acts possible." (28)

But if every individual does in fact have a natural right to "life, liberty and property," then they must also have a corresponding obligation to refrain from interfering with the equal rights of others. This is what Spencer refers to as the "law of equal liberty." While similar to traditional Lockean doctrine in its emphasis on individual freedom, the argument from natural rights has the merit of rendering (29) the Lockean social contract expedient for justifying government irrelevant. For if these natural rights are indeed universally valid, it makes no difference whether any particular individual personally consented to obey the state or not. So long as the state protects rather than violates these rights it is legitimate, and its policies are legitimately binding on all individuals. (30)

5. THE ARGUMENT FROM UTILITY

What is often thought to be one of the most powerful arguments for government is utilitarianism, an argument advanced in one form or another by numerous writers, but commonly associated with the late eighteenth century leader of the English Philosophical Radicals, Jeremy Bentham.

Bentham contemptuously dismisses natural law, tradition and contract, stating that they are nothing more than "nonsense." The only standard of right and wrong, Bentham asserts, following Thomas Hobbes and David Hume, is the "principle of utility." "All other principles than that of utility must be wrong." (31) And what, precisely, is meant by utility? Bentham's answer is, simply, the excess of pleasure over pain. "A thing is said to promote the interest . . . of an individual when it tends to add to the sum total of his pleasures; or, what comes to the same thing, to diminish the sum total of his pains." Thus, pleasure and pain are, he proclaims, the "standard of right and wrong," of good and evil. (32) Bentham now makes two crucial assumptions: first, he maintains that the only differences between various types of pleasures and pains are quantitative, and not qualitative, and that these quanti-

ties are susceptible to precise measurement, thereby permitting the determination of the net amount of pleasure -- or pain -- for any individual in a given period of time or for a given activity; second, Bentham assumes that each person is identical to every other and that all are to count -- or be counted -- equally.

Based on these assumptions, Bentham logically concludes that (a) the sum total of "social utility" can be ascertained by adding together all individual utilities and subtracting from this total the sum of all individual disutilities; and (b) since all individuals are to be counted equally the only moral policy is for "the legislator" to maximize "social utility" by adopting policies tailored to the formula of "the greatest good for the greatest number." "A measure of government may be said to be conformable to or dictated by the principle of utility," says Bentham, "when . . . the tendency which it has to augment the happiness of the community is greater than any which it has to diminish it."(33)

While they were confident that they had uncovered the key for evaluating government activities, it should be noted that by and large the utilitarians -- at least the early utilitarians -- believed that their formula dictated a weak and rather passive state. The best judge of an individual's utility was, of course, the individual. If, therefore, government were restricted to the classical liberal ideal of protecting life, liberty and property, and each individual was therefore free to maximize his own utility, the maximization of social utility would, as a general rule, follow automatically. But it should also be pointed out that over time the utilitarians saw increased government activity compatible with their doctrine.

Putting aside moral issues -- such as utilitarianism's blithe acceptance of the sacrifice of a minority provided such sacrifice is congruent with the "greatest good" formula -- utilitarianism does have a superficial plausibility. But, upon examination, as John Hallowell has remarked, it "turns out to have no practical significance at all."(34) In one sense(35) individuals always act to maximize their utility. But it is certainly not true that one can add little bits or pieces -- or "lots," to use Bentham's term -- of pleasure and then "measure" one's utility by subtracting pieces or "lots" of pain.(36) Even more serious is Bentham's assumption of the equality of all individuals. As

Mulford Sibley pungently notes, this can be justified on moral or natural rights, but certainly not on utilitarian, grounds.(37) One may speak in hypothetical terms, as economists seem so fond of doing, of individual "utiles," but, even granting the very dubious proposition that one may "quantify" one's "utility scale," we still have no warrant for supposing that one individual's sensations of pleasure and pain, and thus his "utility scale," is the same as another's. "We do not need to be slavish behaviorists," Professor Lionel Robbins comments,

to realize that here is not scientific evidence. There is no means of testing the magnitude of A's satisfaction as compared with B's. If we tested the state of their blood-streams, that would be a test of blood, not satisfaction. Introspection does not enable A to measure what is going on in B's mind. There is no way of comparing the satisfaction of different people.(38)

How, for example, can we really know whether the amount of pleasure Jones receives from being exposed to the aroma of P-U Pipe Tobacco is greater or less than the pain or discomfort Smith undergoes by the same exposure? Thus, the "greatest happiness" formula, upon which the entire Benthamite-utilitarian edifice is built, is itself based upon an unproven, unprovable and clearly arbitrary assumption.(39) In short, despite its seeming simplicity and plausibility, Bentham's utilitarianism affords no test whatsoever as to whether government action is justified in any particular case.

A much more sophisticated version of the classical utilitarian doctrine is found in the "collective goods" and "externalities" or "neighborhood effects" arguments of many contemporary economists and social scientists.

The government, it is argued, is necessary to supply certain goods and services that are generally considered to be (a) essential, or at least highly desirable, and (b) incapable, or impracticable, of being supplied on the market. This incapacity derives from the belief that particular goods and services cannot, by their natures, be divided into marginal units and sold to individual buyers. Consequently, in order for such a good to be supplied to anyone, it must be supplied to everyone, i.e., it is a collective good. The reasoning behind the collective goods justification for

government is as simple as it is persuasive. If payments for the collective good were voluntary the rational individual will, quite naturally, cease payment, since he would continue to receive the benefits of the good or service irrespective of his individual contribution. But since everyone will reason in the same fashion, no one will pay and the collective good, which everyone presumably desires -- and in fact considers essential -- will not be provided to anyone. National defense is a good example. If Jones were to purchase protection from a nuclear attack, then his next door neighbor, Smith, will receive simultaneous protection, regardless of his payment, and vice versa. It is impossible to defend one without likewise defending the other. Thus, Jones would leave payment up to Smith and Smith would leave it up to Jones. The result is that neither would pay, and thus, the "collective good" of national defense, which both desire, would be supplied to neither. Therefore in the area of collective goods, rational action leads to irrational results.

Now it is certainly conceivable, especially in a very simplified two-person interface situation like that above, that Jones and Smith could arrive at some compromise agreement in which both would share a portion of the cost. But such agreements become progressively more difficult, and thus costly, the greater the number of people involved, so that while providing these goods on the market might be theoretically conceivable, it is pragmatically impossible. As Gordon Tullock points out:

In many cases the bargaining costs are so high that in ordinary speech we would say that bargains were impossible. We turn, therefore, to some type of collective decision-making process; that is, some arrangement under which individuals are compelled to carry out the wishes of others. Thus we finally come to the role of the state, and this role superficially appears to be a very modest one -- that of reducing the costs of bargaining.(40)

In short, certain goods and services, like national defense, police and court services, pollution control, education, roads, parks and the like, are thought to be both (a) essential and (b) collective, or at least "quasi-collective." It is therefore argued that they cannot be supplied without some degree of coer-

cion, and that as a result they imply the existence of the state.(41)

A second, similar argument is that of "externalities" or "neighborhood effects." The usual definition of an externality is an action taken by an individual or group that "will have some effect on a third person."(42) Externalities, it should be noted, can be either good - "economic" -- or bad -- "diseconomic." An example of an "external economy" would be an agreement by farmers Hayseed and Corncob to underwrite the construction costs of a new dam. The two farmers, it is true, will benefit from the dam, but so too will farmer Pitchfork, whose farm is just down river, even though he assumed none of the cost of the dam construction. Pitchfork, in this case, is the beneficiary of an "external economy." Examples of "external diseconomies" are just as easy to find. Ray Crockpot and Colonel Sandwich construct a Golden Arch Hamburger operation in a prime location, which just happens to be next door to a home owned by Fred Middleclass. The two operators begin selling their special Jumbo Burgers. Unfortunately for Fred, as Jumbo Burgers catch on he finds that his formerly nice, neat, well-manicured lawn is now strewn with Jumbo Burger wrappers. And the value of his property declines as a direct result of the presence of Golden Arch Hamburgers.

The presence of externalities is turned into a justification for government by coupling it with the argument that those receiving external economies are "free riders" who ought to be made to pay for such benefits, while those subject to external diseconomies are being exploited and deserve compensation. The instrumentality by which these coerced transactions are to be implemented is, of course, the government.

The problem is that not only are externalities easy to find, if their definition, that they "effect" any third party, is taken literally, they are, as Tullock notes, "innumerable and omnipresent."(43) Our earlier example of Smith's and Jones' exposure to P-U Pipe Tobacco illustrates this. If Jones enjoys the aroma he would receive an external economy or utility in the summer by living next door to Wells, who smokes P-U outside in the summer, but an external diseconomy or disutility in the winter when Wells smokes his pipe inside and the windows are closed. Conversely, Smith, who lives on the other side of Wells, receives an external economy in the winter when Wells smokes his pipe

indoors, and an external diseconomy in summer when he must put up with the smell or close his own windows.

No one seriously proposes to eliminate, or even to require compensation for, all externalities. The government, according to the modern utilitarians, would only concern itself with the most serious externalities, i.e., only when the expected cost of government action is less than the actual cost of the externality.(44) Thus, while Wells could smoke his pipe with his windows open or closed, farmer Pitchfork would no doubt be required to bear his "fair share" of the cost of the dam, and Fred Middleclass might receive compensation from Golden Arch Hamburgers.

In brief, the modern variant of the utilitarian creed argues that "the role of government," as Milton Friedman says,

is to do something that the market cannot do for itself, namely, to determine, arbitrate, and enforce the rules of the game. We may also want to do through government some things that might conceivably be done through the market but that technical or similar conditions render it difficult to do in that way. These all reduce to cases in which strictly voluntary exchange is either exceedingly costly or practically impossible. There are two general classes of such cases: monopoly and similar market imperfections [collective goods] and neighborhood effects [externalities].(45)

6. THE ARGUMENT FROM LIBERATION

Laissez-faire liberalism, whether from the Lockean natural rights or the Benthamite utilitarian variety, held sway in theory, if not always in practice, throughout much of the nineteenth century. This view, as we have seen, emphasized the freedom of the individual from outside coercion by others or by the state itself. No individual had any legal claim on any other and the only legal obligation was to leave each other alone. The only proper function of the state, especially as far as the Lockean natural rights advocate was concerned, was simply to supply a framework wherein the freedom of the individual in the sense of freedom from outside force would be secured.

A transformation of this classical liberal view of freedom occurred largely, but certainly not solely, through the influence of the British Idealist philosopher, Thomas Hill Green. Green was instrumental in altering the common meaning of the term liberty from the negative view adhered to by liberals from Locke and the Benthamite Radicals to Herbert Spencer, to a positive view, which has come to prevail in our century. Liberty did not mean, said Green, freedom from outside constraint but freedom to do certain things. We shall probably all agree, says Green, that freedom, "rightly understood," is the greatest of all blessings. But

we should carefully consider what we mean by it. We do not mean merely freedom from restraint or compulsion . . . We do not mean a freedom that can be enjoyed by one man or set of men at the cost of freedom to others. When we speak of freedom as something to be highly prized, we mean a positive power or capacity of doing or enjoying something worth doing or enjoying. . . (46)

Philosophically, the jump from Lockean individualism to Greenian organicism, from what Sabine terms the old to the new liberalism(47) is not as great as it may seem at first. For Green explicitly rejected Hegel's glorification of the state and, in a statement that could have been written by Locke himself, noted that "we cannot significantly speak of freedom except with reference to individual persons." (48) Thus, in retaining individual freedom as the goal of state action, Green remained true to the spirit of liberalism. But in altering the definition of freedom to cope with the conditions of poverty, disease and ignorance he believed were created and perpetuated by the Industrial Revolution, he deviated from the letter of the old liberal doctrine. It is in the significantly invigorated role of the state, entailed by his positive view of freedom, that Green's radical departure from classical liberalism is to be found. It is, in other words, not in the philosophical principles or goals but in the methods of implementing or realizing them that the differences between the old and new liberalisms are found.

Following the tentative suggestions of John Stuart Mill in *On Liberty*(49) that "a State ought to be considered as a great benefit society, or mutual insurance company, for helping (under the necessary regulations

for preventing abuse) that large proportion of its members who cannot help themselves," Green maintained that the State ought not always to be seen simply as an agent for limiting individual freedom. On the contrary, it can be a vital and positive force in extending freedom. The classical liberals, he maintained, had only a "one-sided view of the function of laws; the view viz., that their only business is to prevent interference with the liberty of the individual." Classical liberalism was indeed valuable in that it helped to get rid of many "laws which . . . were really mischievous." But its one-sidedness limited its usefulness.

Having done its work, the theory now tends to become obstructive, because in fact advancing civilization brings with it more and more interference with the liberty of the individual to do as he likes, and this theory affords a reason for resisting all positive reforms, all reforms which involve an action of the state in the way of promoting conditions favorable to a moral life.(50)

The negative view of freedom, for example, has as its corollary the absolute right of contract. But often the existing economic conditions weight the terms of the contract against the worker. The result is a perpetuation of such unnecessary, and therefore inexcusable, social maladies as poverty and disease. By limiting such "freedom," or "ignorant license," the state may, says Green, actually increase the "general freedom of its members." Every injury to the health of the individual is, he argues in his lecture, "Liberal Legislation and Freedom of Contract,"

a public injury. It is an impediment to the general freedom . . . to make the best of ourselves. Society is, therefore, plainly within its rights when it limits freedom of contract for the sale of labor, so far as is done by our laws for the sanitary regulation of factories, workshops, and mines. It is equally within its right in prohibiting the labor of women and young persons beyond certain hours . . .

It is similar for such things as education. Without a basic education,

the individual in modern society is as effectually crippled as by the loss of a limb or a broken constitution. He is not free to develop his faculties. With a view of securing such freedom among its members it is as certainly within the province of the State to prevent children from growing up in that kind of ignorance which practically excludes them from a career in life, as it is within its province to require the sort of buildings and drainage necessary for public health.(51)

In short, rather than being merely the negative deterrent as seen by the classical liberals, the state, for Green, has the power to "hinder the hindrances," to "remove the obstacles," to freedom. Thus the state, says Green in laying the philosophical basis for the modern welfare state, can, and ought to be, a liberating agent.

7. THE ARGUMENT FROM ECONOMIC JUSTICE

John Rawls' recent *A Theory of Justice* is in many ways similar to the position of T. H. Green. In the writings of both one finds an ardent and articulate defense of the modern welfare state. However, while Green's justification was based on the liberating capacity of the state, Rawls provides an argument from social or economic justice.

Briefly, Rawls is interested in establishing the principles for a just social order. To do so he utilizes the Lockean expedient of the hypothetical social contract. We are to imagine, he says, "that those who engage in social cooperation choose together, in one joint act, the principles which are to assign basic rights and duties and to determine the division of social benefits . . . Just as each person must decide by rational reflection what constitutes his good, that is, the system of ends which it is rational for him to pursue, so a group of persons must decide once and for all what is to count among them as just and unjust."(52) However, to make the choice truly fair, individuals in this "original position" must be placed behind a "veil of ignorance." For, as Rawls notes, prior knowledge of one's later position or status in society would no doubt have an influence on his choice of just principles. "For example, if a man knew that he was wealthy, he might find it rational to advance the principle that various taxes for welfare measures be counted unjust;

if he knew that he was poor, he would most likely propose the contrary principle." The principle of fairness dictates that all prior knowledge of one's future social position be withheld. Now, "since all are similarly situated and no one is able to design principles to favor his particular condition, the principles of justice are the result of a fair agreement or bargain."(53)

And what would the rational individual in this "original position" choose? Two principles would be chosen, Rawls informs us without hesitation: "the first requires equality in the assignment of basic rights and duties, while the second holds that social and economic inequalities, for example inequalities of wealth and authority, are just only if they result in compensating benefits for everyone, and in particular for the least advantaged members of society."(54) Quite clearly, the second principle, which Rawls terms the "difference principle," means that a truly just, or Rawlsian, society would have strict limits on the range of permissible economic inequalities.

Just how much inequality would be permissible under the "difference principle" is difficult to say. Fortunately, it is irrelevant for our purposes. What is clear is that Rawls embraces what Robert Nozick has termed an "end-state" or patterned theory of justice. That is, a society is considered just provided the distribution of wealth is in accordance with a particular pattern or design.(55) The important point here is that, as Nozick points out, "no end-state or distributional patterned principle of justice can be continuously realized without continuous interference with people's lives."(56) Since a patterned theory of justice like Rawls' presupposes "continuous interference" to maintain the pattern it obviously necessitates a large and very active state.

Rawls is perfectly aware of this as the functions he assigns to his state indicate. Beyond the usual functions of government, Rawls proposes an "allocation branch" charged with, among other things, "identifying and correcting, say by suitable taxes and subsidies and by changes in the definition of property rights, the more obvious departures from efficiency caused by the failure of prices to measure accurately social benefits and costs." There would also be a "stabilization branch" designed to "bring about reasonably full employment," and a "transfer branch," assigned the re-

sponsibility of insuring everyone a "social minimum." And finally there would be a "distribution branch" whose task would be "to preserve an approximate justice in distributive shares by means of taxation and the necessary adjustments in the rights of property."(57)

What is of concern here is not so much the size of the state or the particular activities it would undertake as the realization that if justice can be shown to mandate a particular pattern of wealth distribution, then the state, which the patterned theory entails, is *ipso facto*, justified.

8. CONCLUSION

The above brief survey certainly makes no claims to completeness. No mention was made of Aristotle or St. Augustine, Burke or Hegel. But the survey did present a variety of arguments for government from a variety of viewpoints:

1. The "common good" argument of Plato, Jean-Jacques Rousseau, and Jacques Maritain that all or most of the components of the "good life" require conscious direction and coordination and thus presuppose the state;
2. The "necessity" argument of Thomas Hobbes that while not all of the benefits of society presuppose the state, they do presuppose order which, in turn, presupposes the state;
3. The "convenience" argument of John Locke that while order doesn't necessarily presuppose the state, the state does render the natural social order more stable;
4. The "natural rights" argument of Herbert Spencer that the state is, if not necessary, at least justified provided it is limited to the protection of man's rights of "life, liberty and property";
5. The "modern utilitarian" argument of Gordon Tullock and others that the state is necessary to supplement the shortcomings of the market in two crucial areas,

collective goods and externalities;

6. The "liberation" argument of T. H. Green that a strong and vigorous state can augment individual freedom by eliminating obstacles to liberty; and
7. The "economic justice" argument of John Rawls that a strong and vigorous state is necessary in order to preserve the pattern of wealth distribution compatible with a just society.

This compilation of arguments for government will prove to be an invaluable aid in assessing the capabilities, the strengths as well as the weaknesses, of the individualist anarchist paradigm, and we will return to it after our presentation of that paradigm.

FOOTNOTES

(1) Plato, "The Crito," *Great Dialogues of Plato*, eds. Eric Warmington and Philip Rouse (New York: Mentor, 1956), p. 456.

(2) Ibid. The totalitarian implications of Plato's philosophy are made clear in Karl Popper's excellent, if controversial, *The Open Society and its Enemies, The Spell of Plato*, Vol. 1, (Princeton: Princeton University Press, 1966).

(3) Mulford Sibley, *Political Ideas and Ideologies* (New York: Harper and Row, 1970), p. 61. Also see George Sabine, *A History of Political Theory* (New York: Henry Holt and Co., 1937), p. 35: The ancient Greek schools "mark the beginning of European philosophy, especially in its relations with politics and other social studies. In this field the writings of Plato and Aristotle were the first great pioneering operations in the European intellect."

(4) In Sheldon Wolin, *Politics and Vision* (Boston: Little, Brown and Co., 1969), p. 40.

(5) Wolin, pp. 38-43.

(6) Plato, "The Republic," *Great Dialogues of Plato*, eds. Eric Warmington and Philip Rouse (New York: Mentor, 1956), p. 233.

(7) The identity is not, of course, accidental. Rousseau acknowledges that his primary influence was Plato. See Robert Nisbet, "Rousseau and the Political Tradition," in *Tradition and Revolt* (New York: Random House, 1968), p. 29 fn 22. Nisbet's article is the clearest and best presentation of Rousseau's thought that I have read. While Nisbet makes clear the totalitarian implications in Rousseau's thought, the tremendous impact of Rousseau on later European thought and action, especially during the French Revolution, is outlined in J.L. Talmon's masterful study, *The Origins of Totalitarian Democracy* (New York: Norton, 1970).

(8) Jean-Jacque Rousseau, *The Social Contract* (New York: Washington Square Press, 1967), p. 17.

(9) Ibid., p. 18.

(10) Plato, "The Statesman," *Political and Social Philosophy*, eds. Charles King and James McGilvray (New York: McGraw-Hill, 1973) pp. 36 and 41. We need not deal here with how the select few are to be discovered. Suffice it to say that in Book II Section 7 and Book III Section 8 of "The Republic," Plato does outline in considerable detail a rigorous educational ordeal for this purpose.

(11) Plato, "The Republic," pp. 298-99.

- (12)Wolin, p. 46.
- (13)Rousseau, p. 113.
- (14)Jacques Maritain, *The Person and the Common Good* (Notre Dame, Ind.: Notre Dame Press, 1972), p. 11. For a clear, if less than critical, presentation of Maritain's rather complicated and sometimes difficult argument see Charles Fecher, *The Philosophy of Jacques Maritain* (Westminster, Md.: Newman Press, 1953), pp. 197-226.
- (15)Maritain, p. 38.
- (16)*Ibid.*, pp. 50-51.
- (17)*Ibid.*, pp. 65-66.
- (18)*Ibid.*, p. 54.
- (19)See Jacques Maritain, *Man and the State* (Chicago: University of Chicago Press, 1951), p. 114.
- (20)*Ibid.*, p. 101.
- (21)Maritain, *The Person and the Common Good*, p. 54. Also see p. 68.
- (22)*Ibid.*, pp. 66-67. "And when. . . man freely accepts death," Maritain remarks, "not as an enslaved fanatic or blind victim, but as a man and a citizen, for the sake of his people and his country, in that very act of extraordinary virtue, he affirms at the same time the supreme independence of the person in relation to the things of this world. In losing itself, in the temporal sense, for the sake of the city, the person sacrifices itself, in the most real and complete fashion. Yet the person is not defeated. The city still serves it because the soul of man is immortal and because the sacrifice gives grace one more change." p. 66.
- (23)Thomas Hobbes, *Leviathan* (New York: Washington Square Press, 1969), pp. 84-85.
- (24)*Ibid.* For a modern variation of the Hobbesian argument see Winston Bush, "Individual Welfare in Anarchy," *Explorations in the Theory of Anarchy*, ed. Gordon Tullock (Blacksburg: Center for the Study of Public Choice, 1972), pp. 5-18.
- (25)John Locke, "Second Treatise," *Two Treatises of Government*, ed. Peter Laslett (New York: New American Library, 1963), p. 311.
- (26)It is clear that there is more than a grain of truth in Professor Leo Strauss's observation that Locke is really Hobbes in sheep's clothing. But, while Locke may be Hobbes in sheep's clothing, he is not just that. See Leo Strauss, *Natural Right and History* (Chicago: University of Chicago Press, 1953).
- (27)Locke, pp. 395-99.
- (28)Herbert Spencer, *The Man Versus the State* (Caldwell, Idaho: Caxton, 1960), p. 196.

(29) Or should render. Spencer unfortunately muddled the waters of his own argument by introducing a contractual argument for government. But, as Ellen Paul has persuasively argued, the natural rights position is in conflict with the contract position: "If natural rights are proved then consent of individuals to government is purely extraneous to the question of legitimacy" and is, therefore, "in contradiction to a natural rights position." See her, "Contra Spencer and Nozick: The Time Frame Theory of Governmental Legitimacy" (Paper Presented at the American Association for the Philosophic Study of Society, October 6, 1977), pp. 10-11. Also see Williamson Evers, "Social Contract: A Critique," *The Journal of Libertarian Studies* (Summer 1977), pp. 185-94. For the same argument from a utilitarian point of view see David Friedman, *The Machinery of Freedom* (New York: Harper and Row, 1973), pp. 173-78.

(30) Some contemporary philosophers who argue in a Spencerian-natural rights vein are Robert Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), and John Hospers, *Libertarianism* (Santa Barbara, Cal.: Reason Press, 1972). Also of interest is Ellen Paul, op. cit., and Jeffrey Paul, "Anarchism and Natural Rights," (Paper Presented at the American Association for the Philosophic Study of Society, October 6, 1977).

(31) Ibid., pp. 17-18.

(33) Ibid., p. 18.

(34) John Hallowell, *Main Currents in Modern Political Thought* (New York: Rinehart and Winston, 1950), p. 213.

(35) This is the sense which renders utilitarianism tautological. Individuals are assumed always to act so as to maximize their utilities; but one discovers what individuals believe will maximize their utilities by looking at their actions. See Ludwig von Mises, *Human Action* (Chicago: Henry Regnery, 1963), pp. 11-29.

(36) See J. W. Allen, "Jeremy Bentham," *The Social and Political Ideas of Some Representative Thinkers of the Revolutionary Era*, ed. F. J. C. Hearnshaw (New York: Barnes and Noble, 1967), pp. 192-93.

(37) Sibley, p. 493.

(38) Lionel Robbins, *The Nature and Significance of Economic Science* (London: Macmillan and Co., 1962), pp. 139-40.

(39) For a brilliant critique of utilitarianism from a slightly different angle see John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971), pp. 22-23.

(40) Gordon Tullock, *Private Wants, Public Means* (New York: Basic Books, 1970), p. 47.

(41) For arguments similar to Tullock's see Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1965); Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1969), pp. 27-32. A good succinct explanation of the "collective goods" argument is presented in George Bach, *Economics* (Englewood Cliffs: Prentice Hall, 1968), pp. 470-71. Also relevant is James Buchanan and Gordon Tullock, *The Calculus of Consent* (Ann Arbor: The University of Michigan Press, 1962), and James Buchanan, *The Limits of Liberty* (Chicago: University of Chicago Press, 1974).

(42) Tullock, p. 71.

(43) *Ibid.*, p. 42. Also see Paul Samuelson, "The Pure Theory of Public Expenditures and Taxation," *Public Economics*, eds. J. Margolis and H. Guitton (London: Macmillan, 1969), p. 108.

(44) See, for example, Buchanan and Tullock, p. 52.

(45) Friedman, pp. 27-28.

(46) T.H. Green, quoted in Lane Lancaster, *Masters of Political Thought, Hegel to Dewey*, Vol. III (Boston: Houghton Mifflin, n.d.), pp. 213-14.

(47) Sabine, pp. 498-500. For an in-depth examination of the two liberalisms and their contrasting views of freedom see Isaiah Berlin, *Four Essays* (New York: Oxford University Press, 1970).

(48) T. H. Green, *Lectures on the Principles of Political Obligation* (Ann Arbor: The University of Michigan Press, 1967), p. 8. "Hegel's account of freedom as realized in the state," Green goes on to say, "does not seem to correspond to the facts of society as it is, or even as, under the unalterable conditions of human nature, it ever could be. . ." *Ibid.*

(49) J. S. Mill, quoted in Lancaster, p. 205 fn.

(50) Green, P. 39.

(51) Green, quoted in Lancaster, p. 215.

(52) Rawls, pp. 11-12.

(53) *Ibid.*, pp. 18-19 and p. 12.

(54) *Ibid.*, pp. 14-15.

(55) Nozick, pp. 153-60.

(56) *Ibid.*, p. 163.

(57) Rawls, pp. 274-84.

Philosophical Anarchism

While it is erroneous to consider anarchism merely as a particular type of socialism, it is no doubt true that, with a few notable exceptions such as Max Stirner, John Henry Mackay, Gustav de Molinari, and more currently, S. E. Parker, European anarchism has been collectivist-oriented, advocating small worker-controlled communities where property would be owned by the community rather than the individual. While less pronounced in Proudhon than in Bakunin, and somewhat less in Bakunin than in Kropotkin, this collectivist orientation is clearly the dominant tradition among European anarchists.

This orientation can probably be attributed, in large part at least, to environmental factors. Regulation, whether by the central state or by some other governmental body, was an ever-present fact of life throughout European history. Consequently, there was little separation between state and society. Oppenheimer, for example, remarks that in Germany "the two terms were used as synonymous." And Emil Kauder points out that in Austria the Hapsburg monarchy refused to permit the publication of any textbook based on the principles of Adam Smith until 1848. "In the eyes of the Vienna censor," Kauder says, "Adam Smith was a revolutionary. The principle of laissez faire ran counter to old Austrian statesmanship and social philosophy." (1)

During the feudal period there were manors under the absolute control of the lords. The modern state emerged when the rising capitalist class found it necessary to destroy feudalism in order to extend their markets. To do so, however, required the concentration of power in the central government. And so long as they controlled the state, they found little interest in decentralizing power once the destruction of the feudal system had been completed. This meant that nearly all markets were strictly regulated by the state and for the interests of the capitalist class. (2) It also meant that being regulated by the state, markets could not fulfill their crucial function of indicating priorities and coordinating production by means of the dissemination of economic information throughout the

society. It is not surprising, therefore, that the European anarchists did not adhere to individualist premises. Their only experience with a market economy was one hampered by government restrictions established primarily for the benefit of particular members of the capitalist class. But the only alternative to the market as a method of economic coordination is some form of direct control, and since the state was to be eliminated, there was no possible method of implementing economic coordination on a large scale. Hence, it was quite natural for the European anarchists to opt for small autarkic or semi-autarkic, worker-controlled communities where production would be directly controlled by all the members.

American anarchism was just as individualist as European anarchism was collectivist. And this too can probably be explained by environmental factors. Attempts were made to transplant the European feudal structure in colonial America by means of royal and proprietary colonies that regulated nearly every aspect of life and demanded a rigid conformity. The Puritans of the Massachusetts Bay Colony, says Eunice Schuster, "demanded of each individual absolute conformity to a strict code of thought and action -- a code immutable, divinely conceived, and ordained by God."⁽³⁾ But these "feudal thrusts," almost without exception, failed due to one condition absent in Europe, the open frontier. Hence, says Rothbard, "not only relative freedom, but even outright anarchist institutions grew up early in the interstices between the organized, despotic English colonies."⁽⁴⁾ Individualism can be seen as a natural outgrowth of frontier conditions. As Schuster notes:

The period under consideration was a period of westward expansion. Only a small portion of the country had even been observed by white men. To the West lay land to be had for the taking of it. The West was still a haven of escape. If conditions became unbearable, or business failed, it was still possible for a courageous, adventurous family to assemble its worldly goods and try its fortune in the West. If they survived the attacks of the Indians, the rigors of the climate, crop failures, and all the trials of pioneer life, they did so by good fortune and their own physical strength. In general they did not want the government to interfere with them. The government had not assisted them

in their personal struggle. They asked only complete personal sovereignty. And although practice tended to build up fairly rigid codes of social behavior, an individualism which broached no organized or governmental force was the natural product of pioneer life.(5)

Thus, the conditions of American life produced a pragmatic individualism that "asked government to interfere only when it was to the advantage of the particular group to do so."(6) This individualism resulted in an antistatist ethos that at times reached outright anarchism. It is therefore not surprising to find, as Corinne Jacker has remarked, that "the most recent form of anarchism to develop, individualist anarchism, was found almost entirely in the United States."(7)

The difference between the two broad types of anarchism can be briefly summed up in the fact that while collectivist anarchism manifests itself in the form of a radical democracy, philosophical anarchism gives primacy to the "sovereignty of the individual."

American or philosophical anarchism can be divided, chronologically, into two distinct stages. The first stage can be dated from the early seventeenth century to the first half of the nineteenth century. It was generally religious in its inspiration and "negative" in that while it supplied some excellent critiques of secular authority, its only alternative to government lay in rather vague exhortations to live according to the Christian Law of Love.

Early representatives of this negative anarchism would include the Antinomians, led by Anne Hutchinson, who settled in Rhode Island in the 1630's and the early Quakers, who settled in Pennsylvania in the 1680's. Both groups required that the individual follow God's Law, which was, in the words of Quaker Robert Barclay, "written within, on the table of the heart."(8) This clearly placed the individual above all man-made law.(9) Later figures would include the Transcendentalists, such as Ralph Waldo Emerson and Henry David Thoreau, radical abolitionists like William Lloyd Garrison and Henry C. Wright, and such exponents of Christian communalism, or "religious perfectionism," as John Humphrey Noyes and Adin Ballou, founders of the Oneida and Hopedale Communities, respectively.(10)

The shortcomings of what Schuster aptly dubs this "adolescent anarchism" are evident in the reply of Adin Ballou to the question "What are you going to do with the wolves and tigers of human kind?" "I have a right to expect, and I do confidently expect," wrote Ballou, "that in practicing the sublime virtue of non-resistance for the kingdom of heaven's sake, God will keep all that I commit to him in perfect safety, even here on earth, as long as it is for my good to be exempted from loss and suffering. I do firmly believe that in acting out these principles steadily and consistently, I shall continue longer uninjured, longer in the enjoyment of life, longer safe from the depredations, assaults and murderous violence of wicked men, than with all the swords, guns, pistols, dirks, peace officers, sheriffs, judges, prisons and gallows in the world. If this is the faith of a fool, then I am willing to be accounted a fool, till time shall test the merits of my position." (11) Clearly, such anarchism was applicable only to a select few, living in small communities and capable of adhering to an extremely high standard of individual behavior. Its plight was best summed up by William Maccall: "Benevolence shows well on one of the Christian graces, but it cuts a poor figure as a prime social force." (12)

But beginning in the second quarter of the nineteenth century, the focus of anarchism shifted from religion to economics, from "benevolence" to "selfish interest." The thrust of anarchist thought likewise shifted from the merely negative critique of government to the development of positive alternatives that could be implemented in the absence of the state and serve to insure harmonious action among individuals.

1. JOSIAH WARREN AND THE OUTLINES FOR INDIVIDUAL SOVEREIGNTY

After listening, in 1825, to a speech in Cincinnati, Ohio, by Robert Owen, Josiah Warren joined the socialist Owenite community at New Harmony, Indiana. Warren spent about a year there, after which he returned to Cincinnati to reflect upon the causes of the sudden collapse of the Owenite experiment. Warren's thought can be seen as a reaction to his experiences at New Harmony.

The failure to recognize individual property rights, Warren believed, lay at the heart of the failure. Communal ownership entailed the accumulation of

responsibilities which made it impossible to trace the impact of any individual's actions. Consequently, all feelings of individual initiative and responsibility were lost. Furthermore, communal ownership was intended as a means to insure social cooperation. But, in Warren's view, a worse method could hardly have been found. When individual responsibilities and individual interests are accumulated, disagreements can be solved only by conflict. "If my interest were united with yours," says Warren, "and we differ at any point in its management . . . one must yield and the other must decide, or, we must leave the decision to a third party," viz., a government.(13) But disagreements, he held are an inevitable fact of nature. "There are no two objects in the universe which are precisely alike," argues Warren's follower, Stephen P. Andrews. "Each has its own constitution and peculiarities, which distinguish it from every other. Infinite diversity is the universal law."(14) But if individuality is indeed an immutable law of nature it follows that the more interests are combined the larger and more intense the scope of conflict. And the larger the conflict, the greater the need for more and stronger government. But government cannot create social cooperation; it can only enforce conformity. Further, the more government, the less control each individual has over his own life and therefore the less free he is. The solution, thought Warren, lay in the opposite direction: the disconnection, rather than the aggregation, of interests.

Since "infinite diversity is the universal law," harmony can only be attained by allowing each individual the greatest possible freedom to follow his own conscience and his own desires. Harmony, in other words, can prevail only when every individual is his own sovereign. The "sovereignty of the individual" clearly does not mean the power to attain any goal desired by the individual. Rather, it means the freedom from restraints imposed by others upon the use of one's own life and property. Only when society is broken down into its individual parts can the law of cause and effect operate and the consequences of each individual's actions be made to redound upon himself, alone. If A can shift the costs of his actions onto B, then B is not sovereign and, therefore, not free. He is a slave working for the benefit of A. Thus, freedom entails each individual "living and acting at his own cost."(15) Clearly, such a society is consistent only with the recognition of private property. As Andrews writes, "The essential condition of freedom is discon-

nection -- individualization -- disintegration of interests. The essential condition of disconnection is that that be given to each which belongs to each."(16) But disconnection should not be construed as implying isolation. On the contrary, it is argued that only when society is completely individualized can the individual parts be free to work in harmony, voluntarily combining when it is to their benefit, and acting individually when it is not. "All harmonic unity is a result of growth from the prior individuality of the separate monads."(17) Thus, Warren believed that the individualization of society permits a highly flexible social structure capable of achieving harmony without either requiring or enforcing uniformity. Individualization even permits cooperation among people with widely disparate goals. "The laborers in a manufacturing establishment," Andrews points out, "have no common interest, no partnership, no combined responsibilities. Their interests are completely individualized, and yet they work together."(18)

In short, Warren believed that society could be harmonious only if every individual were given the freedom to follow his own interests. But he could be free only if he were not involuntarily dependent upon or burdened by anyone else. Hence, the sovereignty of the individual required the complete individualization of society which, in turn, implied that every individual bear the cost of his own actions. As Warren put it:

When one's person, his labor, his responsibilities, the soil he rests on, his food, his property, and all his interests are so disconnected, disunited from others, that he can control or dispose of these at all times, according to his own views and feelings, without controlling or disturbing others; and when his promises are sacred to himself, and his person is not approached, nor his time and attention taken up, against his inclination, then the individual may be said to be practically sovereign to himself.(19)

The crucial concept in Warren's ideas is that of cost. Individuals can only remain sovereign when each bears the cost of his own actions. This means that in any exchange cost is the only just or "equitable" price, for if one receives more than the cost of the good to him he is shifting the cost of his actions onto

another, thereby violating the latter's sovereignty. Since the only equitable price was that determined by the cost to the producer rather than the value to the receiver the profit system, i.e., the view that "value is the limit of price," is accordingly denounced as a "system of civilized cannibalism by which the masses of human beings are mercilessly ground to powder for the accumulation of the wealth of the few." (20) Further, while cost was to be the moral determinant of price, Warren believed that cost, in turn was determined by labor. He did recognize, however, that an hour's labor in one occupation might not be equal to an hour's labor in another, and modified his labor theory of value to compensate for such differences. The equitable or just price was not based simply on the number of hours worked, but on "equivalent labor," and the most "repugnant" occupations, being the most "costly," were therefore to be accorded proportionally greater remuneration. If the labor of A is "doubly as costly to comfort, clothing, tools, etc.," as the labor of B, he remarks, then five hours of A's labor ought to exchange for ten hours of labor by B. This "would constitute the equitable reward of labor to both parties." (21)

True to his principle of individual sovereignty, Warren believed that the only way to determine the equivalence of different labor was to allow each individual to estimate the cost of his own labor. Competition, he believed, would tend to insure honesty:

If A sets his estimate of the making of a certain kind of coat at 50 hours, and B sets his at 30 hours, the price per hour, and the known qualities of workmanship being the same in both, it is evident that A could get no business while B could supply the demand. It is evident at A has not given an honest estimate, or, that he is in the wrong position for the general economy . . . (22)

The final price of a good, said Warren, would then be set at the average number of hours expended on its production. Thus, if the average number of hours for the production of a pair of shoes is, say, ten hours, and if one individual can produce them in only six, he can still, in justice, charge ten hours of labor. (23) Such are the principles which Warren believed constituted a viable exchange system. Price was to be based on the number of hours worked, modified by both the "repugnance" as well as the intensity of the labor. The

final price would include all labor expended including wear and tear, or depreciation, on the tools utilized in production.

Two other points should be noted. First, if individuals are to be sovereign, they must be permitted to dispose of themselves as they wish. Hence, they could hire themselves out if they so desired. Warren, therefore, had no objection to the wage system, and his doctrines lack the class consciousness found in much of the other radical literature of the period. Second, it follows from his labor theory of value that "all natural wealth" should be "rendered free and accessible to all without price." Thus Warren anticipated Henry George in condemning any unearned increment accruing from the ownership of land. A person could charge for the cost of improvements he made in the land, but he could not justly charge a price for the value of the land itself. Warren was true to his principles when he sold his property, several city blocks in the heart of the Cincinnati business district, at the cost of his own labor rather than at its value resulting from its prime location.(24)

Warren and his followers also believed that exchange based on the cost principle would eliminate speculation and price fluctuations and provide a secure and certain framework for even economic development. "Cost is a thing which looks to the past," says Andrews, "and is therefore certain. Value is a thing which looks to the future and is therefore contingent and uncertain. A bushel of potatoes lies before us. It is possible to estimate with accuracy how much human labor it ordinarily takes to produce that amount of that article, and how disagreeable the labor is compared with other kinds, and then we have the standard cost of the article; but who will undertake to say what the value of that bushel is as it stands in the market?" Thus, "every exchange based on the comparison of values," is seen as merely "speculation upon probabilities of the future and not a scientific measurement of that which already exists."(25) The result of the value principle is therefore perpetual price fluctuations and the concomitant gluts and famines. "Value being iniquitously made on the basis of price," summarized Warren

produces all the ruinous fluctuations in trade, the uncertainty of the reward of industry, and the inadequacy of its reward; it

produces poverty, and the fear of poverty, avarice, and the all-absorbing pursuit of property, without regard to the rights or sympathy for the sufferings of others, and trains us, in the absence of all knowledge or rule or right, mutually to encroach upon and invade each other; all of which, including the encroachments of governments, give rise to the INSECURITY OF PERSON AND PROPERTY.(26)

But the adoption of the cost principle would terminate all price fluctuation by providing a concrete and "scientific" basis for price determination. "All labor being equally rewarded according to its cost," says Warren, "there would be no destructive competition -- markets would be steady. . ."(27) The cost principle was viewed, therefore, as the means to insure a scientific and harmonious adaptation of supply and demand. Warren felt that the implementation of the cost principle would immensely facilitate production. And, being influenced by the environmental determinism of Robert Owen, he believed that men were essentially products of their environment. Since the increase in production would raise the standard of living, it would eliminate crime, except for occasional cases of social deviants who should be treated in hospitals rather than placed in prisons, and thus remove the need for government. As he summarized his own view of the cost principle:

Cost being the limit of price would put a stop to all fluctuations in prices and in trade, . . . compel every one to produce as much as he consumed, would distribute the burthen of labor among all, and reduce the amount of labor of each to one, two or three hours per day, would raise everyone ABOVE THE TEMPTATION TO INVADE ANOTHER, and everyone would, consequently, feel secure from any encroachments -- government and laws would not then be thought necessary, in order to restrain men from encroaching on each other, and this excuse for their existence would be swept away."(28)

Warren's attempts at the practical implementation of his principles shed more light on his ideas. He operated several "Time Stores," as he called them. The first was begun in Cincinnati in 1827, and all were operated on the principle of disconnection. The cost

that Warren paid for the goods he sold was separated from the labor of maintaining his store and the time involved in making the transactions. He then sold the goods at cost plus payment for his own time in addition to four to seven percent in overhead costs.(29) As Warren describes his own method, a storekeeper

cannot connect his remuneration with a larger article with any more certainty of doing justice to himself or his customer. If he adds three cents upon each yard of calico, as his compensation, his customers may take one yard and he does not get an equivalent for his labor. If the customer takes thirty yards, he becomes overpaid, and his customer is wronged. Disconnection of the two elements of price, and making cost the limit of each, works equitably for both parties in all cases, and at once puts an end to the higgling, the deception, frauds, and every other disgusting and degrading feature of our pecuniary commerce.(30)

Warren's ideas received greater application with the founding of several anarchist colonies at Tuscarawas, Ohio (1835-1837), "Utopia," at Clermont, Ohio (1847-1856), and "Modern Times," at Brentwood, Long Island (1850-1862). In these colonies Warren attempted to work out the practical aspects of his ideas. He devised a "community want-ad list" for the purpose of adapting supply to demand. A rather large book, consisting of three columns, was centrally located in each of these communities. Each member would consider his or her wants or demands, what he or she could supply in return, and the price per hour he or she demanded for the labor, and then mark all of this information in the corresponding columns of the book.(31) By consulting this book any individual could readily see what goods and services were most in demand and hence where his labor could be most efficiently utilized. In this way, speculation was to be eliminated and supply harmoniously and voluntarily adapted to demand according to the "scientific" principles of labor cost.

Also, Warren realized that there must be a means of facilitating indirect exchange. He rejected the use of the dollar because, not representing anything concrete, its value fluctuated violently. While it might buy three bushels of corn one day, he commented, another

er day it might only buy two bushels. Further, the fact that the right to issue money was monopolized by chartered banks meant that its money could be sold at far above its cost. Warren believed that a circulating medium which was "representative of a definite quantity of property" would prove to be a stable and therefore a just mechanism for facilitating indirect exchange. This "definite quantity of property" would be labor hours. Once exchange ratios between occupations were established by means of individual estimates of costs and an average price in hours for each occupation emerged, labor notes could circulate in place of money. All that was required was to choose "some particular kind of labor, the average repugnance of which is most easily ascertained . . . and use it as a standard of comparison . . . for measuring the relative repugnance of other kinds of labor." (32) Warren believed that this "standard" could be found in corn. If it were then found that the average production of corn was twenty pounds per hour, any occupation whose average repugnance was rated by the estimates of the members of the community at one half more difficult would then receive the equivalent in labor to thirty pounds of corn. Any occupation rated one-half less difficult would only receive the labor equivalent of ten pounds of corn. Each individual would be perfectly free to issue his own labor notes with his labor, but Warren saw no difficulty here. Anyone who exaggerated the repugnance of his labor, refused to honor, or over-issued, his own notes, would be unable to find anyone willing to accept them. (33) Warren therefore believed that necessity would compel honesty in the issue of notes. These notes would then circulate as dollars do now, but having the advantage of representing something definite and stable. Hence, if A issued a labor note to B in payment for a service and B didn't require A's type of labor, he could exchange it for an equivalent amount of labor from C, who needed the type of labor offered by A. (34)

By making each man his own banker, Warren saw another advantage in his labor note system: it would break the government-banker money monopoly and thereby reduce interest to the cost of making the transaction. The "cost" of any loan transaction, however, would include all sacrifice or burden endured by the lender, including that of uncertainty or risk. But since information on demand would be available to all, no unwanted goods would be produced. Investment would therefore be riskless and the cost or sacrifice to the

lender would be eliminated, resulting in the virtual elimination of interest. Further, since everyone would be able to issue his own notes, there would be "plenty of circulating medium always at hand." Hence, "exchange and division of labor would not be limited for want of money." (35) The result would be constant prosperity.

Such is the outline of Josiah Warren's alternative to government. As Stephen Pearl Andrews sums up Warren's outlook, the basis of social harmony is human liberty. And human liberty is grounded in "the Sovereignty of the Individual; and the sole basis upon which the exercise of that Sovereignty can rest is Equity, -- the rendering to each of that which is his. The Cost Principle furnishes the law of that rendering. That, and that alone, administers Equity. Hence, it places all in a condition of independence. It dissolves the relation of protectors and protected by rendering protection unnecessary." (36) It should also be pointed out that while they felt that free competition tended to reduce price to cost, it would not do so in every case. And while they argued that the only just determinant of price was that of cost, they could find no way other than persuasion to enforce the cost principle. Every individual, said Andrews, "must be left absolutely free . . . to commit every conceivable breach of the principle itself, since absolute freedom is another of the essential principles of harmonious society." (37)

While the socio-economic ideas of Warren exerted an immense influence on later philosophical anarchists, by 1862 all of the Equitable communities had been terminated. Moreover, Warren's "labor check" system, with labor notes signed by the issuer, and his "want-ad" method of balancing supply and demand were suitable only for small, non-industrialized communities populated by jacks-of-all trades. While Warren's philosophical principles -- the "sovereignty of the individual," "cost the limit of price," private property and free competition -- remained at the heart of philosophical anarchism throughout the nineteenth century, it quickly became evident to Warren's successors that in order to make them relevant in the age of industrialization and urban life, the practical aspects of his proposals required modification.

2. WILLIAM B. GREENE AND CURRENCY AND BANKING REFORM

An early modification of Warren's thought emerged in the banking ideas espoused primarily by William B. Greene, although Lysander Spooner and Ezra Heywood, whose ideas along with those of Greene were largely a product of what James Martin terms the "currency radicalism that accompanied and followed the business and financial panic of 1837,"(38) advocated reforms along parallel lines. All three believed that the business cycle was a direct result of the "money monopoly" which, in turn, was seen as a product of legal privilege conferred by the government upon banks. These privileges consisted of the restricting of banking rights to those banks chartered by the state, and the passage of legal tender laws. Their proposals were designed, at least in part, to make Warren's labor exchange ideas applicable to an industrial society.

As Greene saw it, the only purpose of a bank was to serve as a clearing-house for borrowers and lenders. The borrowers were those with just their own labor but no capital. The lenders had tools and raw materials but no laborers. One without the other was useless. The function of the bank was to provide the service of bringing the two together. If banking were free, Greene believed, competition would eliminate interest and reduce the payment to the bank to the cost of its services, which was estimated at below one percent. However, by getting the government to require a charter for all banks, creditors were able to all but eliminate competition in the supply of loans and therefore to prevent the fall in the rate of interest. Thus state bank charters placed the creditors in what Greene called the position "to enable the few to bring the many under tribute."(39)

Even more important, however, were the legal tender laws. Since all exchange, including that for money, was essentially nothing more than barter, all property, they argued, was money. And if any individual should choose to conduct his exchanges in values other than gold or silver, they believed that he should have that right. Legal tender laws were seen as drastically altering the conditions of exchange by legally placing the owners of those particular types of metals in a monopoly position. By declaring that only gold or silver were money and that all transactions had to be made in those metals, the amount of money in circulation was arbitrarily restricted. This served to bene-

fit the creditors in three ways: [1] by reducing the amount of money that could be loaned it kept the interest rate high; [2] it enabled those privileged few possessing the metals to control the monetary system. And since the business of the nation could not be conducted by simple or direct barter it therefore enabled them to control nearly every aspect of the economic affairs of the country. As Heywood remarked, "since money is the common measure of products, and exchange must be made in the accepted currency, it is apparent that if speculation control this medium, dictating its nature, amount, and value, they are masters of both labor, and trade, and can tax us on the chance to do business, and also for the privilege of living";(40) and [3] combined with other laws allowing the owners of specie to issue notes up to twice the face value of the specie, the legal tender laws permitted creditors to earn profits by speculating in other peoples' misery: "Now the banks have everything in their hands," said Greene,

They make great issues, and money becomes plenty; . . . all other commodities become dear. Then the capitalist sells what he has to sell, while prices are high. They draw in their issues, and money becomes scarce, . . . all other commodities become cheap. The community becomes distressed for money, individuals are forced to sell property to raise money -- and to sell at a loss on account of the state of the market: then the capitalist buys what he desires to buy, while everything is cheap . . . The operation of the banking system is evident . . . (41)

Such speculation was seen as the cause of the business cycle with all its attendant fluctuations and uncertainties. Moreover, the legal limitation of money to gold and silver reduced the supply of money, they argued, below that which was necessary to purchase all of the goods produced, thereby intensifying the business cycle.

Perhaps the most interesting arguments against government banking laws were advanced by Lysander Spooner. Adhering to a Lockean natural rights position, Spooner argued that every individual owned his own body, and by extension, whatever he produced by his own labor, whether physical or mental. If a person really owned his property, it followed that he had a right to contract to dispose of it in any voluntary way he chose. Consequently, he argued in his *Constitutional Law Relative to Credit, Currency and Banking*, "To issue bills of credit, that is, promissory notes,

is a natural right . . . The right of banking, or of contracting debts by giving promissory notes for the payment of money is as much a natural right as that of manufacturing cotton." Everyone, as Spooner saw it, had an equal right to enter the banking business and to issue his own money. Hence, government grants of legal privileges to banks, whether in the form of bank charters or legal tender laws, were a violation of natural rights.(42)

Spooner attacked legal tender laws with special vigor. The Constitution grants to Congress the power to coin money, but it does not, he noted, give Congress the power "to establish monopolies of any kind whatsoever." Consequently, he concluded, "Congress has no power to outlaw any private coinage of currency." "Nor could there consistently have been any such prohibition unless on the supposition that the people were incompetent to make their own bargains."(43) Spooner noted that Article I, Section 10 of the Constitution specifically stated that "no State shall impair the obligation of contracts." This meant, he said, that the Constitution specifically acknowledged the right to enter into contracts and hence, any law restricting the right of individuals to make contracts, including any law prohibiting private banking, was in clear violation of the Constitution.(44) But Spooner even went a step further and claimed that it was logically impossible for any government to have exclusive power in any area. The Preamble to the Constitution clearly indicates that the government was established by "the People." Consequently, as Spooner argued in his *The Unconstitutionality of the Laws of Congress Prohibiting Private Mails*:

In matters of government the people are the principals, and the government mere agents... Now it is perfectly clear that a principal, by simply authorizing an agent to carry on a particular business in his name, gives the agent no promise that he, (the principal,) will not also himself carry on business of the same kind. He plainly surrenders no right to carry on the same kind of business at pleasure. And the agent has no claim even to be consulted, as to whether his principal shall set up a rival establishment to the one that is entrusted to the agent. The whole authority of the agent is limited simply to the management of the establishment confided to him.(45)

No power granted to the government, even that of making war, he contended, could possibly be exclusive, for that would entail a logical impossibility, viz., that government (the agent) would dominate and control the people (the principals). In short, Spooner was of the opinion that "the money monopoly is one of the most glaring violations of men's natural rights to make their own contracts, and one of the most effective -- perhaps the most effective -- for enabling a few men to rob everybody else."(46)

The philosophical anarchists expected great things from free banking. Once individuals were able to monetize any and all property, every individual would become his own banker and the "money monopoly" would collapse since the bankers would no longer be in a position to control the money supply. The supply of money would then, as Spooner phrased it, be subject to "an indefinite increase." The interest rate, accordingly, would be reduced to the cost of issuing money, and speculation would be eliminated altogether. The "natural" price, based on labor cost, would then be equal to the "market" price, based on supply and demand. Capital would become plentiful and could be obtained by anyone who desired it, and production, in turn, would increase dramatically. And finally, the business cycle would be terminated since, with no "shortage" of money, all that was produced could be bought.

The monetary views developed by Greene, Heywood and Spooner were designed to provide a circulating medium based on labor but without the limitations of Warren's labor exchange system, with notes signed by the issuer and redeemable only in the issuer's labor. They remained at the heart of philosophical anarchism in the nineteenth century. As late as October 18, 1890, one finds Benjamin Tucker, in whom philosophical anarchism reached its full maturation, writing in his journal, *Liberty*, that

It is true that I expect lending and borrowing to disappear, but not by any denial of the right to lend and borrow. On the contrary, I expect them to disappear by virtue of the affirmation and exercise of a right that is now denied, -- namely the right to use one's own credit, or to exchange it freely for another's, in such a way that one or the other of these credits may perform the function of a circulating medium, without the

payment of any tax for the privilege . . .
the exercise of such a right would accomplish
the gradual extinction of interest without
the aid of force . . .(47)

Both Greene and Spooner believed that their currency ideas could be implemented by the establishment of a "mutual bank," very similar to the "Bank of the People" espoused in France by Greene's personal acquaintance, P. J. Proudhon. According to Greene, membership in the bank would be open to anyone and could be obtained simply by pledging mortgages to the bank on actual property. The property would still remain in the member's possession and he would receive bills of exchange from the bank amounting to one-half of the market value of the mortgaged property. The bank would receive one percent of the value of the property to cover its operating expenses. No money was to be loaned to outsiders, and upon becoming a member the individual would agree to accept the bank-notes at their face value. Since the notes would be non-interest-bearing, they would be redeemable only in products, and, hence, the only reason any individual would have for joining the bank would be to facilitate the acquisition of money. Since the notes were to be fully backed by actual property, all uncertainty regarding their redeemability would be eliminated. Hence, they contended, they would be much superior to specie-money, to which a certain amount of insecurity was inherently attached due to doubt about its final redemption. Finally, Greene believed that to be practical the bank would need to enlist 10,000 members before it could begin operations, and that the books of the bank were to be open to all for inspection in order to prevent any possibility of fraud. (48)

Spooner went a step further than Greene in proposing safeguards against fraud. He advocated a board of appraisers to monitor the operations of the bank. The appraisers were to be selected by the community on the basis of their integrity and judgment. Spooner believed that any bank refusing to permit its records to be examined would cast suspicion upon itself, with the result that its bills would not be accepted by the public, whether members or non-members of the bank, and it would go out of business. Further, since the banks would be held liable for any insufficient mortgage, every member would have the incentive to examine the mortgage of every other member, thereby insuring the integrity of all, for "no one would wish to put in a good mortgage in the knowledge that one or more worth-

less ones were also entered." By establishing a system where self-interest would check self-interest, Spooner felt that there would be no need for fear on the part of the public concerning the existence of unscrupulous banks.(49)

The banking ideas of the philosophical anarchists were subjected to very able criticisms, some of which were actually printed in Benjamin Tucker's journals, *The Radical Review* and *Liberty*, by such quantity theorists as Edward Stanwood and J. Greevz Fisher. The quantity theorists argued that the "perpetual increase" in the supply of money resulting from the operation of the mutual bank could not, as the anarchists supposed, solve such problems as the business cycle, the capital shortage, etc., for as the supply of money increased the purchasing power of each monetary unit would decline. Thus, the aggregate purchasing power of money would remain approximately the same. Defenders of mutual banking, such as Tucker, replied rather limply that purchasing power is affected only when the increase in the supply of notes exceeded that of its backing and that since all mutual money would be fully backed by property, the value of the notes would not be affected by the increase in their supply.(50) Despite the criticisms by the quantity theorists, the mutual bank ideas remained essentially unchanged from their original development in the writings of Greene and Spooner in the 1850's and 1860's to the fully developed anarchism of Tucker in the 1890's.

The banking and currency ideas of Greene, Spooner and Heywood are significant in that, while adhering to the labor-cost theory of value, they were an attempt to free it from the confines of the small, rural community required by Warren's labor-check system and thereby demonstrate its continued relevance even in the more industrialized and urbanized society emerging in post-Civil War America. As James Martin notes:

Greene's currency ideas gradually became those which the latter-day anarchists supported, even though they represented a change from those originally developed by Warren. The "labor for labor" ideas embodied in the labor check system, found in the writings of both Warren and Andrews, dropped from the discussions of the problems of exchange. Mutual banking and currency based on a commodity standard of value, but allowing for the monetization of all durable wealth, now became the core of anti-statist finance.(51)

3. JOSHUA K. INGALLS AND THE OWNERSHIP OF LAND

The later anarchist position regarding the nature of land and its ownership also constitutes an advance beyond the original Warrenite ideas. One of Warren's central principles was "cost, the limit of price." Each individual was entitled to the product of his own labor, no more, no less. This means, said Warren, that "Nature acknowledges no ownership or control in man save as a result of exertion . . . She recognizes no claim but that of labor." (52) Thus, while "Every individual has the right to appropriate so much of the common natural wealth as is requisite to the supply of his wants," (53) one could not justly acquire another's wealth except by giving an equal amount of labor in return. The only "rent" which the owner could justly collect would therefore be for the maintenance of the premises. In fact, argued Andrews, if the tenant left the premises in better shape than when he arrived, the owner would actually owe "rent" to the tenant. But since under a system of labor exchange there would be "no advantage in owning land which one does not want for his present uses" it was not only believed that "all temptation to monopolize the soil" would be "extinguished," but also that no great inequalities of wealth could even arise. (54) Hence, it is not too surprising that Warren did not devote much time to clarifying the nature of ownership. But with the emergence of industrialization, large corporations, and the business tycoon in the post-Civil War period, anarchists had to face the problem of ownership. Their writings constitute not so much a departure from the thought of Warren as the full development of the ideas that were expressed only more or less implicitly in his labor exchange system. The pioneer in this area was Joshua Ingalls, whom Martin refers to as the William Greene of land reform.

Ingalls premised his entire argument on the belief that "The whole produce of labor belongs to the laborer, and is his natural reward." Ground-rent was therefore unjust, since it was the acquisition of wealth without labor. It was exploitive because it deprived the worker of the full value of his product. Hence, he concluded, absentee-ownership was a clear violation of the labor theory of value. (55)

Rent, he continued, was not an economic but a political concept. Whereas David Ricardo had argued that it was the increase in population that produced rent by

forcing the less productive land into use, Ingalls contended that the reverse was true: the existence of rent forced the use of less productive land. While the need for land increased with the increase in population, Ingalls believed that the title-holders to the land, backed by the power of the government, were able to demand payment for the mere right to use land that would otherwise lie fallow. Thus rent, he argued, was a result of governmental protection of land titles beyond that of occupancy and use.

If, then, land titles were based on the principles of equity, viz., the exchange of labor for an equivalent amount of labor, ownership could not extend beyond actual occupancy and rent would be eliminated. Not only would implementation of the occupancy principle eliminate the problem of wealth concentration but Ingalls even believed that it would so decentralize land ownership as to make Warren's labor check system practical. Ingalls proposed a gradual transition from legal "ownership" to actual "occupancy," where the current legal owners of land would retain their property rights until their deaths, after which property rights would be determined by use or occupancy.(56)

Ingalls' view that land holdings should be limited by occupancy is an important refinement of Warren's principle that labor-cost should be the limit of price. It is also significant in its impact on subsequent anarchist thought. "Occupation-and-use-tenure of land," says Martin, "a nearly-forgotten theory in non-radical circles, became firmly established in anarchist teaching from the time of J. K. Ingalls."(57)

The only major nineteenth century philosophical anarchist not adhering to the view that land owners should be limited by occupancy was Lysander Spooner. In 1853, Spooner published his *The Law of Intellectual Property* which was intended to demonstrate that individuals had, by natural law, perpetual property right in all property, tangible or intangible. Starting from his Lockean natural rights position of individual self ownership and, by extension, one's ownership of the fruits of his labor, Spooner maintained that:

The principle of property is, that the owner of a thing has absolute dominion over it, whether he have it in actual possession or not, and whether he himself wish to use it or not; that no one has a right to take possession of it, or use it, without his consent...

There is, he continued,

no middle ground between absolute communism, on the one hand, which holds that a man has a right to lay his hand on anything, which has no other man's hands upon it, no matter who may have been the producer; and the principle of individual dominion, as against all other men, over the products and acquisitions of his own labor, whether he retain them in his actual possession or not.(58)

For Spooner, therefore, the occupancy principle was not only a contradictory middle-of-the-road position between communism and individual sovereignty, but a violation of the natural rights principle of self ownership, as well. However, Spooner stood virtually alone on this issue. Benjamin Tucker was extremely critical. "I call Spooner's work on Intellectual Property positively foolish," he wrote

because it is fundamentally foolish, -- that is to say, its discussion of the acquisition of property starts with a basic proposition that must be looked upon by all consistent Anarchists as obvious nonsense. I quote this basic proposition. 'The natural wealth of the world belongs to those who first take possession of it . . . So much natural wealth, remaining unpossessed, as anyone can take possession of first, becomes absolutely his property.'(59)

Later anarchists, like Tucker, followed Ingalls to the letter. Writing in 1890, Tucker said:

. . . [L]et us suppose that the Anarchist view that occupancy and use should condition and limit landholding becomes the prevailing view. Evidently then these municipalities will proceed to formulate and enforce this view. What the formula will be no one can foresee. . .[W]e will say that they decide to protect no one in possession of more than ten acres, then particular lands will be open to those there first to claim it.(60)

4. BENJAMIN TUCKER, LYSANDER SPOONER AND THE PROVISION OF POLICE AND COURT SERVICES

The development of philosophical anarchism into a complete system reached its fruition in the writings of Benjamin Tucker and Lysander Spooner on the difficult problem of the protection of individual rights within a no-government system. Josiah Warren, subscribing to the Owenite belief in environmental determinism, believed that crime was a product of an environment characterized by poverty and disorder. Since the implementation of his ideas, he believed, would produce a harmonious society characterized by an ever increasing standard of living, it followed that individuals would learn to live together harmoniously, and crime, and therefore the need for government, would disappear. Warren's successors took a somewhat less sanguine view of human nature. They agreed that a society based on "individual sovereignty" would end economic injustice and allow for a much greater degree of flexibility as well as a higher standard of living. While they felt these factors would eliminate most of the causes of crime, they doubted that crime would cease altogether. But once such an admission is made, the question that must be immediately faced is would not such a society be placed at the mercy of the remaining criminal element, which presumably would not hesitate to engage in violence whenever it suited its purpose?

Tucker admitted that "Where crime exists, force must exist to suppress it" and denied that anarchism was simply a "revival of non-resistance." (61) He defined anarchism in terms of the "sovereignty of the individual" and Herbert Spencer's "law of equal liberty," and contended that the use of force was not necessarily incompatible with either principle. Force, he pointed out, could be either invasive or non-invasive. The former was defined as the initiation of the use of coercion and was incompatible with anarchism since it was a clear violation of the "sovereignty of the individual." The latter, however, was the defensive use of coercion, i.e., the means by which the non-aggressive individual was able to protect himself from those who would initiate the use of coercion. The non-invasive use of force was perfectly compatible with anarchism, he argued, since it not only did not violate the principle of individual sovereignty but was, in fact, the only means by which that principle could be upheld in the face of attempted violation. Since crime, by definition, involved the invasion of the rights of others, Tucker and his colleagues argued that

far from granting criminals immunity for their crimes, anarchism entailed the exact opposite: its complete suppression.

Their own individualist assumptions, however, precluded reliance on government institutions as the vehicle for the protection of individual rights. The community, they contended, is merely the sum of its parts and can have no more rights than that possessed by its individual members. This assumption leads logically to the conclusion that the state is, by its very nature, an invasive and thus a criminal institution. As Tucker's close associate, Victor Yarros, summarized:

Individuals, and individuals only, have rights. This proposition is the corner-stone of the anarchist doctrine, and those who accept it are bound to go the full length of anarchism. For if the community cannot rightfully compel a man to do or refrain from doing that which private and individual members thereof cannot legitimately force him to do or forego, then compulsory taxation and compulsory cooperation for any purpose whatever are wrong in principle, and government is merely another name for aggression. It will not be pretended that one private individual has a right to tax another without his consent; how, then, does the majority of the members of a community obtain the right to tax the minority without its consent?

Thus, the philosophical anarchists denied that it was possible for any government, regardless of size or type, to protect individual liberty. Since they both entailed the initiation of the use of force, government and crime were seen as more or less synonymous. In fact, Yarros maintains that crime "involves not the abolition of government, but the widest possible extension of it." (62)

Even granting that anarchism is consistent with the non-invasive use of force, would not any society lacking a central institution with a monopoly on the "legitimate" use of force, viz., a government, be characterized by the indiscriminate use of force and thus result in a state of chaos and insecurity? Tucker thought not. Tucker and his followers were, like the nineteenth century classical liberals, great believers in free competition and the market process. The mar-

ket, they believed, rewarded those individuals who were able to produce, better and more cheaply than others, those commodities that were demanded by the members of the community. They were rewarded to the extent that, and only so far as, they served "society." The moment the manufacturer ceased to produce what the members desired to buy, the members would spend their money elsewhere, and the original producer would either have to reform or go out of business. The classical liberals, however, refrained from extending their market analysis into the area of police functions. They believed that it was applicable only to voluntary exchanges, while defense services entailed the use of violence and thus service. It was Tucker's opinion, however, that "defense is a service, like any other service; . . . it is labor both useful and desired and, therefore, an economic commodity subject to the law of supply and demand . . ." (63) While every individual had the right to defend himself, Tucker believed that for reasons of expediency individuals would desire to delegate their concern in this area to agencies specializing in protection. He argued that in an anarchist society defense associations, or police companies, would arise to meet this demand for protection and security, just as market demand is satisfied for any other commodity. Those who desired security could voluntarily contract with one of the competing companies for the amount and kind of policy they desired. Those who preferred to spend their money elsewhere would be free to do so. No one would be compelled to pay taxes for the provision of a "service" he did not desire. Competition would reduce the price to its cost of production, and since only the best and most efficient companies would survive, competition would also force the rendering of a high quality service. One need not worry, claimed Tucker, that any of these competitive companies would use its coercive apparatus aggressively, for the real source of their power lay in the continued patronage of their customers. Tucker believed that the moment any agency graduated from protection to aggression, it would immediately lose its patrons and go out of business. "Under the influence of competition," he said,

the best and cheapest protector . . . would doubtless get the greater part of the business. It is conceivable even that he might get the whole of it. But if he should, it would be by his virtue as a protector, not by his power as a tyrant. He would be kept at his best by the possibility of competition

and the fear of it; and the source of power would always remain, not with him, but with his patrons, who would exercise it, not by voting him down or by forcibly putting another in his place, but by withdrawing their patronage.(64)

It should be pointed out that while unknown to Tucker similar ideas had been advanced by the French economist, Gustave de Molinari. Following Adam Smith and J. B. Say, Molinari readily recognized the utility of the free market, and in 1849 he published his article, "Of the Production of Security," in which he examined the state from the economic point of view. The market provided consumers with the best quality goods at the lowest possible prices. Since security was desired by many, if not by all, it too was a commodity. Hence, just like any other good, it could be produced on the market better and more cheaply than it could be supplied by the state.

Molinari's analysis, in fact, went beyond that of Tucker's. Examining the subject purely from the utilitarian point of view, he argued that since a monopoly automatically eliminated the market in the area of its operations, and since government currently monopolized the provision of security, there was no market test for its operations. Consequently, there was no way for citizens, i.e., the consumers of government security services, to determine if they were obtaining the best service at the cheapest possible price. Second, since the government was not subject to competition, Molinari believed that there was no incentive to operate efficiently and the cost of its operations was inordinately high while the quality of its services was low. Third, Molinari charged that "War has been the necessary and inevitable consequence of the establishment of a monopoly on security." This is so since the greater "the number of their forced consumers," the greater their monetary gains. Hence, the heads of governments continually initiated wars in order to expand their boundaries and to augment the number of "consumers" under their control. And finally, Molinari maintained that the monopoly on the provision of security is the source of all other monopolies. The producers of all other commodities would naturally like to obtain a monopoly position. But they lacked one essential thing: force. So long as there was free competition, they had no means to keep out competition and were therefore unable to charge monopoly prices. Hence, says Molinari, they

"borrowed it" from those who had it, i.e., the government. "They petitioned and obtained, at the price of an agreed upon fee, the exclusive privilege of carrying on their industry within certain determined boundaries. Since the fees for these privileges brought the producers of security a goodly sum of money, the world was soon covered with monopolies. Labor and trade were everywhere ensnaked, enchained, and the condition of the masses remained as miserable as possible."(65)

Molinari concluded that the economists were being inconsistent in failing to extend their market analysis into the area of security; either the market was beneficial or it was not. There could be no compromise. "Either communist production is superior to free production or it is not. If it is, then it must be for all things, not just for security. If not, progress requires that it be replaced by free competition. Complete communism or complete liberty: that is the alternative!"(66)

Molinari's writings provoked a discussion on the "Question of Limits of State Action and Individual Action" at the 1849 meeting of the Society for Political Economy in Paris. His position was assailed by the most prominent French laissez faire economists of the day, including Frederic Bastiat, Charles Dunoyer and Charles Coquelin. The position of the Society was summed up in the words of Coquelin: "The State permits of no competition or choice because it is a necessary and inevitable monopoly. Molinari forgets that free competition presupposes peaceful existence. How is it possible to speak of free competition to people who put the sword in your back or the pistol to your chest? With no single agency to settle disputes, competition becomes impossible."(67) While there is no record of any reply on the part of Molinari, Carl Watner points out that in his later life Molinari "modified his ideas to the extent that he recognized some legitimate role for government. . . "(68)

While Molinari arrived at positions nearly identical to those taken by Tucker and his associates nearly forty years later, there is no evidence that Tucker or any other American philosophical anarchist was acquainted with the writings of Molinari and it is probable that they arrived at their positions independently of each other.

The questions raised by Coquelin and the French

economists strike at the heart of the matter. Does not competition presuppose a legal framework? And does not a legal framework, in turn, presuppose a government to enact and enforce law? While unaware of the criticisms of Molinari by the French Society for Political Economy, Tucker would no doubt have answered in the negative. Originally, Tucker and the philosophical anarchists stood squarely in the natural rights tradition of John Locke, Herbert Spencer and Auberon Herbert. The anarchist's views of the nature of the legal code and the provision of court functions in an anarchist society as they were developed in the writings of Lysander Spooner, were grounded in this Lockean natural rights tradition.

To reiterate, Locke taught that man was the natural owner of his own body, and by extension, the product of his own labor. Consequently, man has no legal obligation to others except that which he voluntarily contracts to accept. Herbert Spencer's "law of equal liberty," that every individual has the right to engage in any action not infringing on the equal rights of others, is only a slightly more extreme re-statement of Locke's basic position. For both Locke and Spencer, the only legitimate function of government was the protection of natural individual rights. Spooner merely took the natural law doctrines of Locke and extended them to their anarchist extreme.

Spooner believed that the essential precepts of natural law were "really expressed in the simple words, to live honestly; since to live honestly is to hurt no one, and give everyone his due." (69) He also felt that "every ordinary mind has an almost intuitive perception" of natural law principles. "Children learn the fundamental principles of natural law at a very early age," he said.

Thus they very early understand that one child must not, without just cause, strike, or otherwise hurt, another; that one child must not assume any arbitrary dominion over another; that one child must not, either by force, deceit, or stealth, obtain possession of anything that belongs to another; that if one child commits any of these wrongs against another, it is not only the right of the injured child to resist, and, if need be, punish the wrongdoer, and compel him to make reparation, but that it is also the right, and

the moral duty, of all other children, and all other persons, to assist the injured party in defending his rights, and redressing his wrongs. These are fundamental principles of natural rights which govern the most important transactions of man with man. Yet children learn them earlier than they learn that three and three are six, or five and five are ten. Their childish plays, even, could not be carried on without a constant regard to them; and it is equally impossible for persons of any age to live together in peace on any other conditions.(70)

"If justice be not a natural principle," he continued, "then there is no such thing as injustice; and all the crimes of which the world has been the scene, have been no crimes at all; but only simple events, like the falling of the rain . . ." But if, on the other hand, justice was a natural principle, then "it is necessarily an immutable one; and can no more be changed -- by any power inferior to that which established it -- than can the law of gravitation, the laws of light, the principles of mathematics, or any other natural law or principle whatever."(71)

Consequently, all human legislation, so long as it was in violation of natural law, was morally null and void and was legally nothing more than "an absurdity, a usurpation, and a crime." If every man had a natural right to the fruit of his labor then, Spooner believed, he had a natural right to the fruit of his labor; and it was just as much robbery for any man, or group of men, even if they call themselves "government" and their activities "taxation," to take all or part of another's property, without the latter's consent, as if it were taken by a common highwayman. Similarly, if a man was only under obligation to perform duties to which he freely consented, then he was under obligation only to perform duties to which he freely consented; and no man or group of men, even if they called themselves "government," could impose upon him any additional obligations. This meant, as he pointed out in *No Treason, Number One*, all "governments, if they can rightfully exist at all, can exist only by consent," i.e., "the individual consent of every man . . ."(72) In *No Treason, Number Six*, Spooner further argued that since no group of men, however numerous, was able to bind another group of men, however small, then in like manner, no generation of men could bind a succeeding generation. Consequently, the Constitution could

only be binding on those very few who actually signed the original document. It was, therefore, never binding on the preponderant majority of the country at the time of its "adoption," and it certainly was not binding on any succeeding generation. The only provisions of the Constitution that were binding were those that were in conformity with natural law, and their validity was in no way dependent upon the Constitution. They were just as binding prior to the "adoption" of the Constitution as after.(73) In short, Spooner believed that natural law was an immutable principle that stands above any and all positive legislation. Government legislation could not add to or subtract from the duties imposed by it. The state, therefore, could have no more "rights" than the individuals who comprised the society. All government had to rest on total individual consent. If it endeavored to enforce consent, then it was exceeding natural law and its actions were morally null and void. If, however, it did not endeavor to enforce consent, then it was no longer a state and became simply another voluntary organization. Thus, Spooner believed that the state and natural law were essentially incompatible,(74) and agreed with Spencer that every individual had a natural "right to ignore the state" if he so desired.

But how was this code of natural law to be enforced in an anarchist society? Spooner's answer was the trial by jury. In 1852 Spooner published his *Essay on the Trial by Jury* in which he traced the origins of the jury trial back to the Magna Carta of 1215. He went to great length to demonstrate the original purpose and operation of the trial by jury, which he claimed had been obfuscated by government encroachments over the centuries. Its original purpose, he said, was to guard against government oppression by establishing some authority outside of government to set limits to government action. Originally, the trial by jury was "a 'trial by the country' -- that is, by the people -- as distinguished from a trial by the government."(75) Twelve jurors were chosen by lot in order to prevent the possibility of governmental packing of the jury, and they were chosen from the total membership of the community to insure that whatever decision was arrived at would represent, as closely as possible, the sense of the whole community. In order to fulfill its function of checking the power of government, it had to be totally independent of the government. This meant, says Spooner, that "juries must judge of the existence of the laws; of the true exposition of the law; of the

justice of the law; and of the admissibility and weight of all evidence offered; . . . otherwise the jury will be mere puppets in the hands of government." (76) Further, juries were even originally empowered to overturn all government acts they deemed unjust. Over the years, however, government was gradually able to assume control of the jury by nullifying the jury's right to declare laws void, by directing it concerning such matters as what evidence was admissible, how it should be weighted and the length of sentences. Trial by jury, or "trial by the country," he said, was turned into trial by the government, and what was originally a tool for limiting government has now become a vehicle for government oppression.

Spooner believed that a reestablishment of the "trial by jury" upon what he conceived to be its original principles would be sufficient to provide for a clear common law legal code in an anarchist community. Jurors would be chosen by lot and would have complete power to decide each case upon its own merits. Since Spooner believed that everyone possesses an "intuitive perception" of natural law, a common law code based upon the principles of natural law would, in time, emerge from jury decisions and provide a guide for future decisions.

In this way the philosophical anarchists believed that an anarchist society could provide for both police and court services, the former by means of Tucker's defense associations and the latter by means of Spooner's trial by jury. It should be pointed out, however, that while Tucker accepted Spooner's common law jury, he repudiated the entire concept of natural law in 1890 following his introduction to Max Stirner's "egoistic" philosophy. Stirner flatly denied the existence of any possible ethical standard, including, therefore, natural law. "Nothing is more to me than myself!", he asserted. "What's good, what's bad? Why, I myself am my own concern, and I am neither good nor bad. Neither has any meaning for me." (77) For Stirner, things were neither good nor bad; they were merely useful or useless. Thus, the egoist was to be guided completely by utilitarian considerations. "I, the egoist," he said, "have not at heart the welfare of this 'human society,' I sacrifice nothing to it, I only utilize it; but to be able to utilize it completely I transform it rather into my property and my creature; that is, I annihilate it, and form in its place the Union of Egoists." (78) There was, in other words, no morality, no rights, only

social expediency.

After reading Stirner, Tucker declared that

Anarchism of the 'natural right' type is out of date. The Anarchism of today affirms the right of society to coerce the individual and of the individual to coerce society so far as either has the requisite power . . . practical individual sovereignty -- that is, the greatest amount of liberty compatible with equality of liberty -- is the law of social life, the only condition upon which human beings can live in harmony. When the truth is ascertained and acted upon, we shall have individual sovereignty in reality -- not as a sacred natural right vindicated, but as a social expedient agreed upon. . . (79)

Tucker's endorsement of egoism produced a split in the movement. Natural rights theorists such as Henry Appleton, M. E. Lazarus and John Kelly (Spooner died in 1887, prior to Tucker's rejection of natural rights) severed their connection with Liberty, while egoists like J. L. Walker, and J. B. Robinson came to the defense of Tucker. The split never completely healed and probably contributed at least somewhat to the ultimate decline of philosophical anarchism.

Nevertheless, it should be noted that just one month after his initial rejection of natural law, Tucker reaffirmed his attachment to Spooner's "common law jury": "under Anarchism all rules and laws will be little more than suggestions for the guidance of juries, . . . and all disputes, whether about land or anything else, will be submitted to juries which will judge not only the facts, but the justice of the law, its applicability to the given circumstances, and the penalty or damage to be inflicted because of its infraction ." (80) Thus, both the egoist as well as the natural rights strains of individualist anarchism advocated the same institutional framework: competitive defense companies to provide protection and the trial by jury, with decisions based on common law, to settle disputes. Their real disagreement was philosophical: whether common law was based on natural rights principles or social expediency.

5. TUCKER AND HIS JOURNAL, "LIBERTY": PHILOSOPHICAL ANARCHISM MATURED

Philosophical anarchism received its maturest expression in the writings of Benjamin Tucker. While Tucker did not produce a systematic exposition of his ideas, his philosophy can be constructed from his writings in his journal, *Liberty*, which spanned a period of nearly thirty years, from 1881 to 1908.

For Warren and Andrews, the principle of "cost the limit of price" was more a prescription for a harmonious society than a description of actual conduct. Their reliance on the labor exchange system meant that the scope of the market and therefore of competition was strictly limited. Hence, they believed that competition was only partially able to insure the operation of the cost principle. Instead, they relied heavily on moral exhortation and enlightened self-interest, "We point out certain principles in the nature of things which related to the order of human society," commented Andrews, "in conforming to which mankind will find their affairs harmonically adjusted, and departing from which they will run into confusion." (81) Once man recognized these "scientific" principles, he would find it in his own interest to follow them.

But in the hands of Warren's successors, "cost the limit of price" was gradually extended into the realm of description, as well. Through Greene the labor exchange system was replaced by a circulating medium based on the monetization of property, in an effort to provide a much fuller scope for the role of the market. And by the time of Tucker, it was felt that the impersonal forces of the market could direct all production by means of supply and demand, and that competition would insure that profit, interest, and rent would be, if not eliminated, at least reduced to a minimum.

The existence of interest, rent and profit, argued Tucker, was the direct result of "the denial of liberty, the suppression or restriction of competition [by] the legal creation of monopolies." (82) It is worth following his argument in some detail. There were four, and only four, monopolies: The land monopoly, the banking monopoly, the tariff monopoly, and the patent and copyright monopoly. And all four were, he said, the direct result of government privilege. Patents, copyrights, and tariffs restricted or eliminated competition in the areas of their application, thereby

producing "monopolistic profit" for the beneficiaries of these legal privileges; rent was the result of the legal protection of land titles not based on occupancy, "thereby compelling the non-owning users to pay tribute to the non-using owners as a condition of admission to the competitive market"; and interest resulted from denying the right of each individual to issue his own notes, i.e., by decreeing that only gold and silver were "legal tender," thereby compelling all non-holders of gold and silver to pay tribute to the holders of these metals for the privilege of conducting transactions.(83)

Once these legal monopolies were abolished, free money, free land, and free trade would prevail. And under the force of the resulting competition, "interest, profit, and rent on buildings will almost entirely disappear; ground-rents will no longer flow into a few hands; and practically the only inequality remaining will be the slight disparity of production due to superiority of soil and skill."(84) Under a system of free competition, insisted Tucker, the trusts, which "instead of growing out of competition, as is so generally supposed, have been made possible only by the absence of competition. . . only, in short, by those arbitrary limitations of competition which we find in those law-created privileges and monopolies of which I have just spoken,"(85) would be crippled. Further, in a society governed by free competition, prices would be determined by their labor-costs, and the wage system would no longer be a vehicle for exploitation. Under the influence of free competition, he said, "it will make no difference whether men work for themselves, are employed or employ others. In any case they can get nothing but that wage for their labor which free competition determines."(86) Thus, according to Tucker, free competition would eliminate exploitation by eliminating all profit, rent and interest. It would insure, in other words, that cost would be the limit of price. It was felt that in such a society everyone would receive his due and the antagonistic struggle between capital and labor would be replaced by harmonious cooperation. Since wealth would increase dramatically and economic justice would prevail, crime would be significantly reduced. Whatever crime remained could be handled by competitive defense agencies offering their services on the free market, and the trial by jury, whose decisions would be guided by the common law.

Tucker, like his colleagues, had definite ideas regarding the proper means for the replacement of government by their anarchist society. Since the philosophical anarchists were opposed philosophically, as well as on practical grounds, to the use of violence, the "direct action" approach of the more communist anarchists such as Johann Most and Alexander Berkman was eschewed. Violence, felt Tucker, was self-defeating. "Bloodshed in itself is pure loss," he commented. "For a revolution to be permanent, it must first be mental." (87) He argued for the gradual elimination of the state by means of peaceful propaganda and passive resistance.

Finally, because of the seeming compatibility with the laissez faire philosophy of Herbert Spencer, Tucker's views regarding the English philosopher ought to be noted. Interestingly enough, Tucker held a rather cautious and somewhat ambivalent attitude toward Spencer. While endorsing Spencer's laissez faire principles, Tucker felt that Spencer only applied them to the laboring classes while ignoring violations among capitalists. He also maintained that this sin of omission became more pronounced with time. As early as 1884, Tucker wrote in *Liberty* that Spencer

is making a wholesale onslaught on Socialism as the incarnation of the doctrine of State omnipotence carried to its highest power. And I am not sure he is quite honest in this. I begin to be a little suspicious of him. It seems as if he had forgotten the teachings of his earlier writings, and had become the champion of the capitalist call. . . amid the multitudinous illustrations. . . of the evils of legislation, he in every instance cites some law passed ostensibly at least to protect labor, alleviate suffering, or promote the people's welfare. But never once does he call attention to the far more deadly and deepseated evils growing out of the innumerable laws creating privilege and sustaining monopoly.

Tucker's ambivalence turned to outright rejection in 1892 when, in the revised edition of his *Social Statics*, Spencer omitted "The Right to Ignore the State," the one chapter in Spencer's work that really delighted Tucker. (88)

6. CONCLUSION: THE DECLINE OF PHILOSOPHICAL ANARCHISM

Philosophical anarchism never did attract a large following, (89) and after the mid-1890's the movement began to decline. Between 1892 and 1897 *Liberty* changed from a weekly to a bi-weekly publication, after which it appeared only irregularly. Philosophical anarchism all but ceased to exist in 1908 when, after the destruction of his book shop by fire, Tucker ceased publication of *Liberty* altogether. (90) For the next twenty years, the only anarchism that remained in any organized fashion in the United States was the anarcho-communism of Emma Goldman's journal *Mother Earth*.

The reasons for the decline of philosophical anarchism are several. First, as Eunice Schuster points out, since its proponents were neither wage nor class conscious, it was spurned by both the capitalists, because of "its demands to secure the just distribution of wealth," and by labor, which "had had enough of what it thought was competition and individualism." (91) Second, their belief that the solution to the trust problem and the concentration of wealth lay in less government and freer competition, rather than in more government and the regulation of business, appeared hopelessly naive and, as Charles Madison said, "failed to impress anyone but themselves." (92) Third, as Victor Yarros noted, anarchism's cry for the elimination of government was becoming increasingly irrelevant since "the whole trend in politics and economics since the end of the last century had been away from individualism and laissez-faire-ism. The state, obviously, was not dying of inanition or making room for voluntary institutions," and "everybody, in short, was looking to the state for aid and support." (93) And finally, philosophical anarchism continued to adhere to the labor theory of value, apparently oblivious to the marginalist revolution in economics occurring in the 1870's.

Yet, despite its shortcomings, which were nowhere more evident than in its economics, philosophical anarchism must be acknowledged as the first, and at that time the only, brand of anarchism to propound a complete system, both a critique of government and a positive alternative not founded on a previous transformation of human nature. And in its depiction of the institutional framework of an anarchist society, in particular its views regarding the provision of police and judicial services, nineteenth century philosophical anarchism bears a marked similarity to its more sophis-

licated cousin, twentieth century individualist
anarchism.

FOOTNOTES

(1) Franz Oppenheimer, *The State* (New York: Free Life Editions, 1975), p. xxxi; also see pp. 96-101; Emil Kauder, "The Intellectual and Political Roots of the Older Austrian School," *Zeitschrift für Nationalökonomie* XVII (1958), pp. 420-21; also see Ludwig von Mises, *The Historical Setting of the Austrian School of Economics* (New Rochelle: Arlington House, 1969), pp. 29-34.

(2) See, for example, Yale Brozen, "Is Government the Source of Monopoly?," *The Intercollegiate Review* (Winter, 1968-1969), pp. 67-68; and Adam Smith, *The Wealth of Nations* (New Rochelle: Arlington House, n.d.), especially Vol. II, pg. 72: "... it is the interest of the merchants and manufactures of every country to secure to themselves the monopoly of the home market. Hence, in Great Britain, and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants. Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own. Hence too the extraordinary restraints upon the importation of almost all sorts of goods from those countries with which the balance of trade is supposed to be disadvantageous."

(3) Eunice Schuster, *Native American Anarchism* (New York: AMS Press, 1970), p. 13.

(4) Murray Rothbard, "Individualist Anarchism in the United States: Origins," *Libertarian Analysis* (Winter 1970), p. 14.

(5) Schuster, p. 42; also see Corinne Jacker, *The Black Flag of Anarchism* (New York: Charles Scribner and Sons, 1968), pp. 25-26.

(6) Schuster, p. 41.

(7) Jacker, p. 10. David DeLeon, in his *The American as Anarchist* (Baltimore: Johns Hopkins Press, 1978), argues that the individualism of indigenous American anarchism is rooted in three factors: religion, the great open frontier, and capitalism. Protestantism certainly did individualize religion. But since it would have the same impact on both sides of the Atlantic, I don't see how it can be a factor explaining the individualism in America as distinct from the collectivism in Europe. Moreover, it should not be forgotten that many of those who arrived at their anarchism via their religious individualism did not become individualist anarchists at all, but anarcho-communists. Leo Tolstoy in Russia and John

Humphrey Noyes in America are two such examples. Finally, while many religious sects came to America seeking "religious freedom," what they meant by this was not freedom for the individual worshiper, but freedom for the sect as a whole, coupled with rigid conformity by the members of the sect. The Puritans at Massachusetts Bay are an outstanding example. They wanted "religious freedom" to practice in their own way. But they established a theocracy dominated by a religious aristocracy. The primary functions of the state were to compel church attendance, collect taxes for the support of the church and to preserve religious orthodoxy. It was in pursuit of the latter end that such religious dissenters as Roger Williams and Anne Hutchinson were expelled. Thus, the impact of religion on the emergence of American individualism is difficult to gauge. Certainly it is not a one way street. The other difference between DeLeon's interpretation and mine is his treatment of the open frontier and capitalism as two distinct factors. But it seems to me that the existence of the open frontier was largely responsible for the emergence of capitalism. As noted in the text, in nearly every colony a concerted effort was made to transplant the European feudal structure and these attempts failed because of the presence of the open frontier.

(8) In Schuster, p. 35.

(9) On Anne Hutchinson, the early Quakers and the Antinomian Doctrine and its relation to anarchism see Schuster, pp. 13-39; Rothbard pp. 14-28; and DeLeon, pp. 14-23.

(10) For a good presentation of the principles of Transcendentalism and a summary of the views of two leading exponents, Emerson and Thoreau, see A. J. Beitzinger, *A History of American Political Thought* (New York: Dodd, Mead and Co., 1972), pp. 341-47. Also see Alpheus Mason, "Romantic Individualism," *Free Government in the Making*, ed: A. T. Mason (New York: Oxford University Press, 1965), pp. 474-79. On the religious basis of many of the radical religious anarchist communities of the nineteenth century, see Lewis Perry's excellent "Versions of Anarchism in the Anti-slavery Movement," *American Quarterly* (Winter 1968), pp. 768-82. Also see Schuster, pp. 410-86. For a description of John Humphrey Noyes' Oneida Community see Stow Persons, "Christian Communitarianism in America," *Socialism and American Life*, Vol. 1, eds.: Donald Drew Egbert and Stow Persons (Princeton: Princeton University Press, 1952), pp. 127-51. Also of interest is Morris Bishop, "The Great Oneida Love-in,"

American Heritage (February 1969), pp. 14-17. For a statement of the principles of Adin Ballou, the founder of the Hopedale Community, see his **Christian Non-Resistance** (New York: Da Capo Press, 1970). For a commentary on the Hopedale experiment, as well as many other anarchist and socialist communities in early nineteenth century America, see John Humphrey Noyes, **History of American Socialisms** (New York: Hillary House Pub., 1961), especially pp. 119-32.

(11) Adin Ballou, "Remarks at the First Annual Meeting of the Non-Resistance Society, Boston, Massachusetts, September 25, 1839," **Patterns of Anarchy**, eds.: L. I. Krimmerman and Lewis Perry (New York: Doubleday and Co., 1966), pp. 146-47.

(12) In Schuster, P. 116.

(13) Josiah Warren, **Equitable Commerce** (New York: Burt Franklin, 1952), p. 58. For a presentation of the development of individualistic anarchism that in many ways parallels that taken here see Lawrence Moss, "Private Property Anarchism: An American Variant," **Further Explorations in the Theory of Anarchism**, ed.: Gordon Tullock (Blacksburg, Va.: University Publications, 1974), p. 1-31.

(14) Stephen P. Andrews, **The Science of Society** (Weston, Mass.: M and S Press, 1970), p. 13. For an excellent, succinct, statement of Andrews' views see Bowman Hall "The Economic Theories of Stephen Pearl Andrews: Neglected Utopian Writer," **The South African Journal of Economics** (March 1975). Hall's conclusion is that Andrews provided a "lucid and concise statement of the ideas originally but chaotically proposed by Josiah Warren" and that "his philosophy can be said to carry the Lockean ideas found in the Declaration of Independence and the ideas found in the **The Wealth of Nations** to their logical extreme." On both counts Hall is surely correct.

(15) Warren, P. 57.

(16) Andrews, p. 63.

(17) *Ibid.*, p. 63. Note the striking similarity between the thought of Warren and Andrews and the ideas being propounded independently in France by P. J. Proudhon. Proudhon believed that "Liberty was the Mother, not the Daughter, of Order."

(18) *Ibid.*, p. 64.

(19) Warren, p. 61. Warren admitted that there might be a few cases where individualism was impossible. In such cases he allowed for a "Deliberative Council" which would be composed of community leaders or experts. The Council would be called into session to discuss a particular problem and dissolve itself

immediately following its decision. Further, the members were to be paid only after they rendered their services. See Schuster, p. 102.

(20) Andrews, p. 53; also see Warren, p. 41. Both Warren and Andrews merely said that the only just price was that based upon cost. They acknowledged that the principle of "individual sovereignty" left it up to the discretion of the individual to respect or reject this moral cost principle.

(21) Warren, pp. 43-48; also see Boman Hall, "The Economic Ideas of Josiah Warren, First American Anarchist," *History of Political Economy*, 6 (1974), p. 99.

(22) Warren, p. 85.

(23) See James Martin, *Men Against the State* (Colorado Springs: Ralph Myles Publishing Co., 1970), p. 27. Whether such "modifications" as repugnance and intensity can be reconciled with the labor theory of value is indeed doubtful.

(24) Warren, p. 76; also see Schuster, p. 105-06.

(25) Andrews, pp. 96-98, and Warren, pp. 65-67.

(26) Warren, p. 49.

(27) *Ibid.*, p. 66.

(28) *Ibid.*, p. 49. Harold Barclay has argued that Warren was, at least in his later years, only "peripherally anarchistic" and in fact advocated a "limited government much in the tradition of Thomas Jefferson." See his "Josiah Warren: The Incomplete Anarchist," *Anarchy* (March 1968), pp. 90-96. The argument is interesting but unconvincing in that Barclay's case rests on the false assumption that anarchism and the use of force are incompatible. Further, whether Warren was or was not an anarchist is really irrelevant for our purpose, for it cannot be doubted that his concept of "individual sovereignty" was the foundation for what his successors developed into the American doctrine of "philosophical anarchism."

(29) For a good explanation of this process see Hall, p. 96.

(30) Warren, p. 47.

(31) *Ibid.*, p. 80.

(32) Andrews, p. 69.

(33) Hall, p. 106.

(34) Andrews, p. 70.

(35) Warren, p. 68; and see Andrews, p. 138, and Hall, "Josiah Warren," p. 197.

(36) Andrews, p. 62.

(37) *Ibid.*, p. 44.

(38) Martin, p. xii.

(39) *In Ibid.*, p. 128.

(40) In *ibid.*, p. 112. Heywood argued that legal tender laws were "class currency."

(41) In *ibid.*, p. 130.

(42) Lysander Spooner, "Constitutional Law, Relative to Credit, Currency and Banking," *The Collected Works of Lysander Spooner*, Vol. V (Weston, Mass.: M and S Press, 1971), p. 24.

(43) *Ibid.*, p. 27.

(44) See *ibid.* Also see Carl Watner, "The Works of Lysander Spooner," address before the editors of the Liberty Book, n.d., pp. 2-3.

(45) Lysander Spooner, "The Unconstitutionality of the Laws of Congress Prohibiting Private Mails," *The Collected Works of Lysander Spooner* Vol. I (Weston, Mass.: M and S Press, 1971), p. 7.

(46) Lysander Spooner, "Letter to Grover Cleveland," *The Collected Works of Lysander Spooner*, Vol. I (Weston, Mass.: M and S Press, 1971), p. 42.

(47) Benjamin Tucker, "An Unwarranted Question," *Instead of a Book* (New York: Arno Press and The New York Times, 1972), p. 208.

(48) Greene's description of the operations of the mutual bank can be found in his "The Mutual Bank," in *American Radical Thought*, ed.: H. J. Silverman (Lexington, Mass.: D. C. Heath, 1970), pp. 138-41. Also see Martin, pp. 131-32. One can easily see the similarities between Proudhon's mutual bank and that espoused by Greene. The Proudhonian influence on Greene is clearly documented in William Reichert, *Partisans of Freedom* (Bowling Green: Bowling Green State University, Popular Press, 1976), pp. 100-16. For a good summary of Proudhon's banking ideas and a critique of mutual banking see Herbert Osgood, "Scientific Anarchism," *Political Science Quarterly* (March 1889), pp. 15-18, 34-36.

(49) Martin, p. 176.

(50) *Ibid.*, pp. 212-13; also see Murray Rothbard, "The Spooner-Tucker Doctrine: An Economist's View," *Egalitarianism As A Revolt Against Nature, and Other Essays* (Washington, D.C.: Libertarian Press, 1974), p. 133; and Osgood, pp. 34-36.

(51) In Martin, p. 138.

(52) In Schuster, p. 105.

(53) Andrews, p. 7.

(54) *Ibid.*, p. 145.

(55) *Ibid.*

(56) Martin, pp. 144-48.

(57) *Ibid.*, p. 153.

(58) Lysander Spooner, "The Law of Intellectual Property," *Collected Works of Lysander Spooner*, Vol.

III (Weston, Mass.: M and S Press, 1971), pp. 27-8, 80-9.

(59) In Carl Watner, "Lysander Spooner: From Constitutional Lawyer to Individualist-Anarchist," (Address delivered at the Third Libertarian Scholars Conference, October 5, 1975), p. 13. For an excellent and in-depth analysis of the Spooner-Tucker debate on this issue see Carl Watner's two part article "A Question of Property: two opinions," *The dandelion* (Spring and Summer, 1977), pp. 4-21; 4-12, respectively.

(60) Tucker, "Property Under Anarchism," *Instead of a Book*, p. 311. On Ingall's influence on later anarchists also see Moss, *op.cit.*, pp. 10-11.

(61) Tucker, "Where We Stand," *Instead of a Book*, p. 52.

(62) Victor Yarros, "Individualist or Philosophical Anarchism," *The New Encyclopedia of Social Reform*, eds.: W. D. P. Bliss and R. M. Binder (1908), p. 42.

(63) Tucker, "Contract or Organism, What's That to Us?", *Instead of a Book*, p. 33.

(64) Tucker, "Competitive Protection," *Instead of a Book*, p. 327.

(65) Gustave de Molinari, *The Production of Security* (New York: Center for Libertarian Studies, 1977), pp. 6-9.

(66) *Ibid.*, p. 8.

(67) In Carl Watner, "Les 'Economistes' Libertaires," *Reason* (January 1977), p. 26.

(68) *Ibid.* This article provides a good discussion of the entire French controversy over this matter. For more on the early nineteenth century French radical individualists see Mark Weinburg, "The Social Analysis of Three Early 19th Century French Liberals: Say, Comte, and Dunoyer," *The Journal of Libertarian Studies* (Winter 1978), pp. 45-63.

(69) Lysander Spooner, "Natural Law, or the Science of Justice," *Collected Works of Lysander Spooner Vol. I* (Weston, Mass.: M and S Press, 1971), p. 6. Also relevant for Spooner's natural law position is his *Vices are Not Crimes: A Vindication of Moral Liberty* (Baltimore, 1977). This pamphlet was published anonymously in 1875. Since its authorship was not discovered until recently, it was not included in his *Collected Works*.

(70) Spooner, "Natural Law," pp. 9-11.

(71) *Ibid.*, pp. 11-12.

(72) Lysander Spooner, "No Treason, Number One," *The Collected Works of Lysander Spooner* (Weston, Mass.: M and S Press, 1971), p. 6.

(73) Lysander Spooner, "No Treason, Number Six," **The Collected Works of Lysander Spooner Vol. I** (Weston, Mass.: M and S Press, 1971), pp. 1-59.

(74) Fred Miller, "Lysander and Limited Government," **Reason** (May, 1976) pp. 19-21, asserts that Spooner's argument is actually consistent only with limited government, and not anarchism. To some extent, this is a matter of semantics. If we define government so as to make it compatible with no initiated force, then Spooner's philosophy is consistent with limited government. But then so are the philosophies of all other anarchists.

(75) Lysander Spooner, "An Essay on the Trial by Jury," **The Collected Works of Lysander Spooner, Vol. II** (Weston, Mass.: M and S Press, 1971), p. 6.

(76) *Ibid.* For a sneering "analysis" of Spooner's ideas see A. John Alexander, "The Ideas of Lysander Spooner," **The New England Quarterly** (June 1950), pp. 200-17. For a more sympathetic treatment of Spooner see such works as Carl Watner, "Lysander Spooner, Libertarian Pioneer," **Reason** (March, 1973), pp. 20-23; Carl Watner, "Lysander Spooner: From Constitutional Lawyer to Individualist Anarchist," *op. cit.*; Martin, pp. 167-201; and Reichert, pp. 117-40. Also of interest is Charles Shively's "Biography" of Spooner in **The Collected Works of Lysander Spooner, Vol. I** (Weston, Mass.: M and S Press, 1971), pp. 15-62.

(77) Max Stirner, **The Ego and His Own** (New York: Dover Publishing, 1973), p. 5.

(78) *Ibid.*, p. 179.

(79) Tucker, "Individual Sovereignty Our Goal," **Instead of a Book**, p. 132. Richard Hiskes has made a very strong case that "to the extent that Tucker believes in equal liberty he is no egoist." See his **Community and Freedom: The Political Theory of Cooperative Individualism** (Unpublished Ph.D. Dissertation: Indiana University, 1979). See especially, p. 128: "To advocate egoism or the view that the 'only source of reasons for action lies in the interests of the agents,' precludes one from making demands or claims on others on any other basis than that of the power or brute force one has to back up the claims. As a pacifist, Tucker would shrink at such a prospect; as an anarchist he must reject it, for of all types of political discontents anarchists are without doubt the most 'resentful' of the political world in which they live." Further, Hiskes notes, Tucker's concern for "the law of equal liberty" actually smuggles in natural law principles (pp. 129-30).

(80) Tucker, "A Criticism That Does Not Apply,"

Instead of a Book, p. 323.

(81) Andrews, p. 44.

(82) Benjamin Tucker, "The Attitude of Anarchism Toward Industrial Combinations," *State Socialism and Anarchism, and Other Essays* (Colorado Springs: Ralph Myles, 1972), p. 29.

(83) Ibid., pp. 29-30.

(84) Tucker, "Protection, and its Relation to Rent," *Instead of a Book*, p. 332.

(85) Tucker, "The Attitude of Anarchism," p. 29.

(86) Tucker, "Solutions of the Labor Problem," *Instead of a Book*, p. 475.

(87) In Martin, pp. 221-25. Also see Benjamin Tucker, *Individual Liberty* (Millwood, New York: Kraus Reprint Co., 1973), pp. 76-86.

(88) Ibid., p. 240.

(89) *Liberty*, for example, never attained a circulation of more than a thousand. Nevertheless, the status of both its readers and contributors was amazingly high. George Bernard Shaw's first publication in an American journal was in the July 27, 1895, issue of *Liberty*. Vilfredo Pareto wrote a series of articles on the Italian scene expressly for publication in *Liberty*. And after Tucker's publication of Walt Whitman's *Leaves of Grass*, in violation of the ban placed upon its publication by the Boston authorities in 1882, Whitman wrote that "Tucker did brave things for *Leaves of Grass* when brave things were rare. I could not forget that." *Liberty* also published commentaries from J. H. Mackay of Germany, Wordsworth Donisthrope of England and Sophi Raffalovich of Paris. See Martin, p. 270.

(90) For a good article dealing specifically with the journal *Liberty* see Carl Watner, "Benjamin Tucker and his Periodical, *Liberty*," *The Journal of Libertarian Studies*, (Fall 1977), pp. 307-18.

(91) Schuster, p. 157.

(92) Charles Madison, "Anarchism in the United States," *Journal of the History of Ideas* (January 1945), p. 57.

(93) Victor Yarros, "Philosophical Anarchism: Its Rise, Decline, and Eclipse," *American Journal of Sociology* (January 1936), p. 481.

CHAPTER VII

The Politico-Economic Perspective of Individualist Anarchism

The individualist anarchist paradigm is a synthesis of philosophical anarchism with modern economics. The philosophical anarchist framework of competing police agencies selling their services on the free market is adopted. But the philosophical anarchists, subscribing to the labor theory of value, believed that free competition would eliminate profit, rent and interest by reducing price to cost. This belief in the labor theory of value is replaced by the subjective value-marginal utility approach of modern economics. The individualist anarchists do not believe that free competition would eliminate profit. Rather, it is the phenomenon of profit and loss as they see it, that performs the essential social function of directing economic activity into the satisfaction of consumer demand. By blending the institutional framework of philosophical anarchism with the marginal utility approach of modern economics, the individualist anarchist believes that he has developed the outline for a workable governmentless society.

This chapter deals with a series of diverse topics that will clarify the organizational principles upon which individualist anarchism is based. It is only after this general framework has been articulated that the specifics of the individualist anarchist framework can be examined.

1. SOCIAL COORDINATION

All societies must have some means for coordinating the actions of the individual members. The larger and more complex the society the more difficult and crucial this problem becomes. How the individualist anarchist society would approach this problem can be seen by contrasting the operations of the collective anarchist society with that of individualist anarchism. Both types of anarchism advocate economic freedom. Yet, it is clear that they mean widely different things by this. The collectivist anarchists believe that economic freedom entails the abolition of the entire market paraphernalia of exchange, private property, wages, profit and loss, while the individualist anar-

chist advocates the sanctity of private property and the entire market system.

For analytical purposes collectivist anarchism can be divided into two broad types: anarcho-syndicalism or functional collectivism, and anarcho-communism or geographical collectivism. Under anarcho-syndicalism society would be organized on the basis of functions. Each industry would be owned and operated by the workers in that particular industry. The miners would own and operate the coal industry; the truckers would own and make all of the decisions within the trucking industry, etc. Presumably, there would be one supra-syndicate to integrate the operations of the independent syndicates with each other.(1) Anarcho-communism, on the other hand, is organized on the basis of geography. "The revolution," says Kropotkin, "must strive to enable every community to sustain itself, to become materially independent."(2) Thus each community or commune is to be large enough to be completely self-supporting. Kropotkin, for example, refers to the communities as consisting of "a few millions of inhabitants."(3) They would be primarily agricultural, but industry would also exist. Modern technology, he argues, would make agricultural production so plentiful that "our hypothetical inhabitants would be led necessarily to employ their leisure in manufacturing, artistic, scientific, and other pursuits."(4)

Regardless of which type of collectivist anarchism is advocated, all money, wages, exchange and prices would be abolished. "There will be no buying and selling," says Berkman. "Exchange will be free." Each group of producers or each syndicate will deposit their produce at the community warehouses and be given in return whatever they need. Need rather than profit will determine what is produced, and common sense will tell the members of the community what is needed and how it should be produced. "As much coal will be mined as will be necessary to satisfy the need. Similarly, will as much food be raised as the country needs. It will be the requirements of the community and the supply obtaining which will determine the amounts it is to receive. This applies to coal and food as to all other needs of the people."(5)

In contrast to what may be called the **manual or conscious coordination** endemic to anarcho-collectivism, the individualist anarchist opts for what he believes to be the **automatic or spontaneous coordina-**

tion afforded by the market system. In fact, the individualist anarchist is very critical of the principle of conscious coordination for two reasons: for the political reason that the principle itself entails the reintroduction of the state; and for the economic reason that there is no alternative to the market in any society above the most simple and economically backward.

There are three problems of coordination that must be solved in any socio-economic system: [1] the problem of **priorities**, i.e., what goods and services should be produced; [2] the problem of **efficiency**, i.e., what combination of resources used in the production of a commodity will (a) not impede the production of goods desired more intensely by the consumers, and (b) leave the largest bundle of resources left over for the production of other goods and services; and [3] the problem of **distribution**, i.e., how to compensate each participant in the productive process.(6)

Both the individualist anarchist critique of the principle of conscious direction and the view of the market process as a method of spontaneous coordination can be highlighted by indicating how they believe that the market system approaches and is able to solve these three problems.

a. Priorities.

The individualist anarchists argue that since consumers only buy what they intend to use, one can make a profit only by producing what others desire. Hence, there can be no distinction between production for use and production for profit. Within a market system priorities are therefore set by the consumers' buying and abstention from buying. Entrepreneurs, anxious to maximize their profits, will tend to produce those goods with the greatest discrepancy between total revenue and total cost. It is in this way that the unhampered price system is able to disseminate the needed information to market participants. One need only be concerned with the prices that are relevant to him. If consumer demand for any good increases or its supply decreases, its price would rise, thereby encouraging its increased production. Conversely, if consumer demand decreased or the supply increased, the price would fall thereby discouraging production. Thus the individualist anarchists argue that the market process works in such a way as to produce precisely those goods that consumers wish to buy.

A common criticism of this type of reasoning is that there are many examples where the market cannot be said to reflect the priorities of the consumers. It is assumed, for example, that bread is more important than diamonds while it is noted that the price of diamonds is much greater than that of bread. The error in this line of reasoning is that individuals are never confronted with a choice between diamonds in the abstract and bread in the abstract. Instead, they choose between individual units of bread and diamonds. Since under normal conditions that quantity of bread greatly exceeds that of diamonds, the satisfaction or dissatisfaction caused by the addition or loss of any particular unit of bread, i.e., its marginal utility, is relatively low compared with that of any unit of diamonds. Were, by some quirk of fate, the quantity of bread greatly reduced or that of diamonds significantly increased, the marginal utility of the units of bread and diamonds would be altered causing the price of bread to rise and that of diamonds to fall. It can therefore be seen, argue the individualist anarchists, that the market does in fact reflect the priorities of the consumers and does so without the need for any conscious direction and control. In fact, any such control would only impede consumer satisfaction for, as the economist Israel Kirzner notes, "any non-market obstacles placed in the way of the pricing process thus necessarily interfere with the priority system that the consumers have set up."(7)

It should be noted at this juncture that this view of price formation indicates a significant difference between the modern individualist anarchists and their nineteenth century cousins, the philosophical anarchists. The labor theory of value, so dear to men like Tucker, has been replaced by the modern principle of subjective value, and its corollary, marginal utility. Prices for the individualist anarchist are to be determined not by the quantity of labor involved in production but by what the market will bear, i.e., by supply and demand.

b. Efficiency.

For the individualist anarchist the problem of the efficient allocation of resources is to be handled in the same way that the problem of priorities is to be handled: the price system. To produce their goods the entrepreneurs must bid for the needed resources. They, therefore, stand in the same relation to the sellers of

resources as the consumers do to the sellers of final goods. Thus, prices for the various factors of production tend to reflect the demand for them by the entrepreneurs. Since what the entrepreneur is able to bid is limited by his expected yield on the final sale of his product, the libertarians believe that the factors of production are channeled into production of the goods most in demand by the consumers. Those who best serve the consumers earn the greatest profits and, hence, are able to offer the highest bids for the resources they need. If returns are not high enough to cover the cost of a particular operation, this means that there is, in the eyes of the consumers, a more important use for the factors of production elsewhere. The market, therefore, allocates resources to their most productive point relative to the priority system that the consumers have established.

This can be demonstrated by the following. Assume that the market is in equilibrium. Also assume that a new technological breakthrough has enabled the production of a new commodity that is highly valued by the consumers. The production of the commodity, however, requires the use of factor A. Those entrepreneurs who perceive this new profit opportunity will begin to bid for the factor. This increased competition for the available supply of A will cause its price to rise, forcing some of the users of A to curtail their purchases. But who will be the ones forced to curtail their purchases? Clearly, it will be those employers of A who are receiving the least remuneration for their product from the consumers, i.e., those who are employing A in its least productive point. In this way, the use of A is channeled from uses that the consumers value less highly into uses that they value more highly. But further, the rise in the price and therefore the profit margins of A will encourage other entrepreneurs, also anxious to make profits, to expand the supply of A.

In other words, the individualist anarchists believe that the price fluctuations of the market process automatically coordinate the actions of all participants in the system by transmitting the relevant knowledge precisely to those who require that particular information to guide their actions. For example, information about rubber is communicated to tire manufacturers, while information about steel is communicated to automobile manufacturers, etc. As F. A. Hayek states, "The marvel is that without an order being

issued, without more than a handful of people knowing the cause, tens of thousands of people whose identity could not be ascertained by months of investigation, are made to. . . move in the right direction."(8)

c. Distribution.

Since under the free market those eager to earn profits can do so only by producing better than their competitors what the consumers desire to buy, the individualist anarchists contend that there can be no distinction between production and distribution. The more satisfactorily one serves the consumers, the more profits he will earn. "The only means to acquire wealth and to preserve it in a market economy not adulterated by government-made restriction," says Ludwig von Mises, "is to serve the consumers in the best and cheapest way."(9)

This means that wealth is not dispersed on the basis of personal moral merit but purely according to one's ability to provide others with what they want. While this may be considered unjust from some higher point of view, the libertarians regard it as one of the market's greatest merits. The demand for a "just" distribution of wealth, argues Hayek, implies that wealth be distributed according to moral merit. But this means that some person or some group must be completely cognizant of all the motivations that prompted any individual to engage in any particular action and then allocate rewards accordingly. But since "we cannot know or isolate all the circumstances which determine merit," without the complete elimination of individual privacy, the allocation of wealth according to "merit" is incompatible with a free society.(10)

The dispersion of wealth in a market society, libertarians argue, is in itself neither just nor unjust. It is functional from the point of view of facilitating the satisfaction of all market participants; it is also an integral aspect of a free society.

d. State, Economy and Conscious Coordination.

Since the market process spontaneously coordinates the actions of all market participants, it can operate with the utmost decentralization of knowledge. Such operation permits everyone to devise and pursue his own plans, running the gamut from purely selfish to altruistic. It makes no difference what ends any individual

may choose; the fact remains that the more satisfactorily one produces what the others desire, the more money he will earn and hence the better able he will be to pursue his own goals, whatever they may be. But, in the absence of the price system the coordination of individual actions cannot be spontaneously generated. Rather, it requires conscious coordination and control.

This, however, creates a dilemma for collectivist anarchism. Since outputs are materially interdependent, not only must production quotas be set for each industry in such a way as to coordinate the outputs of all industries with one another, but all resources, including labor, must be allocated so as to enable each industry to attain its particular production quota. If it is decided by the Central Planning Board that the expansion of production in branch A would be desirable, resources must be transferred to it from some other branch or branches. On the market this would be done by means of the price system. If there is a need for expansion in one area, prices for the respective factors, including labor, would rise in order to attract them into that area. But in the absence of the price system the transfer requires conscious direction. Individuals must be transferred from branch B, which is considered economically less desirable to the more economically desirable branch A. A crucial problem arises if we ask what will be the policy of the "community" if the individuals who must be transferred balk? There are only two alternatives: [1] coerce them, or [2] allow them to go their own way. If the former is adopted, then clearly the state has not been abolished, for coercion is being initiated against individuals who themselves have not coerced anyone. But if the second alternative is adopted, the production quota of branch A will not be met. This, in turn, means that the industries dependent upon the output of A will, likewise, be unable to meet their production quotas, etc., in ever widening circles.

Since plan attainment requires that resources be allocated in the correct proportions, any spontaneous action will prevent the anticipated outputs from being attained. Plan fulfillment is therefore contingent upon either [1] everyone voluntarily following the directives of the planning authority, or [2] investing the CPB with an apparatus of compulsion and coercion. Kropotkin envisions the anarchist commune as consisting of several million people. But in such a society voluntary acquiescence is highly improbable. As Hayek

points out, it is not enough to have agreement on planning in the abstract; there must be 100 percent agreement on every aspect of the plan - priorities, resource allocation, and distribution - or coercion must be utilized.(11) Since it is doubtful that the several million people composing the commune will at all times adhere to exactly the same scale of values, plan fulfillment in a collective anarchist society of the size envisioned by Kropotkin would demand a uniformity of action that is probably impossible to attain without the use of an agency possessing a monopoly on the use of compulsion and control, viz., the state.

However, some have pointed out that the successful operation of a market no less than a non-market economy requires the employment of resources in correct proportions. They conclude that the respective processes of allocation make little difference. The individualist anarchist objects to this conclusion. To paraphrase Hayek, the difference is similar to that between erecting street signs and permitting each individual to chart his own course, on the one hand, and telling the people which road they must take, on the other.(12) The price system, it is argued, does not command anyone to do anything. Everyone is free to devise his own plans and to follow or not to follow the market signals. "It would be . . . accurate to state," claims Rothbard, "that in the free market there is sovereignty of the individual: the individual is sovereign over his own person and actions and his own property. This may be termed **individual self-sovereignty**. To earn a monetary return, the individual producer must satisfy consumer demand, but the extent to which he pursues other nonmonetary factors is entirely a matter of his own free choice."(13) In the absence of the price system individuals cannot be permitted the freedom to choose their own goals, occupations, etc., for it is unlikely that free choice will produce an allocation of labor in exactly the proportions required for plan fulfillment. The only way to insure the correct allocation of labor is for the CPB to transfer laborers wherever needed and to punish deviations from the orders. Thus, the individualist anarchist contends that collectivist anarchism is contradictory: a collectivist society of the size envisioned by Kropotkin presupposes the existence of a state.(14)

There is yet another problem. Since there would be no buying or selling, there would be no market. This places the CPB in a dilemma. In order to devise

its plans, the CPB would require information about the preferences of "society." The problem is that such information is neither static, centralized, nor independent of the preferences of the individuals who comprise the "society." The information needed by the CPB is information about the needs and desires of individuals. By its very nature such information is **radically decentralized**: it exists only in the minds of each and every individual in society. Such information is **dynamic**, changing as often as individuals alter their preferences. It is also **subjective**. An individual's preferences can be known, even to himself, only through his acts of choosing. One may claim to prefer A to B, but until and unless he actually makes the choice, he can never be certain.

We live in an uncertain and ever-changing world. Information is scarce and costly. The problem of ignorance, of incomplete knowledge, is perhaps the key social and economic problem. But, argue libertarians, it is just this problem that the collectivist ignores by positing the existence of a CPB which either possesses, or is capable of obtaining at little or no cost, all of the information needed for the construction of the economic plan.

The virtue of the market process, libertarians are fond of pointing out, "is the economy of knowledge with which it operates, or how little the individual participants need to know in order to take the right action." (15) The price system acts as a sensing device which not only monitors the ongoing changes in consumer priorities and other economic data, but rewards those who adjust to these changes while punishing those who do not.

The economic problem facing any society organized on pure collectivist, i.e., non-market, principles, is that if there is no market, the CPB would have no information and thus no economic basis on which to construct its plans. True, high speed computers could be used to collect data, but the decentralized, dynamic and subjective nature of the information required would render such data practically worthless. From an economic point of view, the decisions of the CPB would therefore be totally arbitrary. The resulting inefficiencies and distortions would entail capital decumulation which, in turn, would mean progressive impoverishment. (16)

Thus, for two reasons, the economic reason of the absence of economic calculation in a socialist economy, and the political reason of the inevitable reintroduction of the state, the individualist anarchist maintains that even a moderately sized collectivist anarchist society is simply not possible. The only possible alternative would be to establish communes so small as to permit every individual to have both personal contact with every other individual and complete knowledge of every facet of the commune. In this way the community would be small enough to permit every individual to participate in every decision. The problem, however, is that such a society would have to be so small as to all but entirely eliminate the division of labor. But without a division of labor, no capital machinery could be utilized. While such a society might function as a collectivist anarchist community, it would have to be almost solely agricultural using primitive instruments and subsisting in grinding poverty.(17)

In short, the individualist anarchist believes that a state is the *sine qua non* of a large scale collectivist society and that while a small anarchist commune might be possible, it would be most unattractive.

2. LAISSEZ FAIRE, POWER AND FREEDOM

a. Power Defined.

Libertarians argue that a libertarian society would be characterized by the absence of power relations. But the libertarian definition of power and freedom solely in terms of the presence or absence of violent activities, and the threat of such activities, has been criticized for disposing of the question of power relations by means of a semantic sleight-of-hand. Warren J. Samuels' critique of Rothbardian anarchism is a good example of this line of thought.

While anarchism would be a "system without a state," Samuels says, it would not be a system without power relationships, for "power, coercion and externalities . . . are ubiquitous." They exist in all social systems. "The anarchist ideal, contemplated in terms of strict or absolute autonomy, is impossible." (18) Thus, one can "solve" the problem of power in a society only by arbitrarily defining it in terms of certain types of coercion but not others. It is only through

such "selective perception of mutual coercion," Samuels maintains, "that the anarchist ideal is sensible -- and that selectivity begs the critical issues." (19)

Rothbard's definition of power and freedom in terms of physical violence comes in for especially caustic criticism. "Concentration upon physical violence and obedience is an undue narrowing of the focus upon the full range of mutual coercion," he charges. Rothbard's "nonaggression axiom" is "misleading and selective with regard to 'invasions'." He "can only pretend to abolish invasions by selectively admitting them, i.e., (he) abolished only certain invasions and coercion." And what invasions would Rothbard's axiom abolish? Since his conception of voluntarism and freedom are "specified only in terms of market exchange," they are "incomplete and selective." Thus "Rothbard's system" says Samuels, "would permit the operation of mutual coercion in the market, but he does not see it as pejoratively and analytically coercion. In other words, he would abolish only the coercion he is willing to acknowledge." (20) Given his arbitrarily narrow view of power, Samuels continues, Rothbard cannot see -- or at least won't admit -- that the market system is itself coercive and that "it gives effect to whatever structure of private power operates through it." Thus, the "statelessness" of a Rothbardian society is a mere "pretense"; it is a "play with words" that "only functions to mislead." Consequently, not only would there be the functional equivalent of a state but it would be a state "skewed in favor of a propertied elite." Rothbard's "anarchism" "is not anarchism but a cleverly designed and worded surrogate for elitist or aristocratic conservatism." It would result in a "plutocracy" in the truest sense of the word, and "it cannot claim attention as a work of serious scholarship." In brief, "there is more to coercion, to voluntarism, and to freedom than Rothbard's system admits," and it is only by his "spurious" and, Samuels strongly implies conscious "sleight-of-hand of narrowly contemplating externalities and invasions" that he is able to solve the specter of power in his society. (21)

This is a stinging criticism that, despite its truculent and polemical tone, does raise an important question: is the Rothbardian -- and more generally the libertarian -- resolution of the power problem simply a product of the (conscious?) abuse of the language; of a semantic sleight-of-hand?

While there is, admittedly, very little agreement either in ordinary language or even among political scientists regarding the meaning of the term "power," what little consensus there is follows, I believe, the path taken by such political scientists as Robert Dahl, Harold Lasswell and Morton Kaplan. Since there is little doubt that theirs is a respected approach to the question of power, it will, perhaps, be worthwhile to examine the libertarian definition in terms of the Dahl-Lasswell-Kaplan approach.(22)

What is interesting about their analysis is the distinction they make between power and influence. For them, influence is a generic term that includes an entire family of more specific concepts such as power, authority, coercion, persuasion, force, etc. Power, on the other hand, says Dahl, is "defined as a special case of influence involving severe losses for noncompliance."(23) Similarly, Lasswell and Kaplan note that "it is the threat of sanctions that differentiates power from influence in general. Power is a special case of the exercise of influence: it is the process of affecting policies of others with the help of (actual or threatened) severe deprivations for nonconformity with the policies intended."(24)

A problem with the Samuels' critique is immediately apparent. For Samuels, power is ubiquitous, but only because he (implicitly) defines it as synonymous with influence. But if the Dahl-Lasswell-Kaplan approach is followed power is clearly not ubiquitous. It is only one specific type -- that involving severe deprivations or losses -- of the much more inclusive concept of influence. Rothbard never denied that influence may be ubiquitous, but power certainly is not. If there is any abuse of language it lies with Samuels, not Rothbard.

Even if one follows this approach, the question is far from being resolved. For is there, or can there be, market influence strong enough to constitute severe deprivation, i.e., can there be "economic power?"

There are two standard ways of proceeding: that of classification and that of comparison. The method -- or perhaps more accurately, technique -- of classification establishes two or more mutually exclusive and exhaustive categories or classes and then assigns the phenomena to one or the other of the classes. The comparative technique proceeds by establishing a con-

lence if they did not comply. However, if (a) the employees agree to ban together and present a united front to their employer, and if (b) the employer agrees that he will not hire anyone who does not belong to the union, a closed shop will have been voluntarily agreed upon. Coercion, i.e., the initiation of the use of violence, in this case was entirely absent. True, if an employee wants to work for that particular employer he must join the union. But this is not coercion, for as the Italian legal theorist Bruno Leoni has commented, "You do not 'constrain' someone if you merely refrain from doing on his behalf something you have not agreed to do." (32) The only thing the members of the union did was to agree among themselves not to work for the employer unless he agreed to hire only union members and the employer, in return, agreed to the demand. It makes no more sense, the individualist anarchist believes, to say that non-union members are being coerced in this situation than to say that one is coercing Gimbels by buying a tie from Macys. But if the employer were told by the union that unless he agreed to their conditions his factory would be burned, or by the government that he would be fined or imprisoned, the closed shop agreement would be coercive in this case, since it was obtained via the threat of violence. The same would be true if the employer hired strike-breakers to crush the union or if Macys hired agents to use violence against Gimbels' shoppers.

The situation is identical for acts of private discrimination. In a libertarian world all property would be privately owned and any individual would have the right to use his property in any non-violent way he desired. "It might be charged that all this will allow freedom 'to discriminate' in housing or the use of streets," acknowledges Rothbard. And "there is no question about that." "Fundamental to the libertarian creed is every man's right to choose who shall enter or use his own property, provided of course that the other person is willing." (33) Clearly, if private discrimination is simply the right of an owner to determine who shall use his property it is, according to the libertarian definition of the term, "non-coercive." It is a method of exercising voluntary influence over another. What would be coercive, however, would be an order by an uninvited third party which included the threat of physical sanction for noncompliance of either discriminatory or nondiscriminatory behavior on the part of any individual. As with a closed or open shop, neither discriminatory nor nondiscriminatory behavior is in

itself coercive, but either may be depending on how they are undertaken.

While voluntary private discrimination would be permitted, it should be noted that individualist anarchists believe that the market would tend to minimize such behavior by placing the cost squarely on the shoulders of the property owner involved. Suppose, says Rothbard, that a landlord of an apartment building

is a great admirer of six-foot Swedish-Americans, and decides to rent his apartments only to families of such a group. In the free society it would be fully in his right to do so, but he would clearly suffer a large monetary loss as a result. For this means that he would have to turn away tenant after tenant in an endless quest for very tall Swedish-Americans. While this may be considered an extreme example, the effect is exactly the same, though differing in degree, for any sort of personal discrimination in the marketplace. If, for example, the landlord dislikes redheads and determines not to rent his apartments to them, he will suffer losses, although not as severely as in the first example.(34)

This argument is not altogether convincing, for the market is ethically neutral and will, as a general rule, reflect the values dominant in the community. It is certainly conceivable that in a community where anti-black, anti-semitic or anti-redhead feeling is extremely high, the "costs" of doing business with a member of such an anathematized group would also be very high. In fact, a businessman who is not himself prejudiced may find that his employees refuse to work with blacks or Jews, or that his customers refuse to buy from him if he employs such "undesirables." In such cases the market would actually intensify discrimination by imposing a heavy cost for not discriminating.

Still, it is likely that the overall effect of the market is to reduce rather than intensify the incidence of discrimination. For, as Milton Friedman has pointed out, "the purchaser of bread does not know whether it was made from wheat grown by a white man or a Negro, by a Christian or a Jew." It is precisely this "impersonality of the market," he notes, that "separates economic activities from political views",

thereby protecting individuals from "being discriminated against in their economic activities for reasons that are irrelevant to their productivity -- whether these are associated with their views or color."(35)

A related confusion is the role of leaders in an anarchist society. One view seems to be that anarchism implies the absence of leaders. This is only partially true. Individualist anarchists reject **political** leaders, not because they are leaders but because their function is to exercise the use of coercion over others. They not only have no objection to leaders who have the voluntary assent of their followers, they recognize that such leaders are necessary. Their position is that

Because of the uneven distribution of abilities, elites will tend to emerge from the ranks of the better qualified through a natural process of emerging hierarchy in all areas of human activity. . . . The free market society, then, is a society of evolving (ascending and descending) elites, or, as Vilfredo Pareto put it, a 'circulation of elites.' Since change is the fundamental characteristic of the free market society, the emergence of elites and their continuing circulation is both natural and desirable for it promotes optimization of both economic efficiency and social harmony.(36)

It is felt that the leaders and decision makers in a laissez faire society would be able to retain their positions only by continued service to their followers. The moment a leader ceased such service the rank-and-file would take their support elsewhere and that particular leader would lose his position. While it is recognized that a laissez faire system, as in fact any social system, requires decision makers, the anarchists believe that it is **only** the market, with its constraint of serving the consumers, that prevents the leaders from using their leadership positions for purposes of exploitation.

c. Freedom Defined.

Freedom, as defined by the libertarians, is simply the absence of interpersonal violence, i.e., the use of initiated force or violence, or its threat, against the person or property of another. In this sense it is not

only "negative" but, as Hayek points out, it "refers solely to a relation of men to other men, and the infringement on it is coercion by other men." (37) Defining freedom in this fashion means that in a libertarian society everyone would have an equal amount of freedom, i.e., the right to engage in any non-violent activity they desired. But it is important to realize that this does not mean that everyone would have an equal ability to use that freedom. While the poor would have the same amount of freedom as the wealthy, the range of options is undoubtedly more limited for the poor than the wealthy. Unlike the wealthy, the prospect of an ocean cruise on the Caribbean or a vacation on the French Riviera would not be within the range of effective choice for most poor. The cognition that the ability to use one's freedom is partly a function of one's economic position is probably what Harold Laski meant by his remark that "liberty in a laissez faire society is attainable only by those who have the wealth or opportunity to attain it." (38)

Not only Harold Laski, but "progressives" such as J. R. Commons and John Dewey and "idealists" such as T. H. Green also define freedom as the "effective power to do specific things," thereby viewing it in terms of the number of options open to a person. Libertarians, however, maintain a strict distinction between the absence of coercion and the power or ability to engage in specific things, and reserve the term "freedom" for the former. While acknowledging that the range of options open to an individual is an important question, it is, argues Hayek, not synonymous with freedom:

the rock climber on a difficult pitch who sees only one way out to save his life is unquestionably free, though we would hardly say he has any choice. Also most people will still have enough feeling for the original use of the word "free" to see that if the same climber were to fall into a crevasse and were unable to get out of it, he could only figuratively be called "unfree," and that to speak of him as being "deprived of liberty" or of being "held captive" is to use these terms in a sense different from that in which they apply in social relations. (39)

Since in a libertarian society no one would have the right to initiate violence, such a society would, according to Rothbard, be "totally free." That is, since

tinuum based on a particular concept or criterion (say "influence") and then ranks the phenomenon along the continuum according to the degree to which a unit possesses the criterion. Thus, classification deals with the question of "either/or" while comparison concerns itself with the question of "more or less." (25)

The approach taken by Dahl is that of comparison. He envisions taking a particular aspect of influence -- such as scope, domain, cost of compliance, probability of compliance, etc. -- and ranking individuals or actions along a continuum ranging from low to high. Any individual ranked higher on the continuum than another would be considered to have "more" influence. Rankings above a designated point would be termed power; ranking below it would be denoted by some other term, say, persuasion. The problem with this approach, as Dahl readily admits, is that the choice of a cut-off point between the amount of influence to be termed severe deprivation or power and that called, say, minor deprivation or persuasion, is "somewhat arbitrary." Even more important, it leads inevitably into a morass of subjectivism. "No doubt," Dahl acknowledges, "what a person regards as severe varies a good deal with his experiences, culture, bodily conditions, and so on." (26) What may be considered severe deprivation by one individual may be of little or no consequence to another.

The problem with using the comparative technique in this particular case is that its very subjectivism robs it of any empirical import. It is not, in other words, "operationable." (27) To be useful one would have to be able to ascertain the degree of deprivation or pain suffered by any one individual in any one situation. But given the subjectivity of feelings, it is obviously impossible for any one individual to determine precisely the degree of pain felt by another. If one cannot do this then one cannot accurately, i.e., meaningfully, determine the degree of deprivation felt by another, much less actually compare relative degrees of individual deprivation. While we would be inclined to say that the degree of deprivation associated with the loss of a dollar would be greater for an indigent than a millionaire, how can we be sure? The indigent might be St. Francis of Assisi, who took a vow of poverty and for whom money has no meaning, while the millionaire might be Howard Hughes or, even worse, Jack Benny, for whom every cent is infinitely precious. Regardless of the individuals involved, there is simply no way to ascertain and then compare the subjective

feelings of one individual with another. Is the degree of pain that Jack Benny regards as severe of the same intensity as that which Helen Keller, or the Marquis de Sade, or Joe Smith regard as severe? And even if it is, how can we ever tell? In short, the application of the comparative technique to the concepts of power and influence robs these terms of any empirical import.

What of the classification technique? This approach, as we have seen, does not compare things according to "more/less" but establishes criteria to construct mutually exclusive and exhaustive categories and then applies the criteria to assign the phenomena either to one or the other of the categories. This is the approach adopted by Rothbard. While it tends to be less discriminating than the comparative technique, it does possess the inestimable value in this case of giving the concept of power what the comparative technique could not: empirical import.

Rothbard doesn't deny the ubiquity of influence. But rather than trying to determine the degree of influence one person exercises over another, he looks to the means one uses to obtain influence. Those attempts to influence others by violent means, defined in Lockean-fashion as physical force, or its threat, against the person or property of another, is termed power. All nonviolent, or what may be termed persuasive, methods of influencing others are designated as voluntary. What of "economic power"? Since the only "economic power" anyone can exercise is the ability to refuse to agree to an exchange, and since this is non-violent according to Rothbard's definition, it is not considered power at all. Thus, the market, according to this definition, is a system of social coordination in which power is completely absent.(28)

Two caveats should be borne in mind. First, Rothbard looks at the means to influence rather than the degree of influence actually exercised. His taxonomy says nothing about the effectiveness of any particular influence-attempt in any particular situation. It is certainly consistent with his taxonomy for non-violent methods of influence to be more effective in a particular case or with a particular individual than violent methods. To use Jack Benny again, it is conceivable that the use of "economic sanctions" such as the refusal to make an exchange profitable to Jack would be a more effective method of influencing his behavior than to threaten him with bodily harm.

Second, since one can define a concept in any way one desires, it is technically meaningless to speak of the "correctness" of a definition. But to be understandable a definition must bear some congruence with the way the term is commonly used. It would be ridiculous to define power in terms of, say, the length of one's shoe laces. But within this limit the ambiguity surrounding the term provides one with fairly wide discretion to stipulate a particular definition. Rothbard's definition of power in terms of physical violence certainly falls within the limits of common usage. For, as Dahl notes after acknowledging the ambiguity of the term, "probably among all people" physical violence such as "exile, imprisonment and death would be considered as severe punishment." (29) Dahl does not limit power to these acts as Rothbard does. But his statement, if correct, does indicate that the acts that Rothbard denotes as violent are the ones that everyone can agree as being powerful. One can disagree with this definition of power and, given the stipulative aspect of definitions, it would be pointless to argue that Rothbard's definition is the "only correct" one. But it certainly must be admitted to be a correct and plausible use of the term. (30) It is therefore highly unfair to argue, as does Samuels, that Rothbard's definition of power is an abuse of language and a (consciously) misleading semantic sleight-of-hand. On the contrary, H. E. Frech, who is otherwise critical of Rothbard, applauds him for "excellently sharpening the language," precisely in the ambiguous area of power relationships. (31)

We are now in a position to flesh out the remaining elements of what may be termed the Rothbardian influence taxonomy. While power has been defined as the use of violence, we have not distinguished between its legitimate and illegitimate uses. Yet Rothbard does draw such a distinction. For him, as for Tucker and the philosophical anarchists, the initiated use of power is illegitimate, while its defensive use is legitimate. This fits perfectly with the Dahl-Lasswell-Kaplan approach, which also makes this distinction between the legitimate and illegitimate uses of power. Power that "is said to be legitimate," -- however that term may be defined -- notes Dahl, is "generally called authority," while that which is said to be illegitimate is referred to as "coercion."

The Rothbardian influence taxonomy can now be summarized as follows:

Influence-Attempts

Persuasion (voluntary influence-attempts)	Power (violent influence-attempts)
economic persuasion (includes)	Authority (legitimate power: defensive violence)
market exchanges	
advertising	
negotiated agreements	Coercion (illegiti- mate power: initiated violence)
social persuasion (includes)	
speech	
gifts	
bribes	
ostracism	
discrimination	

b. Ramifications of the Rothbardian Influence-Attempt Taxonomy.

Perhaps a few illustrations will serve to clarify what is meant by such terms as "voluntarism," "violence," "coercion," and "power." A fairly common argument is that such things as a closed shop agreement, where some workers are "frozen out" of particular employment opportunities, or private discrimination, where some individuals are socially ostracized because of color, nationality, religion, or on the basis of some other criterion, are inherently coercive, or at least powerful, acts which place the individualist anarchist in a dilemma: either he must permit such acts, in which case he is opening the door to private coercion, or he must set up a state to combat them, in which case he is abandoning his anarchism.

Actually, the individualist anarchist is on strong grounds in arguing that the dilemma is only apparent and results from the failure to adhere consistently to the definitions of power and coercion specified above. Power and coercion were defined not in terms of the degree of influence exercised by A over B but by the means A adopts to influence B. Thus, a closed shop agreement or an act of private discrimination may or may not be coercive. This depends not on, say, the number of people adversely affected or even the magnitude of the adversity, but on the way the agreement was consummated or the private act was undertaken.

If government, or some other uninvited third party, orders a closed or even open shop, then it is coercive; not because it is either closed or open but because the parties were threatened with initiated vio-

freedom is automatically restricted by any coercive act, the governmental transfer of several million dollars from a millionaire to a group of indigents would restrict freedom even though it might increase the options open to the indigents without perceptibly limiting the options of the millionaire. It is entirely possible, therefore, that freedom could be restricted at the same time that the number of alternatives open to particular individuals or groups might increase.

This raises the question of how important such freedom actually is. The welfare state could not exist in the absence of the state. What would happen to the poor in such a society? It is to this issue we now turn.

3. THE PLIGHT OF THE POOR

a. Government and the Poor.

Libertarians of all persuasions are confident that the substantial reduction or even the total elimination of government, including the dismantling of the government poverty programs, would actually benefit the poor. Recall that in Chapter III it was noted that government transfers wealth according to influence, not need. Since the poor tend to lack the three things necessary to influence government -- time, money and expertise -- government policies actually transfer wealth away from the lower and to the middle and upper income groups. This is done in any number of ways of which subsidies, licensing restrictions and tariffs are only the most obvious. It has been estimated, for example, that government regulatory boards actually cost consumers about \$130 billion each year.(40) The poor can least afford high prices. They are therefore the ones most hurt by these agencies.

If the foregoing is correct, if the poor are the victims of governmental redistribution of wealth, it follows that they would benefit from its termination. Hence, if government were abolished or substantially reduced, with taxes correspondingly eliminated or drastically cut, libertarians believe that the position of the poor would improve.

Not only do libertarians argue that government policies harm the poor, they also maintain that the free market works to their benefit. In order to understand this argument a few preliminary observations are necessary.

b. The Culture of Poverty.

Libertarians appear to be in agreement with the neoconservative thinker Edward Banfield who maintains that poverty is not so much an economic as a sociological problem. Banfield, among others, has distinguished between lower, middle, and upper class individuals on the basis of their time orientation. While middle and upper class individuals are future-oriented, the lower class individual lives in and for the present. A future-oriented culture is one which emphasizes hard work and delayed gratification, i.e., discipline in the present for the attainment of a larger "payoff" in the future. Such a culture, Banfield notes, "teaches the individual that he would be cheating himself if he allowed gratification of his impulses . . . to interfere with his provision for the future."

In contrast, he continues, the lower-class "individual lives from moment to moment. If he has any awareness of a future, it is of something fixed, fated, beyond his control: things happen to him, he does not make them happen. Impulse governs his behavior, either because he cannot discipline himself to sacrifice a present for a future satisfaction or because he has no sense of the future. He is therefore radically improvident: whatever he cannot use immediately he considers valueless. His bodily needs . . . and his taste for 'action' take precedence over everything else -- and certainly over any work routine. He works only as he must to stay alive, and drifts from one unskilled job to another, taking no interest in his work."(41)

The goal for those in the middle class is "to get ahead," to succeed; the means are hard work and delayed gratification. The goal for those in the lower class is "to enjoy now," i.e., immediate gratification; the means are to work as little as possible and to spend whatever you make as soon as you make it. These are, of course, pure types, and all individuals are mixtures of the two life styles. A lower class individual, however, lives far more in the present than a middle or upper class person.

The point is not that a "lower class mentality" is somehow "irrational" or "wrong." On the contrary, since the economic situation restricts the choices open to the poor, it may well be that "living in the present" is, or appears to be, the "most rational" of the options open to them. The "behaviors that are 'ration-

al'," Charles Murray has noted, "are different at different economic levels." (42) But the dilemma created by the recognition of this fact, i.e., are people poor because they live in the present or do they live in the present because they are poor, is only apparent. There is no doubt some truth to both, although it is seldom, if ever, the case that they have no choice. Nevertheless, why people adopt the lifestyle they do is one question; the consequences that result from that choice is quite another. And there can be little doubt that "living in the present" impedes, if not precludes, economic advance.

While readily acknowledging that there are many reasons for poverty, it is, says Banfield, found disproportionately among those exhibiting the values of the "lower class mentality." This point is significant, believes the libertarian, because it has an important bearing both on determining the number of those who are actually poor and on the ability of government, even assuming the best of intentions, to deal with the problem. It is to these two issues that we now turn.

c. Poverty Statistics.

Approximately 12 percent of the population of the United States have, according to official statistics, incomes below the poverty line. The libertarian believes that these statistics exaggerate the amount of actual poverty. First, wealth is partially a function of age. The wealthy, says Thomas Sowell, "are likely to be elderly individuals who have finally paid off their mortgages, and who may well have been among the statistical 'poor' when they were younger." Similarly, the median age of blacks is nearly a decade less than the median age of whites. When such factors as age and education are controlled, the income differences between blacks and whites disappear. This means, says Sowell, that "the poor" do not really constitute a socioeconomic class "in the usual sense of people stratified in a certain way across their lifetimes." Rather, those who are statistically poor are often simply those in a temporary, and quite normal, part of their economic life cycle. (43)

A second reason statistics inflate the incidence of actual poverty is that living in the present the lower class individual has an affinity for risk, action and impulse behavior. Given this affinity, many who are classified as poor have high risk and/or seasonal

jobs. Therefore, "their incomes rise and fall with changing employment conditions."(44) The result is that the turnover rate among those with incomes below the poverty line is about one-third per year. This means that if poverty were based on a two or three, instead of a one, year period the actual number of poor would be significantly less.

Finally, since taxes are paid on incomes, there is a built-in tendency for income to be underreported. This means that basing poverty statistics on reported incomes inflates the statistics. In testimony before the House Hearings on the Economic Opportunity Act of 1964, Margaret Reid disclosed that those reporting incomes under \$1,000 per year were actually spending an average of approximately \$2,500 per year.(45) Reinforcing this is the fact that such high-risk, action-oriented occupations as gambling, loan sharking, prostitution and the like attract a disproportionate share of "lower class" individuals. Since these activities are illegal, this income cannot be reported. Although the amount of income from unreported transactions is difficult to gauge, a 1978 estimate placed it at about \$700 billion.(46) Regardless of what one thinks of such activities, it is clear, says the libertarian, that if this income could be taken into consideration "a considerable percentage of the 'poor' in large cities would turn out to be well-off."(47)

While acknowledging that there are those who are legitimately poor, the libertarian believes that the official figure of about 12 percent is inflated.

d. Poverty Programs.

The concept of the "culture of poverty" also indicates just how limited is the ability of the government to help the poor, even assuming the best of circumstances.

Consider the government policy regarding education. One of the reasons for compulsory, "free" grade and high school education, and zero or minimal tuition, taxpayer supported, state universities, was to make education accessible to children of poor families. This, it was reasoned, would break the "cycle of poverty" by providing such children with the skills needed to enter high paying occupations. What happened, libertarians argue, was instructive. The payoffs from education lay several years in the future. Consequently, while mid-

dle and upper class individuals began attending state-run universities in droves, the poor were not particularly attracted, even when it was "free." Instead, they entered the work-force, usually getting low-skilled, low paying jobs and began paying taxes, some of which went to provide low-cost, subsidized, education for middle and upper class children at state universities.(48)

Another government program was "jobs training," which began with much fanfare in the "War on Poverty" programs of the 1960's. This too proved a failure and for the same reason: like education, the payoffs from training programs lay months, maybe years, in the future. In fact, the entire program was based on a contradiction. A program designed to train the poor for good jobs could not succeed for the same reason that the poor do not have good jobs in the first place: both good jobs and successful training are future-oriented; the poor live in the present.(49)

The minimum wage is yet another example. Many libertarians feel that this is the most pernicious of all "anti-poverty" legislation. Wages are determined by the marginal productivity of labor. And since the poor as a rule do not have the skills that would enable them to become highly productive members of the labor force the only jobs open to them are low-paying ones. This is most unfortunate but good intentions are not enough. Since minimum wage legislation does not, and can not, increase the marginal productivity of the poor its only effect is to eliminate their jobs. If an individual worker's marginal value to the firm is \$3.00 per hour, an increase in the minimum wage from \$2.90 to \$3.10 per hour means that the worker will lose his job. Thus, the ones most hurt by minimum wage laws are the least productive members of society, i.e., the poor.(50) If the foregoing is correct, then the ability of government to eliminate poverty is most limited, indeed.

Once the cultural basis of poverty is recognized, the government appears to have but two options: [1] to insure everyone a minimum income and/or [2] to somehow change the time-frame of the poor from a present to a future orientation. The problem with the former is that if the minimum is set high enough to eliminate poverty it would also be high enough to have a disincentive effect on those whose incomes are only slightly above the minimum. If some of this group quit not only

would this increase the number of those receiving hand-outs from the government, it would also impose increased taxes on those who continued to work, thereby encouraging still others to quit. The result, says the libertarian, would be an ever-increasing number of "beneficiaries" living off an ever-dwindling number of producers until the whole pyramid collapsed. As Milton Friedman is fond of pointing out, if you pay people to be poor, you will have no shortage of poor people. But, if the minimum were set low enough to preserve the incentive to work, it would no doubt be too low to eliminate poverty.

But what of the second option? Since values are picked up very early in childhood, usually from the parents, the "weeding out" of the "lower class mentality" would require nothing short of seizing, probably at birth, all children born to "lower class" parents. These children would then be placed in homes or schools and inculcated with "middle class" values. While this could work such a draconian measure raises significant moral and ethical questions.

In brief, say libertarians, there is nothing the government can do to help the poor: if one is poor but doesn't have a lower class mentality, he will not need government help to succeed; but if he does have such a mentality no amount of help will work. In fact, as Charles Murray has convincingly shown, since government programs designed to "help the poor," such as Aid for Families with Dependent Children, food stamps, unemployment insurance, etc., reward failure, these programs actually provide "an incentive to fail." "A government's social policy helps to set the rules of the game -- the stakes, the risks, the payoffs, and the strategies for making a living, raising a family, having fun, defining what 'winning' and 'success' mean." The "first effect" of the poverty programs established in the 1960's, says Murray,

was to make it profitable for the poor to behave in the short term in ways that were destructive in the long term. Their second effect was to mask these long-term losses -- to subsidize irretrievable mistakes. We tried to provide more for the poor and produced more poor instead. We tried to remove the barriers to escape from poverty, and inadvertently built a trap.(51)

Put differently, government poverty programs encourage, perhaps unwittingly, the adoption of what Banfield termed the "lower class mentality." The result is that these programs actually increased the number of poor.

e. The Market and the Poor.

Granted that government programs have failed, the question is, given the "culture of poverty," would pure laissez faire prove any more effective? Libertarians believe that it would.

As noted earlier in Section 1 of this chapter, the libertarian maintains that the unhampered market tends to employ every factor of production at its most value productive point. Since it is the poor who can least afford the squandering of scarce resources, it is they, says the libertarian, who most benefit by the market process. What of the objection that although this is very well for the "able-bodied poor," most who are poor today have little education and/or physical handicaps? Such unskilled workers do not benefit from the market process since their productivity tends to be so low that they cannot even find jobs. Libertarians respond that such individuals cannot find jobs not because of their low productivity but because minimum wage laws establish wages in excess of their productivity.

For example, in the 1950's and early 1960's most elevators were operated manually and many restaurants had their dishes washed by hand. These jobs were usually filled by the unskilled: the young, uneducated and the handicapped. They did not pay much, but that is just the point. As the minimum wage was raised to \$.75, then to \$1.00 and then to \$1.25 per hour, the building owners discovered that it now was economical to automate their elevators, thereby eliminating these jobs. The same was true with dishwashers. As the minimum wage was raised, they were replaced by automated dishwashing machinery.(52)

The root of the problem, therefore, is not the low productivity of the unskilled worker. It is the fact that, being prevented by the minimum wage from offering a compensating difference for his low productivity, his labor, under this condition, is overpriced and he is therefore unemployed.

But, it could be objected, without the minimum

wage the unskilled might find jobs. They would pay so little however that such workers would still have to rely on government for assistance. The libertarian response is two-fold. First, most of the lowest paying jobs are not had by the breadwinner but by other family members desiring to supplement the family income. And, second, wage rates do not depend on the individual worker's physical productivity but on the marginal productivity of labor. Barbers and butlers perform their services today in much the same way they did two hundred years ago. Yet, says economist Ludwig von Mises, the wage rates earned by such "workers are today much higher than they were in the past. They are higher because they are determined by the marginal productivity of labor. The employer of a butler withholds this man from employment in a factory and must therefore pay the equivalent of the increase in output which the additional employment of one man in a factory would bring about."(53)

This means that while the unskilled worker would seldom become wealthy his wage rate would tend to be higher than commonly thought, provided there were alternative means of employment open to him. What is needed are more jobs available for the unskilled. But the effect of such regulations as the minimum wage and licensing restrictions is to eliminate just those jobs. Repeal of such legislation would be expected to provide adequate, but not lucrative, wages for the unskilled.

In brief, the movement from government to the market would reduce poverty in two ways. First, the dismantling of the welfare state would eliminate the incentive to fail which is inherent in government poverty programs. Secondly, the low-paying jobs generated by the repeal of the minimum wage would serve to encourage such valuable job skills as hard work, cooperation with others, punctuality, etc., which are valuable stepping-stones to better, higher-paying jobs.

The market process, libertarians say, would also help the poor in their capacity as consumers. Consider, for example, the "ghetto merchant." Since prices in the ghetto average about 10 percent more than prices for goods in other neighborhoods, the ghetto merchant is often excoriated for exploiting the poor. But the key question is why is the ghetto merchant able to charge, and receive, such prices; why don't such prices attract additional competitors? The answer is that

higher prices do not mean higher profits. Ghettos are high crime areas and this means higher insurance premiums, expensive padlocks, safes, etc. The higher prices, economist Walter Block points out, merely reflect the additional expenses of doing business in the ghetto.

If, in the name of "fairness," the government imposed "equal" prices between neighborhoods, profit margins in the ghetto would be reduced, forcing the bankruptcy of many ghetto merchants. The resulting shortages would, of course, entail severe hardships on the poor. Conversely, if the market operated unimpeded, higher profit margins in the ghetto would lure additional merchants into the neighborhood, thereby lowering prices. This means that the ghetto merchant is actually a benefactor of the poor, for his presence serves to keep prices lower than they otherwise would be. And the more such merchants, the lower the prices.

The same is true, Block has argued, of many other commonly condemned occupations. The "slumlord" is another example. This person is usually depicted as charging exorbitant rents for dirty unsanitary apartments, located in old, dilapidated buildings. But the problem of slum housing "is not really a problem of slums or of housing at all. It is a problem of poverty." This is unfortunate but not only is he not responsible for this condition, the slumlord, regardless of his motives, helps the poor make the best of their bad situation.

Consider what would happen, Block asks, if slums and slumlords suddenly disappeared. If the slumlord truly harmed his tenants, then his disappearance should increase their well-being. But exactly the reverse would occur, for the poor would then "be forced to rent more expensive dwelling space, with consequent decreases in the amount of money available for food, medicines and other necessities." But this is just what occurs when the government imposes rent control, housing codes, and the like. Forced to charge lower rates, some landlords will go bankrupt; others will employ their property in alternative uses. The resulting housing shortage can only leave the poor worse off.(54)

These two examples could be multiplied many times over. But they demonstrate how the libertarian believes the unhampered market works to the benefit of the poor.

f. Care for the Truly Poor.

There is one final question to be dealt with. What would happen to those few who were in fact incapacitated and could not take care of themselves? Regardless of the socioeconomic system, such people can be provided for only out of "surplus production." The complete elimination of government intervention would have two effects: [1] it would eliminate the poverty unnecessarily created by such government policies as minimum wages and licensing restrictions; and [2] it would increase output and thus "surplus production." There is, of course, no guarantee that this "surplus" would go to the truly needy. Yet, in 1978 Americans donated nearly \$40 billion to charity.(55) If one assumes that under a pure laissez faire economy there would still be about 8 or 10 million poor, this would prorate out to \$5,000 for every poor individual in the country or \$20,000 for every poor family of four. And, given an even more productive economy coupled with the significantly lower taxes resulting from the dismantling of the welfare state, it is conceivable that this sum would be even greater under pure laissez faire.

In short, the libertarian believes that there is every reason to believe that the poor would fare better under the market than under the government.

4. MONOPOLIES AND THE FREE MARKET

Libertarians believe that the substitution of a completely laissez faire economic system for the political system of government intervention would eliminate the problem of power. But in the absence of a governmentally imposed anti-trust policy, would not voluntary cartelization or "cut-throat" competition result in the emergence of a few giant corporations able to use their monopolistic positions to exploit consumers?(56) Libertarians answer in the negative.

Assuming a free market, the first question is how one attained a monopoly position in the first place? Since profit can only be earned by supplying consumers with what they want better than anyone else, the "monopolist" is seen as actually increasing their satisfaction beyond the ability of any other producer. Otherwise, he would never have obtained his position. This situation is unchanged even after he has become a "monopolist," for an attempt to restrict production and raise prices would only serve to attract competitors

endeavoring to gain access to the lucrative profits, and the expanded supply would force the price back down. But if a monopolist is confronted by new competitors, why can't he either reduce his prices again in order to drive the newcomers out of business, or buy up his rivals' plants? As for the former, even if a smaller firm is driven into bankruptcy, its physical plant remains intact and may therefore be bought by new competitors at extremely low prices. This means that these new competitors would then be in a position to severely damage the would-be monopolist and keep the price low for a considerable time. Moreover, a policy of buying out all competitors is seen as inordinately expensive. A small efficient firm could demand a high price for its plant as the price for selling its assets. But if the monopolist would then try to recoup his losses after such a purchase by raising prices, he would only encourage the entrance of new competitors, thus necessitating the "buying out" process all over again.

The foregoing means that, **provided they are voluntary**, successful mergers, price-fixing agreements or cartelizations do not harm the consumer. On the contrary, like all voluntary transactions, they help to find the most value-productive point for the allocation of resources. Therefore, they help to increase the satisfaction of all members of society. Assume, for example, that firms A, B and C find that by merging they can increase their profits by restricting production. The "restriction" means that some factors of production will now become idle. But so long as there are no institutional, i.e., governmental, impediments to their use, resources cannot long remain idle. Their employment in other areas will **expand** production in those areas. If so, production has not been restricted at all. What occurred was a shifting of factors from one area to another. But the merger would take place only if the participants believed that it would increase their profits. Since the market correlates profits and consumer satisfaction, the merger will, provided the expectations of the participants are correct, actually increase consumer satisfaction. That is, while physical output will have remained about the same, the value of that output, from the standpoint of the consumers, has been augmented.

Libertarians further argue that the larger the firm in relation to the market, the more limited it is in its ability to calculate and therefore the more

susceptible it is to losses that would preclude further expansion. Since monopolies and cartels eliminate the market in the area of their operations, they would have no economic signals to guide them in allocating their resources or making investment decisions. Since this means that their decisions would be economically arbitrary they would suffer severe losses and, in the absence of governmental protection, collapse. There is, in other words, no economic difference between a monopoly and a socialist economy and both would collapse for the same reason: the absence of economic calculation.(57)

Consequently, the libertarian believes that the size of the firm is limited by the limits of calculability and denies that the market enables any firm, regardless of size, to exploit the consumer or victimize society. The popular fear of the "tyranny of wealth" under the free market is therefore seen as an illusion.(58)

5. GOVERNMENT AND UTILITY

There is one significant ramification of the libertarian monopoly theory. Government itself is a monopoly. Hence, there is no way for it rationally to allocate "its" resources. It may, for example, claim that taxes must be raised because there is a "shortage" of roads, police, teachers, etc. However, argues the anarchist, it actually has no idea whether there really is a shortage of these things, too many of them or just enough, since there is no market test for these goods and services and therefore no way for the consumers to evaluate their utility. Demands may be made on the political system, but this in no way solves the problem. Politics responds to influence and, as many have argued, the influence any group is able to exert is nearly the reverse of its size. As Mancur Olson has pointed out, an individual in a large group "cannot make a noticeable contribution to the group, and since no one in the group will react if he makes no contribution, he has no incentive to contribute."(59) A smaller group, of course, is easier to organize. And, further, not only are individuals in a smaller group able to see the impact of their contribution, but it is also easier to exert social pressure on the members to insure that each individual continues to do his part. Hence, the smaller, better organized groups are usually able to exert greater pressure on the political system. The result is that, even if the political leaders honestly

desire to represent the views of the community, the signals conveyed to the political leaders will almost invariably depart from the actual state of demand by the community. Thus, despite the demands made on the political system, government is *ipso facto* an island of calculational chaos, and it is therefore impossible for it to operate efficiently.(60) This, in turn, means that even if people desire such things as education, roads, and police protection, it would be more advantageous for them to purchase these on the market.

The very fact that the government uses its monopoly on the use of force to outlaw competition with itself demonstrates this point, they argue. For if it actually provided its customers, i.e., the taxpayers, with the best possible defense services there would be no need for it to ban competitors.(61)

6. THE BUSINESS CYCLE AND DEPRESSION

Another problem that must be dealt with is the business cycle and, its corollary, depression. Aren't government contra-cyclical policies needed to moderate the tendency of the market to gyrate wildly between boom and bust, between inflation and depression?

There are many different explanations of the business cycle. Most of these -- such as the Keynesian over-investment argument, Schumpeter's "cluster" of entrepreneurial error thesis, and the "acceleration principle," associated with the names of the American economist, J. M. Clark and the English economist, R. F. Harrod(62) -- see the cause of the cycle in some aspect of the market process and generally see the solution in some form of government activity. One explanation that reverses the causal flow and sees the cause of the business cycle in government manipulation of the economy and its solution in a completely unhampered, or *laissez faire*, economy is the "Austrian," or monetary, theory of the trade cycle. While this explanation can claim only a minority following among economists,(63) it is hardly surprising that the overwhelming majority of individualist anarchists subscribe to the "Austrian" explanation. At some risk of over-simplification, the Austrian theory is presented below.

The problem that must be explained by any theory of the business cycle is why do entrepreneurs, who only obtain their positions by being better forecasters than others, suddenly, collectively and so grievously mis-

perceive the actual economic state of affairs? Since the Austrians contend that the unhampered market is always heading for equilibrium, there is nothing inherent in the market process to account for this sudden cluster of errors, and thus for the cycle. Individual entrepreneurs may well make isolated errors, but the sudden emergence of mass entrepreneurial error must have some general cause. Since the only thing that ties the various markets together is money, the Austrians argue that the trade cycle can only be explained by a monetary theory.(64)

The rate of interest is the crucial factor in the Austrian theory. The interest rate serves to allocate resources between the consumer and capital goods industries so that the entire structure of production is in congruence with the "social rate of time preference," i.e., the general demand for consumption goods immediately -- consumer goods demand -- relative to the demand for consumption goods in the future -- capital goods demand. Interest, in other words, is the payment for the use of one's savings for a particular length of time; and the rate of interest is simply that price that will insure that at any particular time all that is saved will be invested, i.e., that the demand for savings will equal the supply of savings. The point at which equilibrium is reached is referred to as the "natural rate of interest."

The problem is that an increase in the supply of money, and it should be noted not of actual savings, will upset this equilibrium. If banks suddenly obtained additional money they would be unable to loan it out at the prevailing rate of interest and would consequently be forced to lower their rate. In this way the market rate of interest deviates from the natural rate. At this lower market rate of interest some ventures that were once too costly now appear profitable. Since interest is the payment for time and since there is more production time involved in the capital goods industries than in the consumer goods industries, the change in the rate of interest has its biggest impact on the former. In other words, since the costs of production in the capital goods industries declines with the decline in the rate of interest, profit margins are correspondingly increased. Spurred by these profits, entrepreneurs will expand production of capital goods. Factor prices then begin to rise as producers of these goods begin to bid factors away from producers of consumer goods.

The difficulty, however, is that the interest rate did not change as a result of the change in the social rate of time preference. It was artificially reduced by the policy of credit expansion. Since the market rate of interest is below the natural rate, the additional capital investment cannot be maintained once the market rate of interest returns to the level determined by the rate of time preference. Hence, as the workers, landowners and entrepreneurs newly drawn into capital goods industries begin to spend some of this new money on consumption goods, the prices of these goods will begin to rise. It then becomes clear that this money did not represent additional saving but only the illusion of additional saving. The old savings/consumption ratio begins to re-emerge as spending is directed back into the consumer goods industries. These industries are now able to offer prices high enough to bid the factors of production back into the production of consumer goods.

The crux of the problem is that the actual supply of savings is not large enough to cover the additional ventures undertaken at the lower rate of interest. Thus, many investments that were initially begun at the lower rate of interest are now revealed as unprofitable in the light of rising factor prices and higher interest rates. The depression sets in as these projects are abandoned.(65)

The central point of the Austrian theory is not that there was a shortage of capital, however, but **malinvestment**. There was, they contend, neither overinvestment nor underinvestment, but malinvestment, i.e., too much investment in the capital goods industries with correspondingly too little investment in the consumer goods industries. These malinvestments are seen as the direct result of the artificially induced fall in the rate of interest, which will have to be liquidated as soon as the policy of credit expansion ceases and the money rate of interest begins to adjust to the rate of time preference.

The Austrians acknowledge that a policy of continued credit expansion can postpone the readjustment process and therefore the economic downturn, but they deny that it can be averted altogether. Further, they argue that the longer the policy of credit expansion is pursued, the greater will be the number of malinvestments and thus the more severe will be the readjustment process when it does come. Their reasoning is as follows.

Credit expansion creates malinvestments that will surface as soon as the policy ceases. If the government desires to avoid the depressionary effects inherent in the re-adjustment process, it will have to try to shore-up the malinvestments by continuing the influx of new money. But, as Hayek points out, "inflation acts as a stimulus to business only insofar as it is unforeseen." (66) If the prices are rising at, say, five percent per year, people will soon come to expect future price rises of five percent and make adjustments in anticipation of those increases. Consequently, for the policy of credit expansion to be successful it must be more than expected. If five percent is expected the government must expand the money supply by, say, seven percent. But then seven percent will come to be expected, forcing the government to expand the money supply by, say ten percent. Clearly, if the policy of credit expansion is not terminated it will lead to what the Austrians refer to as the "crack-up boom," i.e., the point where the "prices at which people would be prepared to part with 'real goods' discount to such an extent the expected progress in the fall of purchasing power that nobody has sufficient cash at hand to pay for them." But once this point is reached "The monetary system breaks down; all transactions in the money concerned cease; a panic makes its purchasing power vanish altogether. People return either to barter or to the use of another kind of money." (67) This point was reached at several times in the past including 1781 colonial America, 1796 France, 1920 Russia, and 1923 Germany.

The Austrians believe that their theory was borne out by the depression of the 1930's. Between July 1921 and July 1929, they note, the supply of money in the United States increased from \$45.3 billion to \$73.3 billion, or an increase of 61.8 percent. Meanwhile, production of such durable goods as iron and steel increased by 160 percent and production of non-durable goods rose by 60 percent. Consequently, the general price level rose only slightly. What is of importance for the Austrians, however, is not the aggregate price level but the changes in the prices between the consumer and capital goods industries. Credit expansion, say the Austrians, forced the interest rate below what it would have been on the unhampered market. This caused the bulk of the new money to enter the capital goods market, forcing prices in those industries to rise. Since the existing consumption/savings proportions were pulled out of balance with the social rate

of time preference, the collapse came once the credit expansion was halted. Thus, the maladjustments surfaced the moment the Federal Reserve terminated its easy money policies in mid-1929, and the depression ensued.(68)

What are the policy implications of the Austrian theory? According to the proponents of contra-cyclical policies, government is supposed to stabilize the economy by reducing taxes and increasing expenditures in times of economic downturns in order to increase aggregate spending and thus stimulate the economy. Conversely, in times of economic boom, the government is to increase taxes and reduce expenditures in order to keep the economy from "overheating." In this way, it is argued, the economy can be stabilized and permanent prosperity and full employment maintained.(69)

The Austrians contend that such a policy will only make matters worse. If the depression is the necessary process of adjusting to the malinvestments caused by the preceding boom, and since the boom was a direct result of government credit expansion, renewed expansion can only postpone the inevitable and the process induce further malinvestments which will only make the readjustment process, which must ultimately come, even more severe. Once again, the Great Depression illustrates this point. The deficit financing of the Hoover and Roosevelt Administrations, as well as other policies of public works, subsidies, price supports, minimum wages, etc., argue the Austrians, obstructed the adjustment process and hence needlessly prolonged the depression.

The Austrian prescription is both simple and quite congenial to the individualist anarchist. The government should stop inflating immediately and then remove all forms of intervention. This will permit the admittedly painful adjustment process to be completed in the shortest time. After that, the government should stay completely out of the economy and refrain from any type of credit manipulation. If this is accomplished, the Austrians believe that economic prosperity would be assured and economic development would proceed at a fairly even, gradual pace.

7. GOVERNMENT AND TAXATION

It is generally assumed that to survive all governments must tax, and individualist anarchists have

accused the minarchists of inconsistency by championing the individual's natural right to property on the one hand and arguing for a government, regardless of how restricted, on the other. It is charged that government must tax and that taxation violates the individual's property right. Recently, however, minarchists such as Ayn Rand, John Hospers and Robert Nozick, have responded to this criticism by proposing a government financed not by coercive taxation but by voluntary contributions.

One version is the gift method of financing advocated by Ayn Rand. Rand believes that the wealthy strata, i.e., those who would have the most to lose if there were no protection against anti-social individuals, would voluntarily pay for government protection. Since police protection is assumed to be a collective good, "those on the lowest economic levels. . . would be virtually exempt [from payment] -- though they would still enjoy the benefits of legal protection, such as that afforded by the armed forces, by the police and by the courts dealing with criminal offenses." (70) Provided government were small enough, the costs would be only a small burden to the wealthy contributors. One of the merits of the system, as Rand sees it, is precisely that it would serve to keep government from expanding beyond its only proper function of defending individual rights. The individualist anarchists are critical of this proposal on two counts. First, "it continues that disjunction between payment and receipt of service which constitutes one of the great defects of a taxing system." This, of course, tends to perpetuate the calculational problems endemic in any government operation. Second, the fact that everyone will continue to receive services regardless of whether or not he contributes will tend to discourage contributions. Since company A will receive protection regardless of its contributions, it will be able to obtain an edge on its competitors by ceasing its contributions and lowering its prices to attract more customers. This, anarchists hold, will force other companies to do the same, and the voluntary contributions would soon come to a halt. (71)

A second alternative, that of "voluntary taxation," was originally advocated by such men as Herbert Spencer and Auberon Herbert and more recently by John Hospers and Robert Nozick. Under this system one agency would be invested with a monopoly on the use of force. No one, however, would be compelled to purchase

its services. Instead, the agency would charge a price for its services and each member of the community could then either purchase protection at that price or go without protection. "If you want police protection," says Hospers, "you will have to pay a fee to obtain it, but of course you are free not to want it or pay for it, in which case you will not have the protection even if you need it." (72) While this does have the merit of eliminating the "payment-benefit disjunction," the individualist anarchist maintains that the proponents of voluntary taxation are inconsistent. "If the government elected to outlaw all competing defense agencies," notes Rothbard,

it would no longer function as the voluntary society sought by its proponents. It would not force payment of taxes, but it would say to the citizens: "You are free to accept and pay for our protection or to abstain; but you are not free to purchase defense from a competing agency." This is not a free market; this is a **compulsory monopoly**, once again a grant of monopoly privilege by the State to itself. Such a monopoly would be far less efficient than a freely competitive system; hence, its costs would be higher, its service poorer. It would clearly not be neutral to the market. (73)

One final alternative is the "voting" or "poll" tax. Voters would be charged a fee. But voting would be voluntary so this would not be a tax. Whether a "poll tax" would be able to generate revenues sufficient to maintain a government is doubtful. Even when voting is free barely fifty percent of those eligible consider voting important enough to do so. It seems likely that if a fee were charged even that percentage would drop considerably. But as the number of voters declined, the government would only be able to support itself by increasing the burden on the remaining voters, thereby discouraging voting even more. (74) The result would be that either the government would collapse or it would have to raise the poll tax to such heights as to disenfranchise the poor, leaving government policy to be determined almost exclusively by the wealthy. Thus, the individualist anarchist is highly skeptical of any proposal for the financing of government by means of voluntary contributions.

The individualist anarchist appears to have the better of the issue. First, voting is a highly marginal act for the vast majority of citizens, so it seems doubtful that government could be financed by the "poll tax." Second, the gift method would create an incentive to evade payment. Whether this would create an insuperable problem is an empirical question. Its proponents, such as Rand, believe that so long as government was limited to the provision of defense and court services its cost would be so small that little or no competitive edge could be obtained by not contributing. Moreover, such a society is seen as being so prosperous that the payments, small to begin with, would become increasingly less burdensome as the standard of living rose. Whether these factors would alone make the gift proposal feasible cannot be answered by recourse to theory alone. Third, since most individuals presented with a choice between no protection and paying a stipulated fee would be likely to pay the fee, the "voluntary taxation" method would be the most likely to succeed. But the individualist anarchist is correct in pointing out that to the extent that their proponents conceive of these proposals as establishing a purely voluntary society they fail, for all are contingent upon the existence of a single agency maintaining a monopoly of the use of force within a given geographical area. Thus, the concept of "voluntary government financing" is a myth: to the extent that it would be successful, it would not really be voluntary; to the extent that it would be voluntary it would not be successful.

8. DEMOCRACY AND THE MARKET

The individualist anarchist is severely critical of democracy. The essence of democracy is majority rule. The conventional view that the majority must permit the minority to retain its rights is criticized as an arbitrary postulate. If the majority voted to abolish the rights of the minority either this would have to be permitted or the will of the majority would be thwarted. According to the anarchist it is Orwellian doublespeak to call "democratic" a system that thwarts the will of the majority. (75)

Majority rule simply means that the minority is coerced into action contrary to its interests. The anarchists insist that numbers do not alter the nature of the act; majority coercion is still coercion. Regardless of the type of political system or the number

of participants, whenever government acts, one particular policy must be chosen for the entire society and then imposed on those who disagree with the choice.

In contrast, argues the anarchist, when the choice is handled on the market coercion is absent and a wide variety of alternatives is present, permitting not just the majority but a multitude of minorities to get their way as well. The distinction between democracy and the market can be illustrated by the following example.

Assume that three individuals, Larry, Curly and Moe, are trying to determine the "correct" amount of life insurance coverage. After examining the benefits of the coverage and comparing them to the costs, each individual would arrive at an amount of coverage which, all things considered, would maximize his utility. It is likely that the optimum, or equilibrium level, would differ for each individual. Since Larry has a large family and a risky occupation, being a window washer on a skyscraper, he desires considerable coverage. Moe, on the other hand, is single and has terminal cancer. Given his marital status and the exorbitant premiums, he desires only a minimum amount. Curly is an accountant with a small family. He desires an intermediate amount. Their optimal insurance levels are depicted in Fig. 1. The solid sloping lines simply indicate that one's utility declines as one moves away from one's optimum.

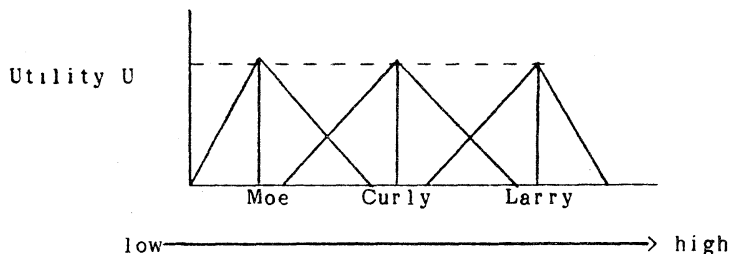


Figure 1: Optimum Coverage Levels

If insurance were supplied on the market, Larry would purchase more than Curly and Curly more than Moe. Each would adjust his purchases so as to maximize his utility. But if the issue were decided democratically, only Curly would obtain his optimum. If a candidate took a position at or near Moe's optimum he would be defeated by a candidate taking a position at or near

Curly's optimum since Larry would receive more utility, or less disutility, by siding with the candidate near Curly than the one near Moe. Conversely, a candidate taking a position at or near Larry's optimum would be defeated by a candidate at or near Curly's for the same reason: to minimize his disutility Moe would be "trapped" into voting for the candidate near Curly. Clearly, Curly controls the election. Since whoever wins Curly's vote wins the election, each candidate must adopt a position at or near Curly's optimum. In public choice literature this is known as the "median voter theorem:" the median voter controls the election.

This, admittedly, is a very simplified picture of the democratic process. But even with thousands or millions of voters and several issues, the same principle holds. In two-party systems candidates must adopt positions congruent with those of the voter or voters at the median. (With multiple candidates it would be the mode.) Thus, the only voters who receive their optimum are those at the median. One's utility declines the farther one's optimum is from the policy adopted. This is shown in Fig. 2. Since Curly's vote controlled

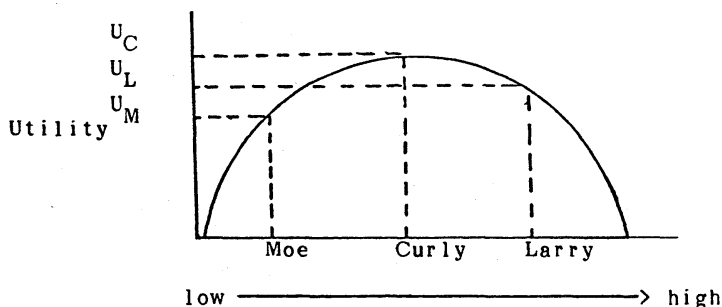


Figure 2: Utility Obtained Through Democracy

the election, his preferred position was adopted. The solid, concave line indicates declining utility as one moves away from the median.

What is interesting is that in the market everyone can obtain his optimum supply of a good or service. In a democracy only the median voter, i.e., Curly, obtains his optimum. Market and democratic solutions would be the same only when everyone's preferences were identical. As economist James Buchanan has

written, "The consistency of market choice is achieved without the overruling of minority values as would be in the case if ordinary political voting were made consistent. Therefore, in a very real sense, market decisions are comparable to political decisions only when unanimity is present."(76)

The inefficiency of democracy relative to the market is widely acknowledged even by democrats. The obvious question is why not dispense with democracy and rely entirely on the market? The usual response is that in many cases those affected by an exchange are not the same as those transacting the exchange. Collective goods are goods whose benefits cannot be restricted to the transacting parties, but "spillover," gratis as it were, onto third parties. Since individuals will reap the benefits of the collective good regardless of whether they pay the costs, there is no incentive to pay. But if everyone thinks this way, no one will pay. Thus, if payments were voluntary, the collective good would not be provided at all, or at only a suboptimal level. Coercion, i.e., government, is required to overcome the "free rider" problem.

The real choice, according to the democrat, is not between permitting each individual to purchase his optimal quantity of a good or service, and imposing on the entire society a particular quantity that is non-optimal for all but the median voter. Rather, it is a choice between providing a good, albeit at a nonoptimal level for most, and not providing it at all. Since everyone is assumed to desire at least some quantity of the good, a nonoptimal supply is better than none at all.(77)

In response, the anarchist argues that the number of collective goods is exaggerated and that nearly all goods can be broken down into marginal units and sold on the market. And for those goods that are actually collective, effective noncoercive means can be found for their provision.

With this in mind we can now examine the specifics of the anarchists paradigm.

FOOTNOTES

(1) See Rudolph Rocker, "Anarchism and Anarcho-Syndicalism," appendix to Paul Eltzbacher, *Anarchism* (New York: Chip's, n.d.), pp. 227-72; and George Woodcock, "Syndicalism, the Industrial Expression of Anarchism," *Patterns of Anarchy*, eds. L. I. Krimmerman and L. Perry (New York: Anchor, 1966), pp. 38-42. Also see Mulford Sibley, *Political Ideas and Ideologies* (New York: Harper and Row, 1970), pp. 547-48; and G. D. H. Cole, *Social Theory* (London: 1920), especially pp. 128-43.

(2) Peter Kropotkin, "Fields, Factories and Workshops," *The Essential Kropotkin*, eds. E. Caporya and K. Thompkins (New York: Liveright, 1975), pp. 270-72; and Alexander Berkman, *The ABC of Anarchism* (London: Freedom Press, 1973), p. 76.

(3) Kropotkin, p. 282.

(4) *Ibid.*, p. 272.

(5) Berkman, pp. 68-69. Such statements as these by Berkman and Kropotkin abound in the literature. They clearly indicate a misunderstanding of how economic systems -- all economic systems -- function. The purpose of an economic system is to produce and distribute goods and services. But, as Thomas Sowell points out, "what is crucial for understanding the way it functions is that it is a system for rationing goods and services that are inadequate to supply all that people want." This is true for all economic systems, including communism. Because goods were so abundant that rationing was not necessary, "the Garden of Eden was not an economic system." Writers such as Berkman and Kropotkin seem to assume that scarcity is not a fact of nature but a product of the capitalist economic system. Scarcity will disappear when the economic system is changed to socialism. Witness Berkman's comment that under socialism "as much food will be raised as the country needs." But, as Sowell notes, "because economic systems are essentially systems of rationing, any successful functioning economic system would have unmet needs everywhere. The alternative would be to completely satisfy all of some category of needs -- the most urgent, the moderately important, and the trivially marginal -- thereby leaving still more unsatisfied (and far more urgent) needs unmet elsewhere in the economy ... The mundane fact of insufficiency must be insisted upon and reiterated because so many discussions of 'unmet needs' proceed as if 'better' policies, practices, or attitudes would 'solve' the problem at hand without

creating deficiencies elsewhere. Typical of this attitude is the comment that 'If we can send a man to the moon, why can't we --' followed by whatever project the speaker favors. The fact that we sent a man to the moon is part of the reason why many other things could not be done." Thomas Sowell, **Knowledge and Decisions** (New York: Basic Books, 1980), pp. 45-46.

(6) Israel Kirzner, **Market Theory and the Price System** (Princeton: D. Van Nostrand, 1963).

(7) *Ibid.*, p. 39.

(8) F. A. Hayek, **Individualism and Economic Order** (Chicago: Henry Regnery, 1972), pp. 86-87.

(9) Ludwig von Mises, **Socialism** (London: J. Cape, 1969), p. 535.

(10) F. A. Hayek, "What is 'Social'? What Does It Mean?," **Studies In Philosophy, Politics and Economics** (New York: Simon and Schuster, 1969), p. 244. Also see E. C. Pasour, "On Economic Justice," **Modern Age** (Summer 1981), pp. 290-99.

(11) F. A. Hayek, **The Road to Serfdom** (Chicago: University of Chicago Press, 1967), pp. 61-64.

(12) *Ibid.*, p. 74.

(13) Murray Rothbard, **Man, Economy, and State** (Los Angeles: Nash, 1970), pp. 560-61.

(14) Murray Rothbard, "Anarcho-Communism," **Egalitarianism as a Revolt Against Nature**, and other essays (Washington, D. C.: Libertarian Review Press, 1974), pp. 121-24.

(15) The pioneering work on this topic was F. A. Hayek's "The Use of Knowledge in Society." See his **Individualism and Economic Order**, pp. 77-91. Also see Thomas Sowell's brilliant and in-depth study, **Knowledge and Decisions**, op cit. Also valuable is E. C. Pasour, "Economic Efficiency: Touchstone or Mirage," **The Intercollegiate Review** (Fall/Winter 1981), pp. 33-44.

(16) The classic work on the subject of economic calculation was done by Ludwig von Mises. See his **Human Action** (Chicago: Henry Regnery, 1966), pp. 200-31 and 689-715; and his **Socialism**. Also see F. A. Hayek, ed., **Collectivist Economic Planning** (Clifton, New Jersey: Augustus M. Kelley, 1975), and Don Lavoie, **National Economic Planning: What is Left?** (Cambridge: Ballinger, 1985). Oscar Lange allegedly "refuted" Mises on this point. But see Paul Craig Roberts, "Oskar Lange's Theory of Socialist Planning," **Journal of Political Economy** (May 1971), pp. 562-77. Also of great interest is the entire Winter 1982 issue of **The Journal of Libertarian Studies** which is devoted to "an economic critique of social-

ism." For a simple presentation of the argument, see my "Marx, Mises and Socialism," *The Freeman* (October 1974), pp. 605-11.

(17) See Murray Rothbard, *Freedom, Inequality, Primitivism and the Division of Labor* (Menlo Park, Cal.: Institute for Humane Studies, 1971).

(18) Warren J. Samuels, "Anarchism and the Theory of Power," *Further Explorations in the Theory of Anarchy*, ed. Gordon Tullock (Blacksburg, Vir.: University Publications, 1974), p. 40.

(19) *Ibid.*, p. 48.

(20) *Ibid.*, p. 51.

(21) *Ibid.*, pp. 49-56.

(22) See especially, Robert Dahl, *Modern Political Analysis* (Englewood Cliffs, New Jersey: Prentice-Hall, 1970), pp. 14-34; Robert Dahl, "Power," *International Encyclopedia of the Social Sciences* (New York: Macmillan, 1968), vol. 12, pp. 405-15; Harold Lasswell and Abraham Kaplan, *Power and Society* (New Haven: Yale University Press, 1950).

(23) Dahl, *Modern Political Analysis*, p. 32.

(24) Lasswell and Kaplan, pp. 74-76.

(25) See Arthur Kalleburg, "The Logic of Comparison: A Methodological Note on the Comparative Study of Political Systems," *World Politics* (October 1966), pp. 69-82. As Kallenburg makes clear, the two techniques are not inherently mutually exclusive but may at times be complementary.

(26) Dahl, *Modern Political Analysis*, p. 32.

(27) Not everyone, however, regards the lack of "operationalizability" as a liability. See, for example, Giovanni Sartori, "Concept Misinformation in Comparative Politics," *The American Political Science Review* (December 1970), pp. 1033-53, and especially p. 1045: "Now, we are surely required to reduce ambiguity by cutting down the range of meanings of concepts. But the operational criterion of reducing ambiguity entails drastic losses in conceptual richness and in explanatory power. Take, for instance, the suggestion that 'social class' should be dismissed and replaced by a set of operational statements relating to income, occupation, education level, etc. If the suggestion were adopted wholesale, the loss of conceptual substance would be not only considerable, but unjustified. The same applies, to cite another example, to 'power.' To be concerned with the measurement of power does not imply that the meaning of the concept should be reduced to what can be measured about power -- the latter view would make human behavior in whatever collective sphere almost inexplicable." Two things are worthy of note

here. First, the use of imprecise concepts may well be worthwhile, even needed, at the level of research. But this can hardly be the case at the level of application, i.e., as used by decision makers. And it is the level of application that Rothbard is concerned with. Second, even at the research level, "conceptual richness" may well prove to be merely a euphemism for "conceptual confusion."

(28) See, for example, Rothbard, **Power and Market** (Menlo Park, Cal.: Institute for Humane Studies, 1970), pp. 168-73 and 194-96. Milton Shapiro has aptly noted that a better title for this book would have been **Power or Market**. See his "Power OR Market: government and the economy: a review," **Libertarian Analysis** (Vol. 1, Number 4), pp. 22-29.

(29) Dahl, **Modern Political Analysis**, pp. 32-33.

(30) For other definitions of power see Dahl's "Power." Also see John Champlin, ed., **Power** (New York: Lieber, 1971); Peter Bachrach and Morton Baratz, "Two Faces of Power," **The American Political Science Review** (December 1961), pp. 947-52; and their "Decisions and Nondecisions: An Analytical Framework," **The American Political Science Review** (September 1963), pp. 632-42; and Harry Eckstein, "Authority Patterns," **Comparative Politics: Notes and Readings**, eds. Ray Macridis and Bernard Brown (Homewood, Ill.: Dorsey, 1977), pp. 271-99, to cite just a few.

(31) H. E. Frech III, "The Public Choice Theory of Murray N. Rothbard, A Modern American Anarchist," **Public Choice** (Vol. 14, 1973), pp. 149-50.

(32) Bruno Leoni, **Freedom and the Law** (Los Angeles: Nash, 1971), p. 55.

(33) Murray Rothbard, **For A New Liberty** (New York: Macmillan, 1973), pp. 208-09.

(34) *Ibid.*, p. 209.

(35) Milton Friedman, **Capitalism and Freedom** (Chicago: University of Chicago Press, 1969), pp. 21 and 109.

(36) Walter Grinder and John Hagel III, "Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure," **The Journal of Libertarian Studies** (Winter 1977), p. 67. Also see Rothbard, **For A New Liberty**, p. 53.

(37) F. A. Hayek, **The Constitution of Liberty** (Chicago: Henry Regnery, 1971), p. 12.

(38) Harold Laski, "Liberty," **Encyclopedia of the Social Sciences** Vol. 9, (New York: Macmillan, 1946), p. 443.

(39) Hayek, **The Constitution of Liberty**, pp. 12-23.

(40) See, for example, "'The Regulators,' They Cost You \$130 Billion a Year," *U.S. News and World Report* (June 30, 1975), pp. 24-28.

(41) Edward Banfield, *The Unheavenly City Revisited* (Boston: Little, Brown and Co., 1974), pp. 57-61.

(42) Charles Murray, *Losing Ground, American Social Policy, 1950-1980* (New York: Basic, 1984), p. 155.

(43) Sowell, pp. 257-58 and 344.

(44) Daniel Patrick Moynihan, "Poverty in Cities," *The Metropolitan Engima*, (New York: Anchor, 1970) ed., James Q. Wilson, p. 369.

(45) In Banfield, p. 129.

(46) Pasour, "Economic Justice," p. 291.

(47) Banfield, pp. 128-29.

(48) See, for example, George Stigler, "Director's Law of Public Income Distribution," *Journal of Law and Economics* (April 1970), pp. 1-10. The same holds true for programs like social security. First, since the tax is regressive, the poor pay a higher percentage of their earnings in social security taxes. Second, since the poor usually do not go to college, they tend to enter the workforce earlier than middle and upper income individuals. They therefore begin paying social security taxes much earlier. And finally, statistics show that the poor have a shorter life expectancy than other economic groups. The result is that the poor tend to pay the most into social security and receive the fewest benefits.

(49) See, for example, Reo Christenson, *Challenge and Decision* (New York: Harper and Row, 1976), pp. 79-86. Especially see p. 80: "about one-fourth of the (Job Corps) recruits stayed less than a month. Less than half stayed for six months, though strongly encouraged to stay for nine months."

(50) Walter Williams, *Youth and Minority Unemployment* (Stanford: Hoover Institution Press, 1978).

(51) Murray, p. 9.

(52) See Yale Brozen, "Wage Rates, Minimum Wage Laws, and Unemployment," *The Libertarian Alternative* (Chicago: Nelson-Hall, 1974) ed., Tibor Machan, pp. 380-99; and Walter Block, *Defending the Undefendable* (New York: Fleet Press, 1976), pp. 232-33.

(53) Ludwig von Mises, *The Anti-Capitalist Mentality* (New York: Van Nostrand, 1956), pp. 88-89.

(54) See Block, pp. 154-70.

(55) Pasour, "Economic Justice," p. 297.

(56) See, for example, L. T. Sargent's "Nozick and the Libertarian Tradition," Paper presented at the Mid-

west Political Science Convention, Chicago, April 26 to May 1, 1976. Sargent's assertion that "the most thoroughly unexplained assumptions" of libertarians "are those that state that capitalism will produce sufficient goods and will remain a reasonably open system, and that "capitalism is simply placed with God, Motherhood, and the Flag and not examined," (p. 6) is completely inexplicable to me. Sargent gives no evidence to support this charge, and libertarians in general are more often criticized for spending too much time dealing with economics. Included among Rothbard's economic writings is **Man, Economy and State**, a 985 page treatise on economics. Other libertarian economists, to name just a few, include James Buchanan, Israel Kirzner, Walter Block, Walter Grinder, D. T. Armantano, and Don Lavoie. One may disagree with their economics, and many do. But to characterize the economic position of libertarians as based on "thoroughly unexamined assumptions" is simply untrue.

(57) See Rothbard, **MES**, pp. 560-660; Rothbard, **Power and Market**, pp. 28-33, 43-47, 58-59. Also see D. T. Armantano, **The Myths of Antitrust** (New Rochelle: Arlington House, 1972); and John Sanders, **The Ethical Argument Against Government** (Washington, D. C.: University Press of American 1980), pp. 133-54.

(58) It should be pointed out that the Rothbardian or individualist anarchist monopoly theory is, as Frech says, "a novel one," and one that is not, it must be noted, shared by many other economists. Even von Mises, "whom Rothbard claims as his mentor," comments Frech, argues in **Human Action** that "monopoly prices are an important market phenomenon," that "some world cartels would exist even in the absence of any government interference," and that the consumer "is not so well served under monopoly prices as under competitive prices." Frech, pp. 150-51. Whether or not the Rothbardian monopoly theory is correct is difficult to say. It has been largely ignored by economists. Other than the very brief Frech critique, the only economic analysis that I have been able to find was by Walter Block. Block supports the Rothbardian position. See his "Austrian Monopoly Theory -- A Critique," **The Journal of Libertarian Studies** (Fall 1977), pp. 271-79. For empirical support for this position see the works cited in Chapter III, footnote 59, p. 114.

(59) Mancur Olson, **The Logic of Collective Action** (New York: Schocken Books, 1968).

(60) Rothbard, **Power and Market**, pp. 126-28.

(61) *Ibid.*, p. 6. Also see Murray Rothbard, "Toward a Reconstruction of Utility and Welfare Econo-

mics," **On Freedom and Free Enterprise** (Princeton: Van Nostrand, 1956), ed., Mary Senholz, pp. 250-53.

(62) John Maynard Keynes, **General Theory of Employment, Interest and Money** (New York: Harcourt, Brace and World, 1936); Joseph Schumpeter, **The Theory of Economic Development** (New York: Oxford University Press, 1967). For a good presentation of the "accelerator principle," see Carl Dauten and Lloyd Valentine, **Business Cycles and Forecasting** (Cincinnati: South-Western Publishing, 1974), pp. 101-06. The anarchist critique of these explanations can be found in Rothbard, **MES**, pp. 661-764.

(63) The general feeling among economists seems to be that the Austrian theory would hold only under the unusual circumstance of "full employment." See, for example, Dauten and Valentine, p. 101: "The thesis that credit, which is created when the market rate of interest differs from the natural rate, goes to the higher stages of production and leads to an imbalance between consumption and investment would be generally true under conditions of continuous full employment. However, the upswing of the cycle starts at a time when the economy has unused resources, and the production of both producer goods and consumer goods can be expanded before full employment of resources is reached." For an "Austrian" reply to this type of criticism see F. A. Hayek, "Full Employment, Planning and Inflation," **Studies in Philosophy, Politics and Economics** (New York: Simon and Schuster, 1969), pp. 270-79.

(64) See F. A. Hayek, **Monetary Theory and the Trade Cycle** (London: J. Cape, 1933), p. 101.

(65) For a good summary of this process see Mises, **Human Action**, pp. 538-86; Ludwig von Mises, **The Theory of Money and Credit** (Irvington-on-Hudson: F.E.E., 1971), pp. 261-410; F. A. Hayek, **Prices and Production** (London: George Routledge, 1932), pp. 76-84; Rothbard, **American's Great Depression** (Princeton: Van Nostrand, 1963), pp. 11-79; Gary North, "Repressed Depression," **The Freeman** (April 1969), pp. 224-34; Ludwig von Mises, "'Elastic Expectations' and the Austrian Theory of the Trade Cycle," **Economica** (August 1943), pp. 251-52. A concise and excellent presentation is also found in the second edition of Murray Rothbard's **For A New Liberty** (New York: Macmillan, 1978), pp. 183-93.

(66) F. A. Hayek, "Inflation Resulting From the Downward Inflexibility of Wages," **Studies in Philosophy, Politics and Economics** (New York: Simon and Schuster, 1969), p. 296.

(67) Mises, **Human Action**, p. 427; Ludwig von Mises, "From Crank-up to Crack-up," **Libertarian Forum**

(June 1975), pp. 3-6. The Austrian position is that when prices first begin to rise, people will curtail their purchases in the belief that the price will soon drop. But when it keeps rising, they then decide that they had better buy as much as possible before the prices rise any further. Hence, in the initial stages price rises tend to lag behind the influx of new money while in latter stages they tend to exceed the extent warranted by the increased supply of money.

(68) See especially Rothbard, *America's Great Depression*; and Hans Sennholz, *The Great Depression* (Lansing: Constitutional Alliance, 1969); Richard Ebeling, "Depression and Inflation," *Libertarian Forum* (September 1975), pp. 3-4 and Benjamin Anderson, *Economics and the Public Welfare* (New York: Van Nostrand, 1949). For a popularly written contrary view see J. K. Galbraith, *The Great Crash* (Boston: Houghton-Mifflin, 1961).

(69) See J. K. Galbraith, *Economics and the Art of Controversy* (New York: Vintage, 1960), pp. 63-67.

(70) Ayn Rand, *The Virtue of Selfishness* (New York: Signet, 1964), pp. 118-19.

(71) Rothbard, *Power and Market*, pp. 120-21.

(72) John Hospers, *Libertarianism* (Santa Barbara: Reason Press, 1971), p. 387.

(73) Rothbard, *Power and Market*, pp. 122-23.

(74) *Ibid.*, p. 121.

(75) *Ibid.*, p. 140-47.

(76) James Buchanan, "Social Choice, Democracy, and Free Markets," *Journal of Political Economy* (April 1954), p. 123. Also see Gordon Tullock, *Private Wants, Public Means* (New York: Basic, 1970), p. 107: "We can imagine a situation in which an individual entered into a contract with a department store, with the store agreeing to provide the individual with all his needs for a year in return for some initial price -- this contract would be renewable from year to year but not changeable during the year. Clearly, this would greatly reduce the individual's satisfaction. This is more or less what we do in government. The individual must choose between two monstrous packages of services every time he votes instead of choosing in an incremental manner from a large number of small packages as he does in the market."

(77) See, for example, Tullock, p. 47: "bargaining costs are not zero. In many cases the bargaining costs are so high that in ordinary speech we would say that bargains were impossible. We turn, therefore, to some type of collective decision-making process; that is, to some arrangement under which individuals are compelled

to carry out the wishes of others. Thus we finally come to the role of the state -- that of reducing the costs of government. The reducing of bargaining costs may not be terribly dignified, but it is a matter of great practical importance. . ."

The Areas of Anarchist-Minarchist Agreement

There is considerable agreement between the anarchists and the minarchists. The single, though very important, difference between the two factions of libertarianism centers on the issue of police, court and national defense services. While "minarchists" such as Ayn Rand, John Hospers, and Robert Nozick do not believe that the market can furnish such services and advocate a "night watchman" state to provide them, the anarchists maintain that the market can be extended into these areas as well.

While a "blueprint" for the operations of such a society cannot be presented for every area, their proposals for dealing with the major issues can be indicated. The areas of agreement between the anarchists and minarchists will be the focus of this chapter. The anarchist proposal for providing protection services, both domestic police and courts and "national defense," will be examined in Chapter IX.

1. ROADS

In the absence of government all roads would, of course, be privately owned and operated; they would be run on the same profit/loss principles as any other business. Since roads are commonly thought to be a classic example of a "collective good," the typical reaction is that a viable private road system would be impossible. Yet libertarians argue that "there is nothing unique about transportation; that the economic principles we accept as a matter of course in practically every other area of human experiences are applicable here too."⁽¹⁾ Perhaps the best way to present the libertarian proposal in this area is by examining their responses to several of the more common criticisms that can be raised against the prospect of private roads. These are:

a. Cost.

The cost of producing and maintaining roads would be so high as to be prohibitive if left up to private enterprise.

b. Eminent Domain.

If there were no "right of eminent domain" the result would be that (a) the costs of road construction would skyrocket, making the entire system economically untenable, and (b) roads would have to be built around those refusing to sell, resulting in numerous bends and detours.

c. Inconvenience.

The owners of roads would have to charge their customers for the use of their roads. Methods of collection, such as toll booths, would render such a system far more inconvenient than public roads, financed by taxes and permitting unlimited use by drivers.

d. Price Gouging.

Since there can be only a limited number of roads in any given area, market competition would be limited, enabling road owners to charge exorbitant prices. Similarly, individuals would be placed at the mercy of the owner of the road onto which their driveways entered.

e. Safety.

Since an owner could set any regulations he desired for the use of his roads, private roads would result in a confusing array of regulations that would jeopardize the safety of the drivers.

Libertarians, both anarchists and minarchists, believe that a privately owned and operated road system is not only practical but attractive, and offer the following rebuttals:

a. Cost.

Libertarians see this argument as the least tenable of the five and give it short shrift. The cost of construction and maintenance is high, they agree, but then so is the number of drivers using the roads. This cost pro-rates out to roughly \$130.00 per person per year (in 1975 dollars). To argue that this would be too expensive is to ignore the fact that we are already paying this amount through gasoline taxes and the like. Hence, "if the cost of using private roads were the same or even somewhat more than the cost of using public roads," argues Jarret Wollstein, "drivers obviously

could afford to pay these costs since they are already paying them. One hundred and twenty-eight dollars is clearly the same amount whether it is collected by the state through taxes or by private road companies through tolls and other fees."(2)

b. Eminent Domain.

The issue of eminent domain presents both a more difficult and a more interesting question. While the Rothbardian or natural rights variant of individualist anarchism must, of course, repudiate the entire concept of eminent domain as nothing more than legalized theft, the utilitarian, or Friedmanite, variant finds itself in no such moral straight-jacket. For Friedman, as for Tucker in the nineteenth century, private property is defined not as a moral or natural right but as a social expedient, a valuable one to be sure, but a social expedient nonetheless. As such, the problem of the lone holdout would not appear to be an insurmountable one. Since property is a social expedient there is nothing to prevent the courts in the anarchist society -- whose operation will be discussed in detail in the next chapter -- from incorporating into their Law Code a provision permitting, in extreme cases, such occasional violations of property rights as eminent domain. Thus, if a single holdout were preventing the construction of a much needed road or building there would be nothing from the utilitarian point of view to prevent the courts from seizing the property, ascertaining its "fair" market value, and then awarding it to the construction company on the stipulation that the company pay the dispossessed owner for it.

All of this would be anathema for the libertarian moralist, for whom any such coerced exchange, even one granting the owner the full market value of his property, is immoral. As Wollstein puts it:

For an economic transaction to be properly regarded as trade rather than theft, it is necessary that the parties involved (in this case the government and the property owner) mutually consent to all of the terms of the transaction, including price. The property owner has the right to set any price he wishes for the purchase of his property, or to refuse to sell it for any price whatsoever. It makes no difference what price every other house in the block was sold for.

The individual has the right to set his own price for his own property.

To substitute the free market for eminent domain, he concludes, is simply to "substitute justice for injustice. . ."(3)

The elimination of eminent domain means that any property owner would have the right not to sell his property until or unless his conditions were met. The critical questions that must be faced by libertarians are therefore whether the repudiation of eminent domain would (a) so raise the cost of road construction as to render the idea of a privately financed road system untenable and/or (b) result in a confusing network of bends, curves and detours by forcing companies to build their roads around every hold-out.

Libertarians argue that [1] privately constructed roads need be no less straight than those we now have and [2] while paying the property owner a just price for his property might tend to increase the cost of road construction, other factors would reduce costs. First, since a business can make a profit only by satisfying consumers better than its competitors, and since the most attractive road from the standpoint of both cost and convenience would probably be a relatively inexpensive road with occasional turns, rather than either arrow-straight roads constructed at exorbitant costs or cheap roads with sharp turns at every block, that is the type of road it will pay the road entrepreneur to build. Second, Wollstein points out that

much of the value of commercial structures and houses stems from the social environment in which they exist. Thus, if a road building company buys all of the houses in a given area, so that there are no more neighbors for a family to socialize with, or customers for a business to sell to, the value of a home or business in that area would greatly decrease. Such considerations then discourage the rational home or business owner from holding out for too long, or for asking for too much money for his property. In the extreme, if a person held out indefinitely . . . he might well find himself living in the center-strip of a highway--not a very pleasant thought.(4)

Third, since there are typically alternative

routes that are possible, albeit of varying convenience, this means, points out economist Walter Block, that the **maximum amount** that could be charged by any holdout could be no more than the **cheapest** of all the alternatives. Moreover, Block continues,

The road developer, knowing that he will be satisfied with any of five trajectories, can purchase options to buy the land along each site. If a recalcitrant holdout materializes on any one route, he can shift to his second, third, fourth or fifth choice. The competition between owners along each of these passages will tend to keep the price down.(5)

And finally, even in the worst possible case, that of a holdout occupying an absolutely essential plot, libertarians remain undeterred. It is at least **conceivable**, they maintain, for a developer to build either a tunnel underneath or a bridge over the land. Thus, they argue, for all of the these reasons it is not at all clear that the elimination of eminent domain would, in fact, increase the cost of road construction. But even if this were the case libertarians reply that this is so only because the full cost of the roads would then be borne by their users rather than being partially passed off onto the hapless property owners who, under eminent domain, often receive less than the minimum for which they would have sold their property.

But libertarians do not stop here. They argue that in all likelihood the cost of road construction would actually be less in the free market. Private enterprise is constrained to strive for profit. In contrast to "public" projects, efficiency is a prime consideration. And, as previously noted, the libertarian believes that government intervention must suspend the market process in any and all areas in which it operates, thereby creating islands of calculational chaos. Since this means that there is no way for the government to allocate "its" resources efficiently, production costs for government operations tend to be considerable higher than comparable projects in the private sector. Thus, conclude many libertarians, private road construction, even without eminent domain, would probably be cheaper than public road construction, even with eminent domain.(6)

Finally, libertarians note that road placements are now commonly determined by political criteria.

Roads are often built to benefit powerful interest groups such as trucking companies and at the expense of those with little political clout such as the poor. Thus, highways were built directly through poorer sections of cities. The inhabitants of these areas had their houses and/or businesses forcibly taken from them and were either "relocated" in other sections of the city or were given a "fair price" for their property and placed on their own.(7) But, libertarians maintain, a private road company would have to base its decisions on economic rather than political considerations. Roads might still be built through poor sections but the road entrepreneurs would first have to offer enough for the land to obtain the property voluntarily. Forcible confiscations of property and relocation in the name of the "public interest" would come to an end.

c. Inconvenience.

The third objection was that private ownership would necessitate cumbersome and inefficient methods of collecting fees from users. The libertarians maintain that there are, in fact, numerous ways payments could be collected quite conveniently and that the particular type of road would largely determine which method of payment would be adopted. Again, those employing methods most convenient to the road users would tend to attract the largest clientele. Roads can be subdivided into two general types: [1] state and inter-state highways and links between residential and business communities, and [2] urban and residential streets. Highways could charge tolls, as many now do. And contrary to the current practice of charging the same rate, by means of either toll roads or taxes for highways and urban streets, regardless of the time or use, tolls or charges would most likely be higher during rush hours and lower at other times.(8) This would help relieve highway congestion by encouraging increased driving during non-rush hours and reduced driving, including the use of car pools and such alternate modes of travel as trains and buses, during rush hours. It is also believed that the repeal of zoning laws would further reduce highway congestion by enabling people to live near their jobs.

But what of urban streets? Libertarians have advanced several methods for handling these. If downtown Cincinnati were owned by, say, the Downtown Cincinnati Trust Company, the Trust would have to provide good and

safe roads into and throughout the downtown area. It would have to do so in order to attract customers to its businesses. If it failed to do this it would quickly lose its customers to those who did. As for other urban streets it is silly to expect toll booths at every block, for on the market those who inconvenience their customers suffer monetary sanctions. For urban streets the owners might require stickers to be placed on a particular place on the car, and cameras could be stationed at various intersections or roads to record the time of day and the number of times a particular car drove on the streets. A bill could then be sent out at the end of the month which, as noted above, would be based on the amount one drove coupled with the time that the driving was done. Or meters could be placed in cars that would automatically be activated as a car entered a particular owner's road and automatically de-activated as it left. Still another way, libertarians say, might be for the owners to sell the use of their roads for six-month or year intervals with stickers placed on the car to indicate payment. With none of these alternatives would users have to stop and pay tolls at every block. And since the market encourages innovations that satisfy the customer, libertarians are certain that many other means would be devised. Jarret Wollstein, for example, has commented that residential streets might be financed and maintained through community corporations. "Such corporations could be formed by making membership (or at least payment of dues) in them a condition of purchase (and future sale) of property in a given community, which would be set by the original owner of the property -- namely the realtor. The corporation would then use dues to pay for road maintenance and other community services." (9)

Thus far we have dealt with the ownership of roads, but private road ownership would entail deregulation, and deregulation, in turn, is likely to result in major changes in the way the roads would be used. "Regulations governing urban transportation," says Robert Cervero, "have been built up, layer by layer, over time to the point where today they represent major obstacles to innovations." Their removal "would open the way for a rich mix of new services" such as "the emergence of jitneys, vanpools, shared-ride taxis, private-club buses, school bus charter services, and a host of other alternatives to the automobile." Hence, "a freely competitive transportation environment," would permit the tailoring of services and prices "to

the diverse needs of America's traveling public," thereby offering "all Americans a richer assortment of travel options than they now have."(10)

d. Price Gouging.

The fourth criticism was that since there can be only a limited number of routes to any given point, the nature of roads places the road entrepreneur in a monopolistic position. Libertarian economists such as Block reply that while "perfect competition cannot apply to roads," neither does it apply to any industry in the real-life economy. Further they also maintain that the failure to meet the requirements of a hypothetical state of "perfect competition" by no means precludes a keen, "vigorous, rivalrous process." Even the worst case situation of an area serviced by a single road does not preclude competition. After all, Block argues,

most local towns and villages are also served by only one grocer, butcher, baker, etc. Yet one would hardly contend that competition cannot thereby exist in these areas. We know that, even though there is only one grocer in town, there is potential, if not actual competition from the grocer down the road, or in the next town. The situation is identical with roads. As we have seen, there is always the likelihood of building another road next to the first, if the established one proves highly popular and profitable. There is also the possibility of building another road above, or tunneling beneath the first road. In addition, competition is also brought in through other transportation industries. There may be a trolley line, railroad or subway linking this town with the outside world. If there is not, and the first established road is very profitable, such competition is always open in a free market.(11)

A related fear is that individuals would be placed at the mercy of the owners of the roads onto which their driveways entered. Libertarians view this as an unrealistic fear for, they ask, why would any businessman desire to antagonize his customers? Such tactics might reap short-term gains; but they would be self-defeating in the long run. A road owner who subjected his clients to sudden and exorbitant price hikes would rather

quickly find himself with few customers. Rothbard and Block further argue that it would be customary for homeowners to negotiate long term contracts with the road owner prohibiting just such capricious price hikes. "With this sort of 'easement' provided in advance by contract," Rothbard writes, "no such sudden blockade would be allowed, since it would be an invasion of the property rights of the landowner."(12)

e. Safety.

The final objection is that since a private road system would permit the owners to set their own rules and regulations, it would result in a confusing array of contradictory regulations which, in turn, would jeopardize the safety of the drivers. Libertarians maintain that such a scenario is highly improbable. True, road owners would be responsible for regulating their own property. If a company were negligent in the upkeep of its roads, permitting dangerous potholes to remain unrepaired, or if it were lax in the stipulation and enforcement of appropriate highway rules, permitting reckless drivers to endanger the lives of others -- or if it in any other way made conditions inconvenient for its patrons -- it would soon find its customers using other roads. Thus, says Rothbard, "any maverick road owner who insisted on a left-hand drive or a green for 'stop' instead of 'go' would soon find himself with numerous accidents and the disappearance of customers and users."(13)

On the related question of safety the libertarian finds it ironic that anyone could defend the current system against one privately run by citing the issue of safety. The current public system routinely results in the deaths of 50,000 Americans a year. This can hardly be termed a raving success. As Block puts it, "a worse job than that which is presently being done by the government road managers is difficult to envision." The problem stems precisely from the disjunction between income and performance inherent in the very nature of a government operation. A civil servant, argues Block,

draws his annual salary regardless of the accident toll piled up under his domain. But if he were a private owner of the road . . . then he would indeed lose out if his road compiled a poor safety record. . . He would then have every incentive to try to reduce

accidents, whether by technological innovations, better rules of the road, improved methods of selecting out drunken and other undesirable drivers, etc.(14)

In brief, far from making driving more hazardous, the libertarian believes that private roads would result in a substantial reduction in death and injury tolls.

Such is the libertarian proposal for a privately run road system. What can be said in the way of evaluation? First, the fact that private roads flourished in eighteenth century England and in nineteenth century United States until they were nationalized by the government, (15) does not, in itself, demonstrate their practicality or desirability today. In the nineteenth century land was open and could be obtained rather cheaply. Today, however, it is neither open nor cheap. Second, since there can be only a limited number of routes between any two points the ability of competition to insure low prices and high quality service remains somewhat questionable. Next, the response of the libertarian moralist to the problems of eminent domain, while not only ingenious and basically sound, may nevertheless be overly optimistic. Would it really be as simple as libertarians apparently feel either to meet the demand of everyone whose home lay in the path of some future road or to circumvent the problem of the individual holdout by merely building over, under or around him? Whether or not a system of private roads could provide solutions to these difficulties remains to be seen. Yet, on balance, the libertarian has acquitted himself well. In trying to determine whether or not an anarchist society could work, we must focus not so much on its desirability as its feasibility. Thus, even if the elimination of eminent domain would in fact raise the cost of road construction, this could place its desirability in question, even though such a system would still be feasible. And while a private road system may not be quite as desirable as the libertarian depicts it, he has, I believe, been able to demonstrate its feasibility.

2. EDUCATION

Libertarians oppose compulsory state education for a number of reasons:

1. Public education is viewed as a very dangerous instrument by which the state is able to seize control

of children at a very early and impressionable age and mold them into "good," i.e., obedient, citizens.

2. Public schooling, with its compulsory attendance laws, is a form of involuntary servitude.(16) While this, at least for the libertarian moralist, is seen as immoral, compulsory attendance entails several ramifications: [1] Since the state cannot judge each case individually, it must set educational standards and impose them uniformly on all. But this, argues Rothbard, means that "injustice is done to all -- to the less able who cannot absorb any instruction, to those with different sets of aptitudes in different subjects, to the bright children whose minds would like to be off and winging in more advanced courses. Similarly, whatever pace the teacher sets in class is bound to be injurious to almost all -- to the dull who cannot keep up and to the bright who lose interest. Moreover, those in the middle, the 'average,' are not always the same in all classes and often are not the same from day-to-day in one class."(17) [2] Not all children, they argue, need or even ought to be in school. "A large number of children unsuitable for or uninterested in school who would be better off either at home or working, are dragooned into going to school and staying there for longer than they should." These children merely serve out their time, learning little or nothing and thus wasting that part of their lives.(18) The result "is a distortion of the lives of those not suited for school and the wrecking of proper schooling for the truly educable."(18) [3] Several empirical studies, Rothbard has noted, have linked compulsory school attendance with juvenile delinquency. The British Crowther Committee, for example, reported that when the minimum age for leaving school was raised in England from 14 to 15 the delinquency rate for 14 year-olds increased sharply.(20) [4] And finally, compulsory attendance forces into school many children who would not be there voluntarily. "This includes subnormal, uneducable children and various types of juvenile delinquents and hoodlums. Although the parent would probably not voluntarily choose to have his child associate with these types, the state forces him to do so. Removed for part of the day from the care and supervision of the parent, the child is compelled to associate with undesirable companions and might even be influenced by them to join juvenile gangs, engage in dope taking, and participate in other similar, undesirable activities."(21)

3. For the natural rights advocate public school is immoral for an additional reason: "it deprives the tax victims of their right to their entire income." (22)

4. Finally, libertarians believe that public schooling invariably engenders social conflict. The government must make decisions concerning the standards and curricula of "its" schools. Regardless of how the decisions are made, i.e., whether they are democratic or not, the fact remains that the decisions become the policy of all the schools within the government's jurisdiction. Consequently, when there are no alternatives to the state, parents can obtain the type of education they want for their children only by grabbing control of the school board and imposing their personal preferences on everyone's children by making them the official government policy. Hence, we are daily met with conflicts over busing, sex education, school prayers, liberal versus vocational education, relevance in the curriculum, etc. But in the absence of compulsory state education these controversies would disappear, for a wide variety of educational alternatives would present themselves on the free market. Everyone, libertarians feel, could then purchase the type of education he desired without interfering with the right of others to obtain the type of education they desired.

Before one can discuss the type of educational system advocated by libertarians, two things should be noted. First, they deny that anyone has a "right to an education." As we have seen earlier, (23) libertarian moralists believe that rights, by definition, inhere in the nature of man. They are universal and timeless, i.e., they belong to all men irrespective of the circumstances prevailing at any one time or place. To "speak of a 'right' as something which can only be fulfilled in modern industrial conditions," they contend, "is not to speak of a human, natural right at all." Since schooling is just such a good it is "not embedded in the nature of man, but requires for its fulfillment the existence of a group of exploited people who are coerced into providing such a 'right'." (24) Second, libertarians maintain a sharp distinction between schooling and education. Education is seen as a lifelong process. "When the child plays or listens to parents or friends, or reads a newspaper, or works at a job, he or she is becoming educated." (25) Formal schooling is seen as only one part of one's education and for some, such as those who are good with their hands but who have little or no interest in Shake-

speare, calculus or political theory, not only is formal schooling a minimum part of their education, it may well retard their educational development. Arthur Stinchcombe, for example, notes that much of the current schooling is useless for both the student and prospective employer. "Employers concerned with securing reliable workers may require high school diplomas as evidence of good discipline," he says. "Otherwise they can train workers better and cheaper than a high school can, on the job."(26)

What is the libertarian proposal? Very simply, they argue that education should "be an entirely private affair." Insofar as there is a demand for education this would be met on the market just like any other demand. But permitting education to go commercial, they believe, would entail a number of consequences.

First, competition between schools to attract customers would mean innovation in the curriculum as well as a variety of alternatives. The current conflicts over such issues as segregated or integrated, liberal or vocational schools would be solved if everyone could purchase the type, quality, and quantity of education he or she desired. Those who wanted vocational education could obtain it on the market without impeding the ability of those who desire a liberal education from acquiring it for themselves.(27)

Second, since those who received the service would be paying for it, the only ones in school would be those who wanted to learn or, for those who were still living with their parents, those whose parents felt they should learn. This, they feel, would all but eliminate the discipline problems prevalent in today's public schools. As one libertarian wag remarked at the height of the student riots of the 1960's, "nobody ever sits in at Berlitz."(28)

Third, since businesses cannot afford to bore their customers or turn out shoddy merchandise, libertarians feel that there would be a strong pecuniary incentive for teachers to prepare good, interesting lectures. This would mean that the tenure or status orientation of the teaching profession would be replaced by an ability orientation. Those who could not teach well, i.e., were unable to provide their customers with a high quality service, would soon find themselves with no students and thus no job in the teaching profession.(29) As Scott Bixler notes, "the govern-

ment expert has no incentive to really care about his 'clients,' as he is paid regardless, whereas the private expert has every conceivable incentive to look out for his client's interest." (30)

Not only do libertarians believe that competition among schools would raise the quality of education, they believe it would also force the schools to operate more efficiently, thereby reducing the cost of education. Increasing government funding has placed public schooling in a virtual monopolistic position vis-a-vis private educational institutions. It is not surprising that public schools have performed in the manner of other protected monopolies: costs have risen while service has deteriorated. Between 1972 and 1977, costs per pupil rose by 58 percent; professional staff increased by 8 percent. During the same time, the number of students declined by four percent. And in terms of quality, as measured by standardized tests, the decline in "educational output" was far greater. Thus, the increasing monopolization and centralization of the education industry has produced increasing inputs and declining outputs. (31)

Libertarians also note that it is primarily the children of upper and middle income families who attend public universities and colleges. Children of poor parents tend to enter the work force. Since they begin paying taxes, part of which goes to subsidize public education, there is a net transfer to tax money from the poor to the rich. To make matters worse, college graduates tend to earn more in their lifetime than non-college graduates. Thus, the low-skilled poor are taxed to pay for the training of the wealthy, who are then able to use this training to perpetuate their position in the socio-economic hierarchy. (32) For this reason libertarians feel that while reducing overall costs for everyone commercial education would be especially beneficial for the poor. But what if the family were still too poor to provide for a child's education? Wollstein points out that

There are numerous possible solutions to such a problem which do not involve coercion: [1] the parents could take out a long-term loan, [2] from high school on, the son could work part-time, [3] schools might take the boy on as a charity case (as private physicians took on poor patients as charity cases before Medicare), [4] the boy might sign a contract

with a business, or [5] a charitable organization, such as the United Negro College Fund, might provide financing. There are unquestionably many other possibilities.(33)

Thus they hold that under a system of free, voluntary education, no one who truly desired an education would be deprived due to cost considerations.

Finally, libertarians maintain that voluntary education would give rise to independent, private testing organizations, such as the current Educational Testing Service of Princeton, New Jersey, which would give achievement tests for a fee to all students or schools requesting the service. Hospers notes that both employers and graduate schools would probably require such tests in order to evaluate the applicants. This would mean that "if a given high school or college did not provide good training, most of its students would not be able to pass the tests."(34) Any school that did not maintain a reputation for providing quality training for its students would be unable to attract many customers and consequently would be forced out of business. Thus, high quality standards would be maintained. It is, they argue, highly unlikely that anyone could simply buy high test scores since the utility of any testing service would be dependent upon its reputation for honesty. Any hint of dishonesty by a testing agency would render its services completely valueless. Who, after all, would base their decisions on information that they knew could be unreliable? Thus, an unreliable testing agency would soon face bankruptcy.

One criticism that can be made of the libertarian proposal for private, voluntary education is that the elimination of public schooling would place responsibility for a child's education solely on the shoulders of the parents. Since there would be no means to insure parental responsibility in seeing that their children are properly educated, it is probable that at least a few children in every generation would grow up uneducated, or at least unschooled. Since this could be rectified later in their lives, this does not mean that they must remain uneducated. Nevertheless, it is a lamentable fact that such children, through no fault of their own, would start their lives at a competitive disadvantage. It should be pointed out, however, that forcing all children to spend up to twelve years in public schools is likewise no guarantee of an education. More to the point, Tibor Machan notes that "the

probability of better overall results for children under the free educational system seems clear. It is, after all, the parents of this or that child who will make the decision for the welfare of the child. These may not be excellent or even responsible at all times; but the relationship between parent and child, characterized at least by affection and some sense or a feeling of responsibility on the parents' part, has a good chance of resulting in maximum personal concern over education."(35)

Libertarians have presented an excellent case for the overall superiority of voluntary, private education over compulsory, public schooling. But such superiority does not, in itself, demonstrate the desirability of the former. A listing of the possible combinations indicates that there are two additional alternatives between the two extremes discussed thus far:

1. Compulsory public schooling
2. Voluntary public schooling
3. Compulsory private schooling, and
4. Voluntary private schooling.

What of the second alternative, that of schooling provided by the state but which was voluntary, in that parents could -- so long as they were able to bear the additional expense -- send their children to private schools, or keep them out of school altogether? From a libertarian point of view, its voluntarism would make it superior to compulsory education. But since it would continue to be provided through taxes, it would still be considered immoral. Beyond this obvious point, the need to "lure" children into the public schools would probably increase the variety and quality of education. But how significant this would be is difficult to tell. Real competition in the "educational industry" would be mitigated by the fact that parents desiring to send their children to a private institution would have to pay twice: directly, to the private institution at the point of service, and indirectly, to the public institution, through taxes. This, of course, would render competition from private institutions rather feeble. Thus, the only viable alternative to state schooling would be no schooling. It is likely therefore, that the concern on the part of public educators with the variety and quality of their education offerings would probably not be noticeably increased by a policy of voluntary, public education.

What of the other option of making schooling compulsory but private? The voucher plan, where students would be given educational vouchers by the state to be redeemed at the school of their choosing, is the best known variant of this option. From the libertarian point of view the requirement of compulsory education would clearly render it unacceptable. But one of the merits of the program, it is commonly thought, is that the voucher would insure education which was responsive to the desires of the students -- or parents -- rather than the public authorities. Those schools offering the best educational programs would get the bulk of the vouchers and thus make the most money. Thus, the competition between schools would enhance the quality and variety of education. This argument is indeed dubious. It seems unlikely that the state would long permit vouchers to be redeemed *anywhere*. Rather, it is likely that a voucher program would include the stipulation that the vouchers would be redeemable only at those schools meeting certain requirements -- educational and social -- and/or *only* at those schools located in the school district in which one lived. But with such restrictions there would certainly be little room for educational competition and without such competition there would be little incentive to increase the quality and variety of their educational programs.(36)

Libertarians feel that the current system of compulsory and state-supported school is immoral on two counts. First, compulsory schooling is viewed as a form of involuntary servitude, and second, "free" public education is a violation of the rights of those who are taxed to pay for it. Further, they believe that a private voluntary educational system would be able to furnish high quality education at a lower cost than any alternative.

While the results of voluntary private education may not be everything that the libertarian expects, the argument is cogently presented and the proposal strikes me as not only feasible but probably desirable as well.

3. OCCUPATIONAL LICENSING

Limiting the number of individuals or groups who can enter a particular field results, libertarians argue, in rigidity, inefficiency, and higher prices. But, even more importantly, since licensing entails the use of government violence against anyone endeavoring

to enter a licensed field without government permission, libertarians see it as violating natural law by employing violence to prevent nonaggressive actions of other individuals. In fact, occupational licensing is seen as a return to a type of guild system similar to that of the feudal period,(37) and libertarians call for the removal of all forms of government regulations, from the licensing of occupations to the prohibition of private drug use.(38)

The moral issue aside, the practical problem with government licensing is that whether it was originally implemented to regulate industry for the benefit of the consumer or was established to benefit entrepreneurs by shielding them from competition is irrelevant. Since the interest of "the public" is diverse and diffuse it is unable to focus its interests on any particular problem for a sustained period of time. On the other hand, the interest of an industry is "direct and focused." The automobile industry, for example, has a direct and immediate interest in the decisions of the Environmental Protection Agency. But individual members of the public are affected only minimally. Hence, the automobile industry would be willing to devote much time and energy to influence the agency's decisions while the "public" will not. Moreover, since an agency cannot make decisions concerning the industry it regulates unless it possesses knowledge about that industry, the agency officials must either be drawn from the very industries they regulate or develop close contacts with those in the industry. It is hardly surprising, notes economist Milton Friedman, that the regulatory "organizations have become the servants of those they were supposed to protect the public from."(39) Walter Gellhorn, in fact, estimates that

Seventy-five percent of the occupational licensing boards at work in this country today are composed exclusively of licensed practitioners in the respective occupations. These men and women, most of whom are only part-time officials, may have a direct economic interest in many of the decisions they make concerning admission requirements and the definition of standards to be observed by licensees. More importantly they are as a rule directly representative of organized groups within the occupations.(40)

Since the regulations are often written, and the boards are usually staffed, by individuals drawn from the very firms that they regulate, it should come as little surprise that "the pressure on the legislature to license an occupation rarely comes from the members of the public who have been mulcted or in other ways abused by members of the occupation. On the contrary, the pressure invariably comes from members of the occupation itself."(41)

There is considerable empirical support for the belief that the chief beneficiaries of licensing restrictions and regulatory commissions are not the public, which must pay high prices for shoddy products, but the regulated industries, which are freed from the rigors of market competition. The Pacific Southwest Airlines flies entirely within the state of California and is therefore not subject to Civil Aeronautics Board regulations. The rates charged by the P.S.A. were up to sixty percent less than the minimum rates permitted until just recently by the CAB for comparable interstate flights. This practice of setting minimum rates is followed by nearly all other regulatory commissions.(42) The American Medical Association is able to maintain the incomes of its physicians at above free market rates by limiting the number of people entering the profession. To practice medicine one must get a license, and to get a license one must graduate from an approved medical school. Since the licensing boards in each state are almost invariably composed solely of physicians who belong to the AMA, the list of the approved schools parallels the list of the Council of Medical Education and Hospitals of the AMA. There is little doubt that the AMA uses its position for its own benefit. It is quite revealing that physicians were able to maintain their incomes during the depression of the 1930's even despite the heavy immigration of professionals fleeing Europe at this time. It was able to accomplish this, says Milton Friedman, simply by having the Council of Medical Education and Hospitals send letters to the state licensing boards stating that more students were being admitted to medical schools than could be properly trained. Within the next two years every medical school reduced its enrollment.(43)

Regulatory commissions can have other, even more serious, side-effects. For example, several empirical studies have disclosed that delays for new drug approvals by the Food and Drug Administration have saved between 5,000 and 10,000 lives per decade. On the other

hand, these delays have caused 21,000 to 120,000 additional deaths during the same time period. Thus, on balance FDA regulations have resulted in between 4 and 12 deaths for every life saved.(44)

In other areas, a recent study of the effects of the ban on advertising prescription drugs, which is universally supported by the retail pharmacists' organizations, revealed that prices in the 34 regulated states were 5.2 percent higher than in the 16 non-regulated states, and may cost consumers as much as \$380 million per year.(45) Another study, by Thomas Gale Moore of Stanford University, indicated that various regulations of the Interstate Commerce Commission, which are supported by both the American Trucking Association and the Teamsters Union, may cost consumers \$16 billion a year.(46) And a study of television repair licensing by the Federal Trade Commission, which compared Louisiana, which has mandatory licensing, with California, which requires registration without restrictions on the number of people registered, and the District of Columbia, with no controls, revealed that prices in Louisiana were a full 20 percent higher than in either California or the District of Columbia.(47) And independent studies have estimated that licensing restrictions and other government regulations cost the consumers \$130 billion per year.(48) Clearly, says the libertarian in responding to these kinds of studies, the effect of regulations is not to reduce prices for the benefit of consumers but, on the contrary, to raise them for the benefit of the industries.

The libertarian feels, therefore, that government regulation works to the benefit of the very industries being regulated. And since there is a natural tendency for the wealthy to use their wealth to obtain political power, he is skeptical of proposals to reform the regulatory commissions for the benefit of the poor. While such reforms might prove successful in the very short run, the belief that such a situation can be maintained is akin to believing that water can run uphill. The interests of consumers, Milton Friedman notes, "are diverse and diffuse. You buy a thousand things, but you make your living producing a single product. . . .When the chips are down, your willingness to promote your interest as a consumer of a thousand things will be far less than your willingness to engage in something that will promote your interest as a producer." Consequently, a regulatory commission may be established with the intention of protecting the consumers. But, "after the

initial, faddish interest in the project dies down, the producers will move in with pressure for exemptions and other special rulings."(49) The libertarian, therefore, opposes all regulation not only on moral but on practical grounds as well.

But how would the market be able to protect the interests of the consumers in the absence of regulation? Libertarians believe that there are any number of noncoercive ways that this could be handled. First, Hospers points out that a company's good name is its best guarantee of its future business. Businessmen are no more inherently trustworthy or honest than any other social group. But the free market places a monetary incentive on honesty. Cheating may result in a short-term gain, but a company that incurs a reputation for cheating its patrons will soon find itself without any patrons and, thus, going out of business. Since the market works to reward honesty and penalize dishonesty, it is believed that a totally free market would actually serve to raise rather than lower standards.(50)

It is also likely that a laissez faire society would give rise to more magazines such as **Consumer Reports**, providing subscribers with information on everything from the quality of particular brands of safety pins to individual physicians. While certainly not all, or even most, would subscribe to such magazines, economists such as Friedman contend that even the careless shopper would be better protected in the absence of government controls. "Producers," he says,

work on a margin, like everybody else. If the five percent of shoppers who are careful spot a clever misrepresentation, they'll leave the store. That's enough pressure on the store owner. The infrequent shopper assumes this when he goes to a store that's popular. There has to be a reason for its popularity, he decides. The reason is that it appeals to those who are very careful about measures and labels and that sort of thing.(51)

There are other devices by which consumers would be able to protect themselves. While anyone in a libertarian society would be able to enter any occupation he desires, including those of physician and lawyer, libertarians do not regard this as a problem. First, the market would insure that only the most competent

would survive in the field. And second, there is no reason why independent testing agencies could not provide the service of testing individual physicians or lawyers and then issuing them certificates indicating their performances on the tests. While no lawyer or physician would be required either to take the examination or to advertise the results, those who were either unable or unwilling to display certificates from a reputable testing firm would be unlikely to attract many patients. Conversely, those who were able to advertise that they received a "Grade A" rating from the Premier Testing Agency or a physician's certificate from Harvard University would naturally attract the bulk of the business. Of course, anyone either forging or falsifying a certification could be prosecuted for fraud. Further, since one's ability to pass an examination twenty or twenty-five years ago is no indication of one's present ability, libertarians believe that the replacement of compulsory licensing of lawyers, physicians, etc., by a system of voluntary certification would tend to upgrade standards. Any physician or lawyer who could provide evidence that he has kept abreast of the latest advances in his field by displaying a new certificate every two or three years would tend to attract more customers than someone who was content to simply display one certificate obtained twenty or more years ago.(52)

In brief, libertarians argue that a totally free market, with only the natural law injunction against fraud and misrepresentation, would probably serve to protect the consumer better than the current host of regulatory agencies and plethora of licensing restrictions.

But, as was the case with education, demonstrating the shortcomings of the present regulatory program does not in itself prove the wisdom of adopting a program of complete deregulation. There are a plethora of alternative proposals that cannot be dealt with here. These include such things as the one or three year rule in which anyone leaving a regulatory commission would be prohibited from taking a position with a firm in the industry he regulated for a period of one or three years. The intent would be to prevent the cozy relationship between industry and commission that has plagued regulation in the past. Another proposal is the "test of compensatory operation" advanced by economist William Baumol. This is designed to prevent a regulated firm from covering losses due to inefficient

operations by raising prices.(53) And there are more radical proposals such as that by Edward Renshaw, in which consumers would, by law, be granted voting interest and/or common stock in all firms designated by law as public utilities.(54)

To assess the relative merits of these proposals would take us too far afield. Suffice it to say that while not proving that no regulation would be superior to any type of regulation, the libertarian has succeeded in demonstrating that total deregulation is a **feasible alternative** that is unlikely to result in the catastrophic consequences so often associated with it.

4. MONEY

It is usually thought that government control over money is necessary to prevent counterfeiting and fraud. But libertarians deny that any control over the manufacture or supply of money is required and argue that governments have involved themselves with the regulation and control of money for so long that it is forgotten that money emerged **spontaneously** with the emergence of the market and was not created by government. They argue as follows.

In order for any economy to develop beyond the stage of barter or direct exchange, some unit(s) is (are) required to perform the function of a general medium of exchange. In its absence a transaction between A and B can be consummated only if A has what B desires while B simultaneously has what A wishes. However, once a general medium of exchange emerges, transactions are not limited to each having what the other desires. A may have what B desires but B may not have anything that A wants. In such a case B may obtain the good from A in exchange for a certain amount of the medium of exchange. A can then obtain what he needs from C in exchange for the medium obtained from B. Since in any large-scale society it is most unlikely that those desiring to exchange will find others demanding exactly what they are able to supply, a general medium of exchange is a necessity for any economic system beyond the most primitive level. An important question is where does this general medium of exchange, viz., money, come from?

For anything to emerge as a "general medium of exchange" it must have high marketability, i.e., it must be in general demand. An economy progresses from bar-

ter to indirect exchange when individuals begin to realize that they can facilitate their ability to exchange for goods they desire by first obtaining goods with high marketability. Consequently, certain commodities emerge spontaneously as a general medium of exchange as more and more individuals begin to demand these goods not so much for their use as consumption goods but for their use in facilitating exchange. Eventually, this second use becomes dominant, and the commodity comes to be demanded almost solely for its use as a general medium of exchange.(55)

What kind of goods will emerge as money has varied from society to society? Some agricultural societies have used cows; fishing societies have used fishhooks or seashells, etc. But generally metals, and in particular gold and silver, have prevailed for a number of reasons. They are durable, fairly portable, and highly divisible. All of these greatly facilitate exchange. While the state, whether for purposes of obtaining easy revenue or to protect society from fraud, has gradually assumed a monopoly on the issue of money -- the United States government, in fact, did not finally prohibit private coinage until 1863(56) -- the important point is that money emerged spontaneously from the market. Libertarians note that some economists even contend that it was impossible for the state to create money by declaring some good legal tender and ordering the public to accept it. "It is not the State, but the common practice of all those who have dealings in the market, that creates money," says Ludwig von Mises. "It follows that State regulation attributing general power of debt-liquidation to a commodity is unable of itself to make that commodity into money."(57)

If the state was not required to bring money into existence, neither is it necessary to preserve it. Government control over the monetary system leads to at least two very serious problems. First, since money is the nerve center of the entire economy, the libertarian believes that if "the state is able to gain unquestioned control over the unit of all accounts, the state will then be in a position to dominate the entire system, and the whole society."(58) And second, if any one person or institution such as the government can obtain control over the supply of money, there is nothing to prevent it from using this control to add to its wealth simply by printing new money. There is, they contend, no real difference between the printing of new money by the government and the activities of a

counterfeiter. Both activities reduce the value of the monetary unit by increasing its supply. The effect in both cases is to transfer purchasing power from all other members of society to the government or the counterfeiter. Not only is this nothing more than theft, but, they argue, it reduces popular control over government by enabling the government to expand its expenditures, and thus the scope of its activities, without first having to obtain popular consent for increasing taxes.(59)

The individualist anarchist chides those individuals, such as the members of the Chicago School, who advocate freedom of competition for nearly all goods except money. One argument in favor of a government money monopoly is that money can fulfill its function as a medium of exchange only so long as it is scarce. Since money can be printed at practically no cost, free competition would lead to hyper-inflation. Thus the supply of money must be governmentally controlled to prevent the breakdown of the monetary system.

It is admitted that free banking in a monetary system based on **paper** would lead to its destruction. Yet, this is precisely what most libertarians and all individualist anarchists desire. Not only does a paper system require government control but, since its supply can be so easily increased, it is seen as the cause of the trade cycle. Free banking would lead to the re-emergence of "natural" money, i.e., one that spontaneously emerged from the market process. Because of such advantages or scarcity, divisibility, portability, durability and homogeneity this would almost certainly be gold and/or silver. Since it is difficult and costly to dig these metals out of the ground their supplies could not, like those of paper, be increased at will. Thus, not only would their values be stabilized and secure but the prospect of inflation and depression would be greatly reduced.

Far from leading to perpetual inflation free banking would, they argue, actually lead to a much sounder monetary system than we now have. "Suppose that I decided to abandon the slow, difficult process of producing services for money, or of mining money, and instead decided to print my own," hypothesizes Rothbard.

What would I print? I might manufacture a paper ticket, and print upon it "10 Rothbards." I could then proclaim the ticket

as "money," and enter a store to purchase groceries with my embossed Rothbards. In the purely free market which I advocate, I or anyone else would have a perfect right to do this. And what would be the inevitable consequence? Obviously, that no one would pay attention to the Rothbards, which would properly be treated as an arrogant joke. The same would be true of any "Joneses," "Browns," or paper tickets printed by anyone else. . . . And this is why total freedom for everyone to print money would be absolutely harmless in a purely free market; no one would accept these presumptuous tickets.(60)

This does not mean that everyone would have to carry gold or silver around with them. It would probably be more convenient if individuals placed their gold in banks and received banknotes in exchange for their deposits. These banknotes would not be money but money-substitutes, i.e., warehouse receipts to money and payable to the bearer on demand. The libertarian moralists regard it as fraud for any bank to issue notes in excess of its deposits, since it is then guaranteeing what it cannot guarantee: to redeem on demand an amount of gold equal to the sum of its notes.

Libertarians also believe that the market itself places definite limits on credit expansion. Assume that Bank A does issue notes in excess of its deposits. The bank's clientele proceed to use these notes to purchase goods and services. The notes are thereby transferred from the bank's clientele to individuals who do not belong to the bank. The latter do not regard the notes as money but only money-substitutes and, as they cash these notes for money, Bank A's reserves will dwindle. Consequently, Bank A will be forced to reverse its credit policy or risk bankruptcy.(61)

Rothbard advocates that the law be changed to treat bank deposits as evidence of a bailment instead of a debt as is now the case. "Banks would simply be treated as money warehouses in relation to their notes and deposits." This of course would mean that rather than pay interest on deposits, banks would have to charge their customers a fee for the service of keeping their money. It would be up to the individuals to decide whether they valued the services supplied by the banks enough to pay the fee.(62)

In short, libertarians do not believe that money requires the supervision of government. Far from free banking leading to hyper-inflation, the libertarian believes that the reverse is true. The money monopoly, says James Rolph Edwards, "has the defect of all monopolies, that one must use their product even if it is unsatisfactory." It is only with "currency substitution," i.e., competition between alternative monies, that "money of stable and reliable value" can be insured.(63)

Since private minters could not force people to use their money, they could stay in business only by developing a reputation for honesty. The more sterling one's reputation the more willing individuals would be to use a minter's coins or a printer's certificates. The libertarian points to history to bolster his case. Private coins circulated widely throughout the world, including this country. During the Civil War, for example, the federal government took coins out of circulation to help relieve the metal shortage. This in turn produced a shortage of coins, which was alleviated by the appearance of private mint-masters. It is reported that possibly 10,000 varieties of private coins circulated during this time. In the 1830's an individual named Christopher Bechtler entered the minting business and within nine years minted nearly two and one-half million dollars. His coins received such wide circulation that as late as 1920 the Bechtler dollars were still being accepted in parts of this country at par with "official money."(64)

Finally, how many currencies would be expected to emerge? Libertarians admit that there is no way to know for sure. But given the transaction costs inherent in currency conversions, Edwards argues that the "public would not permit more than three or four currencies to circulate widely at any one time."(65)

What can be said about such a proposal? At the least, it is certainly ingenious. But is it pure fantasy? I think not. Not only is the argument presented logically but a wealth of historical examples are also introduced to demonstrate its feasibility. But questions still remain. Would the concern for one's reputation be enough to prevent fraud, or at least hold it to a minimum? To this the libertarian might respond that whatever fraud would occur would no doubt be less than that perpetuated by the government through its dollar monopoly. And is fractional-reserve banking

inherently fraudulent, as the libertarian moralist claims? What if banks frankly told their customers about their fractional-reserve practice, including its advantages -- such as no fee for deposits -- and its disadvantages -- such as a remote possibility that one might not be able to redeem one's deposit in an economic crisis? So long as a bank frankly admitted its practice, I do not see how it can be accused of fraudulent behavior. And if consumers desired such a policy, I do not see how libertarians could prevent the market from supplying it. But this is a minor point. The libertarian proposal for the deregulation of money is convincing.

5. ECOLOGY

Libertarians believe that an adequate solution to the problems of pollution and conservation can be found only in a system of universal private property.

a. Pollution.

Pollution may be defined as "the transfer of harmful matter or energy to the person or property of another without the latter's consent." (66)

Government has considered certain types of property as too important to be privately owned. It has designated these areas as "public property" and assumed control over them. Lake Erie as well as Lake Baikal in the Soviet Union are "publicly owned." Rivers, too, are owned by the "public" as is air space. And it is precisely in these areas that we suffer from massive and harmful pollution. Conversely, one does not find individuals polluting either their own or their neighbor's property. This is so, libertarians contend, because "in the normal course of events, an individual finds it much easier and more rational to protect things which he owns, rather than things he does not own." (67) Libertarians therefore seek the solution to the pollution problem in the extension of individual property rights into those areas in which they are now denied.

Government spawns pollution, they argue, because the entire concept of "public property" is a myth. "The public" is merely a hypostatized construct that has no counterpart in reality. If the "public" does not exist, it cannot own anything. "Public goods" are actually owned by the officials running the government

at any particular time. It is the decision of the government that determines how much or how little pollution of air and water we are to have. But how does the government arrive at these decisions? The public policy was to treat air space and water as "free goods" unowned by anyone. Since no one was permitted to own any particular unit of the air space or water, no one had either the incentive or even the means to prevent any particular unit from being despoiled. Consequently, sewage of all kinds was disposed of by dumping it into the water or by injecting its remains into the air. But as air and water became more polluted, the government, as owner, eventually altered its policy. Air and water were no longer considered "free goods" equally accessible to all, but were to be regulated by the government in the "public interest." The question, however, is how much or how little pollution is in the "public interest"? The government may use "scientific tests" to determine at what level pollution becomes a health hazard and then permit pollution up to that point. But, as important as such studies are, even this method is arbitrary. Some individuals may be especially sensitive to pollution and would prefer a lower level, while others might prefer a higher level provided it would lead to a higher standard of living. At the Stockholm Conference in 1972, for example, the less developed countries made it clear that they would not take any steps to reduce pollution that would inhibit industrial development.(68) Moreover, so long as the decision is made by the government, libertarians feel that it will be a political decision. Most businesses are opposed to strict pollution standards, at least for their area of operations. And as already noted there is no reason to believe that the interest of the "public" will triumph over that of "business." The interest of the "public" is diffuse and often contradictory while that of "business" is concrete and immediate. The automobile manufacturers, for example, are adversely affected in an immediate and concrete way by the imposition of auto-emission standards, and can be counted on to lobby strongly in opposition to them. The "public" may be in favor of such standards. But its interests are neither as immediate nor as concrete as those of the auto manufacturers, and it is unlikely that many individuals would be willing to sacrifice the time and money necessary to effectively counter that group. And even some of the "public," such as those who intend to buy new cars and would have to pay the extra cost of the pollution equipment, might oppose emission standards altogether. This means, at best,

that the government policy would be some sort of compromise between the interests of the "public" and those of "business." It seems likely, however, that those of business would gradually emerge dominant.

Libertarians, in short, believe that government itself is solely responsible for pollution. Its failure to recognize property rights in water and air space has resulted in them being treated as "free goods," which meant that since no unit of these goods would be individually owned or valued, they were abused and wasted, i.e., polluted. And they further argue that no government can deal effectively with pollution since in the absence of individual ownership of air space and water, there is no market in these areas. Thus the government has no way of determining how the supply of air space and water ought to be allocated to enhance the utilities of all members of society. The only alternative is to establish arbitrarily a certain level of pollution as the maximum and then impose it upon everyone. But since many would be willing to endure greater amounts in return for such benefits as a higher standard of living, while others would prefer a lower level of pollution, this method satisfies practically no one.

We do not have a problem of land pollution. A cannot dump his garbage into B's backyard. It is important to realize that this is so only because property rights in land are usually well defined. Once property rights in air space and water were permitted, libertarians maintain that the problem of pollution in these areas would likewise cease to exist. In a system of universal private property, A's injection of soot or noise into the air space of B would be just as much a violation of the latter's property rights as if A willfully destroyed B's shrubs by pouring poison on them. The remedy lies in the courts upholding the neighbor's property rights by forcing the polluter, i.e., the invader of another's property, to make restitution to the victim.

The question of how much pollution should exist would be determined by the actions of each property owner. (69) Each individual would be free to use his property as he saw fit but would be responsible for any "spillover" onto another's property. Those who would be willing to suffer a higher level of pollution in exchange for monetary compensation from the polluting source would be free to do so. Consequently, such

people as road owners would be responsible for any pollution emanating from their property and would have to either bargain with the surrounding landowners to contract for the right to pollute their air space in return for compensation, or make certain that the cars using their roads were "clean." What option anyone would take depends, of course, upon each individual's scale of values. The fundamental principle is that any unwanted injection of matter into another's property would constitute a violation of property rights and thus be prohibited in a universal private property society.

The problem of noise pollution is no different. Noise is the invasion of another's property by the creation of unwanted sound waves. Libertarians say that this too could be handled by the market process. "Injunctions to prohibit excessive noise would spur the development and installation of anti-noise devices, such as mufflers, acoustical materials and even equipment which would create opposing and, therefore, cancelling waves of sound to the noise-polluting machinery." (70)

Is such a proposal at all practical? Couldn't, for example, Mr. Clean, who has a passion for clean air and silence, purchase a small building in the center of a large city and literally bring the entire city to a grinding halt by claiming that even the slightest air pollution or noise violated his "property rights"? Or, more likely, couldn't someone, say Mr. Slick, literally hold the city up for ransom by demanding compensation for any and all air and noise pollution? While these may be extreme examples they do raise an important question: if any spillover of either effluents or sound onto another's property is considered a violation of the latter's rights, wouldn't the costs of performing even such ordinary activities as playing a stereo, talking over the backyard fence, or burning rubbish in the yard prove prohibitive?

Such problems would not, of course, pose much of a difficulty for the utilitarian anarchist, who subscribes to the universal private property approach on practical rather than moral grounds. As with eminent domain, his free market courts could simply stipulate that only effluents above a certain rate, or sound above certain decibels, would be considered pollution. Since this might not satisfy everyone, some individuals would no doubt want to negotiate their own agreements,

and there is no reason the utilitarian would prohibit this. Thus, a firm might enter into an agreement in which an owner grants the firm the right to pollute his property above the limit stipulated by the courts in return for compensation. Or, an individual who felt the legal limits were too high could pay a firm to keep its pollution below the limit. Numerous other scenarios are conceivable.

While more complicated, the difficulties such problems pose for the libertarian moralist are not, I think, fatal. The application of the Lockean "homesteading axiom," viz., that unowned property belongs to its first user, would be instrumental in resolving many of the seeming difficulties. "If a town were to spring up around a remote paper mill, or a new subdivision were to be built at the end of an airport runway," remarks William Burt, "subdivided properties could be sold with the contractual understanding that air or noise pollution will be tolerated. (Even where this understanding was not historically defined in deeds, we would have to grant that the pollution rights had been already homesteaded at the time of property sale.)" (71)

This means that a Mr. Clean could not bring the city to a halt or that a Mr. Slick could not hold it up for ransom. For, in the absence of clear and valid contractual evidence to the contrary the "pollution rights," as Burt says, "had been already homesteaded at the time of property sale." What Mr. Clean, or Mr. Slick, could do would be to buy the pollution rights over his home from the current homesteaders. Thus, if the A-1 Widget Factory were next door, Mr. Clean could purchase A-1's pollution rights to the space above his home. This would mean that A-1 could no longer pollute Mr. Clean's property. But another homesteader, the Acme Frisbee Company located on the other side of Mr. Clean's property, would still retain its pollution rights over that air space until and unless it sold them to Mr. Clean. In short, air space, or at least pollution rights to it, would become a commodity just like land. While it might become customary for air space and land to be sold in one package this would not be mandatory and would depend on the particular contractual arrangements. Thus, one could buy land that became historically "separated," as it were, from the air space above it. And just as one is free to purchase land adjacent to one's property, so one could purchase the space above one's property as well.

There is another method by which such apparently thorny problems could be handled, viz., that of restrictive covenants. A covenant is simply an agreement in which the parties mutually agree to abide by certain stipulations on the use and sale of their land. The covenant would probably be the most convenient device for use by owners of new subdivisions, shopping malls and the like. Thus, subdivision owners might sell their units only to those who agree to respect certain noise, water or pollution standards. The covenant is an extremely flexible device that would greatly simplify the problems of pollution control in a libertarian society. As Burt points out:

Covenants can also be useful in presenting a corporate phalanx to the non-consenting world. A prospective polluter, in the first place, would have to deal with only one representative in order to obtain pollution rights over the covenanted properties. And this cuts two ways: a group of neighbors who despise automobile exhaust could improve their ability to stop it by organizing into an "air pollution district" such that when automobile pollution increased they would only have to prove that some of them were invaded by fumes.

At the simplest levels, covenants are merely bilateral agreements. Inclusion of more participants may be demanded to deal with certain kinds of environmental conflict (as with the air pollution district), and more specificity or elaboration may be needed to handle subtler kinds of goods. The latter becomes especially important when the law recognizes no independent method to establish simple property in such goods as "neighborhood character" or other esthetic values. The peak of inclusion and elaboration is that womb of security, the proprietary community, wherein management of the social aspects of living has been left (either by deed restriction or subsequent covenant) to a central community "landlord" who resolves all internal environmental disputes out of court. Examples of this phenomenon may be seen in huge shopping malls, hotel complexes, recreational communities, and industrial parks.(72)

The foregoing is a highly imaginative approach to the problem of pollution control. While perhaps more cumbersome than the more direct regulatory approach currently in use, it has the advantage of great flexibility. And while the libertarian or natural rights approach would be even more complicated than the utilitarian, its program strikes me as being at least feasible. Whether its complexity makes it desirable is another question. It could well be, however, that these complexities are exaggerated by the failure to realize the market incentive existing in this case for the simplification of procedures. As Burt says, "we have every reason to expect the system to be only as complicated and 'utopian' as it needs to be." (73)

b. Conservation.

Libertarians argue that the problem of resource conservation could be solved in the same way. Richard and Ernestine Perkins argue that universal private property would create a "cycle of protection." They note that while such endangered species as seals, birds and fish are invariably found on government-owned air, land or water, animals that are privately owned such as turkeys, chickens, horses, cows, etc., are not in any danger of extinction. The reason for this is obvious. Since there could be no chicken breeders without chickens the owners must make sure that they breed at least as many as they kill. (74) Universal private property would permit the extension of the "cycle of poverty" into many areas in which it is now inoperative. "Baby seals, as well as many other wild animals whose fur or meat has commercial value," contend the Perkinses,

would be deliberately and scientifically farmed on a business basis, in the same way that thousands of chickens and turkeys are raised in farms specializing in their production. The unreasonable killing of animals, including birds, whose lives are of value in the ecological cycle, simply would not occur, because the property in which they lived would be privately owned. The owners would protect them, just as domestic animals are protected today. When nearly all such property is privately owned, there would be as much chance of reading in the newspapers of the senseless slaughter of seals, as there is today of the senseless slaughter of an English farmer's dairy herd. (75)

Similarly, if forests were privately owned, it would be in the interest of the owners to replace at least as many trees as were cut down. And if property rights in water were recognized, fish, like cattle, would be bred commercially. Since the sea rancher would bring charges against any firm killing his fish by polluting his water, not only would such killing of fish cease but the ecological balance would be automatically preserved. And further, it is charged that such potentially important occupations as aquaculture are needlessly impeded by the refusal to extend property rights into this area. "No one person," says Rothbard, "is going to fertilize a part of the ocean when the fruits of this investment can be captured by some competing fisherman who does not have to respect the first man's property rights." (76) Ownership of the oceans would permit a flowering of aquaculture, which would augment world food supplies.

What Perkins and Perkins term the "cycle of protection" can be illustrated in pointing out the potential ecological ramifications of the private ownership of Lake Erie. The owner(s) would desire to make a profit. The purer the water, the more drinking water they could sell to individuals and cities. The more fish they stocked in their lake the more accounts they would have with fishing firms. Another commercial venture would be to use the lake for recreational purposes such as swimming. Since few would be willing to swim in polluted water, this too would encourage clean water. It would therefore be to the interest of the owners to keep their lake as clean as possible and they would certainly prosecute any firm caught dumping sewage into it.

But how could the potential customers be certain that the water they would purchase for drinking was safe? To be able to sell its water, the company would have to guarantee that it was free of pollutants, and it could then be sued for fraud if impurities were found. Moreover, many argue that one means of guaranteeing the purity of the water would be to have its water tested and certified as pure by an independent purification company. Since the utility of such a company would depend upon its reputation for honesty, it could not afford to "sell out" to the lake company by certifying the water as pure when in fact it was not.

And finally, the libertarians believe that a total private property society would solve the problem of

allocating resources between current and future uses. If forests were privately owned and a lumber shortage was expected the forest owners would have every incentive both to curtail their current production of lumber and to plant more trees in the expectation of selling at a higher price in the future. These activities would benefit consumers and conserve resources. On the other hand, if lumber was becoming very plentiful or was to be replaced in the near future by another material, the forest owners would rush to produce as much lumber now, when it would still be of some value, as they could. Hence, notes Rothbard, "the market economy contains a marvelous built-in mechanism whereby the resource owner's decision on present against future production will benefit not only their own income and wealth, but also that of the mass of consumers and of the national and world economy."(77)

Economist E. J. Mishan argues that there cannot be property rights in air and water because, in contrast to land, "they do not take on physically identifiable forms."(78) But the libertarians do not believe that this is a serious problem. First, they point out that many goods now on the free market do not have identifiable forms. Music is one; ownership of radio frequencies is another. And second, they note that modern technological advances such as electronic fencing have facilitated the development of property rights in these areas.

Whether Mishan is correct cannot really be decided until the effort is made to develop property rights in these areas. It should be remembered that prior to the development of property rights in land, it too was a "collective good." It seems likely to me that such problems are solvable by the universal private property approach. But this merely means that it is one possible method for dealing with the problems of pollution control and conservation. It does not mean that it is the best or most desirable approach. It could be that its complexities would make it less convenient than direct regulation. On the other hand, its greater flexibility could make this approach quite efficient. But these issues cannot be settled so long as the government policy is to arrogate to itself ownership and control of air space and water.

6. PUBLIC UTILITIES

How would "public utilities" such as gas, electricity, water, sewage disposal, and telephones, be han-

dled in a libertarian society? The popular view is that such services are public goods. A public good is characterized by two properties: [1] costs of exclusion are so high as to render provision on a selective basis inefficient, if not impossible, i.e., **nonexcludability**, and/or [2] the consumption of the good by one person does not reduce the supply for others, i.e., **nonrivalry**.(79)

We have already seen that if a good is nonexcludable an individual will have no incentive to contribute since he will still enjoy the benefits of the good even without contributing. Since everyone will reason this way no one will contribute. The provision of the good, which everyone desires, therefore requires the existence of an institution to compel "contributions," i.e., a government. Roads and clean air are commonly thought to be at least partially nonexcludable. We have already examined the libertarian proposals for these areas. Police protection, law and national defense are also thought to be nonexcludable and these will be dealt with in the next chapter.

The other property of public goods, nonrivalry, is more relevant for the issue of public utilities. The nature of gas, electricity, and the like, runs the popular argument, makes competition undesirable, if not impossible. They are "natural monopolies," which entail single suppliers. These suppliers can be either the government or "private" monopolies which would be regulated by the government. Once the telephone or gas lines, the television cables or sewer pipes are in place, the marginal cost of an additional user is, if not "literally zero," as Paul Samuelson says, certainly miniscule. The problem is not nonexcludability. On the contrary it is that the supplier may be in a position to exclude would-be users by charging a fee well in excess of marginal costs. Consequently, the result of ordinary market pricing, says Samuelson, would be a "nonoptimal" allocation of resources.(80) Since the marginal costs of additional users is practically zero, the policy implication is that it is economically irrational, and some would add morally unjust, to provide services on an other than equal access basis.

There are two ways in which the libertarian can respond to this line of reasoning: [1] by denying that such goods are inherently collective or public goods or [2] by acknowledging that they are "collective," or at least "quasi-collective," but proposing non-government-

al -- either market or non-market -- means of providing such services.

After an extensive search for goods that are inherently public or collective, ranging from insect control to police protection, courts, parks, roads and even national defense, economist Kenneth Goldin concluded that "case after case, although initially plausible has failed to fit the framework of public goods theory." The evidence suggests, he continued,

that we are not faced with a set of goods and services which have the inherent characteristics of public goods. Rather, we are faced with an unavoidable choice regarding every good or service: shall everyone have equal access to the service (in which case the service will be similar to a public good) or shall the service be available selectively: to some, but not to others? In practice, public goods theory is often used in such a way that one overlooks this important choice problem. Often it is suggested that a certain service is a public good. And once this suggestion is made, it is usually assumed that the service must be equally available to everyone. But this is seriously misleading as, in general, equal access to government services is neither necessary nor efficient.(81)

Lighthouses, Goldin points out, are often considered a "textbook example" of a public good, simply because "economists cannot imagine a method of exclusion." But lighthouse owners have been routinely doing the unimaginable for years. Since lighthouse users must also be harbor users, one method has been to make harbor use contingent upon the payment of lighthouse fees. All this proves, Goldin dryly remarks, "is that economists are less imaginative than lighthousekeepers." (82) And insect control is also often classified as a public good, which generally means that the local government must hire an airplane or a fleet of trucks to spray the entire city. But, Goldin notes, there are actually a plethora of alternatives to such a policy. For example, it can simply be left up to each citizen to buy his own chemicals and spray his own yard. "Although this may be more costly than airplane spraying," he says, "efficiency does not depend on costs alone. Hand spraying allows greater diversity in chemicals,

timing, and extent of spraying, and may yield substantially greater benefits."(83)

Example could be piled upon example, but what is vitally important about the Goldin article is that he cogently demonstrates that in every area commonly assumed to be collective, and thus entailing equal and/or unrestricted access for all, the method of distribution is, in actuality, a matter of choice, and that it is only a lack of imagination among academics that has prevented them from recognizing this.

But even if there are no goods that are inherently collective, this still does not mean that such goods as gas or telephone services ought to be provided on the free market. For as Goldin freely acknowledges, one may have a choice of distribution systems but the economically rational choice for some goods might still be to treat them as if they were collective. Thus, while it might be conceivable or possible to rely on the market for the provision of a certain set of services, this would entail wasteful duplication and shoddy service and could therefore not be practical or desirable.

But, argue both minarchists and anarchists, this once again underrates the flexibility and adaptability of the market system and the ingenuity of the market participants. A free market telephone system, for example, is popularly depicted as lining every street with a plethora of telephone lines and with customers unable to call anyone subscribing to a competing agency. But, as John Hospers points out,

no private telephone company that wanted to deliver the best service at the lowest price compatible with making a profit would dream of having such an utterly crazy system . . . The fact is, of course, that just as in the case of water supply, private companies would deal with one another for their mutual benefit and profit. Company A would make it easy for its subscribers to call the subscribers of Company B, and Company B would do the same for the subscribers to Company A -- not particularly because each wanted to confer profits on the other one, but because that would be the only way to get them. If there was a telephone company that refused to cooperate with the other ones, it would get only a small number of subscribers, for one would be

less likely to subscribe to a company that could reach only five percent of the population than to one that could reach most or all of them.(84)

Moreover, even if the most efficient selling unit for services like water supply, gas and electricity or sewage disposal, proved to be a city block, a neighborhood or even an entire city, instead of the household, writers like Rothbard and Spencer Heath MacCallum argue that there is no reason why the market couldn't adapt itself to this condition.(85) As was the case for pollution control, probably the easiest means in such cases would be the formation of community corporations or proprietary communities. A developer could make membership in such a corporation a condition of ownership in a new subdivision, or the corporation could be formed after the fact by means of covenants. The possibilities are numerous. The corporation could then appoint a single body to represent it in negotiations with "outside" utility firms to supply such services as gas, electricity, and water, either to the community as a whole, i.e., on an equal access basis, or selectively, in which case individual households would be charged on the basis of use. Not only are such arrangements possible, they are, in fact, in use now. The Rural/Metro Fire Department Inc. is a private company that, since 1952, has contracted with Scottsdale, Arizona, a city of nearly 100,000 people, for the provision of fire protection. The Rural/Metro operates at a profit and yet is able to provide its services at only \$5.70 per person per year, or less than one-fourth the national average of \$24.39 for cities of comparable size. Not only is the cost much less, but the service is considerably better. "Over the past 12 years the per capita fire loss in Scottsdale has averaged \$4.44 per year. The national average over this period was in the \$12 range." Rural/Metro is so successful that "The company added three stations in 1971, five in 1972, seven in 1973, and eight in 1974. As of 1976 the company is providing fire protection to thirteen Arizona communities -- in seven on a contract basis and in the other six to individual subscribers. (Rural/Metro also provides contract security patrol service to five new towns, and ambulance service to five communities.)"(86) And a recent study of private waste collection companies, or "refuse agglomerates" as they are called, disclosed that there are over 10,000 private sector refuse firms with total revenues of \$3.5 billion a year. What is significant is that a survey of thirty cities util-

izing private contractors revealed that:

Cities, without exception, reported that the contractors had been both responsive and reliable. The contractor, of course, has a vested interest in doing a good job . . . Of all of the cities contacted, not one indicated that the contractor had failed to meet the standards required. . . What about going back to a municipal operation? Says [A. G.] Raymondi [Superintendent of Public Works for the city of Quincy, Mass.], "We would never be able to get back to it now." (87)

Several recent studies have disclosed that public collection services are approximately **four times as costly as private agencies.** (88)

But community corporations would not have to contract out. In "mutualistic" fashion a la Proudhon they could, either independently or in federation with other communities or corporations, buy their own capital equipment and then either operate the utilities themselves or hire outside firms to do so. (89) Such corporations might even find it profitable to sell their services to surrounding communities. Or the community corporations might even find it wise to combine the two approaches. For services in which the capital investment would be relatively small and/or mobile, like fire and garbage collection, a community corporation might wish to bring in outside firms. For if dissatisfied with the quality of the service they could fire the current firms and bring in new ones without much disruption of services. But the supply of water, gas and electricity is much different. Here, the capital equipment demanded is both large and stationary. One could not fire one firm and hire a new one without some disruption of service. In this case, a community corporation might find it best to own its own capital equipment and either operate its own plants or hire an outside firm to run them. Numerous other possibilities are conceivable and precisely which ones would prevail is impossible to tell in advance.

The libertarian writings on public utilities tend to be rather scarce and theoretically abstract. Consequently, I have taken these occasional and theoretical remarks and tried to construct various scenarios, consistent with the libertarian paradigm. What the foregoing indicates is that, given the ingenuity of the

market, probably fewer services than is commonly thought need to be supplied on a collective or equal access basis. This means that it would be practical to supply most of such services on a selective basis directly to the individual household or subscriber. Moreover, given the flexibility of the market, even those situations in which it would be more efficient or convenient to treat certain services as if they were collective, would probably not preclude their provision through the market. But as in earlier sections, it must be cautioned that to say that such a policy is feasible is not to say that it is desirable. This is a value decision that must be left up to the individual reader.

Thus far we have dealt with the libertarian proposals for the provision of services in which the use of violence is absent. While we have not been able to conclude that such a laissez faire society would be superior in every aspect to any alternative, it is significant that we also have not encountered a problem whose solution would necessitate government. That is, while the implementation of some of their proposals might render life less convenient, we have thus far not uncovered a flaw in the paradigm that would make such a society impossible or unfeasible. In short, up to this point the libertarian paradigm must be pronounced sound. It is now to the more difficult question of the provision of services in which the use of violence is present that we now turn.

FOOTNOTES

(1)Walter Block, "Free Market Transportation: Denationalizing the Roads," **The Journal of Libertarian Studies** (Summer 1979), p. 214.

(2)Jarret Wollstein, **Public Services Under Laissez Faire** (Private Publisher, n.d.), p. 35.

(3)*Ibid.*, pp. 45-48.

(4)*Ibid.*, pp. 46-67. On these points also see John Hospers, **Libertarianism** (Santa Barbara: Reason Press, 1971), p. 359.

(5)Block, p. 218.

(6)For a devastating and exhaustive critique of government attempts to rationally allocate its roads, see Walter Block, "Congestion and Road Pricing," **Journal of Libertarian Studies** (Summer 1980), pp. 299-330.

(7)See Clarence Carson, **War on the Poor** (New Rochelle: Arlington House, 1969), pp. 204-16.

(8)Murray Rothbard, **For a New Liberty** (New York: Macmillan, 1973), p. 214.

(9)Wollstein, p. 40; and Rothbard, **New Liberty**, pp. 217-18.

(10)Robert Cervero, "Deregulating Urban Transportation," **The Cato Journal** (Spring/Summer 1985), pp. 236-38.

(11)Block, "Free Market," pp. 234-35.

(12)Rothbard, **New Liberty**, p. 205; Block, "Free Market," pp. 219-21.

(13)Rothbard, **New Liberty**, p. 210.

(14)Block, "Free Market," p. 216.

(15)Rothbard, **New Liberty**, pp. 217-18; and William Wooldridge, **Uncle Sam the Monopoly Man** (New Rochelle: Arlington House, 1970), pp. 128-40.

(16)Rothbard, **New Liberty**, pp. 136-38.

(17)Murray Rothbard, **Education, Free and Compulsory** (Wichita: Center for Independent Education, n.d.), p. 7.

(18)Rothbard, **New Liberty**, p. 153.

(19)*Ibid.*, p. 134; and Rothbard, **Education**, p. 9.

(20)Rothbard, **New Liberty**, pp. 154-55.

(21)Rothbard, **Education**, p. 13.

(22)Richard and Ernestine Perkins, **Precondition for Peace and Prosperity: Rational Anarchy** (St. Thomas, Ontario: Phibbs Printing, 1971), p. 116.

(23)See above, Chapter II.

(24)Rothbard, **New Liberty**, p. 150-51. Also see Hospers, p. 377, and Perkins and Perkins, pp. 115-16.

- (25) Rothbard, *New Liberty*, p. 133.
- (26) In *ibid.*, p. 154. For an excellent review and critique of the various proposals for "public" schooling see Jack High, "State Education: Have Economists Made a Case?", *The Cato Journal* (Spring/Summer 1985), pp. 305-23.
- (27) See, eg., Wollstein, pp. 10-11.
- (28) Rothbard, *New Liberty*, p. 158.
- (29) An anecdote told by one of his students about the nineteenth century libertarian, William Graham Sumner, is revealing in this regard. Sumner remarked that there was only one sound economic system and that was the competitive one. The student then asked if that meant that another professor had a right to try to take Sumner's job away from him. Sumner replied that "Any professor is welcome to try. If he gets my job it's my fault. My business is to teach the subject so well that no one can take the job from me." In Alpheus Mason, ed., *Free Government in the Making* (New York: Oxford University Press, 1965), pp. 576-77.
- (30) Scott Bixler, "Educational Freedom," *The Freeman* (August 1975), p. 453.
- (31) Milton and Rose Friedman, *Free to Choose* (New York: Avon, 1980), pp. 145-46.
- (32) See eg., Hospers, p. 375; and Rothbard, *New Liberty*, p. 155.
- (33) Wollstein, p. 12.
- (34) Hospers, p. 383; also see Perkins and Perkins, pp. 118-119.
- (35) Tibor Machan, "'The Schools Ain't What They Used to Be and Never Was,'" *The Libertarian Alternative*, ed., Tibor Machan (Chicago: Nelson-Hall, 1974), p. 255.
- (36) see *ibid.*, pp. 252-54.
- (37) On this point note the similarity between libertarians and such critics of pluralism as Theodore Lowi and Henry Kariel. Lowi argues that pluralism has resulted in the capture of public power by private groups who use this power to insulate themselves from the threat of competition. See his *The End of Liberalism* (New York: Norton, 1969). Kariel takes a similar position, noting that our pluralist system parcels out pieces of sovereignty to private groups, creating little fiefdoms within which the group's power is all but supreme. See his *The Decline of American Pluralism* (Stanford: Stanford University Press, 1961).
- (38) The legalization of all drugs may seem shocking, but libertarians are quite insistent on this point. The use and sale of drugs, they point out, is

voluntary. As a result, there is no moral justification for its prohibition. And since the criminalization of drugs makes their private use and sale risky, their black market price is extremely high. As a result, much of the crime we currently experience is drug related: addicts must steal to support their habit. Some have estimated that over 50% of crime is actually drug related. It would therefore make good sense, they argue, to legalize drugs, for then the price would fall. Since it would then be easier to support a habit, the crime rate, presumably, would decline as well. See, for example, Walter Block, **Defending the Undefendable** (New York: Fleet Press, 1976), pp. 39-49. Also see Thomas Szasz, "Medicine and the State: The First Amendment Violated," **The Humanist** (March/April 1973), pp. 4-9; and his "Drug Prohibition," **Reason** (January 1978), pp. 14-18; and the same author's, "The Ethics of Addiction," **Harpers** (April 1971), pp. 74-79.

(39) Milton Friedman, "Playboy Interview," **Playboy** (May 1973), p. 56. Also see Alan Meltzer, **Why Government Grows** (Los Angeles: Institute for Economic Research, 1976).

(40) Quoted in Milton Friedman, **Capitalism and Freedom** (Chicago: University of Chicago Press, 1962), p. 140.

(41) *Ibid.*, p. 410. Friedman notes that the licensed industries include threshing machine operators, scrap-tobacco dealers, egg graders, guide dog trainers, pest controllers, yacht salesmen, tree surgeons, well diggers, tile layers, and potato growers.

(42) See David Friedman, **The Machinery of Freedom** (New York: Harper & Row, 1973), p. 54.

(43) M. Friedman, **Capitalism and Freedom**, p. 150.

(44) Dale Gieringer, "The Safety and Efficacy of New Drug Approval," **The Cato Journal** (Spring/Summer 1985), p. 196. Also see Sam Peltzman, **Regulation of Pharmaceutical Innovation: the 1962 Amendments** (Washington, D.C.: American Enterprise Institute, 1974).

(45) Robert Poole, "Trends," **Reason** (June 1976), p. 16.

(46) Robert Poole, "Trends," **Reason** (February 1976), p. 58.

(47) Robert Poole, "Trends," **Reason** (July 1975), p. 75.

(48) "The Regulators, They Cost You \$130 Billion a Year," **U.S. News and World Report** (June 30, 1975), pp. 24-28; and "Rising Furor Over Federal Red Tape," **U.S. News and World Report** (October 6, 1975), p. 28.

(49)M. Friedman, "Playboy Interview," p. 56. Good historical documentation of this tendency for the commissions to be "captured" by the industries they regulate can be found in Jarol Mannheim, *Deja Vu* (New York: St. Martin's Press, 1976), especially pp. 161-86. Interestingly Mannheim then argues for new and stronger regulatory measures, including a Department of Consumer Affairs.

(50)Hospers, p. 364.

(51)M. Friedman, "Playboy Interview," p. 56.

(52)M. Friedman, *Capitalism and Freedom*, pp. 155-58. For an elaboration of these ideas see *ibid.*, pp. 149-60; Hospers, pp. 363-67; and D. Friedman, pp. 56-60 and 121-25.

(53)William J. Baumol, "Reasonable Rules for Rate Regulation: Plausible Policies for an Imperfect World," *The Crisis of the Regulatory Commissions*, ed. Paul W. MacAvoy (New York: Norton, 1970), pp. 196-97.

(54)Edward Renshaw, "Possible Alternatives to Direct Regulation," *The Crisis of the Regulatory Commissions*, ed. Paul W. MacAvoy (New York: Norton, 1970) pp. 209-10.

(55)See Rothbard, *Man, Economy and State* (Los Angeles: Nash, 1970), pp. 653-58. An excellent case study is found in R. A. Radford, "The Economic Organization of a Prisoner of War Camp," *Economica* (November 1945), pp. 189-201. In WW II P.O.W. camps, Radford notes, "cigarettes rose from the status of a normal commodity to that of currency."

(56)Wooldridge, p. 54.

(57)L. von Mises, *The Theory of Money and Credit* (Irvington-on-Hudson: F.E.E., 1971), p. 78. Also see Carl Menger, *Principles of Economics* (Glencoe, Ill.: Free Press, 1950).

(58)Murray Rothbard, *The Case for a 100 Percent Gold Dollar* (Washington, D.C.: Libertarian Review Press, 1974), p. 2.

(59)*Ibid.*, pp.2-3.

(60)*Ibid.*, p. 7.

(61)Rothbard, *MES*, pp. 867-71; also see L. von Mises, *Human Action* (Chicago: Henry Regnery, 1966), pp. 434-48.

(62)Rothbard, *100 Percent*, pp. 24-27.

(63)James Rolph Edwards, "Monopoly and Competition in Money," *The Journal of Libertarian Studies* (Winter 1982), p. 107.

(64)On the role of private coinage in history see Wooldridge, pp. 54-74. Interestingly, the Nobel Prize-winning economist, F. A. Hayek, has endorsed a system permitting private coinage of money. See his address,

"Politicians Can't Be Trusted with Money," printed in **Research Reports** (February 23, 1976): "The monopoly of Government to issue money, like the postal monopoly, has its origins not in any benefit it secures for the people but solely in the desire to enhance the coercive powers of Government. . . All history contradicts the belief that Governments have given us a safer money than we would have had without their claiming an exclusive right to issuing it. . . Therefore, let us deprive Governments or monetary authorities of all power to protect the money they issue against competition: if they can no longer conceal the fact that their money is becoming bad, they will have to restrict the issue."

(65)Edwards, pp. 113-14.

(66)In Rothbard, **New Liberty**, p. 275.

(67)Murray Rothbard, **Power and Market** (Menlo Park, Cal.: Institute for Humane Studies, 1970), p. 124.

(68)Reo Christenson, **Challenge and Decision** (New York: Harper and Row, 1973), p. 195.

(69)It is argued that property cannot be polluted by its owner. John Kizer maintains that "the question of what constitutes a pollutant must necessarily be given a subjective answer. . . if a private property owner decides to dump sewage into his pond he is, in essence, deciding that the highest and best use of the pond is as a cesspool." "The Energy Crisis: Alternative Futures," **The Freeman** (August 1974), pp. 495-500. Also see the excellent argument for permitting the market to operate in this area in Block, **Defending**, pp. 205-24.

(70)Murray Rothbard, "Conservation in a Free Market," **Egalitarianism, As A Revolt Against Nature, and Other Essays** (Washington, D. C.: Libertarian Review Press, 1974), p. 115.

(71)William D. Burt, "Environmental Property Rights," (Paper Presented at the Fifth Annual Libertarian Scholars Conference, Princeton University, October 23, 1977), p. 19.

(72)*Ibid.*, pp. 24-25.

(73)*Ibid.*, pp. 22-23.

(74)It ought to be pointed out that there would still be little incentive to preserve animals that have no economic significance, whatsoever. Yet, it ought to be also pointed out that if the existence of an animal was crucial to the ecological balance, i.e., had no direct economic value but did, say, serve as a food supply for an animal that did, the breeder of the latter animal would also have an incentive to protect and breed the former as well. There are, of course, many

other ways that animals could be protected. Zoos and wild-life societies are two that come to mind. Such groups would desire to protect animals for their own sake and there is no reason they could not protect endangered animals. Even hunting groups would desire well-stocked game areas.

(75)Perkins and Perkins, p. 128.

(76)Rothbard, "Conservation in a Free Market," p. 113.

(77)Ibid., p. 112.

(78)E. J. Mishan, *Technology and Growth* (New York: Praeger, 1969), p. 37.

(79)The pioneering work on nonexcludability is Mancur Olson, *The Logic of Collective Action* (New York: Shocken, 1965). The pioneering work on nonrivalry is Paul Samuelson, "The Pure Theory of Public Expenditure," *Review of Economics and Statistics* (November 1954), pp. 387-89.

(80)Paul Samuelson, "Aspects of Public Expenditure Theory," *Review of Economics and Statistics* (November 1958), p. 332. For a good critique of "public goods" theory from a libertarian perspective see Barry Brownstein, "Pareto Optimality, External Benefits and Public Goods: A Subjectivist Approach," *The Journal of Libertarian Studies* (Winter 1980), pp. 93-106.

(81)Kenneth Goldin, "Equal Access vs. Selective Access: A Critique of Public Goods Theory," *Public Choice* (Spring 1977), pp. 53-54. Rothbard also makes the pungent comment that if a pure public good did exist it would not be an economic good at all but "a natural condition of human welfare, like air superabundant to all, and therefore unowned by anyone." *MES*, p. 885.

(82)Goldin, p. 62.

(83)Ibid., p. 54.

(84)Hospers, pp. 351-52.

(85)See Rothbard, *MES*, pp. 883-90; and Spencer Health MacCallum, *The Art of Community* (Menlo Park, Cal.: Institute for Humane Studies, 1970).

(86)Robert Poole, "Fighting Fires for Profit," *Reason* (May 1976), pp. 6-11. For more on the question of private fire companies see Wollstein, pp. 28-31; Hospers, pp. 352-54; and Wooldridge, pp. 124-27. Also see William D. Burt, *Local Problems; Libertarian Solutions* (Washington, D.C.: Libertarian National Committee, n.d.), Chapter 5, pp. 1-10.

(87)William Forestell, "Refuse Agglomerates: Why Cities Use Them," *The American City* (April 1974), p. 46. Many other such examples could be cited. See, for example, Hospers, pp. 349-50; and Wooldridge.

(88) See, for example, Robert Ringer, **Restoring the American Dream** (New York: Harper and Row, 1979), pp. 118-22.

(89) The idea of the proprietary community is excellently developed by MacCallum in his **The Art of Community** (New York: Laissez Faire Books, n.d.). Note here the similarity between this scenario and the proposals of many New Leftists and socialists. See, for example, Milton Kotler, **Neighborhood Government** (Indianapolis: Bobbs-Merrill, 1976); and Murray Bookchin, **The Limits of the City** (New York: Harper and Row, 1974). I do not see any incompatibility between the proprietary community on the one hand and the operation of the market on the other, for such corporations, regardless of their internal structure, would still be operating within an overall framework of market coordination. See, for example, Assar Lindbeck, **The Political Economy of the New Left** (New York: Harper and Row, 1971), pp. 93-95.

CHAPTER IX

Controlling Aggression: Anarchism's Unique Solution

It is at this juncture that the agreement between the minarchist and anarchist factions of libertarianism is severed. While the minarchists deny that the market can adequately provide for the provision of police and court services, and therefore opt for a "night watchman" state, the anarchists extend their market analysis into these areas as well. The individualist anarchist program will be the focus of this chapter.

1. POLICE AND THE COURTS

a. The Rule of Law.

Probably the most common criticism of anarchism in general, and one that is often directed against individualist anarchism as well, is that anarchism is inconsistent because, while its goal is liberty, not only liberty but even society itself is impossible without a rule of law. The goal of a rule of law is to let the individual know in advance what he may and may not do. By establishing formal rules applicable to everyone the rule of law facilitates social cooperation by reducing or eliminating altogether the arbitrary use of power by any agent in society. Not only does the rule of law facilitate the protection of liberty, runs the common argument, but liberty cannot be preserved by any other means. For, in the absence of the rule of law there would be no check on man's aggressive instincts and the members of society would be placed at the mercy of the strongest, and "rights" and "justice" would be determined by him who could garner the greatest power. Might would be right and eventually the strongest would prevail. Anarchism is contradictory precisely because, Richard Taylor argues, "It is. . . through the legal order. . . that human freedom becomes possible." This means, he concludes, that "Freedom is therefore possible only within a legal order, or which is the same thing, only within a vastly powerful state."(1)

This is probably the most persistent criticism of individualist anarchism. The libertarian "minarchist," John Hospers, for example, points out that "Law. . . is a necessity for any form of social organization," and

then adds that "since there is no government, there is no law." Consequently, individualist anarchism "would simply be a war -- civil war -- among various groups holding different convictions." (2) And Richard Wheeler argues that in the absence of a legal order "there is no means by which the conditions that constitute theft can be established other than on the basis of individual arbitrary whim. In such a society any and all definitions of what constitutes one's property can claim equal validity, and therefore no definition of property rights in such a society has any validity whatsoever." Thus, "if no rights are possible without property rights, and no property rights are possible without legality -- then in a society that dispenses with legality, such as that advocated by free market anarchism, no rights are possible." (3) Peter Crosby maintains that "the dilemma for the anarchist is that it is only in the context of a system of primary law that a case for the connection between profits and morality can be developed. One might even argue that the very point of a legal system is to make sure that crime doesn't pay." But, "since the anarchist eschews all talk of law; constitutional, statutory or even common," there is "no way to legally guarantee anything." (4) The result would be chaos and/or despotism.

This would indeed be a devastating criticism of individualist anarchism. The problem, however, is that far from opposing law, one finds continual references in individualist anarchist literature to "natural law," "objective law," "common law," the "libertarian law code," etc. (5) What the anarchists oppose is not law but legislation. Not only do they recognize the crucial importance of the rule of law but one of their arguments is that legislation itself constitutes a violation of a true rule of law. The rule of law, as we have seen, is intended to eliminate the arbitrary use of violence. But, the Tannehills argue that the dilemma of legislation is that it must make laws that are universally applicable and inflexible on the one hand, and flexible enough to apply to a wide range of cases on the other. Insofar as they are inflexible, men will often be convicted or released not on the intent of the law but on "nothing more than the technical interpretation of an obscure wording in some statute." But, insofar as the legislation is flexible, the law becomes simply a grant of arbitrary power to be used at the discretion of the agent. Thus legislation is caught, or so it is argued, on the horns of a dilemma. The rule of law is supposed to guide the individual in

his activities. But the idea of law as a "precisely written formula" necessitates such a welter of laws that clauses in one statute often conflict with clauses in another. And the desire for universality requires such complicated legal jargon that the individual is often unable to understand it. In neither case is legislation able to serve as an accurate guide to individual action.(6) Further, the individualist anarchist is in agreement with the noted legal theorist Bruno Leoni that even assuming that legislation can somehow be drafted to meet the criteria of both certainty and flexibility, positive legislation may still not meet the requirements of the rule of law. "The certainty of the law, in the sense of a written formula," he says, "refers to a state of affairs inevitably conditioned by the possibility that the present law may be replaced at any moment by a subsequent law. The more intense and accelerated is the process of law-making, the more uncertain will it be that present legislation will last for any length of time."(7) The fact that laws can be altered or replaced with every shift in public opinion or the election of a new majority creates a situation of uncertainty which violates the intent of the rule of law.

Thus, far from being opposed to the rule of law, free market anarchists not only favor it but are, in part, opposed to legislation precisely because they feel that legislation, by its very nature, constitutes a violation of true rule of law. They agree with Bruno Leoni that "the paradoxical situation of our times is that we are governed by men,. . . not because we are not governed by laws, but because we are."(8)

But how is it possible to have law in the absence of legislation? Since anarchists in general(9) advocate what may be termed the pure common law approach, a brief digression on the evolution and process of the common law is necessary to make the anarchist proposal understandable.

Significantly, many scholars who are certainly not anarchists have pointed out that law as a product of legislation is a very recent phenomenon. F.A. Hayek remarks in his **Rules and Order** that while "law in the sense of enforced rules of conduct is undoubtedly coeval with society," the "invention of legislation came relatively late in the history of mankind."(10) Bertrand de Jouvenel notes that "the power to legislate" was not a power wrestled by the people from the

king but was a completely novel phenomenon that appeared only when popular sovereignty supplanted the concept of divine sovereignty during the seventeenth and eighteenth centuries.(11) Bruno Leoni said that it was only over the last few centuries that the view emerged that rather than being discovered, law was a command or some "sort of diktat that the winning majorities in the legislative assemblies impose upon the minorities..."(12) Historian Norman Cantor admits that the English common law "had no concept of either legislation or royal authority to make law by the king's will." And, he adds, "Not until the seventeenth century is the idea that legislation is the manufacturing of new law clearly formulated and grasped."(13) And Frederic J. Stimson stated that

The "law" of the Anglo-Saxon people was regarded as a thing existing by itself . . . It was 500 years before the notion crept into the minds, even of the members of the British Parliaments, that they could make a new law. What they supposed they did, and what they were understood by the people to do, was merely to declare the law, as it was then and as it had been from time immemorial.

"The notion of law as a statute, a thing passed by a legislature, a thing enacted, made new by a representative assembly," he continued, "is perfectly modern, and yet it has so thoroughly taken possession of our minds. . . that statutes have assumed in our minds the main bulk of the concept of law as we formulate it to ourselves."(14)

But if law need not be a command from above, i.e., either enacted by a legislature or imposed by a king, how did it emerge and, more importantly, acquire validity for the members of the society? Both Hayek and Leoni have argued that both classical Roman civil law and English common law were "almost entirely the product of law-finding by jurists and only to a very small extent the product of legislation."(15) "The Roman jurist," says Leoni, "was a sort of scientist: the objectives of his research were the solutions to cases that citizens submitted to him for study, just as industrialists might today submit to a physicist or to an engineer a technical problem concerning their plants or their production. Hence, private Roman law was something to be described or discovered, not something to be enacted."(16)

While this no doubt took place, its extent is a matter of dispute and it is possible that Leoni exaggerates the amount of judicial law-making by Roman jurists and, accordingly, underrates the importance of legislation. The renowned legal historian Edward Jenks, for example, points out that the Roman Emperor claimed, and was acknowledged to possess, the "right to legislate." And Jenks argues, in fact, that legislation is a product of Roman ideas.(17) And H. F. Jolowicz notes that the two formal sources of Roman Law were statute and professional opinion and writings; "it is even doubted," he adds, "whether the classical jurists recognized custom as a source of the law at all" However, Jolowicz goes on to point out that the importance of custom "was immense. Not only were the systems with which the revived Roman law came into contact themselves customary, but the medieval mind looked to custom as the ultimate authority in any case. . . ."(18)

Whatever the relation between custom and legislation in ancient Roman law, there can be little doubt as the relatively greater significance of custom in the English common law. This is not to say that legislation was totally absent. Plucknett comments that even in this bastion of common law "we find a fairly constant stream of legislation, from the very beginning of authentic Anglo-Saxon legal history about the year 600 continuously down to the present day." But, he quickly adds, this was generally used for "only comparatively trivial matters."(19) And, as Carter and Herz point out,

If all legislation in England and the United States were suddenly declared null and void there would still be a body of common law and equity on which to depend . . . If, on the other hand, common law and equity were suddenly swept away, the basic foundation in both countries for the rules governing such matters as contracts, wills, trespass, or libel would be missing, except insofar as the rules in these fields have been embodied in legislation.(20)

The common law is law based on custom and tradition, and Pre-Norman England had a complicated network of "county courts" rendering decisions based on existing customs. And although William the Bastard, or William the Conqueror as he was better known, appointed his own men to preside over these courts in the elev-

enth century, the real origins of English common law date from the following century when Henry II established a "national" court system in which missi, or circuit judges, would follow a regular route, travelling from province to province holding court sessions as they went. Individuals would submit disputes to these judges, and it was from the growing corpus of these individual judicial decisions that a body of law, common for the whole realm, gradually emerged.(21)

Probably the single most important element in the common law is the principle of precedent, or *stare decisis*, in which past judicial decisions are made the basis for future ones. "In a codified system of law," says Wormser, "a judge may interpret the language of the written law as he wishes, regardless of precedent. This is not true of the English system, which is governed by the rule of *stare decisis*, 'to stand by decided cases'." (22) This principle meant that when a dispute was submitted to a common law judge his duty was solely to clarify the existing law. This has obvious ramifications for the rule of law. Since a judge's decision was immediately binding only on the parties to a dispute, and since a single maverick decision would have little impact on the body of the law, a single judge was helpless to change the law. Thus, the importance of *stare decisis* was that it gave stability and certainty to the law, i.e., it made possible a true "rule of law." Such, very briefly, is the common law approach.

Quite clearly, the common criticism of individualist anarchism as lawless is based on the non sequitur that "since there is no government, there is no law." But such criticism is misdirected, for critics have merely contented themselves with the demonstration that no society can endure without law. But this is something no free market anarchist denies. The real issue is whether there can be law without legislation. While the anarchists have tried to show that there can be, their critics have merely assumed the opposite. On the other other hand, references by the anarchists to historical periods when judge-made law was the dominant form of law-making does not demonstrate either that such an approach is still applicable today or that it can be the sole method of law-making.

There is one popular criticism of the common law approach, made even by those like Hayek who are otherwise very sympathetic to it, that challenges the suf-

iciency of the common law as the sole method of law-making. According to this criticism, the very inability of the judge to alter the law is not only the strength but also the weakness of the common law. "The development of case law," says Hayek,

is in some respects a sort of one-way street: when it has already moved a considerable distance in one direction, it often cannot retrace its steps when some implications of earlier decisions are seen to be clearly undesirable.

Further, the gradual development inherent in common law "may prove to be too slow to bring about the desirable rapid adaptation of the law to wholly new circumstances." In such situations, not only is the judge, as we have seen, unable to alter the law but it would be undesirable even if he could, for it would be unjust to apply the new law

to transactions which had taken place when a different rule was regarded as valid. In such situations it is desirable that the new rule should become known before it is enforced; and this can be effected only by promulgating a new rule which is to be applied only in the future.

Consequently, concludes Hayek, while the overwhelming bulk of law ought to be the spontaneously emerging and evolving common law, one cannot dispense with positive legislation entirely. Legislation is required to remedy the occasional shortcomings of the common law.(23)

This raises a very serious question for the individualist anarchists for, if they are unable to find some way around this problem, it would appear that there would be no alternative to at least occasional legislation and therefore to some form of government. Yet, surprisingly, I have been unable to uncover any direct attempt by any individualist anarchist to deal with this question.

However, the writings of some non-anarchist authorities on the common law do place the validity of this criticism into question. Wormser acknowledges that theoretically the principle of *stare decisis* should make the common law static or fixed law that could be changed only by legislation. But, he contin-

ues, in actuality, "the common law has been able to grow without constant interference by legislation because judges have been able in various ways to circumvent disagreeable or obstructive precedents." (24) Plucknett, for example, observes that in many cases the facts are such that the real question is which of several possible precedents or customs, or which combination of them, to use. This, clearly, gives the judges some latitude in adapting the law to new and changing situations, or at least guiding it away from clearly outmoded precedents. (25)

Another important device for this has been noted by writers such as James B. Scott and Sir Henry Maine. It "grew out of actual practice," says Scott in speaking of the ancient Roman law of the *jus gentium*, and was "molded and interpreted in response to the needs of daily life." But sometimes conditions changed or unforeseen situations arose for which no law existed. And it was here, he says, that "theory came to the aid of practice." The juriconsults looked for legal or philosophical principles compatible with the practical common law. These principles were then used as guides for applying the common law in new cases as well as providing new interpretations of existing common law where new situations made such law outmoded or undesirable. The juriconsults found the natural law aspects of the Greek doctrine of Stoicism quite useful here, and it was in this way that the common law gradually became associated with natural law. "If Rome conquered Greece materially," says Scott, "Greece conquered Rome spiritually." (26) And Maine points to the similar development in the English common law. "It was," he says, "taken absolutely for granted that there is somewhere a rule of known law which will cover the facts of the dispute not litigated, and that, if such a rule be not discovered, it is only that the necessary patience, knowledge, or acumen is not forthcoming to detect it." (27) Thus, by this "system of rationalization," Wormser adds, "law was found where it did not exist, and all the clever devices of the logician were used to this end." (28)

Quite clearly, the foregoing provides a way in which an anarchist common law legal system might be able to deal with the question raised by critics like Hayek. One example, say that of pollution control, ought to suffice to illustrate the process. The important point here is that not that the common law did not recognize ownership rights to air space but rather that

until recently clean air was so plentiful that it was not an economic good and hence the question of ownership rights to it never really arose. But as pollution became a growing problem, clean air, for the first time, became a relatively scarce, and hence an economically valued, good. Thus, a judicial decision declaring pollutants to be a violation of property rights would constitute not so much the creation of an altogether new law as simply the application of the existing law prohibiting violation of another's life and/or property into a new area, i.e., air space. It is also important to realize that since the decision of the common law judge is binding only on the immediate parties in a dispute, he has no power to impose his decisions on "society." Thus, whether or not such a legal opinion would be upheld would depend largely on the state of both public opinion and the views of other judges. In this case, too, reference to the routine process by which the traditional common law handled such problems is of relevance here. Doubt created by gaps in the law, Wormser points out, were dispelled when "a further case decides the point about which the earlier judge speculated. And if the judge who uttered the dictum was well respected, other judges after him might continue to follow it." (29) I see no reason why such an approach could not be made to work today. And if this is so, it should be possible to extend the common law into such novel areas as those of pollution once it is recognized that new conditions have arisen which required the reinterpretation of existing law. For if the initial decision were warmly received, it is likely that it would be followed by other judges and gradually become part of the body of law.

But this raises an additional question: could the evolution of the law take place with the rapidity required to cope successfully with the changed circumstances? Legislated law is at an advantage here. It can literally change the law overnight. But I think that the speed with which the common law can change is often underrated. Plucknett, for example, argues that "the remarkable feature of custom was its flexibility and adaptability." "In modern times," he says, "we hear a lot too much of the phrase 'immemorial custom.' In so far as this phrase implies that custom is or ought to be immemorially old it is historically inaccurate." In fact, Plucknett says, a custom was considered old if it had been in existence for ten to twenty years, very old if it dated from about thirty years, and ancient if it had been around for as long as

forty years.(30) In short, while it may not react as quickly as legislation, I see no reason why the pure common law approach could not successfully deal with changing situations.

This raises another question: if the common law is really so flexible, how can this square with the very certainty and stability of law that is supposed to be its greatest attribute? It is no doubt true that the articulation of the common law into novel areas, or the altering of the meaning of old precedents, does create an element of instability. This is unfortunate and should be minimized as much as possible. But it ought to be realized that the idea of a gapless law is just that: an ideal. Even legislated law will inevitably contain some gaps, and, as noted earlier, the uncertainty of such law tends to be compounded by the very process of legislating ever new or more laws. It is probably impossible to say precisely what is the "best" mix of stability and flexibility. This is a personal value judgement that depends on many factors. What can be done is to indicate in a general way the relative strengths and weaknesses of judge-made as opposed to legislated law.

The strength of legislated law is not only the speed with which it can adapt to changing circumstances, but since it is law that is consciously created by a body of men and presented to the public in closely worded written statutes, it tends to be more precise than the common law. On the other hand, the more comprehensive one tries to make a statute, the more likely it will be for a clause to conflict with a clause in another precisely written, closely worded, comprehensive statute, or even to conflict with another clause in the same statute. Perhaps more importantly, since the legislature created the law, it can change it, and change it overnight. The strength of legislated law is the certainty of the law it provides in the short run; its weakness is the instability and uncertainty it entails for the long run. Conversely, the weakness of the common law is not only that it must adapt more slowly to changing situations but also the instability that is created by the transition. Its strength is that because no one can repeal existing law or create completely new law the continuity of the law is maintained, thereby giving individuals the security of knowing what the law is day in and day out. That is, while there is greater transitional, or short run, uncertainty associated with the common law, there

is also far greater long run stability.(31)

There is one final procedural problem that must be dealt with. Assuming that a judge in our previous example does hand down a decision declaring pollution to be a violation of property rights, how can the polluter be held responsible for actions that were not in violation of the law when they were performed? This is a technical problem that would arise only during the occasional adaptations of the common law to novel situations, but its importance should not be ignored. There would appear to be no reason why a situation like this could not be handled in much the same way that legislation would handle it: do not hold the individual responsible for his past actions but enjoin him not to pollute in the future. Then, if after a stipulated period of time the pollution had not ceased, he could be held responsible for his actions and ordered to make restitution to those he subjected to the pollution, i.e., the victims. After the injunction against pollution became incorporated into the law and it became clear to everyone that pollution constituted an invasion of property rights, the original proviso would be meaningless and pollution would then be treated as a violation of property rights on a par with any other violation.

The above remarks are not meant as a conclusive rebuttal to Hayek, but rather one possible avenue by which the individualist anarchist might respond to the Hayekian critique of the pure common law approach. At any rate, the anarchist believes that a system of spontaneously emerging common law not only has many advantages over legislation but also that it is the social counterpart, or "twin," of their laissez faire economic program. "If legislation is replaced by such judge-made law," argues Rothbard,

fixity and certainty (one of the basic requirements of the 'rule of law') will replace the capriciously changing edicts of statutory legislation. The body of judge-made law changes very slowly; furthermore, since judicial decisions can only be made when parties bring cases before the courts, and since decisions properly apply only to the particular case, judge-made law -- in contrast to legislation -- permits a vast body of voluntary, freely-adopted rules, bargains, and arbitrations to proliferate as

needed in society . . . The twin of the free market economy, then, is not a democratic legislature ever grinding out new diktats for society, but a proliferation of voluntary rules interpreted and applied by experts in the law.(32)

Whether a pure common law legal system is desirable is debatable. There is much to be said both for it as well as against it, and such a decision depends on what one wants to achieve through the law, viz., short-run versus long-run stability, abrupt, discontinuous change, versus longer, more gradual change, etc. But desirability aside, it appears to me that the common law approach is feasible.

Up to this point we have dealt only with the process by which law could emerge in an anarchist society. But a question of equal importance deals with the content of the law. While it might be thought that the content of judge-made or spontaneous law could run the gamut from libertarian to authoritarian, depending on the "sense of community," a closer analysis indicates, I believe, that it was no accident that the common law was largely libertarian. The distinguishing characteristic of judge-made law is that the judge is called in only to settle disputes arising between two parties, and his decision is binding only on the parties concerned. But since disputes can arise only when one individual feels his rights have been violated by another, the cases that the judge will be asked to decide will be limited to those concerned with the scope of individual rights. The process by which the common law emerges therefore determines, to a large extent, its content. The effect of the body of judicial decisions designed to ascertain when one individual is aggressing against another must result in a body of law defining the protected domains of each and every individual. How large or small the protected domains will be will, of course, be determined by the way such terms as "aggression" and "rights" are defined. And since, as we have seen, judicial decisions that departed widely from popular expectations of what the law ought to be tended not to be supported by other judges, the definitions of these terms were influenced by the views predominating in the community. Unfortunately, this meant that, depending upon the predominant disposition of a particular locale, minorities sometimes found themselves discriminated against. And the same would no doubt hold true in a contemporary free market anarchist

society. But the important point is that while no legal system, and particularly that of the common law, can long run widely counter to views dominant in the community, common law judicial decisions must result in a body of law establishing the protected domains of individual action. Consequently, the common law probably moves the community in a libertarian direction.

A further point should be made. Since the common law was not enacted and no individual or group had the power to change it, the common law served as a barrier to power, and in particular, government power. But since law as made by the sovereign, i.e., the king or a legislature, is a command by the sovereign and binding on all its subjects, it is no longer a barrier to power but "an instrument for the use of power." (33) It is therefore not surprising that the anarchists find common law, though flawed, far more acceptable than legislated law. Rothbard, for example, advocates "taking the largely libertarian common law, and correcting it by the use of man's reason, before enshrining it as a permanently fixed libertarian code or construction." (34)

The problem with this position is that the common law must reflect the prevailing views of the community. Thus a "permanently fixed libertarian code" can be enshrined only within an overwhelmingly libertarian community. The common law may push the community in a libertarian direction, but it seems unlikely, even within an anarchist society, that it would ever be completely successful in this. There will probably always be a body of thought large enough to prevent the complete and permanent triumph of the libertarian code.

The foregoing enables us to deal with the anarchist-minarchist debate raised in Chapter I. The minarchist charged that the natural rights anarchist placed himself in a dilemma since the institutional framework of anarchism rendered him incapable or protecting the substantive principles he purports to cherish. The anarchist replied that the natural rights minarchist was himself in a contradiction since the libertarian "non-aggression axiom" was, strictly speaking, incompatible with government. Probably both are right: the anarchist because government is inconceivable without at least some initiated coercion; and the minarchist because there is little doubt that the common law would ever become the complete exemplification of pure libertarianism. But a reformulation of the

question will permit us to go beyond this rather empty answer: which system, anarchism or minarchism, is more likely to result in a more libertarian society? Given, on the one hand, the libertarian propensity of the common law and, on the other, the historical tendency for states to expand, I think it likely that the anarchist is more correct on this issue than the minarchist.

b. The Courts.

Even granting that there can be law in the absence of legislation, would it be possible for the common law to operate in the absence of government. It is to this question that we now turn.

The first thing to be noted is that the anarchist simply assumes that the legal order would exist within a libertarian society, i.e., a society in which the use of violence would tend to be justified only against those who had initiated its use. Rothbard, for example, states that "the entire libertarian system includes: not only the abolition of the State, but also the general adoption of a libertarian law code." It "seems clear to me," he continues, "that if the majority of the public are not libertarians, the State will not be abolished. . . ." (35) And likewise, David Friedman remarks that an "anarcho-capitalist society would be heavily biased toward freedom." (36)

It is important to recognize what is not being claimed here. The anarchist is not assuming that everyone would be libertarian, but that the environment would be largely libertarian. Isn't this simply question-begging? Isn't he assuming precisely that which is most in need of demonstration?

I do not think so. The popular view of law, derived from the "mechanical" and power-grounded philosophies of Jean Bodin, Thomas Hobbes, and John Austin, views law as the command of the "sovereign" to the subjects. But this exaggerates both the extent and the effectiveness of power. Law, as the legal philosopher Lon Fuller correctly notes, does not operate in a social vacuum. Law is not so much "vertical," i.e., a command from the sovereign, as "horizontal," in that any functioning legal order is dependent upon the "existence of a relatively stable reciprocity of expectations between law giver and subject. . . ." (37) Much the same thing has been noted by Friedrich Hayek:

It would. . . probably be nearer the truth if we inverted that plausible and widely held idea that law derives from authority and rather thought of all authority as deriving from law--not in the sense that law appoints authority but in the sense that authority commands obedience because (and so long as) it enforces a law presumed to exist independently of it and resting on a diffused opinion of what is right.(38)

Thus, while laws will tend to be obeyed so long as they are seen as worthy of obedience, i.e., as "legitimate," the decisions of the legal order will no longer be generally felt as binding if they are continually at variance with popular opinion of what is right. The American experience with alcohol, gambling, prostitution, and drug laws are obvious cases in point. I think it true to a point seldom realized that no social system -- of which the legal order is a major component -- can long endure without the, at least passive, support of a large majority. I therefore do not see any problem, for purposes of exposition, in granting the anarchist his initial assumption of a generally libertarian environment. Whether, in actuality, that point could ever be reached is another question altogether.

What, specifically, would be the process by which the rule of law would emerge and be enforced in an anarchy? In the absence of government there would be no tax-supported and government-imposed "protection service." No one would have to purchase protection if he did not desire it. Yet, law is obviously a good highly valued by most, if not all, of us. In the wake of the abolition of the government monopoly in this area, anarchists believe it is likely that, as in other industries, companies would quickly form to supply defense or protection services to those who want them. There is little doubt that this would entail some initial uncertainty as companies offered a variety of legal codes and "protection packages" to consumers, although much would depend on the nature of the transition, i.e., radical abolition or a gradual phase out-phase in process. But, argues the free market anarchist, there are factors that would facilitate the rather quick emergence of a rule of law, even in such "morally underdetermined areas" as legal procedures.(39) First of all there is what may be termed "economies of standardization." A plethora of conflicting legal codes would make the provision of de-

fense services both needlessly inefficient and prohibitively expensive. In order for any protection agency to offer reliable service in such a situation, it would have to enter into an extensive series of negotiations with all other companies offering different packages. Only in this way could it be decided which provision of which code would take precedence in the event of a dispute between its client and that of an agency offering a substantially different package. As a result, argues John Sneed,

there would . . . be a tendency for codes to standardize, especially in minor detail, due to considerations of transactions costs and the costs of maintaining a stock of knowledge of other codes. Differences in codes would persist only in those areas where the demand for non-standard enforcement over-rides the economies of standardization. These areas would consist largely of enforcement demands based upon moral and religious convictions, which, while not irrational, can be classed as non-rational and not subject to profit-maximization behavioral assumptions. Thus, a substantial move toward standardization would occur in the treatment of crimes of violence and infractions of commercial codes, while diversity would persist in the demand for mores-enforcement.(40)

The uncertainty of the transition would be minimized by a second factor. Given the assumption of a largely libertarian society it is likely, believe the anarchists, that the protection packages offered would tend to be based on the already existing -- and largely libertarian -- body of common law. Moreover, since all property would now be privately owned, the "public arena" will have ceased to exist. That part of the existing law dealing with that arena, i.e., the non-libertarian provisions, will have become irrelevant, leaving only those laws regulating the use and abuse of private property. Still assuming a libertarian society, it is likely that demands for non-libertarian stipulations on property use would be too small to make it profitable for most companies to include such provisions in their packages. As a result, the anarchists believe that not only would a rule of law emerge, but it would emerge along generally libertarian lines. Would this mean that everyone, even non-libertarians, be forced to live according to libertarian life-styles?

The answer is clearly negative. Since a libertarian code would contain only the injunction against the initiation of violence, it would permit the emergence of a complex system of voluntary contractual relations, or "bilateral law." Such laws would be created on the spot by the individuals concerned. They would be designed to deal with a particular problem and would be binding only upon those voluntarily binding themselves to it. And they would automatically lose their validity as soon as the conditions which they were designed to deal with no longer held. An example will make this clear. Since the purchase, sale and consumption of drugs does not constitute the initiation of violence, there could be no proscription of these activities in a libertarian legal system. Nevertheless, the owner of an apartment building might rent to someone only under the condition that the tenant agreed not to use drugs on the premises. Bilateral law would be created between the apartment owner and a tenant with the signing of the contract or lease. This law would be binding only on the parties directly concerned and would last only as long as the individual remained a tenant in that building. Since the owner has the right to set any condition for the use of his property that he desires, the violation of the contract by the tenant is a violation of the owner's property rights. Similarly, a landlord with a particularly acute aversion to noise might decide to rent only to those who agree that they will not listen to radio or television or stereo and be in bed by eight o'clock every night. It is probable that such a landlord would find few tenants. If he were to relax his restrictions to attract more tenants, he would be deciding that tenants and few restrictions is better than no tenants and rigid restrictions. Similarly, the tenants would be deciding that the contract offered by the landlord is a better "package" than that of any other landlord. In this way, the anarchist feels, the common law provides for the working out by means of voluntary contract or bilateral law an immensely complex and flexible set of arrangements that is not only able to treat each case on its own merits but, since it requires the voluntary commitment of each and every individual concerned, must be to the mutual benefit of all parties.

It takes little imagination to envision just a few of the possibilities that such a legal order would permit. For example, those who find capitalism "distasteful" could pool their property and establish socialist

or collective communities. As Jerome Tuccile once wrote, "Obviously, some people prefer a collectivist style of life and, as long as they do it voluntarily without forcing others to support them, there is no reason why they cannot 'coexist' peacefully alongside their capitalistic neighbors. People could then compare differing life styles and perhaps adapt varying elements into their own way of life." (41) In a very similar vein Karl Hess maintains that a general libertarian or laissez faire framework

is the only form of social/economic organization that could tolerate and even bless a kibbutz operating in the middle of Harlem, a hippie selling hashish down the street and, a few blocks farther on, a firm of engineers out to do in Detroit with a low-cost nuclear vehicle.

The kibbutz would represent, in effect, a voluntary socialism. . . The hash seller would represent institutionalized -- but voluntary -- daydreaming, and the engineers would represent unregulated creativity. All would represent laissez faire capitalism in action and none would need a political officeholder or a single bureaucrat to help, hinder, civilize or stimulate. (42)

While the foregoing may be overly fanciful, it does illustrate what the anarchist in particular, and the libertarian in general, believes to be the innate ability of a libertarian legal order to reconcile otherwise incompatible life styles. This raises an interesting question. Libertarians tend to believe that in the absence, or even the minimization, of the state the market would become all but universal; buying and selling would become practically the only relationship between individuals. I suspect, however, that this is not what would happen. The problem is that libertarians tend to ignore the social sphere. When they look at society they see only the individual and the state and they see these as antagonistic. This is true in many cases, especially today. But as noted in an earlier chapter (43) it is historically false: individualism and the state both emerged with the break-up of the community structure of the medieval world. More importantly, the social and psychological dimensions of man tend to be ignored. This has important ramifications for the free market anarchist perspective of what

would "naturally" prevail in the absence of statist restrictions. As Emile Durkheim noted in his *Suicide*, and he was only one of many sociologists to make the same observation, one of man's most fundamental needs is that of attachment, of belonging, of security. Since this is difficult to achieve on the pure market, many people, as Tuccille commented, simply prefer a collectivist life-style. I suspect, therefore, that a libertarian legal order would result not in a sort of universal market permeating all aspects of everyone's life, but rather in a variety of communities, some of which would no doubt establish themselves -- or try to -- on collectivist or socialist principles, thereby becoming oases for refugees, so to speak, from the market system. So long as these were operated voluntarily, I do not see what the individualist anarchist could do about them. In fact, while libertarians might condemn it as economically irrational, there is no reason why some proprietary communities could not stipulate, say, minimum wages, or even some sort of tariffs, for their communities.

But none of this, it should be cautioned, is necessarily incompatible with the market as a coordinating mechanism. Exchange could still take place not only between individuals regardless of their attachments to their communities, just as "international" trade now takes place between individuals of two different countries, but it could also take place between communities, themselves, much in the "mutualistic" fashion advocated by Proudhon.

In short, I think the lure of both individualism and the market tends to be exaggerated by many libertarians. People are more than economic automata; life is more than buying and selling. Rothbard is fond of referring to the market as "the natural system of liberty." It is certainly a wonderful -- and indispensable -- coordinating agent, but I suspect that it is more accurate to refer to the market as one component, albeit the most important, of the natural system of liberty. Since the only requirement of that "system" is the principle of voluntarism, it is potentially compatible with any number of competing economic, and social, life-styles, some of which would no doubt be established.

Finally, the foregoing enables us to deal with a persistent criticism of the individualist anarchist moralist. The legal order of such a society, goes the

criticism, can be morally valid only after its members have given their "consent" to all laws. Thus, argues Jeffrey Paul, "the anarchist necessarily presupposes that no one can be punished without his consent. . . . But," Paul continues, "this would mean that any 'proper' anarchist society must necessarily be ineffectual in its attempts to enforce sanctions against criminal behavior." (44) But what may be termed the anarchists's "split-level" legal system, i.e., the distinction between the fundamental natural law qua common law, or the legal framework, and the bi-lateral, or contractual, law that operates within that framework, permits us to see, I believe, that this criticism is based on a confusion of the role of consent in such a society. Bilateral law is the mechanism by which individuals would obtain what can be called "positive benefits" in return for assuming "positive obligations." This is where the realm of consent operates. But for an individual to give his consent he must be autonomous, i.e., free to give his consent. And this clearly presupposes a framework of what may be termed "negative duties," i.e., a framework in which individuals are prohibited from interfering with the autonomy of others; that is, from initiating violence. Clearly, if the area of consent, viz., bilateral law, is to operate effectively, the moral and legal framework within which it operates cannot, itself, be based on consent. In short, this criticism strikes me as misdirected for both the utilitarian and the moralist anarchist: for the utilitarian because he denies the existence of any natural rights which would entail consent; and for the moralist because it confuses the part of the law requiring consent (bilateral law) with the entire body of law. (45)

Thus far we have dealt with the anarchist's view of how a generally libertarian rule of law would emerge in an anarchist society, and with how that rule of law would provide the framework for a much more complicated and flexible system of bilateral law. We are now ready to deal with the specifics of the anarchist proposal for a system of competitive, private courts. How would such a system actually operate to enforce the common law? The anarchist reasons as follows:

First, if a dispute were settled to the mutual agreement of the parties involved there would be no problem. This is often the case even today, such as when an accident victim agrees to accept the settlement offered him by the other party's insurance company.

"Secondly and similarly, the two parties, unable to reach agreement, may decide to submit voluntarily to the decision of an arbitrator." This agreement, says Rothbard, may "arise either after a dispute has arisen, or be provided for in advance in the original contract." (46) This, too, as the anarchists are fond of pointing out, is a method often used in our society to an extent not usually recognized. William Wooldridge has noted that insurance companies regularly settle in excess of 50,000 claims each year. And in 1970 the American Arbitration Association

conducted over twenty-two thousand arbitrations. Its twenty-three thousand associates available to serve as arbitrators may outnumber the total number of judicial personnel -- federal, state and local -- in the United States. . . . Add to this the unknown number of individuals who arbitrate disputes within particular industries or particular localities, without AAA affiliation, and the quantitatively secondary role of official courts begins to be apparent. (47)

Thirdly, there would be no problem in cases where both parties subscribed to the same court company or arbitration agency. Since both parties had contracted to abide by the court's decision, that decision would be binding.

But what if the parties subscribed to different agencies? There would be no difficulty if both courts reached the same decision. This, argue the anarchists, is not as unlikely as it may seem at first glance, since no court company could stay in business by rendering unjust decisions in order to protect the illicit activities of its clientele. If the Smith Court Company acquired a reputation for protecting criminals, it would attract criminals as clients. But, anarchists ask, who would be willing to sign a contract with a criminal-client of the Smith Company agreeing that in the event of a dispute between the two individuals, it would be taken to the Smith Company? Since both the Smith Company and its clients would be suspect, a non-client would be willing to do business with a Smith Company client only if the latter signed a contract agreeing to take a dispute to an independent company. Consequently, argue the anarchists, the only disputes that would be submitted to the Smith Company would be those between its own clients. If it then rendered

decisions unjustly favoring one of its clients over another, it would lose a part of its own clientele. In this way the Smith Company would be forced to render just decisions or go out of business.

It is important to realize that this position is not predicated on the naive belief that all, or even most, are good or desire justice.(48) It is based, rather, on the proposition that no one desires to be swindled. A might wish to sign a contract to buy a piece of land from B which would include an agreement to take any future dispute concerning the land to an agency A knew would favor him. B would desire to have any dispute taken to a company that would be favorable to him. Since, obviously, neither would agree to the other's terms, the transaction could be consummated only if A and B agreed to submit any dispute to a **neutral agency**. This means, the anarchist believes, that the greater a judge's reputation for honesty the more cases he will receive. "An arbiter who sells his services in a free market," comment the Tannehills, "knows that he must be as scrupulously honest, fair, and impartial as possible or no pair of disputants will buy his services to arbitrate their dispute."(49) Similarly Rothbard says that

What keeps A&P honest is the competition, actual and potential, of Safeway, Pioneer, and countless other grocery stores. What keeps them honest is the ability of consumers to cut off their patronage. What would keep the free-market judges and courts honest is the lively possibility of heading down the block or down the road to **another** judge or court if suspicion should descend upon any particular one. . . . These are the **real**, active checks and balances of the free market economy and the free society.

Consequently, he concludes, "in a totally free society, any suspicion of a judge or court will cause their customers to melt away and their 'decisions' to be ignored. This is a far more efficient system of keeping judges honest than the mechanism of government."(50)

But how would a dispute be handled when agencies did arrive at different decisions? If, argue the anarchists, one grants such firms even a modicum of common sense and foresight, it seems probable that to protect

themselves and their customers from attempts by con men and other unscrupulous people to play off one court against another for their own benefit, the various courts, as part of their policies, would have worked out agreements with one another specifying to which appeals court a legal proceeding involving two different courts would be taken. Prudential and Metropolitan Court Companies, for example, may decide in advance to take all differences between them to Acme Appeals Court Company. But Prudential and Zenith Companies may agree to take such cases to Queen City Appeals Court Company. In this way the choice of appeals courts would be a routine matter. The decision of the appeals court would be binding.(51)

Finally, what of a dispute where one or both parties do not have prior contractual agreements and one of the parties refused to submit the case to arbitration? In the first place, argue the anarchists, "the reputation of a man who refused arbitration without good reasons would suffer. People would hesitate doing business with him for fear that they, too, would be involved in a protracted legal dispute."(52) But even if one still refused, the anarchist maintains that there is no reason why the judicial process could not proceed. If Smith brings charges in Court A against Jones then "Court A can only invite rather than subpoena Jones to attend his trial. Of course if Jones refused to appear or send a representative, his side of the case will not be heard. The trial of Jones proceeds." If Court A finds Jones innocent then that would be binding. But if Court A finds Jones guilty then Jones can either accept the judgment or contest the decision by taking it to Court B for re-trial. If Court B upholds the original decision then Jones is guilty. But if the courts disagreed they would submit the matter to a previously agreed upon appeals court.(53)

What if the courts do not have a prior agreement and cannot agree on an appeals court? This is felt to be a most unlikely occurrence. There would be a monetary incentive for the courts to reach an agreement. Their customers, after all, are paying them to decide the issue and if they are regularly unable to decide they will lose their clients. Moreover, if the Maverick Court Company acquired a reputation for delaying and disrupting the proceedings, other courts would simply announce to their own customers that they will refuse to handle disputes involving clients of

Maverick. This would make individuals most hesitant to have business dealings with the patrons of Maverick. Hence, Maverick's clients would be forced to use other courts in all of their business dealings and Maverick would have to either mend its way or go out of business.

At this point it might be well to summarize briefly the anarchist view of the legal process:

[1] If two parties belong to the same court company, the decision of that court would be binding.

[2] If they have no contractual agreement but agree on which company to submit the dispute to, the decision of that court would be binding.

[3] If they subscribe to separate courts, the decision is binding if the two courts agree. If they disagree they will submit the dispute to an appeals court, which will usually have been chosen in advance, and that decision would be binding. If there is no prior agreement and the courts cannot decide on which appeals court to take the issue to, then the individual parties can work out an agreement on their own. If this, too, cannot be done, then no decision can be made. This is considered most unlikely, for if a company continually engaged in protracted and costly legal proceedings, other courts would refuse to do business with it, causing it to lose many or most of its customers.

[4] If one individual refuses to submit a dispute for arbitration, the other party may go ahead and submit it to his company and the decision of that court would be binding unless the original party then submits his case to another court. In that case, the decision will be binding if the two courts agree. If they disagree, it would be submitted to an appeals court as described in point [3].

But what if someone pledged to abide by the decision of the arbitrator and then reneged? The anarchists believe that this would be unlikely since, argue the Tannehills, such a man would be very unreliable and other businessmen would, out of their own self-interest, cease doing business with him. To avoid ostracism it would therefore be to his interest to comply with the decision.(54) Some empirical support for this proposition can be found in the Anglo-American

merchant law. Merchants in both England and America developed a system of private and voluntary law that went a considerable way in replacing government law in this area. These private courts were highly successful and their decisions were nearly always complied with, notes Wooldridge, despite the fact that they were unenforceable in the government courts prior to 1920.

Like their medieval forerunners, merchants in the Americas did not have to rely on any sanctions other than those they could collectively impose on each other. One who refused to pay up might find access to his association's arbitral tribunal cut off in the future, or his name released to the membership of his trade association; these penalties were far more fearsome than the cost of the award with which he disagreed. Voluntary and private adjudications were voluntarily and privately adhered to, if not out of honor, out of self-interest of businessmen who know that the arbitral mode of dispute settlement would cease to be available to them very quickly if they ignored an award.(55)

And Rothbard believes that since "modern technology makes even more feasible the collection and dissemination of information about people's credit ratings and records of keeping or violating their contracts or arbitration agreement," the system of voluntary justice would be even more effective today.(56)

Moreover, argue the anarchists, if one still refused to abide by a decision the victim would "have the right to make whatever arrangements [he] could with other individuals or companies who had financial dealings" with the aggressor.

Practically speaking, most banks would no doubt have a policy of cooperating. . . in such matters, since a policy of protecting bank accounts from just claims would tend to attract customers who were undependable, thus increasing the cost of banking and forcing the bank to raise its charges. The same would tend to be true of employers only more so. Most employers would hesitate to attract undependable labor by inserting a clause in their employment contracts guaranteeing pro-

tection from just claims against them.(57)

Thus, while the anarchists feel that the use of retaliatory force is justified in forcing the aggressor to reimburse the victim for the damages caused him, they also believe that it would be only rarely required.

c. Police Protection.

Even granting that physical force would be required only occasionally, a crucial question is how could such a system cope with its use when it was required?

The anarchists argue that on a totally free market many defense agencies or police companies would emerge and provide protection services to consumers on a contractual basis. While there are numerous ways this could be done, perhaps the most likely is that "such services would be sold on an advance-subscription basis, with premiums paid regularly and services to be supplied on call." (58) The various defense agencies or police companies would offer their services on the market. Any individual could either provide for his own defense or purchase the services of one of the various police companies. Just as with any other good, the market would provide for a plethora of protection policies offered at different rates and designed to meet a host of different consumer needs so that those who desired twenty-four-hour-a-day bodyguards could hire them, while those who merely desired an occasional nightly check of the premises could get what they wanted. No one would be forced, i.e., taxed, to pay for protection he did not want and everyone would be free to purchase the quantity and quality of protection services he desired, including none at all.

It is important to realize exactly what the anarchists are referring to when they speak of contracting for protective services, for there has been much confusion on this issue. Charles J. Wheeler, for example, says that the anarchist is opposed to government because "the government must be a coercive monopoly, which logically entails the initiation of force against would-be competitors to remain in existence." Since anarchists are opposed to this monopoly they therefore must have "no objection to a society that has more than one institution, i.e., several, that enforces rules via initiatory force. . . Free market anarchism posits. . .

a society, not in which no institution can initiate force, but in which any institution can initiate force." (59) This is surely a misinterpretation. With the single exception of David Friedman, free market anarchism starts from the natural law position that everyone has a right to his own life and to the fruits of his own labor. It follows, they believe, that everyone has a right to defend his life and property. This he can do either himself, or by contracting the services of another. Since specialization results in both cheaper and better services, anarchists believe that the agencies specializing in such services would be the primary means by which protection would be handled. But when one contracts the services of a police company this means that "the agent may take any actions which the man himself would have the right to take but may not do anything which the man himself would not have the right to do. . . ." (60) Since no one has the right to initiate the use of violence, police companies could not legally use violence against noninvasive individuals and could be sued if they did. If companies either initiated force or protected those who did, "they would not be competing agencies of retaliatory force at all. Rather, they would be criminal gangs pure and simple." (61) Thus, while Wheeler is correct in pointing out that anarchists view government as a coercive monopoly, he is incorrect in stating that they oppose government because it is a monopoly. They have no objection to non-coercive monopolies, i.e., those monopolies that maintain themselves by providing better services at cheaper prices than any competitor. They oppose government because it is an agency of initiated force. Consequently, as Louis Rollins points out, far from advocating a society in which any individual or agency has the right to commit aggression, free market anarchism advocates a "society in which no institution holds any authority to commit aggression." (62)

The only exception to this is the alternative proposed by David Friedman. Since Friedman is a utilitarian rather than a natural-rights advocate, he takes the position that police and court companies would enforce those "laws" which were most profitable. There would still be a rule of law, he feels, since not even many "murderers would wish to live under laws that permitted them to kill and be killed." Consequently, such laws as those prohibiting murder and other common crimes would arise in every society and any agency that simply sold "justice by deciding in favor of the highest bidder" would be driven out of business. "That would

be suicidal," Freidman says, for "unless they maintained a reputation for honesty, they would have no customers -- unlike our present judges." Friedman feels that since most people "are willing to pay a much higher price to be left alone than anyone is willing to pay to push them around," the "laws of an anarcho-capitalist society should be heavily biased toward freedom." While acknowledging that his system might well lead to laws prohibiting the use of drugs, even on one's own property, or to laws discriminating against racial minorities, he feels that this would result in addicts or racial minorities leaving areas where they were discriminated against. A resident of Los Angeles might be willing to pay a high price to obtain laws against drugs in Los Angeles, but he "would have little to gain by paying a much higher price to have heroin illegal in New York, as well." The result would be a complex network of separate communities representing a multitude of individualized life-styles and all dispersed in such a fashion as to insure their autonomy. Thus, Friedman's exception to the natural law prohibition of acts of initiated force is not as glaring as it may seem at first blush.(63)

Several arguments have been advanced against the idea of competing police agencies. An examination of these, together with the anarchist responses, will serve to clarify several important aspects in the proposal to provide police services on the market. These arguments are as follows:

- [1] The argument that either a "minimal state" or a Mafia Agency would emerge through economic competition.
- [2] The argument that a Mafia Agency would emerge through aggression.
- [3] The argument that selling defense services on the market would be both inconvenient and unjust.
- [4] The argument that domestic peace is a "public good" which cannot be supplied on the market.

Each of these will be examined in turn.

[1] The Competition Argument.

Philosopher Robert Nozick, as we have seen in Chapter I, maintains that the system of competing protection agencies will give way to single "dominant protection agencies," or DPAs, operating in geographically distinct areas. This is due to the nature of the service being offered. Nozick believes that the degree of protection any agency can provide varies positively with the size of the agency. Thus, as one agency begins to prosper, individuals will clamor to join. As the income of the competing agencies declines, the scope and quality of the protection they can offer likewise declines. The competing agencies, he says, get "caught in a declining spiral," and the result is the emergence of a DPA.

Nozick believes that the DPA should proceed to provide protection services to everyone in its geographical area. It would therefore become a minimal, or "nightwatchman," state.(64) But philosopher John Hospers argues that the agency could also use its dominant position to victimize rather than to protect "its" clients. "Perhaps the most important assumption of all," says Hospers,

is that there would continue to be a group of defense agencies (and courts) which would remain competitive. This is indeed one way in which the scenario could be written. But there are other ways. Suppose that one agency became so superbly efficient. . . that it became larger than any of the other agencies, and continued to grow larger with time, until it had, say 99% of the business for a thousand miles around. . . We would then have a defense agency grown so swollen with success that it could do just what it liked: it could turn into a criminal gang. . . This would be in fact, if not in name, a military takeover. And the result would be again in fact if not in name, a government -- an aggressive bandit government.(65)

In response, the anarchists note that Nozick and Hospers envision the emergence of a number of dominant agencies whose areas of operation are geographically distinct. But if the advantages of being a client of the dominant agency are so irresistible, and if, as Nozick comments, "economies of scale" are positively correlated with increased size, the "the protection agency of optimal size will include the whole world."

Apparently, says Lawrence Moss,

something imposes a limit on the expansion of a single protection agency in a given geographical area. If, for example, the marginal cost of adding individuals to the protection agency rises, there may come a point, with rising average cost, at which the marginal sacrifice of private goods as perceived by the choice-making individual is greater than the marginal gain in security. At this point. . . the optimal size for the protection agency has been achieved.(60)

In the United States today there are approximately 40,000 police forces, ranging in size from one man to 30,000 men. Even if the optimal economic size of a protection agency were such that the market would not support 40,000 agencies, the anarchist believes that there is no reason to suppose, short of making the unrealistic assumption that average costs will steadily decline as the size of the agency increases, that this will lead to the emergence of a dominant agency.

The empirical evidence appears to support the anarchist on this issue. According to conventional wisdom the consolidation of many of the 40,000 departments would result in much more efficient and effective police service. This wisdom was placed in considerable doubt, however, when several recent studies, such as those done of Indianapolis, Indiana; Grand Rapids, Michigan; St. Louis, Missouri; and Nashville-Davidson County, Tennessee, all indicated that relatively small police forces were not only more efficient but also more economical. In summarizing the findings of a nation-wide study conducted at Indiana University, Vincent Ostrom wrote:

our colleagues found that most statistically significant relationships ran contrary to the hypothesis that an increase in the size of jurisdiction would be positively associated with higher levels of police performance. In examining different size ranges they found that for the smaller size range, service levels increase with the city size to an optimum size of approximately 20,000 for suburban communities and 100,000 for center cities. Beyond these sizes, the relationship reverses so that

large size is associated with lower levels of performance.(67)

But if large jurisdictions are economically and socially irrational, they would not be supported on the free market. And if that is the case, the scenario depicted in the Nozick-Hospers critique could not occur. Not only is there no economic reason to expect the emergence of a dominant agency, if the foregoing studies are correct the optimal size might be such that the number of agencies operating in the territorial United States would actually increase.

[2] The Aggression Argument.

Another criticism is that there would be nothing to prevent an agency from using force to conquer or absorb weaker agencies until it attained a position of unchallenged dominance, which it could then use to exploit its subjects. In contrast to the previous objection, the Mafia Agency would achieve its dominance through aggression rather than economic competition. While not specifically directed at anarchism, this is the criticism that George Berkley and Douglas Fox raise against any decentralized political system. Germany's Weimar Republic, they point out, rested on a federal base. Most German states outlawed the Nazi Party, but Bavaria did not. "This gave the Nazis a sectional base on which to build. Then, when they did become a nationwide movement, they found that the individual governments of the states...were each too weak to curb their frequently unruly and unlawful tactics. There were thirty-three police forces in Germany at the time and the Nazi Party soon became stronger than any one of them." In contrast, the French government was centralized and acted with vigor. With a single police force for the entire country it was able to take decisive action against the attempted Nazi and Communist take-overs of 1934.(68)

This is an interesting criticism. What is the anarchist reply? The anarchist believes that the foregoing is highly unlikely and maintains, in fact, that violence, or any use of force, would probably decline in an anarchy. What is the basis for this conclusion?

The anarchist begins with the assumption that most people are opposed to aggression. "In a profound sense," remarks Rothbard, "no social system, whether anarchist or statist, can work at all unless most

people are 'good' in the sense that they are not all hellbent upon assaulting and robbing their neighbors. If everyone were so disposed, no amount of protection, whether State or private, could succeed in staving off chaos."(69)

Starting from this assumption, i.e., that while nearly everyone desires protection only some will desire aggression against others, he believes that those companies most adept at providing protection will get the bulk of the protection business. But the moment any agency turned from attracting customers by providing protection services to coercing individuals into buying its policies, it would simply "compel them to buy protection from its competitors and drive itself out of business."(70) If an agency initiated violence against individuals who were not its customers, continues the anarchist scenario, it would be forced to deal with their defense agencies. Since other agencies are paid to protect their customers while the aggressive organization is paid to terrorize others, it would find itself in direct confrontation with all other agencies. This would make working for the criminal agency increasingly risky and it would have to pay its employees more money to compensate for this. Aggression would become correspondingly less profitable and therefore less attractive as the increased costs to the criminal company compelled it to raise its premiums. The victims of theft, argues David Friedman,

will be willing to pay more to be protected than the thieves will pay to be able to steal (since stolen goods are worth less to the thief than to the victim). Therefore the noncriminal protection agencies will find it profitable to spend more to defeat them. In effect, the criminals fight a hopeless war with the rest of society.(71)

Further, since the defense agencies are paid to protect their clients from aggression, they would have no reason to cooperate with the criminal agency. Even if the criminal agency had its own "court," it is unlikely that its decisions would be heeded, for any other court honoring the decisions would begin to lose its own customers. Finally, since insurance companies indemnify their policy-holders against the destruction or theft of their property, anarchists argue that they would have a "vested interest in seeing that values are protected and aggressive violence held to a minimum."

"Coercive acts are destructive of values," note the Tannehills, "and value-destruction is expensive for insurance companies." Consequently, not only would insurance policies "probably specify certain standard protective measures which the insured must take in order to buy at the lowest rates -- burglar alarms connected to the defense company's office, for example," but

Policies would also state that the insured must buy his protection from a defense agency which met the standards of the insurance company, to avoid having him hire an inefficient or fly-by-night defense agency at a cheap price while counting on his insurance to make up for any loss which their ineffectiveness caused him.

Thus, it is held,

Insurance companies, without any resort to physical force, could be a very effective factor in bringing an unruly defense agency to its knees via boycott and business ostracism. . . It would be difficult, indeed, for any defense company to survive if the major insurance companies refused to sell insurance not only to it, but to anyone who dealt with it. Such a boycott would dry up a major part of the defense company's market in short order; and no business can survive for long without customers. There would be no way for a defense agency to break such a boycott by the use of force. Any threatening or aggressive actions toward the insurance companies involved would spread the boycott as other businesses and individuals attempted to stay as far away from the coercive agency as possible.(72)

The possibility of collusion among several agencies would not alter the situation. The anarchist believes that there would be numerous agencies operating in the protection area. We have seen that there are good reasons, both analytical and empirical, for this belief. Thus, even if a Mafia Cartel were formed, the presence of independent agencies would most assuredly bring about its quick collapse for the reasons already discussed.

The anarchists contend that this particular criticism is actually far more applicable to governments than anarchies. An anarchy would be characterized by multiple centers of power. But the state, with its monopoly on the use of force, is characterized by a single center. Since it would be much easier for a tyrant to take over a single center of power than multiple centers, "the objection that a tyrant might take over is actually a devastating argument against government." (73) Further the anarchist argues that those who argue for a state on the ground that the police companies might ban together to obtain a monopoly on the use of force are inconsistent, for what they are really saying is that we should have a state because anarchism might result in the emergence of a state. (74)

In short, anarchists argue that the prospect of society being victimized by a Mafia Police Agency or even a Mafia Cartel is quite remote. Moreover, given the expected negative returns on aggression, the free market anarchist believes that both the crime rate and the use of force would be well below what it is in our statist society.

The foregoing argument is difficult to evaluate. Anarchism is not a panacea. Problems would exist and the possibility of a Mafia Agency cannot be entirely dismissed. But this possibility must be placed in perspective. Just as there could be criminal or Mafia agencies in an anarchy, so there could be, and as the widespread police and government corruption clearly shows, there are, state and city police departments that can only be termed criminal. (75) It is significant that since citizens have no alternative to these police agencies, there are no, or only weak, checks on police corruption and victimization. If so, one would expect to find less police corruption in a system in which police services were offered on a private basis and in which individuals could take their business elsewhere than in a system where competition is absent. The empirical evidence on this issue is, of course, minimal. However, the closest example of a completely private, autonomous police agency is the Protection Section of the American Railway Association. This "Section" was studied by Jeremiah Shallou for the American Academy of Political and Social Science in the 1930's, when it constituted a force of over 10,000 men. The record compiled by the railway police, or "private armies" as Shallou calls them, was nothing less than

incredible. Between 1919, when they were organized, and 1929, when Shallou's study was undertaken, they succeeded in reducing freight claim payments for robberies from \$12,726,947 to \$704,267 per year, or by 97.7%. And their percent of arrests turning into convictions was likewise phenomenal: regularly over 80%. But what particularly interested Shallou was the comportment of the railway agents themselves. "The fact that so few complaints have been directed against them," says Shallou, "is eloquent of the efficiency with which they are controlled by the railroads. In Pennsylvania the state exercises no control whatever over these police. . . Railroad police are responsible to the company by which they are employed and paid, and to no one else."(76) And as William Wooldridge pungently notes:

Shallou's reference to the railway police's widespread reputation for good character and high ability contrasts with the present status of many big-city public forces: sanctions against misconduct are so ineffective or roundabout that they may as well not exist, however theoretically comforting the forces' status as servants of the people may be.(77)

The foregoing by no means "proves" that criminal agencies would be non-existent in an anarchy. But it does serve to put this criticism into perspective. Criminal agencies might exist in an anarchy. But one must not forget that they do exist in today's statist societies. The important question is which system is more likely to result in a greater amount of criminal activity on the part of those who are expected to uphold the law? The anarchists have made a credible case. And if a competitive system automatically works to minimize the incidence of corruption and criminality by the police, it would likewise work to minimize the possibility of would-be dictators, of contemporary Hitlers, from gaining the "Bavarian base" they require to launch their programs.

[3] The Inconvenience and Injustice Argument.

In addition to his argument that the provision of defense services on the market would lead to the emergence of a dominant agency, Nozick contends that the knowledge that one is living in a society permitting individuals to engage in acts of "private justice" would produce insecurity. A protection agency, he

says, may therefore forbid even nonmembers from engaging in acts of self-defense against clients of the company provided "the clients of the protective agency... compensate the independents for the disadvantages imposed upon them by being prohibited self-help enforcement of their own rights against the agency's clients." Compensation would be in the form of "protective services to cover those situations of conflict with the paying customers of the protective agency." (78) Since competition would ostensibly reduce the number of protective agencies, and since the principle of compensation permits the dominant protective agency to forbid even nonclients (including their agencies) from defending themselves provided they receive compensation, Nozick feels he has provided a justification for a minimal state.

Nozick's criticism is two-fold: the practical consideration that such a society would be most inconvenient, and the moral proposition that such types of non-aggressive activity as "self-help enforcement" can be forcibly prohibited provided compensation is granted. As noted above, the anarchists deny that their society would be inconvenient. On the contrary, they believe that since no one could legally initiate force for any reason and since crime would not pay, there would be considerably less need for punishment of any kind, "private" or "public," and thus little need to fear it. Further, since everyone would be held responsible for the actions he performs, accidents, excessive use of force, etc., would not receive immunity because they occurred in the "pursuit of justice." As the Tannehills note, "In the process of collecting from the aggressor, the victim (or his agents) may not carelessly or viciously destroy values belonging to the aggressor or take more from him than the original property (or an equivalent value) plus costs occasioned by the aggression . . ." (79) If any individual or employee of a defense agency did

negligently or aggressively apprehend individuals, the improperly detained individual may charge the defense agent employee with aggression or negligence. The mistakes by defense agents will be covered by the insuring bonding company. Under these conditions, a defense company will not retain an employee making an unreasonable number of mistakes, because the cost of insuring such personnel would soon become prohibitive for them. There

is thus an automatic protection of individual rights as well as protection against "police" brutality, which cannot occur in a legal society.(80)

Two final points should be made in this context. First, its supporters hasten to point out that anarchism does not necessarily mean that every individual need provide for his own defense at all times. It is entirely conceivable that landlords would supply their tenants with police protection just as various other utilities are usually supplied now. Insurance companies, anxious to keep crime rates down, might provide protection to their subscribers as part of their policies. And the owners of various business complexes such as shopping centers or downtown areas would have to maintain safe and pleasant surroundings in order to attract customers to their stores. Any number of other scenarios are possible.

And second, not only would protection be better and more convenient in an anarchy but, they contend, since government operations are inherently inefficient due to the absence of the market, they would be much less expensive as well.(81)

As for the moral consideration, "The crucial distinction," says Randy Barnett,

is while voluntarily paying a purchase price makes an exchange permissible, compensation does not make an aggression permissible or justified. It is not permissible to deprive you of free speech provided I "compensate" you. You would have the right to defend yourself. If you were unsuccessful, unable or unwilling to defend yourself, you would then, in addition, have a right to compensation. Put in more analytic terms, voluntariness is a necessary condition for a morally permissible exchange of values. Compensation is not a sufficient condition for justifying or permitting a violation of rights.(82)

The compensation argument is easy to evaluate. If one believes in natural rights, aggression is impermissible, regardless of whether compensation is offered. The other issues are more difficult. Assuming the existence of a clear rule of law, and given the advan-

tages of specialization, it seems reasonable to suppose that acts of "private justice" would be few and far between and, when performed, would be done with a fair degree of care. If so, the possibility that such acts could occur should generate little insecurity.

One final question that is relevant at this point is what of the individual who is too poor to purchase protection? Would he or she be forced to go without protection? It must be admitted that this is a possibility. Although it is to be lamented, it should be borne in mind that it "is not unique to the free market arrangement . . . There have always been groups of people in human society who have been inadequately protected by their governments." (83) Few can contend that American blacks or Russian Jews receive adequate protection from their governments. Moreover, if the anarchist is correct and the incidence of poverty would decline in an anarchy while the provision of protective services on the market would be cheaper than the current tax-based monopoly, there would be very few who could not afford protection. Finally, as one anarchist wrote, there is nothing to prevent a poor individual from getting "together with others in a similar situation to cooperatively provide the most important of defensive services, in a protection association." (84)

For all of these reasons, the fear that the poor would receive inadequate protection would not appear to be a serious problem. It is likely that they would receive as much protection as they do now from government, and probably more.

[4] The Public Goods Argument.

A very common view is that "law and order," or "domestic peace," is a "public good." This means that it cannot be broken down into marginal units and sold on the market. One individual cannot obtain order or peace without others also obtaining it, i.e., it is nonexcludable. We have already noted the Olsonian argument that individuals will have little or no incentive to contribute to the provision of a nonexcludable good. This means that if it were provided voluntarily, through the market, it would be supplied only suboptimally, if at all. Hence, coerced contributions, i.e., taxes and a government, are necessary for its provision.

John Sanders has taken up the Olsonian gauntlet.

If domestic peace is defined simply as the security of an individual's person and property from attack by others, it is "a private good, not a public good." But, says Sanders, if domestic peace is defined as a situation in which the social environment is one of peace and security then it would be a public good. However, if individuals purchase protection services for themselves, the outcome would be a secure social environment. Thus, although domestic peace "is not one of the goods provided directly to 'consumers' on the market," it is the "result of the operations of the market." In either case, concludes Sanders, "it is apt to say that domestic peace is provided by the market through the provision of private goods on the market." (85)

Once the label "public" is attached to a good or service it is generally assumed that only the government can supply it. But the anarchists have made an interesting, and to me convincing, case that protection, whether defined as a public or private good, can be supplied on the market.

d. Prisons.

If the anarchists are correct, there would be little need for force to be used in such a society, for [1] crime would not, or seldom, pay and [2] anyone refusing to abide by a court decision would mark himself as an unreliable social and/or business risk. Since this would make the cost to him of insurance, credit, and the like extremely high, it would be to his advantage to abide by the decision. But even if things worked out as anticipated by the anarchist, there remains the problem of dealing with those few who would still refuse to abide by decisions.

The anarchists are in general agreement that punishment of some sort is both necessary and justifiable. But there is little agreement on the precise set of principles that would justify and guide such operations. There are four basic paradigms of punishment: rehabilitation, deterrence, retribution, and restitution. (86) Three of these, deterrence, retribution, and restitution, are found in individualist anarchist literature. Deterrence, subscribed to by the utilitarian anarchists, justifies punishment by the impact it will have on the future behavior, not only of the person punished but, even more importantly, of others. The interesting thing about deterrence is

that it makes little difference whether an individual punished for say, rape, is actually guilty of the crime. Since punishment is justified on the ground that it will deter others from committing crimes, the actual guilt or innocence of the person being punished is, strictly speaking, irrelevant.

It is precisely this aspect of deterrence, i.e., sacrificing one individual for the good of others, that the natural rights anarchists find objectionable. These anarchists therefore reject deterrence and justify punishment of criminals on the grounds of either retribution, i.e., that the individual deserves to be punished, or restitution, i.e., that the individual violated someone else's rights and therefore ought to provide compensation to his victim.

A difficulty for the natural rights anarchist, however, is that it is dubious whether either paradigm can, in itself, afford a **complete and satisfactory** set of principles for determining when, and to what extent, punishment is justified. Since all anarchists incorporate some form of restitution into their paradigms, we will examine this proposal first. The principle that the criminal ought to pay compensation to the victim so as to restore the latter, as closely as possible, to the position he occupied prior to the crime, is quite attractive. However, several arguments have been raised against it.

It is sometimes argued that murder presents a dilemma for the restitutionist: since the victim is deceased, how can the criminal possibly make restitution? The restitutionist replies that restitution is owed the victim. Since he can't collect, it rightfully belongs to his heirs. Yet another criticism of restitution is: how can one possibly be so callous as to place a "going rate" or "exchange value" on a human life? To this the restitutionist responds by pointing out that there is, in fact, a "going rate" now. The only difference is that now it is set in time rather than in money or services. The real problem, says Randy Barnett, is "one of incommensurability":

Just as there is no rational relationship between a wrongfully taken life and ten years in prison, there is little relationship between that same life and twenty thousand dollars. Still, the nature of this possibly insoluble puzzle reveals a restitutional ap-

proach theoretically superior to punishment. For it must be acknowledged that a real, tangible loss had occurred. . . . Restitution provides some tangible, albeit inadequate, compensation for personal injury. Punishment provides none at all."(87)

Another common fear is that if compensation would determine the limit of justifiable punishment, the "cost" of the crime to the criminal would be practically nil: if one gets caught stealing \$100 then the only justifiable punishment would be to return the \$100. Even worse would be a situation in which A fires a gun at B with the intention of murdering him. But A, being a bad shot, misses B and merely breaks his window. Wouldn't compensation limit punishment to replacement of the window? And if A's shot were completely errant, would A then get off with no punishment at all? Since simple restitution, according to the critics, would place the criminal in a "no lose" situation, it would actually encourage crime. Restitutionists object to this conclusion. "The goal is not the suppression of crime," says Barnett, "it is doing justice to victims." And full compensation, no more and no less, is what the victim is entitled to. But, he points out, total costs are actually quite high. "In addition to compensation for pain and suffering, the criminal must pay for the costs of his apprehension, the cost of the trial and the legal expenditure of both sides."(88) But what of the case of attempted murder? The restitutionist might respond that B did suffer damages and they were quite severe: he had the wits scared out of him. The damages would also include B's anxiety from knowing that unless A were apprehended and punished he might try again, and this time with better results, at least from A's point of view. A would not be punished in order to deter him from future attempts to kill B, although that may be one of its consequences. Rather, B would be entitled to compensation for the severe psychological damages caused by A.

But there still remains at least the possibility that the nature of the crime would seem to demand a punishment more severe than that permitted by restitution. Attempted theft would be a good example. Since nothing was stolen and since it is ordinarily unlikely that the same "criminal" will try to rob the same "victim" more than once, there would be no physical damage and very little psychological damage. Such cases appear to contain an **asymmetry** between the amount of

restitution the victim would be entitled to and the degree of punishment demanded by the nature of the crime.

The weakness of restitution is the strength of retribution. The restitutionist focuses sole attention on the victim. Although concerned about the victim, the primary focus of the retributionist is the criminal. The criminal, he argues, has violated another's rights and for that he ought to be punished. Theft, whether successful or not, is still theft, and the thief deserves to be punished. Rothbard would fall into this category. A thief who merely returns the money he has stolen, and pays court costs, etc., has not been punished at all. Rothbard has therefore advanced the principle of "two teeth for a tooth." (89) If A steals, say, \$25,000 from B, he must return the \$25,000 and then, as a penalty, pay B an additional \$25,000. One can agree that unless the "second tooth" is extracted, the criminal isn't punished. But why is the victim entitled to the second tooth? The one principle all punishment paradigms have in common is that crime shouldn't pay. The irony of the Rothbardian proposal is that although crime would no longer pay for the criminal, it would now pay for the victim. Under such a proposal one can actually imagine individuals trying to become victims. Someone who needs a second car might actually begin leaving his keys in his first car and parking it in isolated areas. If his car were stolen and the thief apprehended, not only would the "victim" have his car returned, but he would also receive a second car compliments of the "criminal." The key point is that crime shouldn't pay for anyone, criminal or victim.

We have seen that both restitution and retribution contain great strengths as well as certain flaws. Neither, in itself, provides a complete and satisfactory rationale for punishment. But the two are not mutually exclusive. I see no contradiction between believing both that the victim ought to be compensated and that the criminal ought to be punished. It appears to me that a complete and satisfactory set of principles could be obtained by a judicious blending of these two paradigms. This blending cannot be dealt with in detail. But suffice it to say that punishment would probably always entail restitution and in most cases be limited to that principle. But in those occasional cases of asymmetry punishment would not be limited to compensation.

This does raise an interesting question. Who would receive the "second tooth," i.e., the excess between the full compensation received by the victim and the full penalty paid by the criminal? The victim would be entitled to the first tooth but surely not the second. But if not the victim, then who? In those rare asymmetric cases where the penalty stipulated in the legal code exceeded the victim's compensation, I see no reason why it could not become common practice for a judge to award any excess to The Salvation Army, the United Negro College Fund, The American Diabetes Association or some other charitable or nonprofit organization of the victim's choice. Under such a proposal, the victim would receive full compensation, the criminal would receive his full penalty, and yet neither party would benefit from criminal activities.

We can now examine the proposal for the operation of prisons. What if the criminal either refused or was unable to make restitution? "If the aggression were not of a violent nature and the aggressor had a record of trustworthiness," the Tannehills maintain, "it might be sufficient to leave him free and arrange a regular schedule of payments, just as would be done for any ordinary debt." But, they continue, if the person were untrustworthy or found guilty of a violent crime, some confinement would probably prove necessary. In a statist society the criminal is placed in jails operated by the state. It is obvious that in the absence of the state, jails would have to be operated privately and that, of course, means on a profit/loss basis. How would such a system operate?

The victim, according to the anarchist scenario, could handle his case on his own and, through the courts, arrange with the criminal a regular "schedule of payments." But since this would be inconvenient and time-consuming for him, the anarchist believes that most individuals would insure themselves against violence and would thus be immediately indemnified by the insurance company in the event of a loss. Since the company would then assume the loss the criminal would now owe the company. In such a case, argue the anarchists,

Because it would be in the insurance company's interest to have the aggressor's reparations installments as large as possible, it would have him confined to no greater degree than his own actions made necessary, since

closer confinement means greater expense, which means less money left for reparations payments. Thus, it would be the aggressor who would determine, by his character and his past and present behavior, the amount of freedom he would lose while repaying his debt and, to a certain degree, the length of time it would take him to repay it.

The prisoners would probably

work on jobs for wages, just as would ordinary employees, but the largest part of their earnings would be used to make reparations payments, with most of the rest going for their room and board, maintenance of the premises, guards, etc. To insure against refusal to work, the reparations payments would be deducted from each pay before room and board costs, so that if a man refused to work he would not eat, or at most eat only a very minimal diet.(90)

Another aspect of the "prison system" deserves notice. Humane treatment of prisoners, the anarchists vigorously argue, would be encouraged by such a system, since any guard who mistreated a prisoner could be reported to either the prisoner's defense agency or the insurance company to whom he was making reparations. If the prisoner could prove his charge then the guard would actually have to make restitution to his prisoner. Such treatment would be encouraged in other ways as well. Since beaten or mistreated prisoners are not very productive, no prison company, they believe, could stay in business by mistreating its inmates; and for the same reason, no insurance company would continue to use any prison which had a reputation for mistreatment.

And finally, since the prison company would desire to make as much money as possible and the insurance company would desire to receive payment as soon as possible, the prisoner

would be allowed to work in an area as close to the field of his aptitudes as possible and encouraged to develop further productive skills by on-the-job-training, night school courses, etc. All this would help prepare him for a productive and honest life once his debt was paid. Thus, the application of free-

market principles to the problem of aggression provides a built-in rehabilitation system. This is in sharp contrast to government-run prisons, which are little more than "schools for crime," where young first offenders are caged with hardened criminals and there is no incentive or opportunity for rehabilitation.(91)

Such is the anarchist's view of the "prison system." Could it work? Jails are very expensive operations and the feasibility of such a system would depend largely on whether the earning power of criminals would be enough to (a) make reparations, (b) provide a profit for the penal agency and (c) leave enough left over to support the criminal and, perhaps, his or her spouse and children. In some cases the answer would no doubt be yes.(92) But since criminals are not generally known for their marketable skills, it is debatable whether profit-oriented prison companies could sustain themselves. But market arrangements are amazingly flexible. It could well be that insurance companies would either operate penal agencies themselves or provide some of the operating funds to particular penal agencies on a contractual basis. The interesting thing about this possibility is that it would probably not require higher insurance premiums. This is because the ability to confine dangerous or unreliable criminals would drastically reduce the default rate on restitution payments. Those insurance agencies that were not able to confine such criminals would no doubt find them evading payments by "skipping town." Since it would be forced to charge premiums high enough to cover the loss from its high default rate and the cost of reapprehending these criminals, it is quite possible that premiums charged by insurance companies operating prisons would be the same as, or even lower, than those that did not. It is also conceivable that companies like Holiday Inn and Best Western might find it profitable to diversify into this area. Or, if prisons were in chronic financial difficulty it might be possible to distribute the "excess" in asymmetric cases among these companies instead of awarding them to charities. No doubt other possibilities could be found.

A stateless society, as its critics point out, would no doubt contain risks. But that is the nature of life. Anarchy is a method of social organization. It is not a utopia. Crime would not completely disappear. People would still be robbed and murdered, al-

though probably at a lower rate than now. And the possibility of a Mafia police agency cannot be entirely dismissed. But this risk would apply with equal if not greater force to statist societies. In brief, the anarchists have argued that government is not necessary for the provision of any domestic defense services. They have made an interesting and strong case.

2. DEFENSE OF THE NONSTATE

There is one final issue. How could a society defend itself from foreign aggression in the absence of a government?

This question, itself, rests on an assumption which the individualist anarchist does not share; namely, that the government actually defends its citizens. Their reasoning is as follows. In conventional terminology wars take place between "states." But "states," like "societies," do not think or act. They are mental constructs that have no counterpart in reality. All action and thought presuppose individuals. Thus, while "war in the narrower sense is a conflict between States," says Rothbard,

in the broader sense we may define it as the outbreak of open violence between people or groups of people. If Smith and a group of his henchmen aggress against Jones and Jones and his bodyguards pursue the Smith gang to their lair, we may cheer Jones on in his endeavor; and we, and others in society interested in repelling aggression, may contribute financially or personally to Jones' cause. But Jones has no right, any more than does Smith, to aggress against anyone else in the course of his "just war": to steal others' property in order to finance his pursuit, to conscript others into his posse by use of violence or to kill others in the course of his struggle to capture the Smith forces. If Jones should do any of these things he becomes a criminal as fully as Smith. . .

The Libertarian's basic attitude toward war must then be: it is legitimate to use violence against criminals in defense of one's rights of person and property; it is completely impermissible to violate the rights of other innocent people. War, then is only proper when the exercise of violence

is rigorously limited to the individual criminals. We may judge for ourselves how many wars or conflicts in history have met this criterion.(93)

While the "bow and arrow could be used for aggressive purposes. . . it could also be pinpointed to use only against aggressors," he continues. But "Nuclear weapons, even 'conventional' aerial bombs, cannot be. These weapons are *ipso facto* engines of indiscriminate mass destruction. . . We must, therefore, conclude that the use of nuclear or similar weapons, or the threat thereof, is a sin and a crime against humanity for which there can be no justification."(94) Thus, contemporary states, with their panoply of modern weaponry, can "protect" their citizens only by exposing them to the perpetual risk of total annihilation.

Also important for the anarchist is the fact that modern wars are (a) financed by taxes and/or inflation and (b) fought by conscripts. This means, that war can be waged only by governmental aggression against the states' own citizens. Hence, far from the state protecting its citizens it is actually the citizens who are both duped, by pleas to defend the "fatherland" from the "foreign aggressors," and forced, by taxes and conscription, into defending the state and its ruling group. "A State can only 'die' by defeat in war or by revolution. In war, therefore, the State frantically mobilizes the people to fight for it against another State, under the pretext that it is fighting for them."(95) In short, maintains the anarchist, the view that the state is necessary to protect its citizens is a myth.

But how could such a society defend itself against foreign aggression? Anarchists believe that it is possible to defend the nonstate in the same way that they see other problems being handled: the market. Jarret Wollstein argues that private defense companies could raise capital by selling "defense bonds" and repaying the principle and interest from revenue obtained by the sale of either products or rights to inventions resulting from technological spin-offs.(96) Even granting that private companies would operate more efficiently than governmentally operated defenses, it is doubtful that the number of technological spin-offs would be enough to cover the costs, must less to leave enough left over for profit. The same problem would apply to David Friedman's suggestion that all or part of the

costs of national defense would be funded by such devices as tipping and charitable contributions.(97) Another proposal is that "because of the close natural connection between insurance companies and defense agencies, it would probably be most feasible to sell defense against foreign aggression in the form of insurance policies."(98) The insurance company or companies would then provide for defense out of the proceeds from the sale of their policies. But the problem with this is, as David Friedman points out, other individuals in the same geographical area would be protected even though they were not insured, or were insured by a competing company which would not have to pay the expense of actually providing defense services and could therefore offer lower rates. Hence, the national defense insurance company would lose its customers and go bankrupt.(99) The same problem exists in the proposal that national defense could be provided by the agreement of local police companies to pool part of their resources to finance the development of national or at least regional defense equipment, for any agency concerning itself solely with local police protection could avoid the additional costs and force the other agencies out of business by charging lower rates. The fatal flaw in these proposals is that national defense is a collective good. It cannot be divided into marginal units and this, in turn, makes it difficult to see how it could be supplied by any of the market-oriented alternatives.(100)

Moreover, the very concept of "national defense agencies" is difficult to reconcile with natural rights. Natural rights anarchists argue, of course, that these defense companies could never be used aggressively since "No army could grow beyond what the market would support, and the market would never support an army larger than was actually necessary for defense, because force is a non-productive expenditure of energy."(101) Yet, as Rothbard has pointed out, "the old cliché no longer holds that it is not the arms but the will to use them that is significant in judging matters of war and peace. For it is precisely the characteristic of modern weapons that they cannot be used selectively; cannot be used in a libertarian manner."(102) Since the destruction wrought by modern weapons is so devastating that it could not be restricted to the aggressors, a national defense company would inevitably murder innocent individuals if it utilized such weaponry. But it would probably be unable to defend its clientele if it did not. Thus,

national defense agencies strike me as being not only impractical but from the natural rights point of view just as immoral as the state. Would there be any means to defend the nonstate if the concept of national defense companies were abandoned?

Two means by which defense against invasion might be effected are nonviolent civilian defense and guerrilla warfare. Nonviolent civilian, or nonmilitary, defense is defined as a strategy which "aims to defeat military aggression by using resistance by the civilian population as a whole to make it impossible for the enemy to establish and maintain political control over the country." (103) As such it does not depend upon the defense of physical terrain from enemy occupation but on passive resistance to enemy rule by the civilian population. It is based on the belief that all governmental power must ultimately come from the consent of the governed, that "so long as the citizens remain firm and refuse to cooperate and obey, the real power lies with them." (104) Nonviolent defense is actually an integral part of the anarchist tradition going back at least to Etienne de La Boetie in the sixteenth century and including anarchists as disparate as William Godwin, Leo Tolstoy and Benjamin Tucker. (105) But how would such defense proceed?

Gene Sharp points out that an invasion is not an end in itself but a means to a higher end. This end must be one of two goals: (a) to eliminate the fear of invasion by striking first, or (b) to occupy the invaded territory for economic or political purposes. Since it would be impossible to use the civilian defense for aggressive purposes, it would not only dispel the belief by another nation that a country employing a civilian defense could constitute a threat, but it would also eliminate the possibility of a nation, desiring to wage an aggressive war against such a country, using the time-honored excuse of defending itself from an imminent attack by striking first. Consequently, any nation invading a country employing a civilian defense would brand itself as the clear aggressor for both its own citizens and all the world to see.

While a civilian defense would have no means to stop an invasion from taking place, it is designed to prevent the invader from obtaining the objective(s) for which the invasion was made. This would be done by the refusal to cooperate with the invader and/or by the use

of obstructionist tactics such as mass strikes in occupations like communications and transportation, the blocking of highways and airports with thousands of abandoned automobiles, the refusal of police to make political arrests, etc.(106)

This would have a number of ramifications. First, it would force the invader either to abandon the invasion or to crack-down on the resistance. If he chose the latter he would lose even more support in the world community. More importantly, the increasing use of repression and violence against individuals who were clearly innocent and nonviolent could provoke a moral and psychological disorientation among the invader's soldiers charged with carrying out the repressions against the civilian population. This might not only cause the soldiers to question the justice of their cause and, ultimately, to refuse to carry out their orders, it might also prompt others, perceiving the clear immorality of the invasion, to join the resistance. Second, the cost of the massive numbers of soldiers required to contain and crush the resistance could well outweigh the economic or political benefits of the invasion, particularly if the population refused to work for the invader. In such a case, the invader could be faced with no alternative but going home. This is not to suggest that nonviolent defense is easy. On the contrary, death tolls could be considerable, although no doubt well below those wrought by a conventional military defense. And the fact that all of the casualties would be suffered by the civilian population would no doubt take a heavy psychological toll on the members of the civilian defense. This is a problem unique to nonviolent defense and one that must be taken into account by any proponent of such measures. But, as Gene Sharp has noted:

There are many instances of effective non-violent action, including: the early resistance by American colonists, 1763-1775; Hungarian passive resistance vs. Austrian rule, especially 1850-1867; Finland's disobedience and political noncooperation against Russia, 1898-1905; the Russian 1905 Revolution, and that of February 1917 (before the October Bolshevik coup); the Korean nonviolent protest against Japanese rule, 1919-1922 (which failed); the Indian 1930-1931 independence campaign; German government-sponsored resistance to the Franco-Belgium occupation

of the Ruhr in 1923.

Later examples include: resistance in several Nazi-occupied countries, especially Norway, the Netherlands, and Denmark; governmental and popular measures to nullify anti-Jewish measures in several Nazi-allied and Nazi-occupied countries, such as Belgium, Italy, France, and Denmark; the toppling by popular noncooperation and defiance of the dictators of El Salvador and Guatemala in 1944; the 1963 and 1966 campaigns of the Buddhists against the Saigon regimes in South Vietnam.(107)

While civilian defense has no guarantee of success, it should not be cavalierly dismissed. It has, unfortunately, been given scant attention by the anarchists although it could prove one possible means of defending the nonstate, as well as the method most in accord with their moral principles.

A second possibility, guerrilla warfare, should also be considered. Guerrilla forces seldom win military battles. But they are capable of winning wars and ousting invaders, provided they are able to retain the support of the community. Guerrilla wars are not won militarily but, as Andrew Mack has observed, by means of the progressive attrition of their opponents' **political capacity** to carry on the war.(108) This is accomplished by means of a **protracted war**, in which the insurgents' goal is to provoke the invader into escalating his military commitment. As the war drags on and increases in cost, both human and material, the fact that the war would probably force cutbacks in the production of consumer goods at home, together with the fact that it was being fought against a country that posed no threat, could result in the emergence of political divisions in the invader's home country. These divisions could hamper the war effort and, in time, sap the invader's will to prosecute the war to a successful conclusion. The guerrilla has a fairly good chance of winning provided he is able to fight a protracted war. As Henry Kissinger has aptly put it, "the guerrilla wins if he does not lose; the conventional army loses if it doesn't win."(109)

This too might prove to be a method for defense of the nonstate. In contrast to civilian defense guerrilla warfare would employ violence, but the fact that it

would be limited and could be directed against the actual invaders would mean that it could be justified as self-defense and thus reconciled with the libertarian anarchists' moral code.

Could either of these two actually provide a viable defense for an anarchist community? Neither, of course, can guarantee success. But the same is true of conventional military defense. And against conventional forces nonviolent defense has had both successes and defeats; the same is true of guerrilla warfare.

The adoption of either defense would, however, pose special problems for an anarchy. In particular would be the problem of organization and training. Advocates of nonviolent defense emphasize the great degree of discipline and sacrifice that must be endured by nonviolent "soldiers" for it to have any chance of success.(110) Whether individuals in a society which emphasized, not sacrifice, but individual gratification, and which was not able to utilize the statist device of conscription, could be induced to endure the sacrifices, discipline and training required for the successful development of such tactics is dubious, although Gandhi, it should be noted, did utilize nonviolence in both South Africa and India without the aid of conscription. A similar problem exists for guerrilla warfare. While it does not require the large-scale coordination that nonviolent defense does, it does demand a great deal of endurance and sacrifice on the part of individual guerrillas.

There is a second, related difficulty. National defense is, by its nature, a collective effort. What incentive would an individual have to participate in either type of defense? One's own contribution to the overall effort would be minimal. The rational course for each individual to pursue would therefore be to avoid the risks and sacrifices by not participating. In brief, given the discipline and self-sacrifice entailed in any defense effort, it is dubious whether any society based on the principle of individual satisfaction could present a viable defense.

These are weighty considerations which could, conceivably, render such strategies unfeasible in an anarchy, especially one in which the principle of individual satisfaction was so basic. But man is far from unidimensional, and I am constantly amazed at the willingness, even desire, of individuals to participate

in, even sacrifice themselves for, a cause or an abstract concept like "justice," "freedom," or "democracy." As many have noted, causes such as "defense against foreign aggressors," can and often do produce a feeling of exhilaration and a spiritual uplift in people. It frees people from the monotony of their daily routine, and the plea for a "total effort" infuses even those in the lowliest of jobs with a sense of great importance.(111) The American home front during World War II is a classic illustration. Martha Byrd has recently observed that everyone wanted to "do something, anything, to help." And "the government responded to the citizens' need for involvement" by encouraging various kinds of sacrifices: the buying of war bonds, the growing of vegetable gardens, the collection of scrap metals, the use of car pools, longer working hours, reduced travel, fewer vacations and the like. The result? "Morale was high." "A feeling of being needed," she says, "contributed to a gratifying sense of worth and participation in a common endeavor gave intense satisfaction to many."(112)

This is not to say that there would be a footrace to the sacrificial altar. Certainly many would not participate and some would even become quislings. But it is likely that many would participate. Whether it would be enough to constitute a successful defense is impossible to say. Since the success of non-violent defense hinges on mass participation, even a moderate number of abstentions would jeopardize the tactic. But since guerrilla warfare does not depend on massive citizen participation its viability would not, *ipso facto*, be undermined by the presence of a moderate number of non-participants.

The problems of national defense presents a most difficult problem for the individualist anarchist. The belief in some sort of national defense company is not only difficult to reconcile with the libertarian moral code but is also based on the misperception that national defense can, like any other good, be divided into marginal units. Hope does seem to lie in reliance on either non-violent civilian defense and/or guerrilla warfare. Of the two, the latter strikes me as having the greater probability of success. That an anarchist society could successfully defend itself from a determined, ruthless foreign aggressor cannot be guaranteed. But, of course, the same holds true for the statist society.

Such are the individualist anarchist responses to the major issue area. In contrast to traditional anarchist theory, which is sometimes based on the rather naive belief that the abolition of the state would also mark the disappearance of many of the unsavory aspects of human nature, free market anarchism is premised on the much less demanding proposition that while some may be willing to cheat, no one wishes to be cheated. Not only does this constitute a significant departure from traditional anarchist thought, but it is a far more credible basis for social organization. It represents a new and challenging chapter in the history of anarchism.

FOOTNOTES

(1) Richard Taylor, **Freedom, Anarchy, and the Law** (Englewood Cliffs: Prentice Hall, 1973), p. 138.

(2) John Hospers, **Libertarianism** (Santa Barbara, Cal.: Reason Press, 1971), pp. 425-26, 443, 447.

(3) Charles J. Wheeler, "Symposium: Is Government Necessary? III. Justice and Anarchy," **The Personalist** (Spring 1971), p. 398.

(4) Peter Crosby, "Symposium: Is Government Necessary? I. The Utopia of Competition," **The Personalist** (Spring 1971), pp. 382-83. Also see Thomas Hogarty, "Cases in Anarchy," **Explorations in the Theory of Anarchy** (Blacksburg, Va.: Center for the Study of Public Choice, 1972), pp. 51-64. Hogarty defines anarchy in terms of chaos. Then he discovers that anarchy could not work because it would be chaotic.

(5) See, eg., Murray Rothbard, **Power and Market** (Menlo Park, Cal.: Institute for Humane Studies, 1971), p. 197, fn. 4; Murray Rothbard, "On Freedom and the Law," **New Individualist Review** (Winter 1962), pp. 37-40; Ernestine and Richard Perkins, **Precondition for Peace and Prosperity: Rational Anarchy** (St. Thomas, Ontario: Phibbs Printing, 1971), pp. 86-110; David Friedman, **The Machinery of Freedom** (New York: Harper and Row, 1973), pp. 155-64.

(6) Morris and Linda Tannehill, **The Market For Liberty** (Lansing, Mich.: Privately published, 1970), pp. 119-21.

(7) Bruno Leoni, **Freedom and the Law** (Princeton, N.J.: Van Nostrand, 1961), p. 81.

(8) *Ibid.*, p. 9.

(9) The European anarchists have also usually opted for some sort of common law system. That this has often been misunderstood is due, I think, to the fact that they have equated law with legislation. Thus they opposed "law" and advocated enforceable "customs," "traditions," etc. See, for example, Peter Kropotkin, **The State** (London: Freedom Press, 1973).

(10) F. A. Hayek, **Law, Legislation and Liberty**, vol. 1: **Rules and Order**, 3 vols. (Chicago: University of Chicago Press, 1973), p. 72.

(11) Bertrand de Jouvenel, **On Power** (Boston: Beacon Press, 1967), pp. 209-11.

(12) Leoni, p. 11.

(13) Norman Cantor, **The English** (New York: Simon and Schuster, 1967), pp. 171-72, 235.

(14) F. J. Stimson, **Popular Law-Making** (New York:

Charles Scribner and Sons, 1912), pp. 2-4. Indeed, the agreement on the relatively recent emergence of legislation as the primary method of law-making is nearly unanimous. Theodore Plucknett comments that "The modern age of legislation by means of laws deliberately set up and expressed in certain authoritative texts covers but a very small period of legal history. Preceding it the principle element in most legal systems was custom." *A Concise History of the Common Law* (London: Butterworth and Co., 1956), p. 307. Also see Rene Wormser, *The Law* (New York: Simon and Schuster, 1949), pp. 3 and 4, and p. 261.

(15) Hayek, p. 83; and Leoni, p. 85.

(16) Leoni, p. 85.

(17) Plucknett, pp. 316-17.

(18) H. F. Jolowicz, *The Roman Foundations of Modern Law* (Oxford: Clarendon Press, 1957), p. 20.

(19) Plucknett, p. 317.

(20) Gwendolen Carter and John Herz, *Major Foreign Powers* (New York: Harcourt, 1970), p. 173.

(21) Rene Wormser, pp. 237-64.

(22) *Ibid.*, p. 261.

(23) Hayek, pp. 88-89.

(24) Wormser, p. 261.

(25) Plucknett, pp. 306-14; also see Carter and Herz, p. 174.

(26) James B. Scott, *Law, the State and the International Community* (New York: Columbia University Press, 1939), pp. 107-24. Scott's treatment of this subject is truly masterful. Also see Carl J. Friedrich, *The Philosophy of the Law in Historical Perspective* (Chicago: University of Chicago Press, 1963), especially pp. 27-34 and 77-83.

(27) Cited in Wormser, pp. 261-62.

(28) Wormser, p. 262.

(29) *Ibid.*

(30) Plucknett, p. 307.

(31) Leoni, pp. 77-96.

(32) Rothbard, "On Freedom and the Law," p. 38.

(33) Hayek, p. 82.

(34) Rothbard, "On Freedom and the Law," p. 40.

(35) Murray Rothbard, "Will Rothbard's Free Market Justice Suffice? Yes," *Reason* (May 1973), p. 24.

(36) Friedman, p. 174.

(37) Lon Fuller, *The Morality of the Law* (New Haven: Yale University Press, 1969), p. 209. For a penetrating article that examines the import for anarchism of Fuller's philosophy of law see Randy Barnett, "Fuller, Law and Anarchism," *The Libertarian Forum* (February 1976), pp. 5-7.

(38) Hayek, p. 35.

(39) See Robert Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974), for a critique of anarchism from the "underdetermined areas" perspective. For a good reply to this point of view see Eric Mack, "Nozick's Anarchism," *Anarchism*, eds.: J. Roland Pennock and John Chapman (New York: New York University Press, 1978), pp. 55-58. Also see John Sneed, "Order Without Law: Where Will the Anarchists Keep the Madmen?", *Journal of Libertarian Studies* (Spring 1977), p. 122: "The rules of evidence would tend to standardize quickly in minute detail, although the admissibility and weight given to tape recordings, hearsay, polygraph . . . and other questions of this magnitude would probably not be resolved to all companies' satisfaction. In the absence of agreement between the companies as to the rules of evidence or procedure, the arbitrator would generally settle that dispute also, and in effect set his own rules."

(40) Sneed, p. 121. Also see Friedman, pp. 155-64.

(41) Jerome Tuccille, *Radical Libertarianism* (New York: Harper and Row, 1971), p. 66.

(42) Karl Hess, *The Death of Politics* (New York: Laissez-Faire Books, n.d.), p. 17. Also see the excellent elaboration of these possibilities by the minarchist, Robert Nozick, pp. 297-374; and Spencer MacCallum, *The Art of Community* (Menlo Park, Cal.: Institute for Humane Studies, 1970).

(43) See above, Chapter III, Section 4. Also see Robert Nisbet, *The Quest for Community* (London: Oxford, 1953), and his *The Sociological Tradition* (New York: Basic Books, 1966), especially pp. 47-220.

(44) Jeffrey Paul, "Anarchism and Natural Rights" (Paper presented at the American Association for the Philosophic Study of Society, October 6, 1977), pp. 2-3. This issue is also raised in John Hospers's article "Will Rothbard's Free Market Justice Suffice? No," *Reason* (May 1973), p. 18.

(45) This, I think, is what Rothbard meant by his statement that "I see no reason whatever why anyone should worry about the consent of criminals to their just punishment." In "Will Rothbard's Free Market Justice Suffice? Yes," p. 25.

(46) Murray Rothbard, "Society Without a State" (Paper delivered before the American Society for Political and Legal Philosophy, Washington, D.C., December 28, 1974); reprinted in *Anarchism*, eds.: J. Roland Pennock and John Chapman (New York: New York University Press, 1978), pp. 191-207.

(47) William Wooldridge, *Uncle Sam the Monopoly*

Man (New Rochelle: Arlington House, 1970), p. 101.

(48) This, for example, is the charge made by Winston Bush. See his "Individual Welfare in Anarchy," **Explorations in the Theory of Anarchy** (Blacksburg, Va.: Center for the Study of Public Choice, 1972), pp. 5-18. Bush posits two "models of individual behavior": The Hobbesian and the Proudhonian. In the Hobbesian model, of course, man is egotistical and, in the absence of government, life is "nasty brutish and short." In contrast, he says, "the Proudhonian conception is based on the faith that, once freed from the constraints of social rules, individuals will develop their mutual talents and live in harmony one with another." Since Bush insists on imputing this straw-man model to anarchists, it is not really surprising that he finds anarchism unsatisfactory. Few, if any anarchists--including Proudhon--actually take this position. See, for example, the comment by the Tannehills, p. 73: "a man who refused to pay his debts is a poor business risk, and insurance companies would undoubtedly cooperate in keeping central files listing poor risks, just as credit associations do today. If his default were serious enough, no one would want to do business with him... In a free society, men would soon discover that honesty with others is a selfish, moral necessity!"

(49) Tannehill and Tannehill.

(50) Murray Rothbard, **For a New Liberty** (New York: Macmillan, 1973), pp. 245-46.

(51) This is found in nearly all individualist anarchist literature. But especially see Sneed, pp. 117-24.

(52) Tannehill and Tannehill, p. 75.

(53) Rothbard, "Society without a State."

(54) Tannehill and Tannehill, p. 66.

(55) Wooldridge, pp. 100-01.

(56) Rothbard, "Society without a State."

(57) Tannehill and Tannehill, p. 66.

(58) Rothbard, **Power and Market**, p. 4.

(59) Wheeler, p. 403.

(60) Tannehill and Tannehill, p. 78.

(61) Jarret Wollstein, "Society without Coercion," **Society Without Government** (New York: Arno Press and the New York Times, 1972), p. 2.

(62) Louis Rollins, "Symposium: Is Government Necessary? IV. Reply to C. J. Wheeler," **The Personalist** (Spring 1971), p. 403.

(63) Friedman, pp. 155-78. Also see Nozick, pp. 297-374, for the outline of a similar framework for autonomous communities. Despite the similarities,

Nozick is a natural rights advocate.

(64)See Nozick.

(65)Hospers, "Will Rothbard's Free Market Justice Suffice? No," p. 21.

(66)Lawrence Moss, "Optimal Jurisdictions and the Economic Theory of the State: Or, Anarchy and One-World Government are only Corner Solutions," *Public Choice* (October 1979), p. 21.

(67)Vincent Ostrom, "Neighborhood Organization and Urban Administration," *Neighborhood Concepts of Local Government*, eds.: Barbara Knight and Myra Mae McFarland (Fort Wayne: Government Reorganization Study Advisory Board, 1975), p. 15.

(68)George Berkley and Douglas Fox, *80,000 Governments* (Boston: Allyn and Bacon, 1978), pp. 25-26. The problem of the "Mafia" or "Gestapo Police Agency" was raised directly by Peter Crosby, pp. 379-85. L.T. Sargent raises the same question in his paper, "Nozick and the Libertarian Tradition," p. 11: I must admit to being constantly reminded of the Mafia when Nozick describes the protection associations." (Paper presented at the Midwest Political Science Convention, Chicago, April 29 to May 1, 1976) Much the same fear seems to be at the heart of David Kelly's "The Necessity of Government," *The Freeman* (April 1974), pp. 243-48.

(69)Rothbard, "Society Without a State."

(70)Tannehill and Tannehill, p. 81; Friedman, pp. 168-69; Rothbard, *New Liberty*, pp. 226-27.

(71)Friedman, p. 167.

(72)Tannehill and Tannehill, pp. 85-86.

(73)*Ibid.*, p. 115.

(74)Rothbard, *New Liberty*, pp. 246-47.

(75)See, for example, John A. Gardiner and David Olson, eds., *Theft of the City* (Bloomington: Indiana University Press, 1974); also see "Cops on Trial," *Time* (August 27, 1979), p. 21.

(76)Jeremiah Shallou, cited in Wooldridge, pp. 116-17.

(77)Wooldridge, p. 117.

(78)Nozick, pp. 110-13.

(79)Tannehill and Tannehill, p. 91; Friedman, pp. 170-71.

(80)Perkins and Perkins, p. 103.

(81)See Rothbard *Power and Market*, pp. 128-36.

(82)Randy Barnett, "Whither Anarchy? Has Robert Nozick Justified the State?", *The Libertarian Forum* (December 1975), p. 5.

(83)John Sanders, *The Ethical Argument Against Government* (Washington, D.C.: University Press of America, 1980), p. 155.

- (84)Ibid., pp. 155-56.
- (85)Ibid., pp. 157-58.
- (86)The paradigms are discussed in Gordon Tullock, "Does Punishment Deter Crime?", *The Public Interest* (Summer 1974), pp. 103-11; Marc Plattner, "The Rehabilitation of Punishment," *The Public Interest* (Summer 1976), pp. 104-14; John Hospers, "Some Problems about Punishment and the Retaliatory Use of Force, Parts I and II," *Reason* (November 1972 and January 1973), pp. 14-20 and 19-26, respectively; Alan Bent and Ralph Rossum, *Police, Criminal Justice and the Community* (New York: Harper and Row, 1976), pp. 143-88. Restitution is specifically discussed in Raffaele Garofalo, "Enforced Reparation as a Substitute for Imprisonment," *Considering the Victim*, eds.: Joe Hudson and Burt Galloway (Springfield, Ill.: Charles C. Thomas, 1975), pp. 43-56.
- (87)Randy Barnett, "Restitution: A New Paradigm of Criminal Justice," *Ethics* (July 1977), p. 292.
- (88)Ibid., pp. 296-98.
- (89)This is discussed by Charles King, "A Rationale for Punishment," *The Journal of Libertarian Studies* (Spring 1980), p. 159.
- (90)Tannehill and Tannehill, pp. 126-27.
- (91)Ibid. Also see Sneed's excellent outline, pp. 122-23.
- (92)See, for example, Roul Tunley, "Making Prisons Pay," *Reader's Digest* (June 1979), pp. 49-56; also see "Profile Sweden," in *Corrections Magazine* (June 1977), pp. 11-37, and especially pp. 22-25: "Inmates Work for Free Market Wages at Tillberga Prison." Also see Kathlene J. Smith, "A Cure for Crime," *Considering the Victim*, eds.: Joe Hudson and Burt Galloway (Springfield, Ill.: Charles C. Thomas, 1975), pp. 340-50; and Gilbert Cantor, "An End to Crime and Punishment," *The Shingle* (May 1976), pp. 99-114.
- (93)Murray Rothbard, "War, Peace and the State," *Egalitarianism As a Revolt Against Nature, and Other Essays* (Washington, D.C.: Libertarian Review Press, 1974), pp. 71-72.
- (94)Ibid., p. 75; and Tannehill and Tannehill, pp. 126-27.
- (95)Rothbard, "War, Peace and the State," p. 79; and Tannehill and Tannehill, p. 127.
- (96)Wollstein, pp. 24-27.
- (97)See Friedman, p. 192.
- (98)Tannehill and Tannehill, p. 128.
- (99)Friedman, p. 128.
- (100)in *ibid.*, pp. 191-92.
- (101)Tannehill and Tannehill, p. 132-133.

(102) Rothbard, "War, Peace and the State," p. 73.

(103) Gene Sharp, "National Defense without Armaments," *Peace and War*, eds.: Charles Beitz and Theodore Herman (San Francisco: W. H. Freeman and Co., 1973), p. 352.

(104) Gene Sharp, quoted in *American Friends Service Committee, In Place of War* (New York: Grossman, 1967), p. 44.

(105) Etienne de La Boetie, *The Politics of Obedience* (New York: Free Life Editions, 1975); William Godwin, *An Enquiry Concerning Political Justice* (Middlesex, England: Penguin Books, 1976), especially pp. 255-66; Benjamin Tucker, *Individual Liberty* (Millwood, NY: Kraus Reprint, 1973), pp. 76-81; and Leo Tolstoy, *On Civil Disobedience and Non-Violence* (New York: Signet, 1968).

(106) Sharp, p. 352; also see Gene Sharp, *Exploring Nonviolent Alternatives* (Boston: Porter-Sargent, 1971), p. 64. The literature on nonviolent tactics is quite extensive. In addition to those works already cited see Mulford Sibley, ed., *The Quiet Battle* (Boston: Beacon Press, 1963); Mahandas Gandhi, *Nonviolent Resistance* (New York: Schocken Books, 1974); and William Miller, *Nonviolence* (New York: Schocken Books, 1966).

(107) Sharp, "National Defense Without Armaments," pp. 354-55.

(108) See the excellent article by Andrew Mack, "How Big Nations Lose Small Wars: The Politics of Asymmetric Conflict," *World Politics* (January 1975), pp. 175-200.

(109) In *ibid.*, p. 185. On guerrilla tactics see especially Mao Tse-tung, *Basic Tactics* (New York: Frederick Praeger, 1967), Ernesto Guevara, *Che Guevara on Guerilla Warfare* (New York, 1961); and Charles Thayer, *Guerilla* (New York: Harper and Row, 1963).

(110) Gandhi; and Sharp, *Nonviolent Alternatives*, pp. 57-61. Also see Jessie Wallace Hagan and Cecil Hirshaw, "Toward a Non-Violent National Defense," *The Quiet Battle*, ed. Mulford Sibley (Boston: Beacon Press, 1963), pp. 316-56.

(111) See Nisbet, *Twilight of Authority* (New York: Oxford, 1975), pp. 155-56.

(112) Martha Byrd, "The Home Front -- World War II," *American History Illustrated* (July 1979), pp. 11-14.

Conclusion

The major tenets of individualist anarchism, both its critique of the state and its alternative to government, have been examined.

The anarchist believes that the origin of the state lies in violence and conquest and its essence remains unchanged to this day. The state is the institutionalization of the political means, and is used by the political elite for purposes of exploitation. If this is so, then the classical liberal idea of a "neutral" state is an impossibility for, if the nature of the state is exploitation, reform cannot suffice. The only alternative to exploitation is anarchism.

The individualist anarchist paradigm has been presented in some depth. Each particular aspect of it was evaluated in the course of its presentation. It is now time to determine the overall strengths of this doctrine by ascertaining how well it is able to deal with the seven arguments for government presented in Chapter V. These arguments can be divided into three categories: [1] the argument from indispensability; [2] the argument from desirability; and [3] the argument from moral justification.

1. THE ARGUMENT FROM INDISPENSABILITY

a. The "necessity" argument.

At an absolute minimum no social system is conceivable without some mechanism for setting priorities, making social decisions, and preserving order. The belief that only the government can do these things is the Hobbesian "necessity" argument. The anarchist reply is that the market is capable of setting priorities, and that order could be preserved via the common law, rather than governmentally legislated law, and enforced by means of police and court companies. Thus, the government is not, as Hobbes believed, necessary for order; the market can be the functional equivalent in this area.

While perhaps surprising, the individualist anarchist has made an extremely strong case. I believe that he has successfully demonstrated that government is not absolutely necessary for order. This is not to say, however, that anarchism is feasible, much less

desirable. Order is a necessary element in any social system; it is not the only element.

b. The "common good" and "modern utilitarian" arguments.

Not just an attractive society but society itself is probably impossible in the absence of the provision of such goods and services as pollution control, road construction and maintenance, garbage collection, education, national defense and the like. Both the "common good" and "utilitarian" arguments boil down to the proposition that government is essential for the (effective) provision of these goods and services. The "common good" proponent justifies government action in these areas in terms of morality, argues that citizens have an obligation to follow these state policies, and sees the provision of these goods and services as either all or part of the "common good." The "utilitarian" on the other hand justifies such state action in terms of its necessity or practicality, argues that the restrictions on individual behavior are to the long run benefit of all citizens, and that it is therefore rational for the state to provide these services, which he terms "collective goods."

There are, as we noted in Chapter VII, two methods to coordinate actions and policies in society: conscious coordination, which usually entails the state, and spontaneous coordination, which generally implies the market. The "common good" advocate tends either to be ignorant of, or to discount, the function of the market as a coordinating agent and therefore sees no alternative to the state. While relying heavily on the market for most things, the "modern utilitarian" does not believe that it can function effectively in the area of "collective goods" and "externalities" and concludes that the state is necessary to supply these types of goods and to coordinate policy in this area. The anarchist has argued that there are no -- or few -- goods that are inherently collective. Rather, the existence of collective goods today is a consequence of the failure, or even refusal, of the legal system to permit the extension of property rights into these areas. Given the proper (common law) legal system, such goods as air space and water could be broken down into marginal units, thereby permitting the market to operate effectively in this realm as well. If correct, the market could be the functional equivalent of the state. This would mean that the state would not,

strictly speaking, be necessary, for the spontaneous coordination of the market would exist as a possible alternative to the conscious coordination by the state.

Whether or not one finds the anarchist argument persuasive depends on one's views regarding two things: [1] the capabilities of the market as a coordinating agent, and [2] the nature of collective goods. If one believes, as do many socialists, that far from being a coordinating agent, the market is "anarchic" or chaotic, the anarchist argument will not be persuasive. Similarly, if one believes that certain goods are "inherently collective," rather than simply "legally collective," then the anarchist argument will likewise not be convincing.

I have been impressed, however, by the anarchist argument on both counts, and believe that they have made a cogent case for the market or, as in the case of national defense, voluntary, non-market institutions, as complete substitutes for the state. And this means that if they have successfully dealt with the "necessity," "common good," and "utilitarian" arguments for the state, then it must be acknowledged that individualist anarchism is a feasible method of social organization. Whether it would be desirable is a separate question and one to which we now turn.

2. THE ARGUMENT FROM DESIRABILITY

c. The "convenience" argument.

Even if government is not indispensable, aren't the advantages of government vis a vis anarchy such as to make the government clearly a desirable institution? This, of course, is the position of John Locke. While a non-monopolistic, state-of-nature system may be conceivable, the residual uncertainty of the non-monopolistic provision of such services as law-making, law-execution, and law-adjudication make such a society manifestly undesirable. Thus, these services, thought Locke, are best provided monopolistically, and this means by a state.

The individualist anarchist replies to this popular argument by contending that far from rendering law certain, legislation, with its ever-present possibility of legal change, actually generates uncertainty. It is only with the common law, he continues, that law cannot be altered and therefore a true "rule of law" is possi-

ble. Similarly, far from eliminating the possibility of an abuse of force, a monopoly, which by definition is without external checks, is far more likely to engage in those very abuses feared by Locke than would a police or court agency. It is only the latter who face the ever-present possibility of dissatisfied customers taking their business elsewhere.

While the anarchist paradigm appears to be feasible, its desirability is difficult to assess. Much depends on such things as one's personal values, one's view of human nature, and the like. For example, if one has an optimistic view of human nature and is not impressed by the Actonian aphorism that "power tends to corrupt," he will not fear concentrations of power. Rather, he would tend to look at the good things that ostensibly can be done with it, such as eliminating or reducing poverty, reducing racial tensions, etc. On the other hand, if one takes a pessimistic view of man's nature he will focus on the evil that can be inflicted with such power. Consequently, the former would be prone to see anarchism as undesirable, even if feasible; the latter would be likely to react more favorably to the anarchist position: government is the principal threat and ought to be kept as small as possible. However, whether he would travel the entire route to anarchism is difficult to say. This would depend on one's answers to many other questions: does government have an inherent propensity to expand?; can internal checks be effective in keeping government accountable?; would the benefits of legislated law, e.g., rapid change, outweigh its problems, e.g., legal uncertainty? Not only the answers one would give to these and other questions but the weights one would assign to the questions themselves would be relevant in determining how he viewed the desirability of anarchism.

d. The "liberation" argument.

Related to the "convenience" argument is the "liberation" argument of T. H. Green and the proponents of the modern welfare state. Green maintained that a vigorous state can actually expand individual freedom by eliminating certain obstacles to it which inhere in any laissez faire society, anarchist or minarchist. If property rights and the market were subjected to various limitations by the state such perennial maladies as poverty, disease, and ignorance could be overcome. The "cycle of poverty" could be broken if the state could use some of its tax money to provide universal

"free" education for children; much disease could be eliminated if the state would do such things as restrict the "freedom of contract" in order to limit the number of hours per week laborers could work, or establish safety and health standards in the workshop. Since the power of the state can be used for such noble ends, Green and his philosophical successors believe that the state ought to so act. There are two crucial assumptions in this position: [1] that in the absence of state action such problems as poverty and disease could not be ameliorated or eliminated, and [2] that they can be successfully dealt with through state action.

The individualist anarchist, as we have seen, denies both assumptions. Not only does he believe that such problems can be solved in a laissez faire society, he also maintains that state action is likely to compound and perpetuate them.

Briefly, the anarchist maintains that government economic intervention not only usually occurs for the benefit of the "vested interests" but that even when designed to help the poor it is self-defeating. Regardless of intentions, such programs as minimum wages eliminate jobs for the very group, viz., the poor, they were designed to help, while other programs such as tariffs, subsidies, and the like, tend to protect the positions of the wealthy and politically powerful at the expense of the poor. Further, a laissez faire society, relieved of the debilitating effects of government regulations, would be extremely productive. This, argues the anarchist, would have two significant consequences: [1] it would reduce involuntary poverty to those incapable of working, and [2] since, regardless of the economic system, such people can be cared for only with surplus production, the great productivity of a laissez faire system would generate more than sufficient means to provide for these people.

It must be pointed out, however, that in the absence of government intervention there is no guarantee that any of this surplus will be channeled into the care of the poor. But then it should also be pointed out that charities currently collect billions of dollars each year, and there is no reason to believe that this figure would be lower in a taxless society. In fact, laissez fairists usually argue that with the cognition that the handicapped would receive no aid from the state, coupled with the increasing standard of

living, donations to charities, churches, etc., would actually increase. Whether this would be the case, and whether it would be enough to afford adequate care for all of the disabled and handicapped, are serious questions but ones that cannot be answered with a great degree of certainty.

Whether one finds the "laissez faire" or the "liberation" argument the more convincing depends on one's answers to the previous two questions. This creates four possibilities:

1. the market can't solve such problems but the state can;
2. the market can solve such problems but the state can't;
3. neither the market nor the state can solve such problems; and
4. both the market and the state can solve such problems.

Clearly, if one subscribes to possibility [1] he will be likely to find the "liberation" or "welfare" argument convincing. Just as clearly, one adhering to possibility [2] will be likely to find the "laissez faire" argument convincing. The two interesting possibilities are [3] and [4]. If neither or both the market and the state can solve these problems then one would have to make his decision on other grounds. For example, if one believes that greed ought not to be encouraged and that this is what the market does, then he might still advocate state regulation of market activities. But if one fears the concentration of political power then he would be likely to endorse the laissez faire position.

e. The "equality" argument.

One final argument regarding the desirability of government is the "economic justice" position of John Rawls. Subscribing to a "patterned" theory of justice, Rawls argues that the social distribution of wealth is just only when the range of inequalities is held within strict limits. Since economic freedom would permit individuals to rise above and fall below the permissible limits, the pattern of economic distribution would be immediately and continuously upset without intervention by the state.

Moreover, if justice demands economic equality,

and if economic freedom produces inequality, then the state, which is an indispensable agent for the attainment of equality, is not merely a desirable institution, it is also a moral imperative.

Clearly, if one subscribes to the patterned theory of justice, i.e., if one views economic equality as a moral good, then the anarchist position in particular, and the laissez faire position in general, will be rejected. On the other hand, if one is a Hayekian and sees the entire concept of "social justice" as a "mirage," or if one is Nozickian and subscribes to the "process theory of justice," he would not be concerned with the overall distribution of wealth in society. Consequently, while not necessarily supporting anarchism, such an individual would not see the "economic equality" argument as demonstrating either the desirability or the morality of government.

3. THE ARGUMENT FROM JUSTIFICATION

f. The "natural rights" argument.

There are, of course, numerous arguments purporting to demonstrate the moral justification for government. The Rawlsian argument, as we have seen, is one; the "common good" argument is another. But the position of the natural rights anarchist hinges on the proposition that, given his moral principles, government is, *ipso facto*, morally unjustifiable. Much of the force of his argument would therefore be undermined if it can be shown that, based on his own principles, government can be justified. Although Herbert Spencer was quite critical of government one can find in his writings the argument that, so long as government does not violate "natural rights," it is a morally just institution. This, of course, is true by definition. The problem is that no actual state has ever met Spencer's criteria, and it is difficult to see how they can ever be met. As we have seen in discussing the anarchist-minarchist debate in earlier chapters, Spencer's "natural rights" position would require the state to permit others to compete with it in the provision of police and court services. But this would mean that it would no longer be a state in the generally accepted sense of the term.

It can be concluded that, given the "natural rights" position of the anarchists, government cannot be a morally justifiable institution.

Given our brief overview of seven popular arguments for government and the anarchist replies, we are left with the following conclusions: [1] individualist anarchism is a feasible method of social organization and therefore government is not indispensable; [2] depending on one's personal values, individualist anarchism may or may not be a desirable method of social organization; and [3] given the radical natural-rights position of most individualist anarchists, government can never be a morally justifiable institution.

History shows that freedom is a fragile and fleeting possession. It also shows that governments expand. It is not likely that the two are unrelated.

It was only in the twentieth century that the state emerged fully supreme, possessing the complete panoply of modern technology and unfettered by economic, religious or social restrictions. The results are clear for all to see: two world wars and that moral monstrosity, the totalitarian state. But the United States suffered neither the awesome destruction of world war nor the spiritual destitution of totalitarianism. The United States, Americans were fond of telling themselves, was unique. This was the "land of the free," and government was "of, by and for the people." There was no need to worry.

Yet, by any index -- taxes, expenditures, the size of the bureaucracy, the scope of activities, the number of departments -- government in the United States has also expanded, and that expansion has been dramatic and has gained momentum with the passage of time. Perhaps what we enjoyed was not a dispensation but a mere stay of execution. People are beginning to feel the pinch. Wherever one goes today people speak of bloated government. There are too many taxes, too many laws, too much regulation, too much waste, and just plain too much government. Not only does government restrict individual liberty but, with inflation, recession, government corruption and the ever-present threat of nuclear annihilation, we are beginning to realize that neither can it provide security and prosperity. Along with this realization comes a search for alternatives.

The individual anarchist has advanced a number of radical and quite exciting proposals which, he believes, would point the way to a free and prosperous society. It is an alternative that deserves serious consideration.

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