

A Critique of Anarcho-Capitalism: Examining the Public Good and the Legitimacy of the State

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What makes the state legitimate? Is the state justified on the grounds that it provides public goods? Do goods provided by the state outweigh restrictions placed on individual liberties?

If the state is characterized as at best a necessary evil, then we must justify its existence by demonstrating that we do indeed need it. The state will inevitably infringe upon our freedom to do as we will, so in order for us to feel that such infringements upon our liberty are legitimate, we must accept that the state has some legitimacy. If the state could be seen as a provider of some good (that would not otherwise be provided in the absence of the state), then perhaps this would render the state and its liberty infringements legitimate.

Do we need it to maintain peace and order, or to protect our society from foreign terrorists? Is it necessary to protect the environment or to maintain the necessary conditions for the market to function? These needs are satisfied as public goods, because they are not consumed by individuals. They are consumed by the public. The free exchange of goods in the market can efficiently distribute private goods because private goods such as a pizza are consumed by private individuals. However, a public good is consumed publicly. According to Michael Taylor, "A good is said to be public if it is characterized by some degree of indivisibility or 'jointness' of supply, that is, if consumption of any unit of the good by any member of the public in question does not prevent any other member of the public from consum-

ing the same unit, or if, equivalently, any unit of the good, once produced, can be made to every member of the public.”¹ Social order, defense, clean environment, and market regulations benefit everyone, while a slice of pizza (a private good) benefits only the one individual who consumes it. While the state is certainly not necessary for the production and consumption of pizza, perhaps it is necessary for the production and consumption of public goods.

Political philosophers argue over the role of the state, the source of its justification, and whether or not it has any justification at all. Anarchists (both communitarian and capitalist) argue that the state is not justified in order to provide public goods. In this essay we will see that the preservation of the environment is a public good which the anarcho-capitalists are not able to provide. I will also examine the anarcho-capitalist plan to maintain social order with some comparisons to the ideas of communitarian anarchism. I will take the arguments of Michael Taylor as representative of communitarian anarchism, and those of David Friedman, Jan Narveson and Murray Rothbard as representative of anarcho-capitalism.

For the anarchist critique of the state to carry full force, the anarchists must present a reasonably attractive alternative means of providing public goods. This means that the communitarian anarchist must avoid advocating a homogenous society that is dominated by the sort of pressures towards social conformity which would threaten autonomy at least as much as the authority of the state, and simultaneously they must avoid presenting nothing more than a utopian dream world. The anarcho-capitalists must avoid advocating a society which destroys the environment and is torn apart by economic inequality. Faith in either mutual aid or the market is necessary for anarchists, but it is not sufficiently convincing to those that do not share the faith.

Anarchism is motivated by a belief that individuals are rational and fully capable of ordering their lives in a peaceful and productive manner without the intrusive force of the state. For many the state is a necessary evil, but for anarchists it is an unnecessary evil. The state is seen as evil because it interferes with the rational autonomy of individuals. The state embodies a supreme authority which imposes itself on individuals and prevents them from exercising their fully rational autonomy. An individual has autonomy when he or she

is able to arrive independently at moral judgments, or utility expectation calculations, and able to act freely based on these judgments. Anarchism advocates individual exercise of reason and moral judgment at all times (of course it is not easy to determine when an individual such as a child or a person with mental handicaps fails to fit into this scheme, nor is there any way of knowing who could possibly have the authority to say who is and who is not fully rational). Anarchists believe that individuals ought to be free to exercise their own moral judgments, and that it is possible for a whole society of individuals to live together peacefully without the supreme authority of the state imposing its judgments.

Anarcho-capitalists envision a society in which public goods are made private, or at least that publicly funded goods are made private. The transition from our present society to an anarcho-capitalist society would involve trying to make public goods private. In order for a public good to become a private good the benefits from consumption of a good or service must fall only upon those that pay. For example, if protection of person and property from foreign terrorists is provided only for the people that pay for this service, then this security becomes more of a private good. However, security is rarely a private good, since there are generally residual benefits to those that did not pay for the service but benefit from having violent deviants rounded up and removed from society.

I believe that security is a public good which would require some elaborate and, perhaps, irrational schemes in order to make it into a private good with no residual benefits. For example, if first-class travelers paid for armed security personnel to staff the first class section of a plane during flights, there would be residual benefits to those in economy class that did not pay for this security. The absence of hijackers in the front of the plane is a benefit that those in the rear of the plane cannot help but enjoy. The passengers in first-class were protected because they paid for the protection and the remaining passengers were able to ride with security for free. The only way to prevent such free-riding would be to position the passengers with security in one section of the plane so that in the event that hijackers took over the plane the passengers with security could jettison, hijacker free, from the rest of the plane in an escape pod. This is an absolutely absurd arrangement, and it illustrates the absurd lengths that supporters of market principles

might go to in order to avoid recognizing public goods.

Anarchists are motivated by a desire for autonomy, but autonomy alone does not provide a good life. A hermit has autonomy, but few of us choose to be hermits. In order for anarchism to be an appealing theory it must show that the goods which we enjoy today will also exist in an anarchist society. One such good is the environment. I believe that the environment is a public good, but the anarcho-capitalists disagree. The anarcho-capitalists argue that the only public goods are the market and social order. They also believe that the market is self-ordering so that only the public good of social order needs to be provided. According to Jan Narveson,

“The libertarian [anarcho-capitalist] will properly insist we need only the market, with its public good of peace, which makes possible the further but private goods in which prosperity and, in general, individual flourishing consists. The idea that there are lots and lots of strictly public goods in which prosperity consists is a Leftist illusion, not a demonstrable fact.”²

My task here is an attempt to interpret the environment as strictly a public good.

It would be foolish to deny that the environment is a good, but it can be viewed as a good in different ways. The anarcho-capitalists conceive of the environment as a private good. The environment is seen as consisting of divisible resources that can be consumed by some individuals while excluding other individuals from the consumption of these resources. It would be easy to argue that the environment can be a private good if we identified the term environment with the objects (oil, coal, iron, etc...) that are in the environment. But if environment refers to the soil, air, and water in which we find these objects, and which can be consumed over and over again, then perhaps the environment is not a private good. For example, it seems to me that clean air is indivisible, and that your breathing clean air does not prevent me from breathing clean air. It would be absurd to claim private ownership of the air and try to sell it to customers. The absence of toxic chemicals in the air or water is a benefit that we can all enjoy, and which nobody can be prevented from enjoying. If we understand the environment as the soil in which all of the world's vegetation grows, the air which we breathe, and the

water that cycles through the hydrosphere, then the environment is a good to the extent that it is free from pollution. The absence of pollution is a good, and I believe it is a public good.

The anarcho-capitalists do not deny that the absence of pollution is a good, but they do seek to prevent pollution through private means. Anarcho-capitalists believe that the absence of pollution is a good thing for each private individual that enjoys the absence of toxic chemicals in the air or water. Thus the state is not necessary for anarcho-capitalists to prevent pollution. The anarcho-capitalists believe that private property and the free market are the solution to pollution problems. They see the environment as divisible and therefore believe that the environment should be divided up into pieces of private property. According to David Friedman, "The pollution problem exists because certain things, such as the air or the ocean, are not property."³ The anarcho-capitalists argue that extending property ownership and property rights will reduce pollution problems. They believe that if individuals are given economic incentives to protect the environment, there will be a better management of the environment. Since the government does not profit from its "ownership" of the air and water in its territory, it does not have any incentive to properly manage them.

According to Murray Rothbard, "Government officials have no economic incentive to preserve the purity and value of the rivers."⁴ But of course, government officials do have "economic incentives" in the form of a desire to be re-elected and maintain their salaried position. If the political incentives to protect the environment are greater than the political incentives to allow the pollution, then governments will have an economic incentive to protect the environment. Furthermore, it would be a mistake to assume that the only possible reason for acting to preserve and protect the environment could be economic incentives. Human beings may be rationally motivated to act on incentives which are not at all economic. The fact that governments have failed to prevent pollution is not in itself justification for making all of the environment private property. Perhaps the solution is to replace incompetent government with competent government. It is certainly true that governments have failed to prevent massive destruction of the environment and it also seems as though governments have contributed to its destruction. However, privately owned corporations have also contributed so; neither

state nor private property has a positive historical record of protecting the environment.

Anarcho-capitalists propose that the environment could be protected by private ownership of forests, lakes, rivers etc. It is assumed that those who own rivers will have a rational self-interest in keeping them clean so that the property retains value. However, the economic value of the property may not come from preventing pollution. It may come from consumption. Capitalist ownership of property is not motivated by a desire to hold on to value, but rather it is motivated by a desire for profit. The value of the property is a merely static holding. The daily living standards of the individual capitalist are paid for through profit, and profit comes from production and consumption. The person who owns the Fraser River would not be satisfied with simply owning a clean and valuable river. The river needs to produce value in order to be profitable. The river would be more valuable if used to produce hydro-electricity, for transportation, salmon harvesting etc. When the person owning a neighboring river sees how the Fraser River is being exploited, then this other river will likely be further exploited in order to compete with the owner of the Fraser River. This competition will not lead to a struggle in which river owners seek to have the cleanest river, but rather lead to a struggle in which each attempted to use and abuse the river towards the greatest payoff. The profit would likely be greater if the river was used to transport toxic and radioactive waste from a nuclear power plant into the ocean than it would be for producing some pleasant natural scenery.

If the people living near the river expect a greater utility from a clean river than they would from a radioactive river, then they may be charged by the river owner to ensure its continued cleanliness. The anarcho-capitalists argue that if a clean environment is a good thing, it is a good thing for some particular individuals. These individuals that wish to see the environment protected may be charged a fee to ensure that it is in the interest of the property owner to meet certain environmental standards. However, the owner of the nuclear power plant may have more money than the people that live next to the river. The nuclear power plant owner may outbid the residents and the river owner would be motivated to allow the radioactive waste to be dumped into the river. Even if the residents have the money and want to outbid the

owner of the nuclear power plant they would be at a considerable disadvantage given the possibility of free riders in the neighborhood. It would be difficult to prevent free riders from enjoying the absence of radioactive materials. A person may enjoy living cancer free, but he may also claim to be indifferent and refuse to pay the river owners fee. If the river owner obliged everyone to pay the fee, then this would be a tax which may require some individuals to be forced to pay. There is no point in abolishing the state and then coercing individuals to pay fees to corporations. The need to preserve individual autonomy means that the anarchist society must find a way to deal with free-riders without resorting to coercion.

Friedman argues that in the anarcho-capitalist arrangement pollution would occur only when the polluter pays for the damage. The result is that we have financially beneficial pollution. When the costs of polluting are higher than the benefit then it does not pay to pollute and the pollution does not occur. When it is profitable to pollute, then the pollution will occur. The pollution that violates property rights, including an individual's right to good health, is weighed against the economic benefits that the pollution provides (greater productivity etc.) The harm that is done to individual property rights must be compensated. This satisfies Friedman because he believes that "The proper objective for controlling pollution is to make sure that it occurs if and only if, the damage it does is less than the cost of avoiding it." This looks like question begging. We all accept that in a modern society some pollution is inevitable, but why should we accept that the criteria for tolerating pollution are strictly economic gain? Perhaps we should set environmental standards according to what will produce a healthy human population. Perhaps we should be trying to maintain biodiversity or an ecological balance for future generations. Why would anyone feel obliged to maintain environmental standards according to what yields the greatest profits?

The anarcho-capitalists also contend that extending private property rights would provide an incentive for developing alternative technologies that would reduce pollution. If industry must compensate victims of its pollution, then it will seek means of producing goods with less pollution in order to reduce its compensation costs. The production of electric cars might be more profitable if it were possible to sue automobile manufacturers for producing machines that fill the air with pollution. Internal combustion

automobiles could end up facing lawsuits similar to the ones that tobacco companies have already faced. However, the result of the law suits against the tobacco companies was not a change of cigarettes to clean harmless cigarettes. It seems very likely that the automobile manufacturers would be forced to pay out compensation, but a switch away from the internal combustion engine might be more costly than it would be to pay out compensations. The result of this arrangement would be more expensive cars with the same amount of pollution. Automobile manufacturers could pay compensation to pollution victims and simply absorb the costs by charging more for the cars.

I think that extending private property rights might provide some incentive for developing alternative technologies to reduce pollution, but governments can also provide incentives for developing technologies for reducing pollution. Governments can add pollution taxes to automobiles that have an internal combustion engine which would make electrical cars more attractive. Governments punish industries that pollute beyond established standards, and reward industries that reduce their pollution. In the anarcho-capitalist arrangement the corporation can choose between polluting and paying compensation, or developing alternative technologies. The problem is that the motivation is strictly based on the principle of “what will produce the greatest profit?” The result might be a drastic increase in pollution and an increase in the costs of some consumer goods. For most people this would not be a better arrangement.

The anarcho-capitalists use a definition of pollution which is skewed in favor of their solution. Pollution is thought of by them as the transfer of harmful matter or energy to the person or property of another, without the latter’s consent. This leads to their solution: that “The libertarian (anarcho-capitalist)—and the only complete—solution to the problem of air pollution is to use the courts and the legal structure to combat and prevent such invasions.”⁵ The problem with the anarcho-capitalist definition is that pollution and the environment do not exist as stable self-contained units. The idea that the environment can be owned in self-contained pieces of property is a misunderstanding of what exactly is meant by the term “environment.” The environment is a public good, because it cannot be divided up into separate

units. A river owner may decide to pollute his river, but his river will empty into someone else's ocean. Ocean currents will spread the pollution and mix it with other pollution moving it from one ocean to another. The pollution will be carried through evaporation into the clouds and it will fall as rain on other people's property. The anarcho-capitalists propose that property owners could sue polluters, but how will anyone know who to sue? If acid rain falls into my lake, how will I know who made the pollution and therefore who I should sue?

It would be very difficult to sue a polluting corporation given Rothbard's definition. He states that the liable party is the individual responsible for the transfer of the harmful matter or energy. However, it would often be the wind or the rain that was responsible for the transfer of the pollution. If Rothbard wants us to take his scheme seriously, he should at least define the liable party as those who produce the harmful matter or energy. If I drink water that contains toxic chemicals produced by a factory far away, it would be difficult for me to show that the factory owner transferred the toxins into my property. However, even with the understanding of pollution as the production of harmful matter or energy, there would still be problems with this scheme.

Nobody can be excluded from the benefits of clean air and it is impossible to trace the source of the polluted air that causes harm. Friedman argues that people who are harmed by air pollution should be able to sue for damages. I doubt that this would work. If I get cancer from breathing in chemicals through the air, who am I going to sue? How can I prove which factory or power plant was responsible? I may get cancer from a combination of small doses of pollution from several different sources scattered far away from me, and I would likely have no idea who was responsible. I expect that in this anarcho-capitalist arrangement corporations would be doing their best to hide the truth of their pollution from the public; tobacco companies were able to conceal the harm they were causing for a long time. It would seem rational for polluters to conceal and deny their acts of pollution. It would be very costly and difficult for an individual to sue a major industrial corporation that has polluted the air or water. If there are numerous competing companies making and selling all sorts of products which harm the environment, then there would be an endless line of people seeking

compensation. Perhaps the anarcho-capitalist plan for the environment would stifle all industries and businesses with the exception of the arbitration business.

The anarcho-capitalist faith in the sustainability of industry in such an arrangement is probably due to a very limited conception of responsibility. For example, it may be possible for cigarette companies to make a profit after paying out damages to governments providing health care but if damages were also awarded to all of the individual smokers and the second-hand smokers, then the costs would likely make profit impossible. Similarly, industry may be able to produce steel profitably by burning coal and paying compensation to the small number of people living near the factory who suffer directly from the pollution, but what about all the people living miles away who suffer from acid rain? There may be millions of victims of acid rain. What about the people suffer from global warming? If industry is held accountable for all of the damages directly or indirectly that it causes, then industry as a whole might be unprofitable.

The anarcho-capitalist solution to pollution involves using the courts to enforce property rights. "The remedy is simply for the courts to return to their function of defending person and property rights against invasion..."⁶ Perhaps this is not the most appropriate solution because of the misplacement of priorities. In this arrangement corporations are free to run their business in a way which threatens the life of individuals as long as they are prepared to compensate their victims. This would resemble the situation we have now when automobile manufacturers tolerate, as an acceptable risk, design flaws which might result in fatalities when the cost of recalling and repairing the cars would be more costly than paying out damages. Should our standards of safety be set strictly according to principles of corporate profit? It maybe a rational arrangement for the automobile manufacturer, but it is not necessarily the most desirable arrangement for the victim. Most people would rather not die as a result of some toxic chemical spill in the local water, even if their family receives compensation.

Perhaps financial compensation through law suits is a rational arrangement, but this arrangement does not require the abolition of government and the extension of private property to cover the whole environment.

There does not seem to be any rational necessity for governments to stand in the way of individuals suing corporations for polluting. If it is possible to win lawsuits against cigarette manufacturing companies, then perhaps it would be possible to successfully sue other companies that produce toxic chemicals that poison people. The existence of governments did not prevent the tobacco companies from being sued. In fact, many governments have sued tobacco companies in order to compensate for health care expenses. Completely changing the political arrangement into an anarcho-capitalist society seems to be totally unnecessary in order to use the courts for anti-pollution purposes.

How does arbitration occur in an anarcho-capitalist society? The anarcho-capitalist system would depend largely on private arbitration (in conjunction with private security) and this private justice would be very costly for the poor. This sort of private arbitration might favor those with more money over those with less money. In our present legal system it is clear that the rich can afford more justice than the poor. If there was no socially funded minimum legal representation for the poor, then the arbitration system would be even more unjust than it is now. Rothbard advocated settling disputes through a privately owned arbitration corporation. But this might result in a system in which “justice” was for sale. Arbitration corporations may find it more profitable to rule in favor of the claimant with the most money. Rothbard does not believe that this will happen because the arbitration corporation would be dependent on establishing a good reputation so that it would be able to attract the maximum number of clients. The capitalist argument is that profit comes from many sales, not from one or two big sales. Many sales come from a good reputation. A good reputation comes from good service.

The idea that corporations would be held accountable by their reputation in the market ignores the ability of corporations to manage public opinion. The only system of “checks and balances” that could limit corporate power in an anarcho-capitalist society would be the force of consumer’s opinions concerning the ability of corporations to provide good service. However, competition in the market place does not involve a struggle to provide the best product for the lowest cost. It is more of a struggle to create the belief or appearance that one’s product is the best quality for the lowest price. For example, it is often more profitable for a corporation to spend

money on marketing shoes through purchasing the endorsements of athletes than it is to make a better shoe at a lower cost. Competition need not involve making better shoes. It might simply be a competition to see who can better influence public perception of a company or a product. This means that a private arbitration or security company may use its resources to influence public opinion rather than to provide better service. A large corporation may be able to shield itself from market accountability by owning sufficient media. With sufficient media exposure a corrupt private arbitration or security company could dominate public discourse and successfully conceal its flaws. Rothbard argued that competition amongst security companies would insure efficiency, low price, and high quality. But there is no reason to assume that competition will always insure efficiency, low price, and high quality. Competition may only provide the *appearance* of efficiency, low prices, and high quality.

Everything depends on the competition in the market keeping companies honest. The need to maintain a good reputation is considered the foundation of preserving one's customers and therefore the foundation of profit. Perhaps in a small community individual actors in the market could be held accountable. However, free market capitalism cannot contain the growth of corporations. Even if the anarchist society began as a small community, if the market is free, then there will always be a tendency towards growth and the impersonal relations of mass society. As corporations get larger and the number of their customers stretches into the millions, they are less likely to sympathize with any individual's concerns. In our present slightly free-market society, we find many occasions when a private company does not seem to be catering to the every whim of its customers. In many cases the failure of corporations to address the concerns of consumers adequately has prompted government intervention. Without a government, would corporations keep a watchful eye on each other or would they act as egoists concerned only with their own bottom line? Incompetent, intolerant, and insensitive corporations are common even in highly competitive sectors of the economy. If the absence of government regulations resulted in increased trends towards monopolization, then accountability in the market would be further reduced.

There are essential services, such as emergency rescue or emergency health care which should be provided for all. The profit motive might not be the best way of ensuring that everyone receives essential services. It would be unfortunate if individuals suffered because in an emergency situation a security company refused to help those who had not paid. There are also practical difficulties with depending on the reputation of a corporation responding in an emergency. For example, I buy fire protection from fire protection agency X. When my house is on fire there are plenty of workers from fire protection agency Y available, but none from fire protection X. Fire protection Y does not help, because I did not pay them. This presents a problem. It is not sufficient to say that fire protection X failed to provide adequate service and I should switch to fire protection Y. I have lost my house. I cannot afford to lose a house in each emergency while market competition determines the best quality provider of fire protection. In the event of an earthquake would the private rescue companies help only those who had paid? Would the private rescue corporation that I paid for provide the best possible service? We cannot afford to live through several earthquakes making notes of how each private rescue corporation operates. Purchasing a pizza involves the risk that I will not choose the best pizza provider and I will end up with an inferior pizza. However, I can make a note of the poor quality of pizza at a substandard pizza parlor and go some where else next time. When purchasing an essential service I do not want to experiment with the free market to find the best service.

The anarcho-capitalists believe that the desire of corporations to maintain a good reputation is sufficient to ensure that adequate services will be provided in emergency situations, even to those that did not pay. According to Rothbard “private companies would cultivate goodwill by making it a policy to give free aid to victims in emergency situations and perhaps ask the rescued victim for a voluntary donation afterward.”⁷ This sounds even more optimistic than the communitarian anarchist’s faith in mutual aid. At least the communitarian anarchists argue that the people of a community share some sort of altruistic bond that would explain why they would act together for a common good. Rothbard’s claim that in emergency situations private security companies would help victims regardless of who purchased protection runs against the anarcho-capitalist understanding of human rea-

son as ultimately egoist in nature.

I assume that Rothbard believes private security companies will be acting egoistically because they want to establish a positive reputation or to cultivate good will which will result in more business. However, this would create a serious free-rider problem for security companies. After all, it is only in emergencies that we really care about security. Why should I pay for a private fire protection company if in an emergency they will help me in order to cultivate good will? The only way that good will would pay dividends for the private security company would be if customers developed a loyalty to the company. If I continue buying fire protection from the same private fire fighting company that rescued me out of good will (regardless of the prices available on the market), then they will have profited from me and they will have acted as egoists. However, if I act as an egoist and I continue to go without fire protection hoping for more good will, then any act of good will on the part of the fire protection company would not be a rational egoist decision. If consumers choose their security company based on feelings of good will, they will not be acting as the rational egoists that anarcho-capitalism is supposed to be based upon. It appears as though Rothbard believes that the owners of companies will act as egoists, but the consumers will not.

I doubt that in an anarcho-capitalist society individuals would relate to each other strictly as egoists. The anarcho-capitalist vision of a market driven security force assumes, amongst other things, that a sense of collective identity is unessential. Humans are seen as egoists. Where a collective identity is recognized it is assumed to exist as a matter of the sum total of a collection of individuals making a free choice, which does not conflict with individual autonomy. But in the real world individuals tend to identify with groups without making any conscious rational choice. Individuals may identify themselves with a particular religious faith, an ethnic group, a hockey team, or a brand of cola without taking the time to scrutinize the pros and cons of such an identity. Group loyalty is not generally seen as a bad thing, but it could have harmful or de-stabilizing consequences in an anarcho-capitalist society. People may identify themselves with a security agency and a security agency may cultivate a sense of collective identity in the form

of “brand loyalty.”

This is a problem for anarcho-capitalists, since they will only be able to decide whether or not they are egoists. They cannot decide that others will be egoists. If a group of people in an anarcho-capitalist society form a collective identity, then it will affect the egoists and the stability of the whole society. For example, all those individuals that purchased insurance from security corporation X (scX) may be subjected to a tremendous amount of advertisements extolling the virtues of scX, and detailed information about how scX has made the world a better place. In order to drive security corporation Y (scY) out of business, scX encourages loyalty amongst its consumers. According to their own promotions, scX is a ray of sunshine bringing joy to the world, while scY is run by negligent and incompetent buffoons. ScX also claims to have roots in the neighborhood, and that it is the responsible choice for all those individuals in the neighborhood to show their loyalty to scX which has fought for their well being. On a certain day each year members of scX are encouraged to sing songs celebrating the achievements of scX and remember those that gave their life for scX. In response, scY claims that scX is run by a bunch of fascists and members of scY are encouraged to act as rational, utility calculating egoists. However, this is an affront to the dignity of the members of scX and they only become more entrenched in their collective identity. Collective identities would likely evolve out of the desire of corporations to cultivate good will or a positive reputation. The result is that the market is unstable, and there is always a threat that a state will emerge, or that the security corporations will be engaged in turf wars.

Rothbard confesses that in an anarcho-capitalist society the threat of wars between security agencies is possible, but he asks, “isn’t it painfully clear that the number of people killed in isolated neighborhood ‘rumbles’ or conflicts is as nothing to the total mass devastation of inter-state wars?”⁸ Perhaps it is, but isn’t it even more painfully clear that civil wars are sufficiently unpleasant, that we ought not strive towards creating the sort of arrangements which would make civil wars more frequent? Rothbard also observes that “if company A battles with company B, the most that can happen is that the respective customers of each company may be dragged into the battle—but no one else. It should be evident, then, that even if the worst

happened, and a libertarian [anarcho-capitalist] world would indeed become a world of ‘anarchy,’ we would still be much better off than we are now, at the mercy of rampant, ‘anarchic’ nation-states, each possessing a fearsome monopoly on weapons of mass destruction.”⁹ But if we live today with the remotely possible threat of inter-state wars, then we are better off than we would be in the almost certain condition of neighborhood “rumbles.” In an anarcho-capitalist society it is possible that my neighborhood will become a battle ground of small arms fire, but Rothbard assures me that mass bombing, nuclear destruction or germ warfare will not be used because the security companies would be blown up in the holocaust—and presumably that would be unprofitable. Of course the governments employing weapons of mass destruction would also be destroyed, but they are more likely to engage in such destruction because of the persistence of collective identities. It is the belief that the “nation” will live on even if we are killed which motivates the mass destruction of inter-state wars. However, if an anarcho-capitalist society developed conflicting collective identities it may be even more dangerous and violent.

Although it is an enticing thought (the absence of nation-states or weapons of mass destruction, to do away with government in order to bring peace) I do not believe that anarcho-capitalism would provide peace. The anarcho-capitalists are not able to provide sufficient reason to believe that their society would be a peaceful society. Why risk the possibility of descending into a situation that resembles a civil war, in order to gain some autonomy? When anarchism is presented as a choice between autonomy and order few choose anarchism. Only when anarchism can offer autonomy and order does it appear to be an appealing theory.

It is widely assumed, by both communitarian and capitalist anarchists, that social order is a good thing, and that it is a public good. However, it may be a bad thing for some and a good thing for others. If some people in society are suffering due to social arrangements which the social order is preserving, then they may feel that social order is not a good thing. This is particularly important regarding anarcho-capitalism since there would undoubtedly be a tremendous amount of inequality in a totally unregulated, free-market capitalist society. An anarcho-capitalist society would remove

the sort of minimum social provisions distributed by the welfare state that give the poor an interest in the social order.

Anarcho-capitalism is attractive as a theory of how individuals could live in a society as autonomous agents rationally choosing their destiny. However, it might be impossible to maintain this autonomy and this society. An individual might support the move towards an anarcho-capitalist society with the hopes of becoming one of the property owners free from the burdens of state intervention. When these hopes fade and the individual finds himself as an impoverished vagrant, then it would no longer be rational for this individual to continue to support the anarcho-capitalist arrangement. There would be higher highs (associated with being a property owner that does not need to pay taxes or worry about state interference with individual autonomy) and lower lows (a property-less worker that has no state subsidized economic security). It would seem to be rational for property owners to support anarcho-capitalism, and it would be rational for those that do not own property to oppose anarcho-capitalism. However, many property-less workers support free market political policies. From this we can conclude that an important factor for each individual's choice would be whether they are risk-averse or risk loving. Some property-less workers will risk absolute destitution in an anarcho-capitalist society in order to have a chance at being one of the wealthy property owners. We could imagine that the people of a country were asked in a referendum "would you like to alter the present arrangement into an anarcho-capitalist arrangement?" A utility calculation might show that there is a risk involved in this choice. As a result of changing our present society into anarcho-capitalism individuals may be better off, or they may be worse off. However, they may see the choice as a gamble in which they could vote for anarcho-capitalism, and if they failed to become rich, then they could always reverse their previous decision and oppose the anarcho-capitalist arrangement. Each individual may feel like the welfare state is an obstacle preventing them from climbing into a higher economic position. They may decide that they would like to try and succeed in the market without the interference of the welfare state. If they fail in their attempts at becoming wealthy, then they could demand a welfare state.

Narveson stated that, "If potential parties to agreements perceive proffered terms as distributively unfair, then they should not enter into those

agreements.”¹⁰ But we might not know how “fair” or favorable the distribution would be until after we agreed to the arrangement. Once in the arrangement it must be possible to leave, or else one’s autonomy will be undermined. If the anarcho-capitalist society was established with the consent of all, then it would not be violating any individual’s autonomy. However, if the continuing existence of the anarcho-capitalist arrangement was deemed intolerably unjust by many of its members (because they failed in their quest to become wealthy property owners and now they want a welfare state), then these individuals would have their autonomy violated by the persistence of this arrangement. An anarcho-capitalist society could not simply allow individuals to vacate the society when they deemed it to be no longer their preferred arrangement. Individuals might want to be allowed to consent to anarcho-capitalism, then change their mind and leave, and then reverse their decision again and return. This would be like allowing people to run up a big debt, declare bankruptcy, and start all over again.

If individuals in the anarcho-capitalist society consented to the arrangement (from some sort of Rawlsian original position), and then they were allowed to leave the society when they became poor, then the anarcho-capitalist society would lose its reserve army of labor, or it would have to violate the autonomy of the poor to keep them in place.

In a capitalist society we cannot all be property owners. Capitalism thrives on the belief amongst those without property that some day they or their children will be property owners. However, this is a dream that must go unfulfilled for many individuals in order for the capitalist society to perpetuate itself. If each individual in the capitalist society was given the opportunity to test him or herself in the absolutely free market, and then those that failed were allowed to leave, then we might be left with a society of factory owners with no workers.

An anarcho-capitalist arrangement would never be stable. Either the poor will need to be coerced into accepting their poverty, or they will demand changes to the arrangement: the greater the poverty that any individual suffers from, the less he has to lose from disturbing the social order. While I may expect some utility benefits from abstaining from the use of violence and thereby contributing to the peace, I may also find that there is

an even greater payoff by killing someone and taking his property. An anarcho-capitalist society would have many desperate and impoverished people and the desperate act desperately. Social order in a capitalist society will be maintained only through the use of force. For the poor it makes no difference that they are forcibly deprived of the fruits of the earth by a private security corporation rather than a public state.

Would it be rational for an individual to be so concerned with autonomy that he would sacrifice the material provisions of the welfare state to be hungry, homeless, and autonomous in a toxic, waste ridden anarcho-capitalist society? For some, life in an anarcho-capitalist society would be freedom, and for others it would be a miserable cancer stricken poverty. According to Frederick Hayek, "Above all we must recognize that we may be free and yet miserable." I believe that this is the best summary of anarcho-capitalism. As difficult as it is to justify the state, I think it is even more difficult to justify anarcho-capitalism.

¹ Michael Taylor, *Community, Anarchy and Liberty* (Cambridge: Cambridge University Press, 1995), 40.

² Jan Narveson, *The Libertarian Idea* (Philadelphia: Temple University Press, 1988), 196.

³ David Friedman, *The Machinery of Freedom* (New York: Harper & Row, 1973), 102.

⁴ Murray Rothbard, *For a New Liberty* (New York: Collier, 1978), 269.

⁵ Rothbard, 275.

⁶ Ibid., 274.

⁷ Ibid., 223.

⁸ Ibid, 225.

⁹ Ibid., 226.

¹⁰ Narveson, 196.