

**Edward P. Stringham, ed., *Anarchy and the Law: The Political Economy of Choice***

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Recent scholarship in political economy exhibits renewed interest in the possibility of stateless order. What was formerly a topic reserved primarily for “normative” political economists interested in defending the free society is now a one dealt with by purely “positive” political economists as well. Avinash Dixit’s (2004) book, *Lawlessness and Economics*, is one example of this. Avner Greif’s (1993) work on self-enforcing exchange in the Maghribi traders’ coalition is another. Growing recognition that in much of the developing world, governments are either absent, or so weak and dysfunctional as to be effectively absent, has sparked additional research in this area, such as Tatiana Nenova and Tim Harford’s (2004) paper on Somalia, “Anarchy and Invention”.

Ed Stringham’s edited volume, *Anarchy and the Law: The Political Economy of Choice*, is among the latest examples of this important trend in political economy. It combines both “old-style” normative and “new-style” positive analyses of private order to consider the case for anarchy. Stringham’s book is concerned with examining a particular kind of anarchy, sometimes called “private property anarchy”, but more commonly referred to by its advocates as “anarcho-capitalism”.

Unlike many earlier proponents of anarchy who were concerned with abolishing all organs of hierarchy and “power” in society, anarcho-capitalists have no objection to hierarchy or authority when it is private. Like the earlier anarchists, however, anarcho-capitalists see government authority as anathema to liberty and progress.

Until more recently, much of the scholarship that deals with anarcho-capitalism was difficult to find. While a few works that address this political economic arrangement, such as Robert Nozick’s (1974) *Anarchy, State, and Utopia*, made it into the mainstream and were highly accessible, most, such as Morris and Linda Tannehill’s (1970) *Market for Liberty*, were not. The goal of Stringham’s volume is to bring together a sampling of some of the most important discussions of anarcho-capitalism—pro and con—to assist those whose re-

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search interests lie in this realm and advance the cause and prominence of this political economic arrangement.

The book is broken into four sections. Each approaches the issue of anarcho-capitalism from a different angle. The first section explores the theory of anarcho-capitalism. It contains articles or excerpts from the modern pioneers of anarcho-capitalist theory, such as Murray Rothbard and David Friedman, as well as several others who have built upon their work.

For the most part, these essays are concerned with elaborating how a purely privately-ordered society might function. How, for instance, would competing legal systems be handled? How would public goods, such as national defense, be provided? How would a private system punish criminal behavior? The answers these chapters give to these questions are unavoidably speculative.

This speculative aspect may turn off some readers. Anarcho-capitalists have been accused of being overly-imaginative in developing solutions to potential problems without government. However, this criticism is at least partly unfair.

Defenders of anarcho-capitalism are frequently forced into the realm of fanciful speculation by the nature of the discussion. Their overarching argument is that private actors seeking to overcome obstacles that stand in the way of their ability to realize the benefits of cooperation develop institutional solutions to these obstacles. However, as John Hasnas' excellent essay in this section points out, what exactly these institutional solutions will look like is in many cases impossible to predict. Trying to create a detailed blueprint of the private protection industry under anarchy, for example, would be like trying to create a detailed blueprint of the computer software industry in 1890.

The basis and variety of anarcho-capitalist political economies discussed in section one varies considerably. Rothbard's discussion, for instance, is rooted in natural rights philosophy and describes an anarcho-capitalist society in which these rights must be upheld. For him, the desirability of the system stems from its respect of Lockean rights. Friedman's vision, in contrast, is a purely economic one. His version is unconcerned with natural rights and defended purely on the grounds of economic efficiency.

Whereas the essays in section one universally support some variety of private property anarchy, those in section two do not. Here, Stringham compiles several debates between anarcho-capitalists and their critics. The essays in this section tackle some of the thornier economic issues relating to anarcho-capitalism, such as the question of how public goods problems would be resolved without government, the incentives of private law enforcers to abstain from colluding to form *de facto* government, and how to align the interests of private protection agencies and their customers so that the former do not use their strength superiority to extort the latter.

Section three considers the history of anarchist thought. It contains essays by 19th century anarcho-capitalist forerunners, such as Lysander Spooner and Gustav de Molinari. Public choice scholars should find the chapters by these thinkers especially interesting. The early defenses of private property anarchy they provide are founded in a proto-public choice conception of political agents. Governments, these thinkers argue, are not organizations of publicly-spirited politicians. They are organizations of agents who seek to use their authority for private benefit at the expense of society. Although they do not call it such, implicitly their discussions are in part based on a kind of early government failure argument, which they maintain cannot be overcome except by abolishing the state.

The final section of the volume examines historical cases of non-governmental law enforcement. In large part, the purpose of this section is to combat the view that anarcho-capitalism is utopian or has no foundation in experience. As Stringham puts it, "The chapters in this section show that the idea that markets can function without government law enforcement is not just science fiction" (2007, p. 13).

This is my favorite part of the book and, in my opinion, is the section that scholars unfamiliar with anarcho-capitalism are most likely to find persuasive. It contains empirical examples of stateless order ranging from the Celtic law of medieval Ireland to private law enforcement among contemporary farmers and ranchers in rural Shasta County, California. Some of the empirical cases considered here are more “pure” examples of stateless order than others. The chapter by David Friedman on medieval Iceland, for instance, describes the private legal system individuals used to define and enforce property rights under conditions of more-or-less absolute statelessness. The chapter by Robert Ellickson on contemporary Shasta County ranchers, in contrast, involves private enforcement in the context of a formal government, albeit one that is not relied on for some kinds of dispute resolution.

While the essays in this section are among the most persuasive, they also provide the grounds for strong criticism of the anarcho-capitalist vision. Conspicuously absent are examples of wealthy societies that relied on purely-private legal systems. On the contrary, most of the cases provided are from medieval Europe—not a period of European history known for its tremendous prosperity.

Of course, the fact that most instances of private legal systems are found in relatively poor societies does not mean that the one leads to the other. But less sympathetic readers may be inclined to interpret the evidence this way. Likewise, it is important to compare relevant alternatives. By modern standards, no parts of medieval Europe were wealthy. What is needed to evaluate the effectiveness of private legal systems in medieval Europe is to compare wealth where they prevailed to wealth in places that relied more heavily on government to identify and resolve legal disputes. Unfortunately, none of the chapters in section four perform such a comparative analysis, leaving them open again to the criticism that they show anarchy can “work”, provided we define “work” as produce a subsistence-level standard of living.

Thus, the chapters in this section illustrate both the great power and the great shortcoming of the case for anarcho-capitalism. On the one hand, the historical record clearly rejects the strong argument against anarchy and for government. The absence of state-made and enforced law, for example, does not lead, as Hobbes suggested and many economists following him have assumed, to a war of all against all. In the absence of government, private actors develop private institutions that support a surprising degree of cooperation. On the other hand, this same historical record does not seem to corroborate the claim that a purely private system can support a degree of cooperation sufficient to generate the levels of wealth we observe in societies that relied on government for this purpose.

I hasten to add that this does not mean that private property anarchy cannot support the degree of cooperation required for high levels of wealth. The modern international arena, for instance, which today forms a nexus of essentially “stateless trade” equal to one quarter of world GDP, suggests that private law and order is capable of generating the high volume and value of exchange required for substantial wealth (Leeson 2007). Unfortunately, Stringham’s collection of essays does not address this important arena of private law enforcement.

Despite these minor shortcomings, Stringham’s edited volume is an indispensable resource for anyone who conducts research into how private institutions facilitate cooperation without government. It will be equally valuable to those interested in the learning more about the case for anarcho-capitalism. In combining essays from a variety of perspectives, Stringham has performed an invaluable service both in advancing the case for private property anarchy, and for making this case accessible to a wider audience.

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