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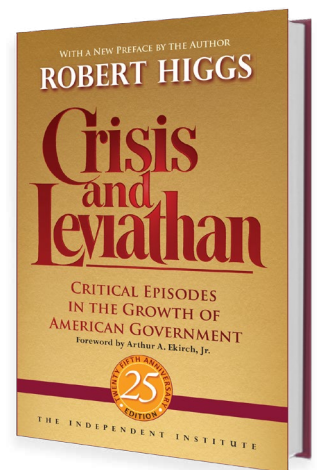
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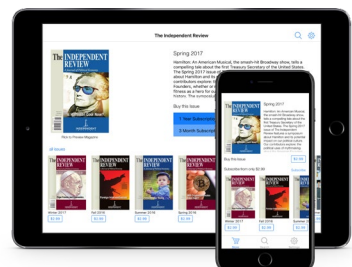
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# Is Government Inevitable?

## *Comment on Holcombe's Analysis*

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PETER T. LEESON AND EDWARD P. STRINGHAM

Randall G. Holcombe's article "Government: Unnecessary but Inevitable" (2004) offers excellent insights into the sustainability of anarchy and the creation of government. Holcombe recognizes that "government was not created for the benefit of its citizens, it was created for the benefit of those who rule." Although he agrees that government is unnecessary for the provision of public goods, he believes that libertarian anarchists ignore more practical questions about the sustainability of anarchy. He argues that because the stronger individuals will always get their way and form a government, the relevant debate among advocates of liberty should be about how weaker individuals can "create and sustain preemptively a liberty-preserving government." The inevitability of the state forces society to decide between evils. Instead of advocating anarchy, Holcombe believes that libertarians should advocate the establishment of minimal governments that can prevent takeover by more tyrannical ones.

Inspired by Holcombe's discussion, we reconsider here some of his claims. Despite Holcombe's interesting hypothesis, we believe that his argument fails on two counts: he does not show, first, that anarchy must break down and, second, that limited government will remain limited. The arguments he uses against the viability of anarchy can be applied to the viability of limited government, and the arguments he uses for the viability of limited government can be applied to the viability of anarchy. In this comment, we discuss the problems of Holcombe's theoretical arguments and the historical evidence that shows he cannot have his cake and eat it too. Holcombe,

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*The Independent Review*, v. IX, n. 4, Spring 2005, ISSN 1086-1653, Copyright © 2005, pp. 543–549.

who might be considered a pessimistic anarchist, is in our opinion too pessimistic about anarchy and too optimistic about government.

### Some Observations Concerning the Sustainability of Anarchy

Building on earlier criticisms of anarchy (Tullock 1972, 1974; Nozick 1974; Cowen 1992), Holcombe argues that government is inevitable. Conventional wisdom is that stateless orders must be short-lived because of their susceptibility to outside forces. There may be truth in this claim, but we believe that the historical record calls it into question.

The ubiquity of government today causes us to forget that many societies were stateless for most of their histories and that many remained so well into the twentieth century. The historical presence of long-standing, primitive, anarchic societies spans the globe. Consider, for example, societies such as the Eskimo tribes of the North American Arctic, Pygmies in Zaire, the Yurok of North America, the Ifugao of the Philippines, the Land Dyaks of Sarawak, the Kuikuru of South America, the Kabyle Berbers of Algeria, the Massims of East Paupo-Melanesia, and the Santals of India—none of which had governments (Leeson forthcoming).

Many stateless societies also populated precolonial Africa; a few encompassed significant numbers of people. Consider, for example, the Tiv, which included more than one million individuals; the Nuer, whose population has been estimated at four hundred thousand; or the Lugbara, with more than three hundred thousand members. In Africa, the Barabaig, Dinka, Jie, Karamojong, Turkana, Tiv, Lugbara, Konkomba, Plateau Tonga, and others long existed as stateless or near-anarchic orders as well. Today Somalia is essentially stateless and has remained effectively so since its government dissolved in 1991 despite predictions that a new government would emerge immediately (Little 2003).

More striking yet is that the world as a whole has operated and continues to operate as international anarchy (Cuzan 1979, 156). The continuing presence of numerous sovereigns creates massive ungoverned interstices for many of the interactions between the inhabitants of different nations as well for the interactions between sovereigns themselves (Stringham 1999). Many of the stateless orders mentioned earlier disappeared with the extension of colonial rule in the nineteenth century. However, the international sphere remains anarchic and shows few signs of coming under the rule of formal government soon.

Holcombe is correct, however, that no modern nation has what can be considered libertarian anarchy.<sup>1</sup> He believes that because anarchy is not practiced today, we should expect that it never will be practiced. He writes, “Every place in the world is ruled by government. The evidence shows that anarchy, no matter how desirable in

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1. Somalia may be a possible exception, although libertarians disagree.

theory, is not a realistic alternative in practice” (2004, 333). But this evidence does not prove his point. Suppose that someone had used the same argument against democracy in the year 1500: “Every place in the world is ruled by *monarchy*. The evidence shows that *democracy*, no matter how desirable in theory, is not a realistic alternative in practice.” Over the past few centuries, political systems have changed dramatically. Just because monarchy was pervasive a half millennium ago does not mean that it was inevitable, as Holcombe’s logic suggests. The rarity of democracy five hundred years ago does not “show” that democracy was “not realistic in practice.” The evidence shows only that democracy was uncommon a half millennium ago and that anarchy is uncommon today. To show that government is inevitable, Holcombe must advance a theory that explains why anarchy is impossible, as Nozick (1974), Cowen (1992), and the contributors in Gordon Tullock’s collection *Explorations in the Theory of Anarchy* (1972) have attempted to do.<sup>2</sup>

### Is Government Truly Inevitable?

Building on the arguments of his professors James Buchanan (1972) and Gordon Tullock (1972), Holcombe gives some theoretical reasons in support of his claim that government is inevitable. He maintains that stronger agents will be tempted to use force against the weak and impose government on them. Because some agents are stronger than others, they will see that using force is cheaper than engaging in peaceful interaction, such as trade. Although parts of the argument may ring true, they do not establish the state’s inevitability. Two special assumptions must be made if we are to arrive at Holcombe’s conclusion.

First, strengths must be so disparate that the strong have little to lose by engaging in conflict with the weak. This assumption may be unrealistic. Imagine what would happen if everyone were of similar strengths. If one stood a 50 percent chance of losing any fight, then as long as fighting entails costs, the use of force would not be the income-maximizing strategy. Even if one has superior strength, the use of force may not be the income-maximizing strategy. As long as weaker parties can commit to injuring the stronger party in the course of fights, the stronger party who consistently “wins” may still be worse off by engaging in fighting (Friedman 1994b).

The critical question is not whether some are more powerful than others, but whether power is so lopsided that the strong face few risks by engaging in conflict. Consider again the state of global anarchy in which we find ourselves. Although some nations can win wars against others consistently, they would do so at significant cost. The use of guerrilla warfare or terrorist tactics by others can make victory extremely

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2. Rothbard (1977) and Childs (1977) question Nozick’s theories; Friedman (1994a) and Caplan and Stringham (2003) question Cowen’s theories; and the contributors in Stringham forthcoming question the theories in Tullock 1972, arguing that Nozick, Cowen, and other contributors to this volume do not offer compelling reasons why anarchy must break down.

costly for stronger powers. The ability of even small nations to inflict harm on larger nations may explain why violent confrontations between states are less common than confrontations between individuals in New York's Central Park. Thus, in discussing the anarchy of the international sphere, it would be inappropriate to assume that anarchy necessarily leads to the establishment of hegemony by one state over others. This remark is not to say that invasions never take place. It is merely to point out that the presence of asymmetric power is insufficient to prove the inevitability of world government.

The second assumption required for Holcombe's conclusion is that weaker individuals cannot find private solutions to transform the incentives of the strong to plunder. This assumption also can be questioned, as certain historical events suggest. For example, the environment in which individuals interacted in nineteenth-century West Central Africa satisfied the conditions that Holcombe describes for the inevitable emergence of the state. Traveling middlemen who made connections between the producers of exports in the remote interior of Africa and the European exporters on the coast of Angola were substantially stronger than the producers with whom they interacted. No formal authority policed the interactions between the members of these two groups—they interacted in the context of anarchy. The middlemen thus faced a strong incentive to steal the goods they desired rather than to obtain them by means of trade.

Holcombe's argument suggests that these middlemen would establish a government over the producers, but the historical record indicates that they did not do so. Why not? Producers devised several informal institutions, such as middleman credit, for transforming the stronger middlemen's incentive from banditry to exchange. Producers decided not to produce anything, so that if middlemen came to plunder their goods, nothing would be available for them to steal. After having incurred a costly trip to the interior to plunder producers, middlemen who approached producers and found nothing to take therefore faced two options. They could either go home empty handed, or they could agree to exchange with producers on credit. Because the former choice involved certain losses and the latter involved the prospect of profits, middlemen agreed to credit agreements with producers. Middlemen would pay up front, and producers would agree to harvest the goods and make them available at a future date. In order to repay the middlemen, producers had to be alive and healthy. This arrangement created a strong incentive for credit-offering middlemen to protect the producers from others who might try to harm or steal from them. Credit thus transformed producers from targets of plunder to valuable productive assets that the middlemen desired to protect (Leeson 2004).

This arrangement is just one of several such private mechanisms that producers employed to alter the relative payoffs of plunder versus trade faced by middlemen. We do not mean to suggest that introducing credit will prevent the emergence of government in all cases, but this example illustrates how weaker agents may be able to prevent predatory actions by stronger agents. Another example of a stateless society

altering incentives to protect property rights is the potlatch system of the Kwakiutl Indians described by Johnsen (1986). If private mechanisms are devised that alter the cost-benefit structure of activities for stronger agents, the imposition of force need not be inevitable.

## Would Preemptive Government Work?

Besides questioning the alleged inevitability of government, we also question Holcombe's belief in the viability of constitutional government. Holcombe claims that individuals can achieve a more limited state by forming a constitutional government preemptively. Let us assume for the moment that he is correct that anarchy must break down. Do his assumptions warrant his conclusion regarding preemptive state formation? It seems to us that the answer must be no. The reasons are straightforward.

According to Holcombe, individuals *can* achieve smaller government if "they design [it] themselves" (2004, 338). For this alternative to work, he points out, they must have a will and a desire for greater liberty. Except for revolutionary change, however, he fails to specify the process by which individuals might arrive at this government. This failure is a major problem because it leaves us wondering which individuals are to do the designing.

It seems uncontroversial that any such process must involve political agents, but once we admit political agents, these agents' self-interest enters the picture (Powell and Coyne 2003). In light of this ruler self-interest, coupled with the superior strength that Holcombe describes, does any hope remain for limits on government? Rather than creating the minimal state as Holcombe desires, these political actors will deliver much more than anyone bargained for. If we agree with Holcombe that government is created by force, why then would we assume that its creators will produce the minimal state?

Holcombe points to one way out of this dilemma: if citizens are strongly unified against the political agents' will, then those agents will be forced to consider the public's desires. Notice, however, that now Holcombe is relying on ideology, not constitutional constraints, as the main check on government. Yet if one accepts the hypothesis that ideology can trump government force, then anarchy becomes a sustainable socioeconomic organization, which is just the opposite of what Holcombe wants to argue. Ideology, after all, is what libertarian anarchists such as Hummel (1990, 2001) believe can stave off the violent formation of the state. If the public agrees on the principles of liberty and can act in concert to maintain the minimal state, the public can act in concert also to maintain libertarian anarchy. Just as the public can constrain the minimal state from becoming more coercive, the public can constrain private-protection agencies from becoming more coercive.

The preemptive creation of limited government in Holcombe's argument faces another serious problem as well. If we assume that the stronger agents will always use their superior strength to overawe the weak, what prevents stronger authoritarian

states that devote most of their resources to military buildup from taking over societies that have preemptively created limited governments? Unless we assume that the society that has designed this limited government also designs the strongest government, its people will again be confronted with the problem they faced in anarchy: being dominated by a stronger party.

## Conclusions

Holcombe's argument represents an advance over the argument of public-choice economists who analyze the formation of government as a voluntary social contract. He introduces a more realistic view in which government is not created to solve public-goods problems. Holcombe's pessimistic anarchism, with its recognition that government is unnecessary, is a welcome improvement over the offerings of other advocates of limited government. Nevertheless, we believe that he is too pessimistic about anarchy and too optimistic about government as we know it. Although we recognize the important advances in Holcombe's discussion, we believe that his conclusions should be questioned.

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**Acknowledgments:** The authors have benefited greatly from discussions with Bryan Caplan, Christopher Coyne, David Friedman, and Benjamin Powell.





# Is Government Inevitable?

## *Reply to Leeson and Stringham*

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RANDALL G. HOLCOMBE

I strongly support Peter Leeson and Edward Stringham’s questioning of my conclusion that government is inevitable (Holcombe 2004), and I encourage others to raise similar questions. If government really is unnecessary (the first part of my argument, with which they agree), then as more people question its inevitability and legitimacy, the likelihood of its retrenchment—or maybe even its disappearance—will grow. As Leeson and Stringham note, following Hummel (2001), an ideological shift would be required, however, for libertarian anarchy to displace government. We need only discuss these issues with our colleagues and neighbors to appreciate how far away from any ideological shift to libertarian anarchy we are now. Most people do not take such arguments seriously, and a substantial share of citizens in the United States believe that government should be bigger, not smaller or nonexistent. Leeson and Stringham cite Somalia as the only present-day example of anarchy, but it is difficult to picture people in the United States saying, “Let’s make our nation more like Somalia.”<sup>1</sup> The argument in my original article questions Hummel, Leeson, and Stringham’s conclusion that if most people shared a libertarian anarchist ideology, libertarian anarchy would be feasible. Even if they are right in theory, most people nevertheless accept

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1. The Free State Project is an effort to recruit twenty thousand liberty-loving people to move to New Hampshire, where they hope that their political power can turn the state into a more libertarian area. Even if they should succeed, however, they will find it difficult to escape the more oppressive federal government. It is interesting that the Free State Project is not proposing that people move to Somalia, where Leeson and Stringham note that government has been eliminated already.

*The Independent Review*, v. IX, n. 4, Spring 2005, ISSN 1086-1653, Copyright © 2005, pp. 551–557.

government as legitimate, necessary, and even desirable, and—the writings of libertarian anarchists notwithstanding—the ideological shift to which Hummel, Leeson, and Stringham look toward will not happen in the foreseeable future.

Most people do not give serious thought to political ideas. Regardless of the merits of libertarian anarchist arguments, most people are not interested, and they have no good reason to be interested. As Anthony Downs (1957) noted, voters are rationally ignorant because they know that their one vote will not make a difference in an election and that government will remain the same regardless of what any one person thinks about it. Why should people worry about the oppressiveness of government, which they are powerless to affect, when they can instead spend their time looking at travel brochures to plan their next vacation or entertaining themselves by watching television? In developed nations today, people have a higher standard of living and a higher quality of life than anyone else has had anywhere at any time in history, including in the societies that Leeson and Stringham cite as historical examples of anarchistic societies. Citizens have no good reason to consider libertarian anarchists' arguments. To do so would be, for them, an intellectual exercise with no tangible payoff.

Even if the ideological shift for which Stringham and Leeson are hoping were to happen and government were somehow eliminated, the arguments in my original article still apply. Predators would remain and probably grow in strength, just as the Russian mafia has gained strength following the weakening of the government in Russia after the Soviet Union's collapse. Organizations such as the auto-theft rings now operating in the United States are the predatory building blocks from which more predatory organizations can be built. Unless people had a strong ideological commitment to libertarian anarchy—and the rational-ignorance argument shows why they do not—they would offer little resistance and might even welcome the offer when gangs of thieves evolved into mafias proceed to establish themselves as new governments and claim that they will protect citizens from the gangs of predators that will exist with or without government. Thus, as my 2004 article described, if orderly anarchy existed, it would be displaced by government, just as it has been in all the places that Leeson and Stringham describe as historical examples of anarchy (except Somalia, their only current example of anarchy). People believe that government serves a useful function, whether it actually does or not, and that status quo bias, coupled with the reasonably prosperous, peaceful—and even free—conditions that people in developed nations now enjoy, will prevent them from embracing anarchy. Readers can decide for themselves whether Leeson and Stringham have made a convincing argument, but they have not convinced me.

## The Sustainability of Anarchy

Leeson and Stringham give a number of historical examples of anarchistic societies as evidence of the viability of anarchy. They note, “The historical presence of long-standing, primitive, anarchic societies spans the globe.” The key word here is *primi-*

*tive*. Because predators have little incentive to establish a government where there is little for the government to take, anarchy is more feasible in poor societies. The only modern example of anarchy they cite is Somalia, where the same argument applies. How profitable would it be to establish a government to plunder (or tax) Somalians, who have an annual per capita income of approximately \$200?<sup>2</sup>

They also cite traveling middlemen “in the remote interior of Africa” who had the opportunity to plunder African producers yet did not do so because informal institutions evolved that transformed the incentive for banditry into an incentive for exchange. In a similar example from the United States, John Umbeck (1981) shows how property rights were established and enforced without government in California after the gold rush. These examples help to illustrate why government is unnecessary. Still, in keeping with the theme of my original article, government now rules these places, and governments “in the remote interior of Africa” are currently among the most predatory in the world. The examples that Leeson and Stringham cite are ultimately unpersuasive because, except for Somalia, the anarchistic societies they cite have all been taken over by governments.

### Is Government Truly Inevitable?

Leeson and Stringham argue that as a general rule it is more costly to use force to establish a government than it would be to engage in peaceful exchange and that weaker individuals would be able to find ways to give the strong an incentive to exchange instead of plunder. Although this claim is true, the most successful governments do not use much force against their citizens or against other governments. Rather, they use the threat of force, which intimidates citizens (and others) into complying with the government’s wishes. The U.S. Internal Revenue Service budget is less than half a percent of total federal revenues, so for a country such as the United States the cost of using force to plunder the residents is minimal. Establishing a government in the first place entails a cost, of course, but because government exists everywhere, this is a sunk cost not relevant to any transformation of the status quo into an orderly anarchy.

Government rules by force, and the actual use of force is costly, as Leeson and Stringham note, but it is usually unnecessary, which they do not mention. The government, by maintaining a credible threat that it will use force against those who do not follow its mandates, can maintain its power and continue to collect revenues from residents of the country it rules. “Taxes are what we pay for civilized society,” Supreme Court Justice Oliver Wendell Holmes Jr. once said, and, for the most part,

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2. Bearing the costs of trying to establish a government recognized internationally as legitimate in Somalia may be worthwhile in an attempt to get foreign aid from wealthier nations. Many oppressive governments have been able to remain in power only because of foreign aid from wealthier nations, which has made their political leaders rich even as most citizens have suffered.

people believe that declaration. Most citizens in civilized nations pay their taxes without being forced (although the government threatens to use force if they do not), and most obey government laws without being forced (although the government threatens to use force if they do not), so Leeson and Stringham's argument that conflict is more costly than voluntary exchange, though true, has limited applicability to contemporary governments in advanced societies, where governments expend relatively few resources in conflicts.

### Would Preemptive Government Work?

Leeson and Stringham offer strong arguments that the preemptive creation of a limited government will not work because the combination of ruler self-interest and the superior strength of government will lead to an ever-growing and ever more powerful government that will eliminate liberty. I share their concern. All three of us want to reduce the scope and the power of government as much as is feasible. But whereas they argue that anarchy offers the only chance for liberty, I argue that orderly anarchy is not sustainable, so limited government offers the only chance for liberty.

Without doubt, some governments are more oppressive than others. Even after more than two centuries of government growth, liberty is better protected in the United States than in almost any place on earth. There is no rush of libertarians leaving for Somalia, even though it is the only country that Leeson and Stringham cite as currently meeting their libertarian ideal. I have conceded elsewhere (Holcombe 2002) that the libertarian ideals on which the United States was founded have eroded substantially, but Leeson and Stringham would have to concede that liberty is better protected in the United States than in France or Germany. Other nations—such as China, India, Ireland, and Chile—illustrate the possibility that governments can move in the direction of more limited government and that liberty can be increased without the complete elimination of government. The alternatives are not dichotomous: government and no government. Even if one believes in the possibility of an orderly anarchy, some governments are more oppressive than others, and recent history in many nations shows that it is possible to design and implement mechanisms to reduce the size, scope, and oppressiveness of government.

### Is Libertarian Anarchy Possible?

Leeson and Stringham make a persuasive point when they state:

[Holcombe] writes, "Every place in the world is ruled by government. The evidence shows that anarchy, no matter how desirable in theory, is not a realistic alternative in practice" (2004, 333). But this evidence does not prove his point. Suppose that someone had used the same argument against democracy in the year 1500: "Every place in the world is ruled by *monarchy*. The evidence shows that *democracy*, no matter how desirable in theory,

is not a realistic alternative in practice.” Over the past few centuries, political systems have changed dramatically. Just because monarchy was pervasive a half millennium ago does not mean that it was inevitable, as Holcombe’s logic suggests. The rarity of democracy five hundred years ago does not “show” that democracy was “not realistic in practice.”

I can argue, in opposition, that monarchy and democracy are both forms of government, and substantial changes in the form of government over half a millennium tell us nothing about whether government can be eliminated altogether. The predators have simply changed from hereditary gangs to the gangs that can garner the greatest amount of popular support. In my original article, I argued that government is inevitable, not that democracy is inevitable. However, Leeson and Stringham raise a larger and more significant point. As circumstances change over the centuries, the state may wither away, as Leeson and Stringham—and Karl Marx—have suggested. If so, it is reasonable to lay the intellectual groundwork now, as contributors to the literature on libertarian anarchy are striving to do. Maybe Leeson and Stringham are correct in arguing that conditions may change over the centuries to make libertarian anarchy feasible. I admit that my analysis looks decades, but not centuries, ahead, and when we look centuries ahead, the realm of the possible is greatly enlarged.

## Conclusion

I fully support the libertarian anarchist intellectual movement. It shows that government is not necessary for an orderly and prosperous society, and in so doing it makes any movement toward a more limited state look more attractive from a policy perspective. However, for reasons I explained in my original article, I believe that libertarian anarchy rests on unrealistic premises and that government is inevitable. Leeson and Stringham’s comments have not persuaded me otherwise.

Although Leeson and Stringham and I hold different beliefs on this issue, we agree that our current government is excessively large and oppressive. What is our best course of action as academics (which all three of us are) to counter the power of the state? One course is to advocate an orderly libertarian anarchy. Although I believe that such advocacy aids the cause of liberty, I also think that it is unlikely to have any immediate practical result because most people do not take such arguments seriously. In contrast, arguing for limits on the scope and power of government can have immediate results. Over the past quarter of a century, the ideas of people such as Milton Friedman and Friedrich Hayek, who have argued the cause of liberty, have shaped the thinking of political leaders such as Ronald Reagan and Margaret Thatcher. Organizations such as the Cato Institute, the Institute for Justice, and the Independent Institute not only have given libertarian ideas more popular support, but have also pushed public policy in a more libertarian direction.

The differences between my ideas and those of Lesson and Stringham, however interesting they might be to certain intellectuals, are of little practical importance. The most productive way to work for liberty is to start with the status quo and to look for ways to design effective constraints on the scope and power of government. When President Bill Clinton declared in his 1995 State of the Union address that “the era of big government is over,” he was expressing the popular sentiment that government had grown too big. Whether government is inevitable or not, the libertarian movement cannot eliminate government in our lifetimes, yet a real possibility remains of limiting its scope and power. In this sense, the libertarian anarchist movement distracts libertarians from working on ideas that can have an immediate impact.

In the United States, the highest marginal federal income tax rate was 70 percent when Ronald Reagan took office in 1981; now it is 35 percent. The Thatcher administration in Britain had an even larger impact in reducing the scope of government there, and retrenchments in government in Ireland, New Zealand, and China are notable, not to mention the increases in liberty that resulted from the collapse of the Soviet bloc governments from 1989 to 1991. James Gwartney and Robert Lawson (2004) report a substantial increase in economic liberalism and reductions in government intervention in nations around the world since 1980. It is possible to reduce the scope of today’s governments, so even if one’s ultimate goal is libertarian anarchy, working to design mechanisms that move us toward a preemptively minimal state is a worthwhile and potentially productive policy undertaking. In today’s ideological climate, however, the advocacy of anarchy is not productive.

For the most part, I have explained in the foregoing remarks why I am unpersuaded by Leeson and Stringham’s arguments about the feasibility of libertarian anarchy. Still, they have raised some good points, and I support their intellectual agenda of promoting libertarian anarchy as an ideal social order. However, if government is inevitable, promotion of libertarian anarchism has a limited potential policy payoff, and it may distract good minds from pursuit of a more productive libertarian agenda. In contrast, potential immediate and tangible benefits can be reaped by working now to design, promote, and implement mechanisms that limit the scope and power of government.

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