BOOK REVIEW

Edward Stringham, ed., Anarchy, State and Public Choice
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Daniel Sutter

Is anarchy a viable, desirable form of organization of society? Anarchy intrigues economists as the limit of the process of privatization—can all government’s functions be turned over to market forces? In the early 1970s, Winston Bush led an exploration of anarchy at the Public Choice Center at Virginia Tech. The new book Anarchy, State and Public Choice, edited by Edward Stringham, brings together some of the old school public choice contributions with contemporary research. The book consists of seven papers reprinted from Gordon Tullock’s edited volumes, Explorations in the Theory of Anarchy and Further Explorations in the Theory of Anarchy, along with six modern responses and four original retrospective/prospective papers. The reprinting of some of the earlier papers should provide new life into this research and the paired contemporary papers illustrate that significant progress has been made in the intervening decades.

A paper by Winston Bush from Explorations on equilibrium in an anarchy model and a response by Jason Osborne lead off the volume. Bush’s paper is a now familiar description of the equilibrium in an anarchy economy, emphasizing the natural distribution of income resulting from comparative advantage in predation. Osborne offers an intriguing two part response. The first examines the impact of a contract enforcer on relative well-being in the Bush anarchy economy, while the second considers the implications of research on contingent cooperation in a prisoner’s dilemma. Recent research emphasizes the benefits of contingent cooperation and how well-developed abilities to detect cheating allow the prisoner’s dilemma to be overcome without third party enforcement, increasing the potential for a workable anarchy.

The next two papers from Explorations by Gordon Tullock and J. Patrick Gunning, and the contemporary responses by Christopher Coyne and Peter Leeson, deal with contract enforcement. Tullock and Gunning argue that government must enforce contracts, particularly deals over time or when one party has a lot at stake. The replies by Coyne and Leeson draw

D. Sutter (✉)
Department of Economics and Finance, University of Texas-Pan American, Edinburg, TX 78539-2999, USA
e-mail: dssutter@utpa.edu
on the substantial research by economists since the 1970s on how businesses enforce both contemporary and long term contracts without government. The case that government is necessary to enforce contracts has been substantially refuted over the past three decades.

The next paper from Explorations is “Before Public Choice,” where James Buchanan began laying out his theory of the establishment of government later elaborated in The Limits of Liberty (1975). In short, government is the third party enforcer in the prisoner’s dilemma. The response by Benjamin Powell examines an important omission in Buchanan’s analysis, that government is not merely a dispassionate third party umpire but also a player. Indeed Buchanan later modeled the “umpire” as Leviathan. Once government is a player in the analysis, citizens no longer necessarily benefit from the constitutional contract lifting society out of anarchy. The division or separation of powers—which move past the view of government as a unitary actor—can help enforce the constitution, but Buchanan’s conclusion “that the state will necessarily enable people to achieve a higher level of utility” (p. 94) no longer holds.

Next is a paper by Thomas Hogarty on “Cases in Anarchy” from Explorations and a response by Virgil Storr; these papers comprise perhaps the most interesting exchange of the volume. Hogarty considers three cases, two of which—lab experiments with brown rats and the novel The Lord of the Flies—Storr rightly dismisses. Hogarty’s third case is the Confederate prison Andersonville during the American Civil War, which I think Storr dismisses too quickly. The guards largely maintained a hands-off approach toward prisoners within the camp, so the conditions approximated anarchy. Initially groups of “raiders” formed among the prisoners, who terrorized and robbed new arrivals. But eventually the “law abiding” prisoners spontaneously formed groups which defeated the raiders and hanged many of their leaders. While illustrating the potential difficulties, I read Andersonville as a modest success for ordered anarchy, because starting without organized protection agencies, groups for protection formed despite the potential for disruption by the raiders. Of course conditions in the prison were miserable after the raiders were defeated, but this is probably more a consequence of the conditions in the camp (and the South generally as the rebellion was being crushed) than a chaotic anarchy. This case deserves further examination, and perhaps other prisoner of war camps could provide additional evidence on anarchy.

Hogarty (p. 101) applies a criterion in searching for cases of anarchy which is worthy further comment, “the subjects participating in the experiment would have little or no chance of withdrawal (escape).” Storr takes exception with this, noting that “freedom to exit is an essential feature of anarcho-capitalism” (fn. 4, p. 121). While Hogarty’s statement is too strong, Storr is incorrect in maintaining that the costs of exit must be small in equilibrium in anarchy (Sutter 1995). Hogarty’s emphasis on a lack of exit is a useful antidote to the tendency of libertarian anarchists to draw too heavily on examples of business interaction without government (particularly the work of Benson (1990) and Grief (1993) on international trade). Merchants with a viable nonparticipation option seeking to capture gains from trade provide a relatively easy environment for anarchy. Anarchy must also deal with potential pure predation, individuals and possibly agencies not trying to generate gains from trade.

Next is a paper by Laurence Moss from Further Explorations examining the 19th century American intellectual origins of private property anarchy, the forerunner of today’s libertarian anarcho-capitalism. This is the one paper without a contemporary response. The final reprinted paper is by Warren Samuels from Further Explorations on power relations in anarchy, with a response from Scott Beaulier. Samuels interprets anarchism as fundamentally motivated by a hostility to concentrated power, and based on this view evaluates