Ayn Rand was at once one of the foremost progenitors of the anarcho-capitalist movement in the second half of the 20th Century and one of its staunchest opponents within the classical liberal tradition. Rand’s 1957 magnum opus, *Atlas Shrugged*, gave new life to the culturally moribund ideas of limited government. It also projected a compelling vision of a society without discernable government.

The novel’s “utopia of greed” is an ideal society of the productive, the hard-working, the visionary, and the independent. It could also be plausibly seen as an anarchy. It has an arbiter (Judge Narragansett), but no police are mentioned. It has a leader (John Galt), but no head of state. It provides refuge to a pirate (Ragnar Danneskjöld), but has no military forces. Rand’s libertarian Atlantis is “not a state, not a society of any kind—just a voluntary association of men held together by nothing but every man’s self-interest.” (Rand, 1959, 747)

**The Objectivist Conception of Government**

Rand was not merely or even principally a political thinker. To be sure, Objectivism, the philosophical outlook she founded, has a politics, but Objectivism is a philosophical system in which politics plays a dependent role. As Rand said of herself:
I am not primarily an advocate of capitalism, but of egoism; and I am not primarily an advocate of egoism, but of reason. If one recognizes the supremacy of reason and applies it consistently, all the rest follows. (Rand 1971, 1089, italics in original)

In Objectivism, political principles rest on the social ethics of justice and trade (see Thomas, 2003a, for a summary). The purpose of government is to leave people as free as possible to live by their own rational judgment and productive effort. Since forcible threats against life, limb, and property deprive their victims of the freedom to act on their own judgment, society can only be fully in our interest when it is organized to ban the initiation of force against others by any individual. This is the normative basis for the individual rights to life, liberty, property, and the pursuit of happiness, and all their corollary and subsidiary liberty and procedural rights.

Rights are principles that only develop relevance in the context of government. A government is an institution that establishes social rules within a geographic area, enforces them coercively, and cannot be challenged with impunity. Another way of looking at government is to note that whatever institution arises to predominate in the use of force in a region, that institution is a government. It may be a federal institution, or one of divided powers, or one that incorporates more or less competitive and/or for-profit provision of traditional government services such as courts and security forces. It may be elected, or it may not. It may be just or unjust. We need rights principles to prevent government from overstepping its proper function. And rights principles can only be fully developed in the context of establishing or reforming governmental institutions, because the relevant questions for fleshing out rights only arise in the process of making and applying law.
Classical liberals have traditionally restricted government to the functions of a “night watchman:” providing defense against external enemies and domestic assaults, thefts, and murders. In addition to these defense and policing functions, Ayn Rand emphasized the important role of government in the provision of property and contract law and in tort claim adjudication. It is the development of these aspects of the law that has enabled the rise of industrial capitalism. In this context, Rand emphasized the need for “objective law,” law codified and expressed in clear principles. Objective law has the great virtue of predictability, and the degree to which legal consequences can be rendered predictable is the degree to which irregularity and caprice can be removed from the actions of government.

The Problem of Government Financing

The founding right of a just government in the Objectivist conception is the right to live free from the initiation of force against oneself or one’s property. As an absolute principle, this right should be respected by the government itself. Now, at a certain level of generality, it is easy to see how this would work for, say, police work or the courts. Police would investigate cases of initiation of force: theft, assault, murder, and the like. Police would not be entitled to initiate force against innocent parties. Arrest without cause, intimidation of witnesses, and arbitrary searches and seizures would be right out.

But what about taxes? In an essay that has been the source of ongoing debate, Rand argued against any form of tax:

Since the imposition of taxes does represent an initiation of force, how, it is asked, would the government of a free country raise the money needed to finance its proper services?
In a fully free society, taxation—or, to be exact, payment for governmental services—would be voluntary. (Rand 1964a, 116)

Rand offered, in the way of a suggestion, two ideas for replacing taxes with voluntary payments. The first was a government lottery. This idea, however, has been roundly criticized, since absent an enforced monopoly, the government lottery could not expect to earn more than a common market rate of return; the government in that case might as well run a drug store or go into any other line of business to earn a profit. And there is no reason to think that government officials, whose expertise presumably lies close to non-business tasks like law enforcement, diplomacy, and war-making, would be able to succeed in a competitive line of business.

Rand’s second suggestion for funding the government was a fee for contract enforcement. This proposal is worth discussing in some detail, because, as we shall see, its problems can be generalized to a wide range of voluntary financing schemes, perhaps all.

Suppose that the government were to protect—i.e., to recognize as legally valid and enforceable—only those contracts which had been insured by the payment, to the government, of a premium in the amount of a legally fixed percentage of the sums involved in the contractual transaction.

… (If necessary, that percentage could be legally increased in time of war; or other, but similar, methods of raising money could be established for clearly defined wartime needs.)…

The legal and technical difficulties involved are enormous; they include such questions as the need of an ironclad constitutional provision to prevent the government from dictating the content of private contracts (an issue which exists today and needs much more objective definitions)—the need of objective standards (or safeguards) for establishing the amount of the premiums, which cannot be left to the arbitrary discretion of the government, etc. (Rand, 1964a, 116–117)
Larry Sechrest (1999, 91) has criticized this proposal on the grounds that it would fail to provide adequate funding of government services. Rand had proposed that the government provide the “night-watchman” functions of government to all, regardless of payment:

It may be observed, in the example given above, that the cost of such voluntary government financing would be automatically proportionate to the scale of an individual’s economic activity; those on the lowest economic levels (who seldom, if ever, engage in credit transactions) would be virtually exempt—though they would still enjoy the benefits of legal protection, such as that offered by the armed forces, by the police and by the courts dealing with criminal offenses. (Rand, 1964a, 119)

In his critique, Sechrest notes that people who pay little or nothing to the government may still require costly police and court services. The problem, then, is excess demand. As government services come at no marginal cost to the user, it is reasonable to suppose that many people may respond to the incentive given by calling the police more than they would if they had to bear the cost of the police visit, and troubling the courts more than they would if they had to bear those costs.

However, against Sechrest, it must be noted that if the source of government revenues is a fee on credit transactions, as in her example, there is no way without substantial further research to know whether the supply of basic government services will be adequate to the demand. There are still transactions costs involved in any call to the police and the courts: even the idle will lose time when they make such a call. So the number of calls will be finite. Indeed, calls to the police are free today, and in developed countries at least this does not cause a radical shortage of police services. But to return to the revenue side, note that contract fees are simply independent of the demand. It might well be the case that the government revenues would more than cover the maximum
amount of police and court services demanded. Perhaps the pressing problem under Rand’s example would not be a shortage of police, but excess revenue soaked up by feather-bedding in the police budget!

A different critique of Rand’s example would be to deny that her contract fee is truly voluntary. To see this, consider the case of a handshake agreement, such as a friend selling a used computer to a friend. If the friends pay no contract fee on the transfer, the government will not recognize the contract. The seller now has money: could the buyer claim the money was stolen? The buyer has a computer: could the seller claim the computer was stolen? (Presumably, all this acrimony would be due to a falling out among the friends.)

The buyer might argue as follows: “My friend took my $500, and in return offered no legally recognized goods. In effect, he defrauded me and stole my $500.” The seller might, for his part, appeal to the police as follows: “My friend gave me $500 as a gift, and borrowed my computer. I deserve to keep the money (as a gift), and I also deserve the return of my computer to me.”

What should the courts make of this? The court could establish, perhaps, as a fact of the matter that the friends intended a trade. Normally, the court would recognize the informal contract. But in Rand’s scenario, the court would be bound not to recognize that trade, wouldn’t it? It might be consistent to accept the buyer’s claim that the sale was fraudulent. It would also be consistent to return the money and the computer to the status quo ante. In either case, a trade unsanctioned by the contract fee could end up forcibly nullified, and perhaps one or more parties to the trade could be charged with fraud.
Indeed, no private property would be secure without the contract fee paid. Consider a second scenario to make this clear: Owner has bought a hand-crafted chair without paying the contract fee (and no dispute has arisen). Thief comes along and makes off with the chair in the night. If Owner puts the police on the case, to whom will they return the chair if they find it? There may be a general interest—perhaps enshrined in the criminal law—to apprehend thieves on principle (the thief’s next victim could well have paid the fee). But perhaps Thief could plausibly claim to have made the chair himself. Might the courts return the chair to its actual maker? If the courts do recognize Owner’s claim to the chair, they undermine the principle of non-protection of uninsured contracts. But if they do not recognize Owner’s claim, then owners of property for which no contract fee has been paid would not receive full protection against even such a basic crime as theft. Fee-dissenters might well receive no real police protection beyond protection of their physical persons from assault and murder.

So, despite Rand’s stated intention, the choice offered by her contract fee system would be stark indeed: the choice to pay the contract fee, or to not work for pay nor be secure in one’s property. In this sense, it is obvious that a choice to pay the fee would not be wholly uncoerced.

The issue of the degree to which government financing can be made fully voluntary is one to which we will return when we consider the Objectivist critique of anarchism in the full context. For the moment, however, what we need to note is that Rand’s essay on government financing left open a line of argument that would prove to be grist for Rand-influenced anarchists.
Rand and Anarchism

Rand’s essay clearly links the principle of non-initiation of force with opposition to taxation. Yet Rand herself recognized that she did not have nor know of a well-developed theory for how government could be financed without taxation. She presents the contract fee, for example, “as only an illustration.” And many critics have pointed out problems in those examples.

This left many Rand followers considering something like the following alternatives:

If all voluntary methods of government financing should prove inadequate, then one has only three choices: either give up on the dream of a free society, concede that a free society is a society without government, or admit that taxation cannot be voluntary. (Sechrest, 1999, 90–91)

Many former Rand followers have left classical liberalism behind, no doubt. Others have argued for taxation in the context of a classical liberal state, and have continued to support Rand’s basic contention that a government is a necessary institution and that a just and properly limited government is achievable and sustainable. (Frank, 1994, is an example.)

Still others took the third fork: agreeing with Rand that “the imposition of taxes does represent an initiation of force,” these questioned Rand’s insistence on the need for a unitary government and offered, as an alternative, a market-anarchist vision.

Rand’s first response in print to the idea of market-anarchism (which apparently had been subject of some conversation in her circle) appeared in her essay “The Nature of Government:”

…some people are raising the question of whether government as such is evil by nature and whether anarchy is the ideal social system. Anarchy,
as a political concept, is a naive floating abstraction: for all the reasons discussed above, a society without an organized government would be at the mercy of the first criminal who came along and who would precipitate it into the chaos of gang warfare. But the possibility of human immorality is not the only objection to anarchy: even a society whose every member were fully rational and faultlessly moral, could not function in a state of anarchy; it is the need of *objective* laws and of an arbiter for honest disagreements among men that necessitates the establishment of a government.

A recent variant of anarchistic theory, which is befuddling some of the younger advocates of freedom, is a weird absurdity called "competing governments." Accepting the basic premise of the modern statists—who see no difference between the functions of government and the functions of industry, between force and production, and who advocate government ownership of business—the proponents of "competing governments" take the other side of the same coin and declare that since competition is so beneficial to business, it should also be applied to government. Instead of a single, monopolistic government, they declare, there should be a number of different governments in the same geographical area, competing for the allegiance of individual citizens, with every citizen free to "shop" and to patronize whatever government he chooses.

Remember that forcible restraint of men is the only service a government has to offer. Ask yourself what a competition in forcible restraint would have to mean.

One cannot call this theory a contradiction in terms, since it is obviously devoid of any understanding of the terms "competition" and "government." Nor can one call it a floating abstraction, since it is devoid of any contact with or reference to reality and cannot be concretized at all, not even roughly or approximately. One illustration will be sufficient: suppose Mr. Smith, a customer of Government A, suspects that his next-door neighbor, Mr. Jones, a customer of Government B, has robbed him; a squad of Police A proceeds to Mr. Jones' house and is met at the door by a squad of Police B, who declare that they do not accept the validity of Mr. Smith's complaint and do not recognize the authority of Government A. What happens then? You take it from there. (Rand, 1963, 112-113)

In response to these comments, Roy Childs offered a market-anarchist argument tailored to an Objectivist outlook in an open letter to Ayn Rand (Childs 1969). Childs's essay is a classic summary of a Rand-influenced approach to anarchism.
Childs’s argument has two main pillars. The first is based on an application of the principle of non-initiation of force to government. Since, in effect, Rand’s argument for voluntary government financing fails, even a limited government must initiate force.

It is my contention that limited government is a floating abstraction which has never been concretized by anyone; that a limited government must either initiate force or cease being a government; that the very concept of limited government is an unsuccessful attempt to integrate two mutually contradictory elements: statism and voluntarism. (Childs, 1969, 146, italics in original)

The second main pillar of Childs’s argument is an appeal to the Objectivist moral view, rational egoism. Rand had asked her readers “What happens then? You take it from there.” Childs responded directly:

The main question at this point is this: do you think that it would be in the rational self-interest of either agency to allow this to happen, this fighting out conflicts in the streets, which is what you imply? No? Then what view of human nature does it presuppose to assume that such would happen anyway? (Childs, 1969, 153, italics in original)

Childs argued that, pace Rand, human beings are capable of individually judging values: “an individual must judge, and evaluate the facts of reality in accordance with logic and his own rational self-interest.” (150, italics in original) In effect accepting Rand’s charge that market-anarchists see no difference in kind between the basic activities of government and industry, Childs argued that the burden was on Rand to explain why individuals would not be capable of objectively choosing defense agencies. Individuals rationally choose products: that’s why commerce is efficient. Why shouldn’t a similar process also serve in the case of law and government services? “It seems obvious that man needs objective rules in every activity of his life, not merely in
retaliation or the use of retaliation. But, strange as it may seem, the market is capable of providing such rules.” (151)

But is that right?

**Objectivist arguments against Anarchism**

The argument against anarchism that Rand sketched out in “The Nature of Government” (and against which Childs responded) laid out the essentials of an Objectivist position that has endured among her followers. Rand revisited the issue of anarchism in print several more times (1964b, 1971, 1973), and by uniting these various comments with comments of other thinkers working within the system of thought Rand founded, we can see the full character of the Objectivist argument and the ways in which its critics have underestimated or perhaps misinterpreted it. I summarize it in what follows as three main arguments, and I will then give a quick look over the inductive evidence to which both sides appeal.

1) **“Coercion is Different”**

The first Objectivist argument is that *there is a fundamental difference in kind between a market interaction and a fight*. This is the difference between “force and production” that Rand mentions (1963, 112) and that she recalls again when writes: “Remember that forcible restraint of men is the only service a government has to offer. Ask yourself what a competition in forcible restraint would have to mean.” (113)

The most developed explanation of this point in print is David Kelley’s “The Necessity of Government.” (1974)
Kelley notes that individual rights, which ban the initiation of “coercion” (i.e., the use of force) against others, leave people free to act on their individual, even “subjective,” value judgments, without directly harming the life, liberty, or property of others. Thus, a fundamentally harmonious system of voluntary exchange to mutual benefit (i.e., trade) is possible among individuals. Competition among businesses and for jobs takes place in this context, and law and the system of rights constrains the means that economic competitors can use (or at least, those they can use with impunity: anyone can try to rob and defraud; but succeeding in the face of the law is another matter).

But, Kelley continues, “Coercion is different.”

Coercion, in this world, must sometimes be exercised. Given the existence of criminals, and the constant possibility that some men prefer criminal to honest means and ends, the existence of a power to prevent and punish this by force has a certain value. Its value is restricted, however, by the moral principle forbidding its use against persons who have not themselves used force against others. If this power is exercised improperly, if it is not used in accordance with the objective principles that define and delimit its value, then it violates rights—the rights of innocent people, or at least the right of the guilty to have their guilt objectively demonstrated before suffering punishment. This is true by the very nature of coercion, and it is true only of coercion. (Kelley, 1974, 244-245)

To elaborate: Differences over business values lead to broken contracts, firings, failure to deliver goods, and the rise and fall of whole businesses and even the wealth of regions. But differences of legal standards, right of enforcement, the application of rights, and the very ownership of property, lead to war, insurrection, false arrest, theft, and murder. Differences over the best way to make gloves has left no glovers in Gloversville, NY, but those who once were glovers went on to live, and often flourish, in other lines of work, and their heirs live on. Differences over the best way to organize Beirut, Lebanon, devastated whole sections of the city and left thousands dead.
This was Rand’s point in commenting that anyone who thought that force could be controlled through competition was “obviously devoid of any understanding of the terms ‘competition’ and ‘government.’” (1963, 113)

Childs counters this argument by proposing a thought experiment.

Suppose that I judged, being as rational as I possibly could, that I could secure the protection of my contracts and the retrieval of stolen goods at a cheaper price and with more efficiency [than from the government]. Suppose I . . . set up an institution to attain these ends. . . . there are only two alternatives as far as the “government” is concerned: (a) It can use force or the threat of it against the new institution, thus initiating use or threat of physical force against one who has not himself initiated force. . . . Or: (b) It can refrain from initiating force, and allow the new institution to carry on its activities without interference. If it did this, then the Objectivist “government” would truly become a marketplace institution, and not a “government” at all. (Childs, 1969, 147)

It first must be said that Childs’ argument, as far as it goes, is correct. It is deductively true that were the government to use force against individuals who had not initiated force, then the government would be initiating force. But knowledge is not derived by deduction alone. Crucially, Childs has failed to address the empirical question of what it would actually mean for a rights-respecting government to interact with another putative law-enforcing body within the government’s own territory. Childs seems to assume that the legitimacy of the private defense agency’s actions will be plain on their face.

A similar assumption is made by Nicholas Dykes in relating anarchism with Objectivism (2005). Dykes chides Kelley (1974) for claiming that anarchism amounts to “placing coercion on the market”.

Kelley’s assertion is mistaken, because “placing coercion on the market” is not an anarchist position. An anarchist is one who wishes to eliminate coercion. What anarchists seek in fact is to open protection of individual rights, arbitration of disputes, and judgment of wrongdoing, to
any person or persons who may choose to offer these services and, further, to allow anybody who wishes to offer or to avail themselves of these services to do so freely—without interference from any group calling itself ‘the government.’ (Dykes, 81)

The problem in both these cases is that no mechanism exists in a genuine anarchy to distinguish rights-protecting agencies from generally coercive agencies. Kelley is therefore not mistaken: what anarchist agencies offer will be coercion: they will arrest people and seize or not seize property; they may kill or injure people who resist them: will all these actions be justified? That is what everyone in society will need to know.

When one supermarket offers bad produce, there is nothing to stop customers from shopping at a competitor’s. But note that even in this rights-based interaction, there can be, and often are, significant problems. A supermarket that dominates the local market may come under new and destructive management. A new and better source of produce may not instantly appear. Someone must identify the opportunity, decide that it is worth pursuing compared with other activities, acquire the means to build or buy supermarkets in the area, build the necessary vendor relations, tend to all the myriad aspects besides produce that make for a good supermarket, and so on. In short, this process can take years, if it happens at all, and it can be very lumpy. For my part, I’m still waiting for Whole Foods (or any store like it) to show up where I live.

Consider as another example the incomplete, haphazard roll-out of cellular telephone service in the United States (where standard-setting was largely left to the open market). The market can be expected in time to provide ever-improving service, but when networks must be built and rendered compatible and the products are complex and difficult to perfect, the development of the market can be and usually is very, very messy
if it happens at all. And providing rights-respecting law is not easier than rolling out a network, to be sure.

My point here is not advocate Socialism: the messy market process is the best one, for a variety of reasons. Most crucially, being free from force, a free market is always open to improvement (albeit, often slow improvement) by anyone willing and able to improve it. And being free from force, individuals in a free market may act on their own judgment in choosing which goods are best for themselves and their interests and values, without preventing others from doing the same.

To take Childs and Dykes together, we can say that is a fantasy to imagine that a competitor to a government can simply show on its face its rights-respecting character.

In fact, anyone who judges the existing government’s procedures as legitimate would have to demand that any putative “defense” agency show in its basic constitution, procedures, laws, structure, and method that its actions would be compatible with respect for individual rights as defined by the government’s own laws, constitution, and legal traditions. The same would follow in the context of an existing anarchy: anyone who had judged their armed force as legitimate would need to ensure that all other significant armed forces were also ensured—as far as possible and practical—to comport themselves in cooperation with said legitimate force, including acceding—at minimum—its ultimate standards.

Objectivist philosopher Leonard Peikoff puts this point bluntly:

“What if an individual does not want to delegate his right of self-defense?” the anarchist frequently asks. "Isn't that a legitimate aspect of 'freedom'?" . . .

The citizens of a proper society should reply . . . as follows: "Don't delegate your right of self-defense, if that is your choice. But if you act on your view-point—if you resort to the use of force against any of us—we
will answer you by force. Our government will answer you, in the only terms you yourself make possible." (Peikoff, 1991, 372)

It is important to note that for an Objectivist, a proper government is whatever institution that succeeds, in the current context of knowledge, in protecting individual rights and providing objective, rights-based law, secure from threats domestic and foreign. That institution might be federal; it might be a representative republic; it might incorporate checks and balances; in short, there are many plausible options for its design. Without more experience living in a free (or significantly freer) society, it will be difficult to know beyond some generalities what form the proper institutions of government should take.

Thus neither Peikoff nor any other Objectivist invests government as such with unwarranted objectivity or propriety. Rather, Objectivists recognize that it is precisely to the extent that it provides the institutions for upholding objective, rights-respecting law, that any government merits being regarded as proper. The Objectivist position does not presume that non-market methods will create a just government—that will require effort, planning, and learning from experience (it may even require the use of force against violent opponents of a rights-respecting regime). But it does note that the anarchist’s corresponding faith in the efficiency of “competition” is unwarranted.

In this context, it is worth revisiting my earlier observation that the problems inherent in Rand’s proposed contract fee to finance government apply to a wider class—perhaps all—voluntary government finance schemes. The contract fee, we saw, had, through its effect on the way the law would treat a case, substantial coercive implications. This is because of the nature of force: to expose oneself to competition over force simply
is to expose oneself to the possibility of coercion. There is no way to live in society and not face some kind of threat of force. Stepping out from behind institutional protection therefore must mean stepping into a potentially dangerous situation.

This result can be generalized to the case of a generic citizenship fee: suppose the government was reconstituted by Objectivists, following Rand’s suggestion and Childs’s example, as a kind of dominant defense agency (Government A). To finance Government A, all taxes would be unified into a “citizenship fee” which would entitle the payee to the full force and protection of Government A. But no one is required to pay the citizenship fee, and Government A is constitutionally bound not to initiate force. However, this commitment must be hedged by the fact that Government A retains subpoena and search powers, and it does have a doctrine of forcibly neutralizing imminent or intolerable threats. (College students, for example, are not allowed to build atomic bombs in their basements, not even for fun: the risk of catastrophic harm to their neighbors is too great.)

The only consequence of not paying the citizenship fee is that Government A will treat the non-payer as an alien: it will now protect him only insofar as it serves the interests of Government A’s citizens. If the non-payer forms or joins another defense agency (Government B), Government A will need ensure that Government B comports with all relevant standards and that Government B does not pose a credible threat to Government A’s ability to go about its business. Perhaps this is what Childs had in mind: “There could be contracts or ‘treaties’ between the competing agencies,” he writes. (1969, 153) Well, there are treaties, and then there are treaties. Government A treaties are, perforce, demands for total compliance. In any case, should Government A, through a
proper process, determine that the non-payer was a rights-violator, or a threat,
Government A would of course have to take coercive action immediately, as it would in
dealing with any threat or criminal.

Though this kind of arrangement seems to provide for voluntary government
financing, and seems to allow for competing defense agencies, it is hard to see how any
alternative government of non-payers could really achieve independence from
Government A, without a war. Meanwhile awaiting the revolution, the mere act of non-
payment would likely expose one to thieves and other predators. (Of course, non-payers
might self-select to be armed to the teeth. But this presumes that Government A would
allow them to stay so well armed, which might not be prudent.) Life outside the embrace
of Government A (and its approved ally governments B, C, etc.) could be precarious at
best.

So it appears that one could reasonably doubt whether the citizenship fee of
Government A is truly voluntary. Yet the problem is not lack of respect for the principle
of non-initiation of force. The problem, rather, is inherent to the nature of force, and thus
inherent to the nature of enforced law and government over force.

But why does Government A need to demand total compliance from competitors
in its territory? Why can it not simply trust the people to ensure, as customers, that
competing defense agencies will be rights-respecting? To see this, we need to look more
closely at the two further arguments that Ayn Rand offered against anarchism. Each of
these aims to show why a unified and formally structured system of law, defense, and
law-enforcement is required. Or, one might say, these arguments show why genuinely
anarchic provision of law and enforcement would be doomed to warfare and strife.
2) Rationality Cannot be Taken for Granted

The second Objectivist argument against anarchism is that rational, productive individuals need government to guard against the irrational use of force. Rand put it this way: “A society without an organized government would be at the mercy of the first criminal who came along….” (1963, 112) Childs rebutts this argument by appealing to the need of each individual to act by his own independent judgment in the cause of his own rational self-interest. And Objectivists agree that people ought to act for their rational self-interest. But there is a difference between a normative prediction (of what people ought to do) and a positive prediction (of what they will do).

One of the reasons Objectivism places rationality front and center as the prime virtue, is that people do not achieve it automatically. Indeed, people often fail, in one respect or another, to behave rationally. It is clear enough, for example, that drug abuse is not in the long-term rational self-interest of the abuser. Furthermore, drug abuse is morally condemned all over the world. Yet drug abuse has been and is likely to remain a condition into which many fall. There are reasons: moderate drug use of various kinds (medical and recreational) is rational and appropriate. The abuser slides down a slippery slope from there. Furthermore, most drugs provide some kind of short-term sense of well-being and even enhanced efficacy. The costs are usually long-term. It’s a common failing to over-value the short-range and perceptually apparent against long-range effects, which can usually only be known abstractly, through a process of reasoning. The upshot is: It’s not rational, it’s not right, but people do it anyway.
In a future society where the Objectivist values of reason, individualism, achievement, and freedom are widely held and are applied in education, high culture, and moral counseling, we can reasonably expect that people will, on average, do better than they do today in living rationally. But even then, irrationality will be with us.

And that goes for crime, as well. The anarchist holds that somehow, the competition among armed agencies will ensure that no armed force committed to irrational ends can establish itself. But the history of the world up to now is a history replete with thieves and murders in every epoch, and one in which even in the best societies, substantial minorities (at the minimum) have been strongly committed to the use of force to attain pecuniary, moral, and religious ends. In chaotic and anarchic situations, family, ethnic, and religious ties often provide natural loci of established, trusting relations around which quasi-governmental institutions develop. Modern anarchic societies such as Afghanistan, Somalia from 1991, and Lebanon in 1975-90 show this process clearly. But this demonstrated process of competition in force-provision provides strong short term incentives for individuals to embrace attitudes of ethnic and religious solidarity that are not rational in the full, long-range sense.

It is also notable that most anarchist discussions focus on local courts and police forces as the paradigm of government that must replaced. But throughout history, the greatest irrational threat to freedom has come from predatory conquerors. The absence of strong, unified defense forces for a territory gives predators (or predatory rebels) a tempting incentive to attack. Indeed, the absence of a dominant defense agency in an anarchy means that the anarchic society is far less able than one with a unified government to provide an effective, coordinated military defense. It is notable that in
modern history, anarchic conditions have tended to survive only in places (e.g. Somalia, Congo) of little wealth or importance.

In economic life, it is not the end of the world when a company, a family, or a religious group acts in ways contrary to its long-range, rational self-interest. To be sure, it is not necessarily a trivial matter, either. Ignoring the threat they can pose to the underpinnings of liberal government—which Rand illustrated in *Atlas Shrugged* (1957)—there are the real problems they can cause for other, rational, people who interact with them—problems which Rand illustrated in *The Fountainhead* (1943), a novel which focuses on an independent innovator who struggles against an inimical culture despite living in an essentially free society. Nevertheless, because market interactions take place in the context of a legal system that respects rights, the irrationalities of others do not prevent, in the end, rational people from producing the values they need. But, as noted in the first Objectivist argument, “coercion is different.” In the competition to provide and enforce law, irrational choices of others can have life and value-threatening consequences.

Thus it does not appear that the anarchist can explain away the threat that, absent government, it is likely that force will be used in ways an Objectivist would describe as irrational. Regardless of one’s view of anarchy as an abstract conception, as a practical matter in the course of forming a free society, organizers of government institutions will need to keep strongly focused on preventing the formation of powerful force-using agencies that are motivated by predation (as in the case of thieves or conquerors), or by familial, ethnic, corporate, or religious solidarity.

3) Rational Conflicts Abound
The third Objectivist argument for government and against anarchy is that it is common for people generally committed to rationality to come into conflict over contracts, property, and moral issues due to natural differences in their contexts of knowledge, values, and abilities. For this reason, it is unrealistic to expect that anarchic armed forces—ones that lack established, institutionalized means of objectively arbitrating their mutual conflicts—will be able to resolve conflicts without resorting to force, however rational and committed to rights-respecting they might be. Ayn Rand put this point like so:

…even a society whose every member were fully rational and faultlessly moral, could not function in a state of anarchy; it is the need of objective laws and of an arbiter for honest disagreements among men that necessitates the establishment of a government. (Rand, 1963, 112)

These “honest disagreements” include the innumerable conflicts and disagreements about contracts and personal injury that get handled in the courts as a matter of course today. These often involve projects or products worth a great deal of money and into which a great deal of time has been invested. Bankruptcy proceedings, as an example, often involve the fate of major industrial companies, thousands or tens of thousands of lives, and billions of dollars of invested capital.

Consider a company, say, an airline, in an economic downturn. The founder of the company may have concluded that the company can survive until business picks up in a year or so, if only the banks will be patient. But the bankers and their investors may have decided that they cannot take the risk: they want to foreclose now. These are reasonable judgments each. But imagine this somehow occurring in the absence of
established governmental procedures: the law enforcement is “whatever the market will bear.” The founder has reason to contract with an armed force that embraces a generous doctrine on interpreting bank covenants and bankruptcy law. The founder may even reasonably conclude that in doing this he is serving the interests of the bankers as well as himself: they will, he decides, earn a better return from being patient than from selling the company assets at a knock-down price. And the founder’s love of his company is itself rational, even if it is not universal (others don’t have all the reasons to treasure this airline that the founder or the workers do). But the bankers’ investors need an armed force that will attach a debtor’s property on the instant the banks foreclose, and they reasonably don’t want to earn the reputation of being weak in upholding their contracts.

Anarchists imagine that after a few short, salubrious experiences with low-grade warfare, these two armed forces will sort out their differences and get along as well as the U.S. and Canada now do. But the truth is that determining whether a private defense agency respects rights is probably no harder in the free market than ensuring that famous corporations don’t cook their books. But wait: famous corporations have cooked their books, with no one the wiser. As for short, salubrious wars, it is as likely that with a small mistake, an overlooked datum, or a little “collateral damage,” the warfare would spiral down into a cycle of attack and counter-attack that could draw in others, and create a lasting deterioration of societal trust and safety.

In addition to reasonable legal differences over facts, interpretation, and enforcement doctrine, there are a wide-range of other particular legal judgments and policies that might plausibly be construed as rights-respecting. Within this range, very serious ideological disagreements could easily arise. I’ve already mentioned subpoena
power, searches, and action against probable threats, over which reasonable people could
differ and which endanger rights. Now consider, for instance, abortion and foreign policy,
two issues that have divided the American libertarian movement, just as they have
divided American culture more generally. In both cases, each side of the debate has
reasons for regarding the other side not merely as wrong but as murderers and/or
oppressors.

Abortion kills fetuses that otherwise would likely have lived to become children. If those fetuses have rights, that is murder. Shouldn’t a rights-respecting force prevent murder? On the other hand, preventing abortion by force obliges a woman to submit to outsiders controlling how she uses her body. Shouldn’t she fight for her rights, if it comes down to it?

An aggressive, pro-liberty foreign policy could entail warfare with unjust and oppressive outside forces (Thomas, 2003b, 11–13). War is ugly: at least some innocents die in every war: that’s a reason to oppose aggressive wars even against unjust regimes. And furthermore, it might be reasonable to conclude that an aggressive foreign policy magnifies foreign threats: live-and-let-live might be a better policy for encouraging liberty over the long run. But how can one stop an armed force bent on war? Well, if boycotts and arguments fail, there’s always (civil) war.

These kinds of disputes cannot be eliminated from the exercise of governmental power even in a society with firm and deep commitments to reason and liberty. What is required to eliminate the potential for such conflicts is a meta-commitment to the law and the government as just institutions. Key to this is the objectivity of the courts, the impartiality of the police forces in enforcing the law, and the existence of a responsive
process for improving and rectifying the law. These features of governance will earn it trust even from those who dispute the current thrust of policy or who stand to lose from a particular court decision.

The Objectivist position on government is that achieving and maintaining a free, modern society requires that we consciously design governmental institutions to provide rights-based and objective law, rights-respecting law-enforcement, and robust regional defense against outside threats to our rights. If the anarchist position is that these goals can all be achieved through a “polycentric” legal system that allows for private provision of many subsidiary functions of government (Barnett, 1998), then perhaps an anarchist position can be an Objectivist position on government (and, ergo, a practicable means of securing and enforcing freedom). But in that case, the anarchism-minarchism debate has been in part the result of a confusion about the meanings of terms like “government” and “state.”

But I take it that most anarchists have something else in mind: a society where there is no over-arching legal and enforcement system—and hence, no state (Dykes, 2005, 130–131 and Childs, 145). This would be a society where the enforcement of the law comes down to individual options just as acquiring clothing is a matter of individual options. You can make your own clothes, or buy them from any number of vendors and in any number of ways. In an anarchy, presumably, one is supposed to be able, at minimum, to take the law into one’s own hands with some measure of impunity.

But this is exactly what an organized governmental system would forbid. Even a legal system that reserved room for acts of self-defense and preserved a robust right to arms would need to demand oversight of all legal decision-making to ensure that
decisions authorizing the use of force (to imprison or seize restitution from criminals, for example, and ex-post facto assessments of putative actions of self-defense), would be made objectively and in accordance with rights-respecting legal standards. In such a system, the law could not serve its full purpose were it to allow competitors to use force with impunity.

Evidence, briefly considered

In his case for an Objectivism-influenced anarchism, Dykes remarks: “Rand offered no evidence for her ‘mob rule’ assertions” (2005, 104). It is true that in “The Nature of Government” Rand did not offer many examples, but she returned to the subject of anarchy several times in her writing. One set of examples she appealed to were contemporaneous non-state, force-wielding institutions: mobsters and the pre-1990s PLO, which operated from various camps and communities first primarily in Jordan and later in primarily in Lebanon:

[Anarcho-capitalists’] distance from reality may be gauged by the fact that they are unable to recognize the actual examples of their ideals in practice. One such example is the Mafia. The Mafia (or "family") is a "private government," with subjects who chose to join it voluntarily, with a rigid set of rules rigidly, efficiently and bloodily enforced, a "government" that undertakes to protect you from "outsiders" and to enforce your immediate interests—at the price of your selling your soul, i.e., of your total obedience to any "favor" it may demand. Another example of a "government" without territorial sovereignty is offered by the Palestinian guerrillas, who have no country of their own, but who engage in terrorist attacks and slaughter of "outsiders" anywhere on earth. (Rand, 1973, 44)

Presumably, Rand would have mentioned al Qaeda and other terrorist organizations were she writing today.
Another interesting example Rand mentions is the property status of the radio spectrum in the early days of radio:

Collectivists frequently cite the early years of radio as an example of the failure of free enterprise. In those years, when broadcasters had no property rights in radio, no legal protection or recourse, the airways were a chaotic no-man's land where anyone could use any frequency he pleased and jam anyone else. Some professional broadcasters tried to divide their frequencies by private agreements, which they could not enforce on others; nor could they fight the interference of stray, maliciously mischievous amateurs. This state of affairs was used, then and now, to urge and justify government control of radio.

This is an instance of capitalism taking the blame for the evils of its enemies.

The chaos of the airways was an example, not of free enterprise, but of anarchy. It was caused, not by private property rights, but by their absence. It demonstrated why capitalism is incompatible with anarchism, why men do need a government and what is a government's proper function. What was needed was legality, not controls. (Rand, 1964b, 125)

In reply, Rand-influenced anarchists have appealed to two major bodies of evidence. The first is international relations and trade, which take place in the anarchy that exists between governments (e.g. Childs, 154). This is a valid set of evidence to our concerns, since it concerns people acting with modern knowledge and modern technology. But there are major problems adducing international relations to the case for anarchy.

The international system of the late 20th Century was created out of the effects of two world-spanning and hugely destructive wars. Today, where international relations are most stable and trade most prosperous, substantial international institutions (NATO, the U.S. Pacific alliances, the European Union, the World Trade Organization, the Internal Monetary Fund) also exist that not only formalize detailed cooperation among governments, but in some cases effectively supersede national sovereignty. Objectivists, for their part, would like to achieve the benefits within a country of institutions that
secure a measure of freedom, without requiring that we wait through a major war or two to establish them.

Another problem with adducing international relations as evidence for anarchism is that international interactions, even along peaceful borders, happen much less frequently than do domestic interactions. A domestic anarchy would raise points of governmental friction not merely along one clear, highly controlled, and (relatively) easily isolated border, but on every piece of property and in every interaction. The number of potential conflicts in a domestic anarchy would therefore be exponentially higher. This is one reason why anarchies, if not unified by a dominant force, often quickly break down into autonomous zones (another reason, in, e.g. Lebanon 1975-present is that communal forces were a source of the collapse of general government in the first place).

Dykes synthesizes a variety of anthropological and historical research to provide further evidence for the plausibility of anarchism. The primary examples he mentions are:

nineth-century Anglo-Saxons, Medieval Irishmen and Icelanders, sixteenth-century Iroquoians, or the twentieth-century Kapauku, for all of whom individual freedom and private property were as natural and necessary as breathing, and for whom domination by a state lay in the future. (Dykes, 2005, 130)

The problem with historical examples of social behavior is that as the distance in institutions, technology, culture, and context of knowledge generally, from the present increases, the relevance of the experience for modern times declines. For example, Anglo-Saxons, Medieval Irishmen, and Medieval Icelanders are all representatives of people of primitive technology, relatively little use of money and writing, with war-making as a key component of the average “free” man’s life. They were also societies
that were conquered or ultimately controlled by outside forces of comparable technological level. These were people who could not even grasp the controlling concepts of modern political and economic life. It is dubious indeed that these societies embodied anything like the freedom that industrial capitalism requires.

The same goes for the sixteenth century Iroquoians, and the 20th century Kapauku, who were a primitive New Guinean tribe (originally discussed in some detail in Benson, 1990, 15–21). Without going into each of these cases in more detail, the relevant question to ask would be: how easy would it be to start and run a business in these societies? What evidence do we have of outsiders being able to acquire property and settle peacefully among these people? Did one need approval to trade or travel? These societies, like Somaliland 1991-present, are basically tribal societies.

Advocates of minimal government can appeal to the history of the U.S.A. and Britain, world-beating economies in their hey-day of economic freedom. They can show economic studies correlating economic freedom with wealth and economic growth, in modern conditions. Where advocates of limited government appeal to the case of Hong Kong, anarchists are reduced to appealing to Somaliland—and ignoring examples of disastrous anarchies such as 20th century Afghanistan and southern Somalia (post 1991). When a Somaliland that may still described as meaningfully anarchic shows itself to be the economic tiger of Africa and merits comparison to, say, Chile, then the anarchists would have a piece of solid evidence. But, for the reasons that we have surveyed in this essay, there is better reason to think that by the time Somaliland is truly thriving (right now, it merely recovering from tyranny, chaos, and collapse), it will have a functioning state.
Conclusion

In the foregoing, I have discussed the Objectivist argument for government (laid out essentially in Rand, 1963) and compared it with some Ayn Rand-influenced arguments for anarcho-capitalism. In essence, the Objectivist position is that 1) Competition in force provision is and would be warfare and should not be equated with interaction in the market; 2) The fact the people are often irrational implies that unregulated armed forces would be dangerous; and 3) Even reasonable, freedom-loving people are likely to have innumerable disputes over rights and force involving serious moral, personal, and financial commitments, providing further reasons why unregulated armed forces are highly dangerous. Real examples of unregulated armed forces are not encouraging, either.

But, was Rand’s heart with anarchy even though her head was not? How else can Galt’s Gulch, the stateless “Atlantis” of Atlas Shrugged, be “just a voluntary association of men, held together by nothing but every man’s self interest”? How can it function without a government? Well, here is one interpretation:

Galt’s Gulch is a secret valley, and only the select few in the novel know of its existence. In effect, every member of this small community has been selectively chosen. It is more like a tribe (an intellectual one, to be sure) than it is like a large, diverse modern society. Only the most rational people with the greatest integrity and the strongest predispositions to create and produce are invited. Thus, there are no irrational actors: no thugs, no thieves, etc. There is no need for a military force because the valley is kept hidden from the outside world. And what about the inevitable disagreements to
which even rational people are prone? These are held in check through the moral suasion
of Judge Narragansett, the valley’s arbiter of disputes, and the moral example of John
Galt, the leader of their intellectual tribe. No one in the valley expects to be able to apply
this model to society at large. So *Atlas Shrugged* holds no hidden brief for anarchy.

In any case, it wouldn’t matter much if it did. It is my view that anarchy vs.
minarchy is hardly the most pressing issue before us. The political challenge that faces
Objectivists and lovers of freedom more generally is the real and practical project of
increasing freedom in the world. While the goal of creating a society founded on
protection of individual rights provides a clear direction in which to move the current
political institutions, many, many questions of practical implementation and theoretical
elaboration remain to be answered. Whether the government of a practical free society
will have substantial elements of private or polycentric law provision, or whether it will
have more expansive powers than most minarchists predict, or both, will only be
something we can know with any certainty when we have more institutional and cultural
experience. What the philosophical arguments I have covered here are intended to do is
indicate, most of all, that the institutions of the free society must be consciously designed.
The free society, to use a market metaphor, must have a business plan. Freedom will not
simply evolve. We will have to create it.
Bibliography


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1 This definition is due to Roger Donway. Ayn Rand’s definition is similar, but less precisely phrased: “A government is an institution that holds the exclusive power to enforce certain rules of social conduct.”