

Book Review

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Anarchy Unbound: Why Self-Governance Works Better Than You Think
by Peter T. Leeson*

Economist Peter Leeson's new book explores the dynamics of bottom-up social order—social order without the aid of Leviathan. *Anarchy Unbound* combines theoretical and historical analysis to build a modest case for the view that people can at least sometimes gain the benefits associated with social cooperation in the absence of the state or any state-like entity. Leeson's approach is positive, rather than normative, responding effectively to Peter Boettke's call for the study of anarchic social organization as a program in positive political economy.

Leeson begins with the noncontroversial point that the discipline of continuous dealing will prompt people to be relatively agreeable cooperators. If I want to exchange more than once with the same trading partner, I will need to behave in a trustworthy manner in relation to that partner. If I don't, I'll miss out on future opportunities for trade. But while this means that people who repeatedly engage with the same partners can be expected to treat them decently, it seems to provide no reason to anticipate good behavior from participants in a mobile society in which most trading partners are relatively anonymous.

However, Leeson suggests, a wide variety of arrangements can help to ground cooperative social order and permit people to interact confidently and respectfully. Indeed, the right structures can lead even unabashed predators to behave cooperatively, not only with each other but, up to a point, even with potential victims.

Thus, would-be traders can condition their cooperation with strangers on the strangers' willingness to make costly investments—intermarriage, learning trading partners' languages, adopting trading partners' religious identities—that make clear their seriousness about ongoing positive relationships. Signals of submission to norms of customary law can facilitate intergroup trade. Actual or threatened public shaming can foster compliance with customary rules (as in the case of cross-border disputes between English and Scottish pillagers). Trade on credit extended by otherwise potentially rapacious intermediaries (as between inland tribal producers and coastal purchasers in colonial Africa) can dispose the intermediaries to behave themselves in anticipation of future transactions. Predators largely unconstrained by moral concern can still see reason to reduce the frequency and intensity of violence if they can make enforceable agreements with their prey, as privateers often did with the merchants who were their victims. Trial by ordeal offers a perhaps unexpectedly effective alternative to state judicial procedures. Monks can encourage good behavior by threatening divine curses targeting those who rob them. And pirates and other members of criminal

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gangs can embrace legal codes that enable them to cooperate with each other (as readers of Leeson's earlier study, the thoroughly enjoyable *The Invisible Hook*, will already be aware).

The existence of these sorts of mechanisms calls into question the common assumption that people can be expected consistently to choose a state, no matter how predatory, in preference to anarchy. Leeson observes that "numerous societies were stateless for most of their histories," with some continuing to be "so well into the twentieth century." And of course, "the world has always been, and continues to be, in international anarchy" (155).

Various circumstances render anarchy efficient. For instance, in some traditional societies, there's very little contribution even for an optimal state to make to wealth-maximization: the gap between the societal wealth that could be generated given the operation of an ideal state and the wealth capable of being generated in the absence of a state is small, so that even a lean governmental apparatus isn't worth the expense. Similarly, in a case, as on the contemporary international scene, in which an ideal government might be able to accomplish a great deal by way of wealth-maximization, but in which the costs of creating and maintaining such a government will likely prove substantial, doing without a state will make sense.

Of course, real-world states aren't ideal. And their wasteful and predatory character will often make opting for alternatives efficient, too. Thus, for instance, on a collection of eighteen measures of well being, Somalia looked better almost a decade and a half after the collapse of its government than it did when the government ceased to function. "Of the eighteen development indicators, fourteen show unambiguous improvement under anarchy" (181). The maintenance of customary law by local institutions seems to be a significant factor in explaining the occurrence of fruitful social order. Courts offer security services. And education—including higher education—has grown since state collapse. Most utilities are privately—and, it appears, efficiently—provided. Transportation networks are relatively effective. Social insurance is provided by clan networks and remittances from Somalis living abroad.

There is, Leeson suggests, a case for anarchy as at least an attractive second-best option in less-developed countries, given, at any rate, the sorts of governments actually available in such countries. Historical, cultural, geographic and related factors limit the kind of governance it is realistically possible to expect in a given environment. Thus,

[b]ecause of its far less constrained governance opportunity set, the United States, for instance, has among its governance options both high-quality government and, I suspect, high-quality anarchy. In contrast, because of its far more constrained governance opportunity set, the Democratic Republic of Congo, for example, faces a more sobering choice between very low-quality government or very-low-quality anarchy (199).

While we can envision an ideal government as doing a variety of useful things, if the actual government in a given environment cannot realistically be subjected

to constraints that prevent predation, anarchy may prove to be more efficient. Leeson seeks to show that this is the case by comparing anarchic Somalia with neighboring societies governed by states. The comparison is not to Somalia's advantage in every case, by any means, but Somalia seems in many respects to be no worse off than its neighbors on a number of measures, and superior to the majority on others.

Leeson makes no optimistic assumptions about human nature or motivation. Even Rational Economic Man can do without Leviathan. And in considering the viability of states he assumes the merits of state provision of public goods—with a broad conception of public goods that includes ones that have in fact (as he notes) been provided without state action in a variety of cases.

He carefully hedges his conclusions, too. Social order is possible in stateless societies, and of course state action is not the only driver of order even in societies governed by states. But Leeson does not seek to argue more generally for the superiority of stateless to state-ruled societies (though his aside about the possibility of high-quality anarchy in the United States might suggest some openness to this more general claim).

Anarchy Unbound is full of careful, clearly expressed analyses and intriguing and well told stories. Leeson repeatedly illuminates otherwise obscure historical circumstances, making clear the power of the economic way of thinking to help us make sense of human behavior while introducing genuinely intriguing details about diverse cultures and subcultures. I recommend it enthusiastically to anyone interested in thinking about the realistic possibility of social order without the state. It belongs on bookshelves next to such earlier explorations of peaceful, voluntary social cooperation as Michael Taylor's *Community, Anarchy, and Liberty* and *The Possibility of Cooperation* and David Friedman's *The Machinery of Freedom*.

Leeson's choice of austere foundations is clearly among the strengths of his approach: it's very useful to ascertain how far one can go on the basis of very limited assumptions. But it would be interesting to see how the case for anarchy looked with a narrower conception of public goods in view than the one on which Leeson relies, in tandem with greater attention to the success of non-state institutions in providing public goods. There might also be some value in focusing attention on the potential of non-state legal institutions (to which Leeson refers throughout) in helping to overcome the problem of cooperation in the face of social distance.

The effectiveness of governments as sources of social order and protectors of social cooperation depends on people's loyalty to them and perceptions of their legitimacy. Fear may play a role, but a government that ruled through fear would be one that acted persistently in a manner detrimental to social cooperation. And because social order needs to take place in the absence of monitoring by the state, fear can't be the source of all, or most, such order. But if perceived legitimacy is the crucial driver of state effectiveness, then it seems as if non-state legal systems with the requisite level of perceived legitimacy could deliver at least many of the benefits of state-based legal systems even in complex and cosmopolitan

societies. In such societies, the right sorts of anarchic institutions could ensure that the gap between the welfare created under the rule of high-functioning governments and the welfare created under anarchy might be quite small, so that even a highly efficient state might prove less attractive. (And there is no reason to think Leeson would disagree.)

Leeson's excellent analyses pave the way for further, more general, assessments of the possibility of stateless social order. In *Anarchy Unbound*, he has laid out a fascinating menu of options for maintaining social cooperation without the state. Further explorations of bottom-up social order from his facile pen will doubtlessly prove welcome and helpful.