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The anarcho-capitalist political theory of Murray N. Rothbard in its historical and intellectual context

1- Libertarianism and anarcho-capitalism

The term *libertarianism* as used in the United States refers to the school of thought directly linked to classical liberalism and which has been enjoying a new vitality for the last fifty years thanks to its meeting with the Austrian school of economics. American libertarianism may be considered as the most recent development of classical liberalism and individualism. This school of thought has its origins in the *Two Treatises on Civil Government*¹ by John Locke and is deeply rooted in the political tradition of criticism of and diffidence towards State and Government, ably represented by the *American Declaration of Independence* and the ideas of Thomas Jefferson.

Classical liberal doctrine developed considerably in the New World, so much so that the *American Declaration of Independence* is explicitly based on the doctrine of the natural rights of the individual and the principle that the government exists to protect these rights and that consequently the people must be able to remove a government that does not do so. Even at the time of the colonial era, individualist anarchism began to flower i.e. the more radical version of classical liberalism. The main idea of individualist anarchism is a stateless society based on the free association of individuals where the free market has a fundamental role in guaranteeing justice and harmony. The main exponents of this school of thought in the 19th century were Josiah

¹J. LOCKE, *Two Treatises on Civil Government*, 1690. Locke's ideas became well known in the American colonies thanks to their divulgation by Thomas Gordon and John Trenchard. See T. GORDON, J. TRENCHARD, *Cato's Letters*, 1719-1723, edited by C. Lottieri, Macerata, Liberilibri, 1997

Warren (1819-1874)², Lysander Spooner (1808-1887)³ and Benjamin Tucker (1854-1939)⁴.

However it would not be possible to fully understand libertarianism without considering the “Great Migration” to the United States of some of the front line exponents of the Austrian school of economics, a migration which George Nash did not hesitate to define as “a crucial event in the intellectual history of our time”⁵. In the inter-war period, a group of scholars belonging to the Austrian school of economics left Europe for the United States. Amongst these were Ludwig von Mises, Joseph Schumpeter, Gottfried Haberler, Fritz Machlup and Oscar Morgenstern. Some of them secured good positions within American academia and contributed to disseminating the ideas of the Austrian marginalist school. In particular the emigration of Ludwig von Mises to New York was crucial to the dissemination of these ideas in the United States and the revival of classical liberalism⁶. Von Mises left Europe in 1940 and from 1945 to 1949 he taught at New York University. Up until 1969, supported by the Volker Fund, he held weekly seminars on Austrian economic theory at New York University. In 1944 two books by von Mises were published, to which American libertarianism has a great intellectual debt: *Omnipotent Government*⁷ and *Bureaucracy*⁸. The main subject of both works was the damage caused by state intervention in all its forms. The work of von Mises which can be seen as a real milestone in the history of both economic and political ideas is *Human Action*, a book in which the author explains praxeology or the science of human action. In von Mises’s opinion human action is chosen according to the means of reaching subjective ends and as such is always rational. The axiom of human action is as follows “individuals act consistently to

²See J. WARREN, *Equitable Commerce*, Burt Franklin, New York, 1852; *True Civilization*, Burt Franklin, New York, 1867

³See L. SPOONER, *The Unconstitutionality of Slavery*, Bela Marsh, Boston, 1860; *Natural Law*, 1882, in *The Lysander Spooner Reader*, ed. G. H. Smith, Fox & Wilkes, San Francisco, 1992; *The Constitution of No Authority*, 1870

⁴See B. TUCKER, *Individual Liberty*, Vanguard Press, New York, 1926; *State, Socialism and Anarchism. How far they Agree and Wherein they Differ*, Bergman, Alpine Mich, 18?

⁵G. H. NASH, *The Conservative Intellectual Movement in America Since 1945*, Basic Books, New York, 1976, p.10

⁶On this point see K. VAUGHN, *Austrian Economics in America. The Migration of a Tradition*, Cambridge University Press, Cambridge, 1994. M. N. ROTHBARD, *Ludwig von Mises: Scholar, Creator, Hero*, Ludwig von Mises Institute, Auburn, 1988. Besides Rothbard, amongst those who attended von Mises’s famous seminar were Leonard Liggio, Ralph Raico, Hans Sennholz, Louis Spadaro, Israel Kirzner and George Reisman.

⁷L. VON MISES, *Omnipotent Government*, Yale University Press, New Haven, 1944.

⁸L. VON MISES, *Bureaucracy*, Yale University Press, New Haven, 1944.

achieve certain goals”. Besides this, there are some corollaries - the variety and scarcity of human resources and the time factor as a resource. Starting with the axiom of human action and its corollaries, von Mises maintains that the free market is the best way of reaching the most varied goals and therefore to satisfy the greatest number of people⁹. Besides the work of Mises, there were some other significant events leading to the rebirth of libertarianism. In 1944 Hayek’s book *The Road to Serfdom*¹⁰ was published, during the 1940s the writings of Albert Jay Nock (1870-1945)¹¹ were rediscovered and in 1955 the <<National Review>>¹² was founded. Between the 1950s and 60s a figure of considerable importance for libertarianism was Ayn Rand (1905-1982)¹³ who emigrated to the United States from the Soviet Union at the end of the 1920s. In the 1960s, Rand started the so-called *objectivist movement*, an intellectual group which disseminated ideas in support of capitalism which met with much approval from the student population of American colleges. Rand asserted that “capitalism is a social system based on the recognition of individual rights, including

⁹L. VON MISES, *Human Action*, Yale University Press, New York, 1949, pp.16-18, 12-14, 22

¹⁰F. A. VON HAYEK, *The Road to Serfdom*, Routledge & Son, London, 1944. In <<New York Times Book review>> Henry Hazlitt writes that *The Road to Serfdom* is “one of the most important books of our generation [...], comparable only to *On Liberty* by John Stuart Mill.” In *The Road to Serfdom* Hayek is worried by the tendency to plan the economy and by the catastrophic effects of such planning on individual liberty. Collectivism was always and inevitably totalitarian and would have led to serfdom. Against this, Hayek proposes the unfortunately abandoned road to individualism and classical liberalism.

¹¹In particular see A. J. NOCK, *Our Enemy, the State*, William Marrow and co., New York, 1935. Amongst Nock’s works, see also *The Memoirs of a Superfluous Man*, Harper & Brothers, New York, 1943; *The Theory of Education in the United States*, Harcourt, Brace, 1926; *Jefferson*, Harcourt, Brace, 1926; *On Doing the Right Thing and Other Essays*, Harper & Brothers, New York, 1928.

¹²A group of conservative and libertarian intellectuals gathered around <<The National Review>>. If this group was an amalgam, anti-communism was its main ingredient. Communism was seen as a global threat in both the domestic and the foreign spheres. The threat was particularly evident abroad since, as G. Nash writes “France and Italy were weakened by strong national communist parties”. Consult G. NASH, *Op. cit.*, p. 89. One of the main representatives of the <<National Review>> group was Frank Meyer, who edited a famous anthology in 1964, *What is Conservatism?*, to which F. von Hayek contributed a famous essay entitled, *Why I’m not a Conservative*. See *What is Conservatism?*, ed. F. Meyer, New York, 1964

¹³Ayn Rand, supporter of minimum state activity and exponent of libertarianism during the 1950s and 60s. Novelist and philosopher, Rand whose real name was Alyssa Rosenbaum, was born into a well-to-do family in St. Petersburg. The life of the young Rand and her family was upset by the Russian Revolution. The Rosenbaum’s company was expropriated by the Communist regime and the whole family was cast into poverty once their savings were spent. The experience of dictatorship, hunger and the terror of the deportations marked the young woman indelibly and when, at the end of the 1920s, Rand managed to emigrate to the United States, she became popular on account of her fervent anti-communism and her denouncement of the ills of the collectivist regime. Amongst Rand’s works, see A. RAND, *The Virtue of Selfishness. A New Concept of Egoism*, New American Library, New York, 1961; *Capitalism: the Unknown Ideal*, Signet Books, New York, 1967. On Rand see C. M. SCIABARRA, *Ayn Rand. The Russian Radical*, The Pennsylvania State University Press, University Park, 1995

property rights, in which all property is privately owned”, but above all she thought that “the moral justification of capitalism lies in the fact that it is the only system consonant with man’s rational nature, that it protects man’s survival *qua* man, and that its ruling principle is justice”.¹⁴ These ideas led Rand and her sympathisers to attend von Mises’s seminars.

In George Nash’s opinion, the 1950s marked the beginning of the rediscovery of classical liberalism in the United States. The era of the New Deal was still a recent experience and Americans were not yet resigned to the persistence of the policies of that period. The central themes of political debate continued to be government intervention in the economy and Keynesianism. In the context of foreign policy, the Cold War and the recognition of the totalitarianism of Stalinist Russia created fertile ground for the growth of libertarian and individualist ideas. After all, if coercive statism had failed, asks Nash, “was not the invisible hand preferable to the all too visible hand of the bureaucrat and the secret police?”¹⁵

Within the American political debate of the last thirty years *libertarianism*¹⁶ has become increasingly important with its central idea of radical criticism of the State and more importantly of statism in the name of the freedom of the individual and the fundamental right to own property. Taking the principles of classical liberalism in a State with limited powers and functions to their extreme consequences, the libertarians were divided between those who continued to see the State as a necessary evil but with

¹⁴A. RAND, *What is Capitalism?*, in *Capitalism: The Unknown Ideal*, cit., pp.19-20

¹⁵G. NASH, *Op. cit.* p. 34

¹⁶Amongst the literature on libertarianism see J. NARVESON, *The Libertarian Idea*, Temple University Press, Philadelphia, 1988; L. E. LOMASKY, *Persons, Rights, and the Moral Community*, Oxford University Press, New York, 1987; T. R. MACHAN, *Human Rights and Human Liberties*, Nelson Hall, Chicago, 1975; *Individuals and Their Rights*, Open Court, La Salle, 1989; *Private Rights, Private Illusions*, Transaction, New Brunswick, 1994; D. RASMUSSEN, D. U. DOUGLAS, *Liberty and Nature*, Open Court, La Salle, 1991; *Anarchism*, special number of <<Nomos>>, eds. J. Chapman and R. Pennock, New York University Press, New York, 1978; J. HOSPERS, *Libertarianism*, Nash, Los Angeles, 1971; J. TUCCILLE, *It usually Begins With Ayn Rand*, Fox & Wilkes, San Francisco, 1972; *Liberty Against Power: Essays by Roy A. Childs Jr.*, ed. J. Kennedy Taylor, Fox & Wilkes, San Francisco, 1994; *Freedom and Virtue*, ed. G. W. Carey, University Press of America, Lanham, 1984; *Liberty for the 21st Century*, ed T. R. Machan and D. B. Rasmussen, Rowman & Littlefield Publishers, 1995; D. BOAZ, *Libertarianism: A Primer*, The Free Press, New York, 1997; J. L. KELLEY, *Bringing the Market Back In*, New York University Press, 1997; *The Economics of Liberty*, ed. L. H. Rockwell, Ludwig von Mises Institute, Auburn, 1990; H. ARVON, *Les libertariens américains*, P.U.F., Paris, 1982; P. LEMIEUX, *Du libéralisme à l’anarchocapitalisme*, P.U.F., Paris, 1983; A. LAURENT, *l’individualismo radicale dei libertari americani*, in *Storia dell’individualismo*, Il Mulino, Bologna, 1994, pp.95-109; R. CUBEDDU, *Il libertarianism*, in *Atlante del liberalismo*, Ideazione, Liberilibri, 1997. In Italy a recently published volume has

a minimum number of functions (amongst whom Ayn Rand and Robert Nozick¹⁷ and those who considered the State as nothing but an evil. The theorists supporting a State with minimum functions supported the idea of a State which was purely a *night watchman* whose functions were restricted to protecting citizens' rights and ensuring security. The other type of libertarianism is the anarchist kind whose ideas come under the heading of *anarcho-capitalism*. Besides [Murray Rothbard, the main supporters of the anarcho-capitalist arguments are David Friedman¹⁸, Hans Herman Hoppe¹⁹, Bruce Benson²⁰ Randy Barnett²¹, Jerome Tuccille and Roy Childs. A common element to both types of libertarianism is the conviction of the need to leave more and more space to the free market since it is the only means by which to achieve well-being for the greatest number of people and the only system compatible with subjective values and goals. Libertarians want private citizens to be free to choose on issues such as education, road construction and management, the means of transport and communication, water supplies, postal systems, etc. The anarcho-capitalists would also entrust to the free market the usual functions justifying the existence of the State i.e. defence and the administration of justice and they propose a system of *protection agencies* in competition with one another in the same territory. The non-anarchists find it necessary to preserve the State's monopoly on the exercise of force and the administration of justice. In the opinion of the anarcho-capitalists, the State is an immoral institution because, with its countless monopolies, it tramples on the rights of individuals and is also an inefficient institution for the supply of goods and services. For this reason, they propose a scenario of small communities based on consent which would go beyond the idea of State and nation based on the concept of the monopolistic control of the exercise of force in a given territory²².

contributed to the libertarian debate, *Contro lo Stato massimo*, ed. CIDAS, Liberilibri, Macerata, 1998

¹⁷See R. NOZICK, *Anarchy, State and Utopia*, Basic Books, New York, 1974

¹⁸See D. FRIEDMAN, *The Machinery of Freedom*, 1973, Open Court, La Salle, 1989

¹⁹H. H. HOPPE, *Fallacies of Public Goods Theory and the Production of Security*, in <<Journal of Libertarian Studies>>, n.1, Winter 1989, pp.27-46

²⁰B. BENSON, *The Enterprise of Law: Justice Without the State*, Pacific Research Institute, San Francisco, 1990

²¹R. BARNETT, *Whither Anarchy? Has Robert Nozick Justified the State?* in <<Journal of Libertarian Studies>>, n.1, Winter 1977, pp.15-21; *Toward a Theory of Legal Naturalism*, Ibid, n. 2, Estate 1978, pp.97-107

2-Murray N. Rothbard: life and works

David Gordon defines Murray N. Rothbard as “a scholar in defence of freedom”²³. All of Rothbard’s vast works is in fact characterised by a common denominator – the passionate defence of the freedom of the individual.

Rothbard was born in New York in 1926, the son of Jewish immigrants from Eastern Europe. He studied at Columbia University from which he graduated in mathematics and was awarded a PhD in economic history with a thesis entitled *The Panic of 1819*.²⁴ From 1966 onward he taught economics at the Polytechnic Institute of Brooklyn and he gave lessons as part a history seminar on juridical and political thought at Columbia University. In 1986 he was appointed Distinguished Professor of Economics at the University of Nevada in Las Vegas. His areas of interest were economics, history and political philosophy and he has written works on economic history, *The Panic of 1819, America’s Great Depression*²⁵ and *An Austrian*

²²See M. N. ROTHBARD, *Nations by Consent: Decomposing the Nation State*, in <<Journal of Libertarian Studies>>, Autumn 1994, pp.1-10

²³D. GORDON, *Murray N. Rothbard: A Scholar in Defense of Freedom*, Ludwig von Mises Institute, Auburn, 1986, p.5. This is a bibliographical work which is indispensable for anyone wanting to research the person and works of Murray Rothbard. For literature about Rothbard, besides David Gordon’s essay, consult N. P. BARRY, *Anarcho-capitalism*, in *On Classical Liberalism and Libertarianism*, MacMillan Press, London, 1986, pp.161-191; *Rothbard: Liberty, Economy and State*, in <<Journal des Economistes et des Etudes Humaines>>, VI, 1 March, 1995; *Man, Economy and Liberty. Essays in Honor of Murray N. Rothbard*, eds. W. Block and L. H. Rockwell, The Ludwig von Mises Institute, Auburn, 1988; *M. N. Rothbard: in Memoriam*, ed. L. H. Rockwell, The Ludwig von Mises Institute, Auburn, 1995; C. R. TAME, *Creating a Science of Liberty: The Life and Heritage of Murray N. Rothbard, 1926-1995*, in <<Free Life. A Journal of Classical Liberal and Libertarian Thought>, n.23, August 1995, pp. 7-8; L. M. BASSANI, *Introduzione a M. N. ROTHBARD, L’etica della libertà*, Liberilibri, Macerata, 1996; N. IANNELLO, <<Concepiteme in libertà>>. *Le nazioni libertarie nel modello di Murray Rothbard*, in *Nazione cos’è*, eds. N. Iannello, C. Lottieri, L. Flacco Editore, Treviglio, 1996, pp.54-70. Excellent sections on Rothbard can be found in G. NASH, *Op. cit.*, pp. 126-130, 313-319; E. J. DIONNE, *Why Americans Hate Politics*, Simon & Shuster, New York, 1991. In particular Nash interprets libertarianism and Rothbard’s success as a product of the years of agitation in the 1960s and as a product of the years of student protests. May I also suggest consulting R. A. MODUGNO, *Murray N. Rothbard e l’anarcho-capitalismo americano*, Rubbettino, Soveria Mannelli, 1998.

²⁴M. N. ROTHBARD, *The Panic of 1819*, Columbia University Press, New York, 1962. The author’s thesis is that the first American depression in 1819 was caused by government intervention in the economic sphere.

²⁵M. N. ROTHBARD, *America’s Great Depression*, Van Nostrand, Princeton, 1963. Rothbard’s thesis is that the real cause of the Great Depression was the political intervention of the Federal Bank and that therefore it was not capitalism that collapsed in 1929 but interventionism.

*Perspective on the History of Economic Thought*²⁶; a history of the American colonies from the 17th century to the American Revolution, *Conceived in Liberty*²⁷; works on economics, *Man, Economy and State*²⁸ and *Power and Market*²⁹; works on political philosophy, *For a New Liberty, The Libertarian Manifesto*³⁰, and *The Ethics of Liberty*³¹; and he wrote numerous essays, articles, introductions and reviews. He played a fundamental role for the ideology of the Libertarian Party, he was Vice President of the Ludwig von Mises Institute, cofounder of the Center for Libertarian Studies, editor of the <<Review of Austrian Economics>> and director of the <<Journal of Libertarian Studies>>. He died in New York on 7 January 1995.

When he was still a student Rothbard began to attend the seminars on Austrian marginalism held by Ludwig von Mises each week at New York University. As a boy, Rothbard had already begun to argue against the lasting effects of the policies of Roosevelt's New Deal and against the ideas of Communism and the meeting with von Mises was decisive. As he recalls, "happily, the opening of von Mises's seminar coincided with the publication of *Human Action* [...]. *Human Action* is it: von Mises's greatest achievement and one of the finest products of the human mind in our century. It is economics made whole, based on the methodology of praxeology that Mises himself had developed, and grounded in the ineluctable and fundamental axiom that human beings exist, and that they act in the world, using means to try to achieve their most valued goals. Von Mises constructs the entire edifice of correct economic theory as the logical implications of the primordial fact of individual human action".³² For Rothbard who was already a supporter of the free market, von Mises's ideas were fundamental since Rothbard also considered the free market to be the best means of establishing and increasing well-being and freedom. Combining the economic theory of the Austrian School with the American libertarian tradition, Rothbard became a point of reference for those sympathetic to libertarian ideas. The Rothbards' home became a

²⁶M. N. ROTHBARD, *An Austrian Perspective on the History of Economic Thought*, 2 vols., Edward Elgar Publishing Company, Brookfield, 1995.

²⁷M. N. ROTHBARD, *Conceived in Liberty*, 4 vols., Arlington House, New Rochelle, 1975-1979

²⁸M. N. ROTHBARD, *Man, Economy and State*, Van Nostrand, Princeton, 1962

²⁹M. N. ROTHBARD, *Power and Market*, Institute for Humane Studies, Menlo Park, 1970

³⁰M. N. ROTHBARD, *For a New Liberty. The Libertarian Manifesto*, MacMillan, New York, 1973

³¹M. N. ROTHBARD, *The Ethics of Liberty*, Humanities Press, Atlantic Highlands, 1982

³²M. N. ROTHBARD, *Ludwig von Mises*, cit., p.64

meeting place for scholars, philosophers, professors and students. As Walter Block observes, Rothbard was the “intellectual father” of the revival of libertarianism.³³

3. *The Aggressor State*

As John Kelley writes, Rothbard became an anarcho-libertarian immediately after he began to attend von Mises’s seminars in 1949³⁴. Von Mises was not an anarcho-capitalist, indeed he was convinced that the anarchists were basically ingenuous and that it was necessary to have a monopoly over the exercise of force “there will always be individuals and groups of individuals whose intellect is so limited that they are unable to understand the benefits of social co-operation.”³⁵ But after von Mises had demonstrated that “*laissez-faire* policy leads to peace and higher standards of living for all, while statism leads to conflict and lower living standards”,³⁶ according to Rothbard, “defence and enforcement could be supplied, like all other services, by the free market”³⁷. Rothbard himself relates that in the winter of 1949/50, in the course of a conversation with some left-wing students, he realised that it was impossible for him to support the free market in all fields and at the same time be in favour of a State police force, “my whole position was inconsistent [...], there were only two logical possibilities: socialism, or anarchism. Since it was out of the question for me to become a socialist, I found myself pushed by the irresistible logic of the case, a private property anarchist, or, as I would later dub it, an anarcho-capitalist”³⁸.

Rothbard developed his anarcho-capitalist theory during the 1960s when American politics increasingly concentrated on the increase in welfare and defence spending. Indeed, Kennedy’s presidency marked an entire age. His economic ideas were inspired by Keynesian-type measures with the main point being to increase public

³³W. BLOCK, *Murray N. Rothbard. In Memoriam*, cit., p.23

³⁴J. L. KELLEY, *Op. cit.*, p.93

³⁵L. VON MISES, *Human Action*, cit., p.

³⁶M. N. ROTHBARD, *In Defense of “Extreme Apriorism”*, in <<Southern Economic Journal>>, January 1957, pp.314-320, now in *The Logic of Action I: Method, Money, and the Austrian School*, Edward Elgar, Cheltenham, 1998, pp.100-108

³⁷M. N. ROTHBARD, *Power and Market*, cit., p. VI

³⁸M. N. ROTHBARD, *What’s Wrong with Liberty Poll; or, How I Became a Libertarian*, in <<Liberty>>, July 1988, p.53

spending on defence, NASA space programmes and also to increase federal spending on public works, civil service salaries and unemployment benefits. The increase in defence and welfare spending continued throughout the 1960s³⁹. President Johnson's policy was characterised by heavy spending on foreign policy and on programmes that he defined as the *Great Society*, but which Rothbard defined as the *welfare-warfare State*⁴⁰. According to Rothbard, Kennedy's famous phrase, "*don't ask what your country can do for you but rather ask what you can do for your country*", was only a poetic attempt to hide an increasingly invasive and aggressive welfare-warfare State, which asked its citizens to sacrifice their freedom, their property rights and even their lives to safeguard the domestic and international interests of the State.

Carl Menger elaborated some of his ideas in opposition to the historical German School and von Mises and Hayek were faced with the spread of socialism, the failures of the interventionist state and the growing power of the central banks. Rothbard was in a position to witness the growth of the welfare state and the redistribution of wealth and also one of the most dramatic episodes in the history of the United States - the Vietnam war. In 1961 Kennedy stepped up the American presence in Vietnam and in the years to follow the United States became increasingly involved in the conflict only to abandon Vietnam in the early 1970s with a toll of almost 10 years of national emergency, 55,000 dead and 300,000 wounded, at a cost of \$110 billion.⁴¹ There is no doubt that the experience of the Kennedy and Johnson administrations, the loss of faith and the scepticism engendered towards a State which sent 500,000 American soldiers into the swamps and jungles of Vietnam, and then the Watergate scandal, created fertile ground for the spread and success of Rothbard's ideas and, in general, for libertarian ideas⁴². It was against the *welfare-warfare State* that Rothbard wrote one of his harshest criticisms of the State, "While opposing any and all private or group aggression against the rights of person and property, the libertarian sees that throughout history and into the present day, there has been one central, dominant, and overriding aggressor upon all of these rights: the State. In contrast to all other thinkers, left, right, or in between, the libertarian refuses to give the State the moral

³⁹G. MAMMARELLA, *Storia degli Stati Uniti dal 1945 ad oggi*, Laterza, Roma-Bari, 1992, pp.254-258

⁴⁰M. N. ROTHBARD, *For a new Liberty*, cit., p.18

⁴¹G. MAMMARELLA, *Op. cit.*, p.384

⁴²E. J. DIONNE, *Op. cit.*, pp. 280-282

sanction to commit actions that almost everyone agrees would be immoral, illegal, and criminal if committed by any person or group in society. [...] The State habitually commits mass murder, which it calls *war*, or sometimes *suppression of subversion*; the State engages in enslavement into its military forces, which it calls *conscription*; and it lives and has its being in the practice of forcible theft, which it calls *taxation*. The libertarian insists that whether or not such practices are supported by the majority of the population is not germane to their nature: that, regardless of popular sanction, War is Mass Murder, Conscription is Slavery, and Taxation is Robbery. *The libertarian, in short, is almost completely the child in the fable, pointing out insistently that the emperor has no clothes*”⁴³. So, as Dionne writes, “the rise of libertarianism was also a sign of a deep sickness in the democratic system. [...] Libertarianism became popular because in the wake of Vietnam, Watergate, and the failures of the Carter years, the view that the leaders of America’s democratic republic constituted ‘a criminal band’ became ever more widely accepted”.⁴⁴

4. The axiom of non-aggression

In 1973 in *For a New Liberty*, Rothbard describes his own anarcho-capitalist theory in full, first examining the conceptual assumptions of his theory and then putting forward libertarian solutions to society’s concrete problems. Rothbard’s libertarian theory is based on the axiom of non-aggression where aggression is defined as “the initiation of the use or threat of physical violence against the person or property of anyone else”.⁴⁵ The central idea of libertarianism is the negation of the right to act against individuals and their property which is an implied condemnation of the State which has always appropriated the monopoly over such aggression by means of taxation, compulsory conscription, and the imposition of its own defence and arbitration services. The State has usurped the monopoly over force, law, judicial power, the power to mint money, unused land, roads and highways, coastal waters and even the postal system. Rothbard notes a characteristic connected to the very nature of

⁴³M. N. ROTHBARD, *For a new Liberty*, cit., pp.24-25

⁴⁴E. J. DIONNE, *Op. cit.*, p.281

⁴⁵M. N. ROTHBARD, *For a New Liberty*, cit., p.23

the State apparatus – the State is the only subject that derives its income by coercion, “threatening dire penalties” if the income does not arrive; all other individuals and groups within society, on the other hand, support themselves by producing and selling goods and services or by means of free donations or legacies⁴⁶.

But how do we arrive at the axiom of non-aggression? And how is it possible for Rothbard to interpret it in such a radical way? The concept of self-ownership, as expressed by John Locke, is one of the fundamental concepts in this regard. In fact, it is by means of the emphasis placed on the idea of self-ownership that *the definition of classical liberalism is transformed into the radical libertarian theory*. It is Rothbard himself who in *For a New Liberty* makes explicit reference to John Locke as the “great property theorist”⁴⁷ defining him as “a libertarian exponent of self-ownership, property rights, and a free market economy [..], a classical liberal and libertarian”. The main points of Locke’s doctrine are in fact, “the beginnings in self-ownership or self-property, the deduced right to property and free exchange, the justification of government as a device to protect such rights, and the right of overturning a government that violates, or becomes destructive of, those ends”⁴⁸. Each individual, writes Rothbard, “has the right to self-ownership, to a property right in his body and person. But people are not floating wraiths; they are not self-subsistent entities; they can only survive and flourish by grappling with the earth around them. They must, for example, stand on land areas; they must also, in order to survive and maintain themselves, transform the resources given by nature into consumer goods [..]. Man, in other words, must own not only his own person, but also material objects for his control and use”⁴⁹. So property rights “are founded on the basic natural facts of man: each individual’s ownership by his ego over his own person and his own labour, and his ownership over the land resources which he finds and transforms”⁵⁰, this means that private property is “a veritable extension of his own personality”⁵¹. According to Rothbard then, “a firm property right in one’s own self and in the resources that one finds, transforms, and gives or exchanges, leads to the property structure that is found

⁴⁶M. N. ROTHBARD, *The Ethics of Liberty*, cit., p. 162

⁴⁷M. N. ROTHBARD, *For a new Liberty*, cit., p. 31

⁴⁸M. N. ROTHBARD, *An Austrian Perspective on the History of Economic Thought*, cit., vol I, *Economic Thought Before Adam Smith*, pp.315,316

⁴⁹M. N. ROTHBARD, *For a new Liberty*, cit., p. 31

⁵⁰M. N. ROTHBARD, *The Ethics of Liberty*, cit., p.41

⁵¹M. N. ROTHBARD, *For a New Liberty*, cit., p.31

in free market capitalism”⁵². As a result any action violating the fundamental right of the individual is, for Rothbard, an illegal action.

A central point of Rothbard’s thinking is the decisive definition of private property rights as fundamental human rights. In Rothbard’s opinion, “there are no human rights that are separable from property rights”. For example, it is impossible to enjoy freedom of speech without property rights, i.e. if the government owns all places of assembly. And further, what would freedom of the press be if the government owns all the newspapers? It would have no sense. But there is more – since a man is not an abstract entity and since he “has the right to self-ownership, to the control of his life, then in the real world he must also have the right to sustain his life by grappling with and transforming resources”⁵³. This means that without the right to own material goods, the very right to life is void of meaning. According to Rothbard, a man cannot call himself free if he cannot use what he produces or earns as he likes and, in the same way, an individual does not really have the right to pursue happiness if he cannot make use of the product of his work to achieve his own objectives.

5. The failures of the interventionist State

Rothbard illustrates how in any type of public activity it would be possible to substitute private for state activity. He demonstrates not only the possibility of the total abolition of the State but also the possibility and desirability of reducing its presence in activities such as the supply of goods and services, which could thus be carried out by the private sector with greater satisfaction for all.⁵⁴ In the course of time, people have identified the State with the activities it has carried out for centuries to the point where, notes Rothbard, “an attack on State financing appears to many people as an attack on the service itself.” Things are not like this at all however, the “libertarian” does not want to do without those important services which the State currently supplies, he “wants to replace government by private enterprises”⁵⁵. Rothbard invokes

⁵²M. N. ROTHBARD, *Power and market*, cit., p.1

⁵³M. N. ROTHBARD, *For a new Liberty*, cit., p.43

⁵⁴M. N. ROTHBARD, *The Fallacy of the Public Sector*, in <<New Individualist Review>>, n.2, Summer 1961, pp.45-49

⁵⁵M. N. ROTHBARD, *For a new Liberty*, cit., pp.194

the free market for defence, the police force, judicial services, the fire service, the construction and management of roads and highways, education, water supply, refuse collection, postal services and for all those sectors in which the current entrepreneur is the State, not only because the latter is an immoral institution but also because “a free market will do the job infinitely better than the compulsory monopoly of bureaucratic government”⁵⁶. Rothbard felt that if goods and services were left to the free market they would be less expensive, in greater supply and of better quality than those supplied by the State. Furthermore, he pointed out that as result the enormous volume of taxes imposed by the State to fund its activities would disappear. “On the free market, in short, the consumer is king, and any business firm that wants to make profits and avoid losses tries its best to serve the consumer as efficiently and at as low a cost as possible. In a government operation, in contrast, everything changes”.⁵⁷ A clear example of this is given by the state management of education. “In contrast to the private, profit-making business, the government bureaucrat is neither interested in efficiency nor in serving his customers to the best of his ability”. According to Rothbard, “having no need to make profits and sheltered from the possibility of suffering losses, the bureaucrat can and does disregard the desires and demands of his consumer-customers”.⁵⁸ In Rothbard’s opinion, the very existence of state education implies a series of unjustified taxes and subsidies. For example, parents wanting to send their children to a private school must in any case shoulder the subsidy of state schools, single men or women and poor couples without children are forced to finance services which they do not use. Often private schools face competition from schools receiving state subsidies and in which the teachers’ salaries are paid from public funds. Rothbard therefore hopes for the realisation of Milton Friedman’s idea of a “voucher school”.⁵⁹ This proposal, if put into effect, would open the door to healthy competition in the field of education and would bring an end to the State’s monopoly over education while preserving the funding of education by taxpayers.

⁵⁶*Ivi*, p.195

⁵⁷*Ivi*, p. 196

⁵⁸*Ivi*, p. 127

⁵⁹ For the debate that has recently developed in Italy on the school coupon, see D. ANTISERI, L. INFANTINO, A. MARTINO, A. M. PETRONI, *In difesa della scuola libera: il “buono scuola”*, ed. L. Infantino, Borla, Rome, 1994; *Lettera sulla scuola a studenti, genitori e insegnanti*, ed. D. Antiseri, S.E.I., Turin, 1995

According to Rothbard “there is a fatal flaw that permeates every conceivable scheme of government enterprise and ineluctably prevents it from rational pricing and efficient allocation of resources. Because of this flaw, government enterprise can never be operated on a business basis, no matter what the government’s intentions. What is this fatal flaw? It is the fact that government can obtain virtually unlimited resources by means of its coercive tax power”.⁶⁰ In fact, state enterprises do not earn their income in the same way as private ones, by serving the consumer in the best possible way and with earnings related to sales, “the government bureau acquires its income from mulcting the long-suffering tax payer. Its operations therefore become inefficient, and costs zoom, since government bureaux need not worry about losses and bankruptcy; they can make up their losses by additional extractions from the public till”.⁶¹ Instead, “private firms,” explains Rothbard, “can get funds only from consumers and investors; they can get funds, in other words, only from people who value and buy their services and from investors who are willing to risk investment of their saved funds in anticipation of profit. In short, payment and services are, once again indissolubly linked on the market [...]. The free market provides a mechanism for allocating funds for future and present consumption, for directing resources to their most value-productive uses for all the people”.⁶² The efficiency of the private sector derives from the fact that, “businessmen and other producers direct their energies, on the free market, to producing those products which will be most rewarded by the consumers, and the sale of these products may therefore roughly measure the importance which the consumers place upon them”.⁶³

For these reasons the libertarian programme provides for the total abolition of the state sector and the conversion of all activities from state to private hands. For example, in the construction and management of roads and highways, according to Rothbard, the State could very easily be substituted by private enterprise. “All pieces of land, all land areas, including streets and roads, would be owned privately, by individuals, corporations, co-operatives, or any other voluntary grouping of individuals and capital”.⁶⁴ The owners of the roads in residential areas and the owners of the

⁶⁰M. N. ROTHBARD, *Power and Market*, cit., p. 175

⁶¹M. N. ROTHBARD, *For a New Liberty*, cit., p. 196

⁶²M. N. ROTHBARD, *Power and Market*, cit., pp. 175-176

⁶³M. N. ROTHBARD, *The Fallacy of the Public Sector*, cit., , pp.45-46

⁶⁴M. N. ROTHBARD, *For a New Liberty*, p.201

houses in such areas would have a direct interest in the safety and tranquillity of the territory and would provide for the efficient protection of streets and neighbourhoods. Once they felt safe, people would be induced not only to set up home in the more tranquil and safe streets but also to build. “Since landowners always prefer higher to lower market values for their property, there is a built-in incentive to provide efficient, well-paved, and safe streets”. Rothbard observes how it is “infinitely better to rely on the pursuit of economic interest by landowners [..], than to depend on the dubious altruism of bureaucrats and government officials”.⁶⁵ If roads were built and managed by private enterprise and then simply sold like any other good, supply would meet demand and we would have a greater abundance of roads, bridges and tunnels and consequently less traffic. Even as regards assisting the poor, the State should “*get out of the way*. Let the government get out of the way of the productive energies of all groups in the population, rich, middle class, and poor alike, and the result will be an enormous increase in the welfare and standard of living of everyone”.⁶⁶ If the entire public sector were to disappear, as Rothbard wished, even the police force would be entirely private. According to him “any police firm that suffers from gross inefficiency would soon go bankrupt and disappear”, since “a free market in police would reward efficient and courteous police protection to customers and penalise any falling off from this standard”.⁶⁷ Furthermore he thought that the current lack of connection between the amount of taxes paid to the State for a protection service and the quantity of protection actually desired would come to an end. The same could be said about protection at international level from foreign aggression, “on the market, people can and do obtain food, shelter, clothing, medical care, etc. Why can’t they hire defenders as well? Indeed, there are plenty of people being hired every day to perform dangerous services: forest fire-fighters, rangers, test pilots, and police and private guards and watchmen. Why can’t soldiers be hired in the same way?”⁶⁸ Rothbard's thought would undermine the argument generally put forward to support the clear example of enslavement represented by compulsory conscription, that is, the need to procure defenders in the event of an attack launched by a foreign nation. According to Rothbard in fact the whole system of compulsory conscription is none other than “a

⁶⁵*Ivi*, p. 203

⁶⁶*Ivi*, p. 162

⁶⁷*Ivi*, pp.216-217

blatant case of involuntary servitude”, in that young people are quite simply kidnapped by the State, put into the army and subjected to the will of the State. In the army anyone “can be forced to kill and to place his own life in jeopardy if the authorities so decree. What else is involuntary servitude if not the draft?”.⁶⁹ To those who assert that conscripts if necessary, must sacrifice their lives for *society* and their *country*, Rothbard asks, “who is this society or this country that is being used as a talisman to justify enslavement? It is simply all individuals in the territorial area except the youths being conscripted. Society and country are in this case mythical abstractions that are being used to cloak the naked use of coercion to promote the interest of specific individuals”.⁷⁰

6. The impracticability of socialism

A consequence of the considerations about the state as entrepreneur is the *impossibility of socialism*. Rothbard defines a socialist regime in the following way, “socialism, or collectivism, occurs when the State owns all the means of production. It is the compulsory abolition and prohibition of private enterprise, and the monopolisation of the entire productive sphere by the State. Socialism, therefore, extends the principle of compulsory governmental monopoly from a few isolated enterprises to the whole economic system. It is the violent abolition of the market”.⁷¹ If under the free market system, consumers indicate to entrepreneurs how to allocate resources and what to produce by means of the price-formation mechanism, how can production be organised in a socialist economy? And, in particular, “who is to decide

⁶⁸*Ivi*, p.80

⁶⁹*Ivi*, pp. 79-80

⁷⁰*Ivi*, p.80. This is a classical position of methodological individualism whereby collective entities such as society, the State and the group do not actually exist in themselves but are only names indicating a number of individuals. On methodological individualism, consult F. A. VON HAYEK, *The Counter Revolution of Sciences. Studies on the Abuse of Reason*, Glencoe, The Free Press, 1955; L. VON MISES, *Human Action*, cit.; M. N. ROTHBARD, *Individualism and the Philosophy of Social Sciences*, Cato Paper n.4, Cato Institute, San Francisco, 1979; D. ANTISERI, *Teoria e razionalità delle scienze sociali*, Borla, Rome, 1989; *Trattato di metodologia delle scienze sociali*, UTET, Turin, 1996; *L'individualismo metodologico. Una difesa*, in D. ANTISERI, L. PELLICANI, *L'individualismo metodologico*, Angeli, Milan, 1992; L. INFANTINO, *L'ordine senza piano. Le ragioni dell'individualismo metodologico*, Armando Editore, Rome, 1998; English edition *Individualism in Modern Thought: From Adam Smith to Hayek*, Routledge, London, New York, 1998; E. DI NUOSCIO, *Le ragioni degli individui*, Rubbettino, Soveria Mannelli, 1996

on the allocation of factors to all the various uses, or on the income each factor will receive in each use?" In Rothbard's opinion, "there are two and only two ways that an economy can be organised. One is by freedom and voluntary choice, the way of the market. The other is by force and dictation, the way of the State". The second way is therefore that of centralised planning and "to those ignorant of economics, it may seem that only the latter constitutes real organisation", able to counter the confusion and chaos generated by the way of the market. According to Rothbard, "the organisation of the free market", which is spontaneous and unplanned, "is actually an amazing and flexible means of satisfying the wants of all individuals, and one far more efficient than State operation or intervention".⁷² The market sets the prices on the basis of those economic calculations that can be made in order to predict costs and therefore know how to make a profit. "In contrast," warns Rothbard, "central planning, such as is attempted under socialism, is deprived of accurate pricing, and therefore cannot calculate costs and prices. This is the main reason why central socialist planning has increasingly proved to be a failure."⁷³ Between the two opposing poles of the free market and collectivism, there is an intermediate range of regimes with differing degrees of the principle of liberty and the principle of collectivism. As a result, Rothbard concludes first and foremost that, "any increase of governmental ownership or control, therefore, is socialistic, or collectivist, because it is a coercive intervention bringing the economy one step closer to complete socialism",⁷⁴ and therefore both the distribution of resources and production are brought nearer and nearer to chaos and irrationality.

6. The law and protection agencies in Rothbard's anarcho-capitalism

As regards the administration of justice and the maintenance of order, Rothbard proposes an anarcho-capitalist system. The Rothbardian hypothesis allows for various legal systems, to be funded exclusively on a voluntary basis, and of a non-monopolistic nature – a series of protection agencies and service providers who would

⁷¹M. N. ROTHBARD, *Power and Market*, cit., p.184

⁷²*Ibidem*

⁷³M. N. ROTHBARD, *For a new Liberty*, cit., p.199

operate under a regime of free competition. To protect their rights and resolve their controversies, individuals would no longer be obliged to use the services provided by the State under a monopolistic regime but could freely choose among various protection agencies under a system in which judges and courts would compete amongst themselves on the market. Since the free market and competition are the best ways of achieving well-being and myriad other objectives, Rothbard maintains that a free market regime is desirable even for protection agencies or, in other words, he would like to see various competing systems of government in the same territorial area. It is necessary to specify that for Rothbard private protection agencies and courts would be encouraged by the market to act fairly and respect the rights of the accused. Private agencies, explains Rothbard, would have market incentives to be fair and to respect a person's rights. In the same way, private judges would have a direct interest in making fair decisions. This is because in a non-monopolistic system of the administration of justice in a free market system, the survival and success of private courts and protection agencies would depend for their reputation on fairness and objectivity.⁷⁵

In 1970 in *Power and Market*, Rothbard addresses in full the question of *protection agencies*, “this book discusses a problem that the published version of *Man, Economy and State* necessarily had to leave in the dark: the role of protection agencies in a purely free market economy [...]. The first chapter of the present book argues that defence and enforcement could be supplied, like all other services, by the free market and that therefore no government action is necessary, even in this area. Hence, this is *the first analysis of the economics of government to argue that no provision of goods or services requires the existence of government*”⁷⁶. Having protection services under a free market, “would mean maintaining the axiom of the free society, namely, that there be no use of physical force except in defence against those using force to invade person or property. This would imply the complete absence of a State apparatus or government”⁷⁷. Only in this way could there be genuine freedom of movement because “only such libertarian provision of a defence service would be consonant with a free

⁷⁴M. N. ROTHBARD, *Power and Market*, cit., p.185

⁷⁵M. N. ROTHBARD, *Society Without a State*, in *Anarchism*, eds. di J. R. Pennock, J. W. Chapman, New York University Press, New York, 1978, pp.191-192

⁷⁶M. N. ROTHBARD, *Power and Market*, cit. pp.V-VI

⁷⁷*Ivi*, p. 2

market and a free society. Thus, defence firms would have to be as freely competitive [...], as are all other suppliers of goods and services on the free market. Defence services, like all other services, would be marketable and marketable only”⁷⁸.

Rothbard think of a stateless society but not a lawless one. But how is it possible to have a legal code without the State to promulgate it? Following the studies of Bruno Leoni and Hayek, Rothbard concludes that the State is by no means necessary for the production of law.⁷⁹ In fact, the common law comprises a body of rules and principles that have developed over the centuries. For English constitutionalism, the real law is based on custom - it has lasted so long because it has obtained the agreement of various generations. The value of laws based on custom lies in the fact therefore that they have been approved by those who use them⁸⁰. And to those who may ask who would appoint the judges in a libertarian society, Rothbard replies in the words of Leoni, “the people themselves, people who would go to the judges with the greatest reputation of expertise and wisdom in knowing and applying the basic common legal principles of the society”⁸¹.

But would a stateless world be possible? Is Rothbard an utopian? According to Kelley, libertarianism is in fact an attempt to define the utopia of the free market⁸², but Llewellyn Rockwell asserts that “*Rothbard was no utopian*; his view was that government power should be limited in any way possible, and he worked to make it so”⁸³. As regards the practical realisation or not of anarcho-capitalism, Randall G. Holcombe maintains that “from a practical standpoint, it is not now relevant whether

⁷⁸*Ibidem*

⁷⁹Consult B. LEONI, *Freedom and the Law*, Van Nostrand, Princeton, 1961; F. A. VON HAYEK, *Law, Legislation and Liberty*, III vols., University of Chicago Press, Chicago, 1973, 1976, 1979. According to Hayek, “the right precedes legislation”, but the idea that every law is the product of a legislator “is wrong, an erroneous product” of “constructivist rationalism [...]. The whole concept of juridical positivism whereby every law derives from the will of a legislator, is a product of the voluntaristic fallacy which is typical of constructivism”. (pp. 94,95)

⁸⁰M. N. ROTHBARD, *For a New Liberty*, cit., pp.315-316. “Il corpo principale del diritto anglosassone, la giustamente celebre *common law*, fu sviluppato nel corso dei secoli da giudici in concorrenza che applicavano dei principi consuetudinari piuttosto che i decreti instabili dello Stato”. Rothbard underlines how the role of the judges was not that of *making* laws but that of seeking the law in the principles of the Common Law accepted by all. (p. 315)

⁸¹B. LEONI, *Freedom and the Law*, cit., p.202. Leoni criticises legislative inflation, the massive intervention of the State in legislative activity and underlines the steady substitution of legislation for law, in a context in which changing majorities can change the law extremely easily, thus undermining the very principle of the certainty of the law. Furthermore, Leoni compares a judicial order founded on centralised legislation to a centralised economy in which all important decisions are taken centrally.

⁸²J. KELLEY, *Op. cit.*, p.81

⁸³L. ROCKWELL, *In Memoriam*, cit., p.118

the process stops at Rothbard's ideal state, Friedman's ideal state, or at some other point", i.e. if we must achieve a minimal State or a stateless society. In fact, "it is not really possible to say what ultimate outcome will prove to be most desirable", because "in reality, a reduction in government will come by degrees [..]. By illustrating how it is possible, at least in principle, to replace all of the government's activities by market activities, Rothbard points reformers in the direction of less government. Regardless of whether such a world will ever exist in practice, the imaginative and persuasive arguments of anarchists such as Rothbard provide a valuable service by providing an intellectual foundation for the movement toward less government"⁸⁴. Rothbard's radical criticism of the State and statism is the sign of his intolerance of the State's continuous interference in people's lives and its many failures as protector of citizens and supplier of goods and services, an intolerance which was clearly represented by Reagan's America. *Libertarianism* can be considered both creator and product of Reagan's America⁸⁵. The State has grown too large, it is necessary to cut it back and Rothbard's entire work indicates the right way to go about it. Rothbard himself, even if he wanted a total and immediate abolition of all State activities, knew very well that changes only come about gradually, "the immediate abolition of statism, while unlikely in practice, was to be sought after as the only possible moral position. [..]Urge immediate abolition as earnestly as we may, it will - alas! - be gradual abolition in the end."⁸⁶ Proposing an alternative to the free market for all public activities, Rothbard brings the problem of the crisis of the State to the forefront, he helps to focus people's attention on the problems of statism and provides ideas, indications and provocation for a reform which should reduce the role of the State. So we can consider anarcho-capitalism as a regulating idea. For this reason the old debate between libertarians in favour of minimal state activity and anarcho-capitalist libertarians⁸⁷ seems to be outdated. More than one author⁸⁸ tends to underline what they have in common as libertarians rather than what divides them i.e. the common enemy – the State. As has recently emerged, the supporters of anarcho-capitalism and the supporters of the minimum state activity are not in conflict at all, having a very important element in

⁸⁴R. G. HOLCOMBE, *The Role of Government*, in *Man, Economy and Liberty*, cit., pp.279-280

⁸⁵E. J. DIONNE, *Op. cit.*, p.263

⁸⁶M. N. ROTHBARD, *For a new Liberty*, cit., p.15

⁸⁷See R. A. CHILDS, *Objectivism and the State: An Open letter to Ayn Rand*, in <<The Rationalist Individualist Review>>n. 10, August 1969; now in *Liberty Against Power*, cit., pp.145-156

common – they are both perfectly well aware of the dangers inherent in a State which is simply a night watchman - the danger that it will exceed its limits and become aggressive. Even if it were genuinely impossible to have minimal state activity, as the anarchists say, this would not excuse us from trying to find instruments to reduce the abuses of government. Increasing the limits to the powers and functions of the State means improving the quality of life for all and moving towards a freer society⁸⁹. We are dealing with an all-pervasive State and what we need is a theory uniting the best of the Austrian school of economics and traditional classical liberalism to provide the theoretical instruments to observe the current situation and move towards reducing the State's functions. In Rothbard we find the instruments to "*place the Leviathan in chains*"⁹⁰.

⁸⁸See J. L. KELLEY, *Op. cit.*, p.82; E. J. DIONNE, *Op. cit.*,

⁸⁹N. S. KINSELLA, *Constitutional Structures in Defense of Freedom: Are They Possible?*, Paper given at the *Austrian Scholars Conference*, Ludwig von Mises Institute, 3-4 Aprile 1998, Auburn, Alabama, USA

⁹⁰ *Ibidem*