

Peter T. Leeson, *Anarchy unbound: why self-governance works better than you think*

**Cambridge University Press, New York, NY, 2014, xi + 256 pp,
USD 27.99 (paper)**

Stergios Skaperdas

Published online: 5 December 2014
© Springer Science+Business Media New York 2014

The title of the book and the most common symbol of anarchism (an encircled A) in its cover predispose one to think that this book constitutes a full-blooded attack on government and a very robust defense of anarchism, whatever the variety of the latter might be. The subtitle, however,—“Why Self-Governance Works Better Than You Think”—immediately changes that impression and makes the prospective reader wonder what the sense of “better than you think” is. I don’t know about how others might react but, after reading the book, personally I did come out thinking that indeed some varieties of self-governance might work better than I originally thought, but I still don’t see how far it could penetrate into today’s highly structured societies and hierarchical organizations.

The introductory chapter makes the distinction between governance and government, with the former being a superset of the latter, but in the end it does not define government and takes the pragmatic perspective that “you know it when you see it” (p. 9). Although all the remaining chapters are based on previously published articles the whole is greater than the sum of its parts and reveals common threads that underlie all these articles in the author’s mind.

Chapter 2 examines the possibility of individuals bridging different communities and facilitating exchange by adopting different identities, and discusses case studies from pre-modern societies in Africa and Medieval Europe. The settings and the arguments resemble those of Greif (2006) but with the added twist of the choice of identities. Chapter 3 describes how for centuries the seemingly lawless Scottish-English border was nevertheless governed by the *Leges Marchiarum*, a legal code that grew to be rather elaborate and, under the circumstances, reasonably enforceable.

Chapters 4 and 5 examine the possibility of fruitful agreements between parties that are highly unequal in terms of power to inflict violence. Clever use of credit and the use of hostages or other bonds are instruments that could be used in such cases. “Plunder”

S. Skaperdas (✉)
Department of Economics, University of California, Irvine, Irvine, CA 92697-5100, USA
e-mail: sskaperd@uci.edu

contracts between privateers and captured ships in the Atlantic could avoid the costly trips back to safe harbors and thus be constrained-efficient.

Criminal organizations such as pirate ships and organized crime gangs typically have written and unwritten constitutions and laws that have helped them stay viable and sometimes thrive, a topic that is covered in Chapters 6 and 7. As an aside, as described in Chapter 6 the traditional, often brutal, hierarchical organization of merchant ships is an intriguing contrast to the more democratic and flexible organization of pirate groups and ships.

Leeson accepts that modern states as they have evolved in the west are capable of creating a degree of social cooperation and material prosperity that anarchy is not capable of enabling by itself. He argues, though, that this is not the case for very poor countries that also have poor, undeveloped, and predatory states. The last four chapters embark then on an assessment of anarchy in modern settings, with an emphasis in very poor countries. Chapter 9 argues that Somalia is an example of a country that is better off without a government than with one. Partly based on Somalia's example, Chapter 10 proposes that Less Developed Countries should have anarchy and no governments. Chapter 11 concludes with some examples in which even superstition-based self-governance can perform better than some governments.

While most of us sympathize with the plight of anyone under an autocratic and rapacious state that many countries have, it is not clear that self-governance is feasible (or an "equilibrium") in the long-run in poor countries for at least two reasons. First, the rest of the world is likely not to leave alone those who want to be left alone. Countries and the people within them cannot exist in isolation, even if they wanted to do so. The rest of the world might be interested in their natural resources, their geopolitical position or something else. Furthermore, the country itself might create externalities on the rest of the world that cannot be ignored.

Even if most Somalis who now reside within the county were to be marginally better off without a central government, neighboring countries and the rest of the world have been negatively affected by its internal turmoil. Almost 2.5 million persons (out of about 10 million) are refugees or internally displaced (UNHCR 2014). This condition imposes a significant burden on neighboring countries and international agencies. Similarly, for over a decade Somali pirates have significantly disrupted the flow of trade through the Red Sea and the Suez Canal, even after many countries sent numerous navy ships to patrol the affected area. The rest of the world prefers having a single entity having the near-monopoly in the use of force within a country's territory which, in turn, could be dealt with, and be accountable to for any misdeeds, to the rest of the world. Having a single entity with power to deal with is also the reason that the rest of the world and the West, contrary to its pronouncements, in practice seem to prefer to have dictators to messy democracies in poor countries.

A second reason that makes self-governance difficult to achieve in poor countries (as well as elsewhere) comes from the combination of two factors: the tendency of self-governing entities to be small in order to reduce free-rider problems; and the presence of organized "men with guns" who tend to subdue self-governing entities for their own interests. These men could still use clever ways to maintain peace and reduce their own costs (as discussed in Chapter 4), yet their inexorable tendency to dominate by their force of arms hardly allows for self-governance to thrive. The great majority of states and smaller political entities that have existed in history, especially before the emergence of modern states, can be described as "proprietary," run for the benefit of a ruler and an oligarchy surrounding them (Grossman and Noh 1994). As shown in Konrad and

Skaperdas (2012) it is very hard for self-governing political entities to co-exist and survive in an environment with proprietary rulers. This is also the reason that during central government breakdowns and civil wars those who compete are also ruthless men with guns hierarchically organized that tend to take over self-governing communities.

Self-governance could still be, materially and otherwise, better for the vast majority of the population, yet not be viable militarily and politically because of the aforementioned reasons. It is vitally important, however, to have scholars remind us of the importance of local solutions to local problems, and perhaps beyond that in devising locally-coordinated solutions to global problems. After all, modern states still claim to derive their legitimacy from popular sovereignty. Distinguished scholars such as Elinor Ostrom (e.g., Ostrom 2010) and James C. Scott (e.g., Scott 2012) have been seeking to show the possibilities for self-governance during their whole careers. Leeson is a young scholar who is keeping the flame alive with creative case studies and arguments. I am looking forward to additional case studies from him in the future but also to the development of clever mechanisms in possibly overcoming the domination of today's corporate and state hierarchies.

References

- Greif, A. (2006). *Institutions and the path to the modern economy: Lessons from medieval trade*. New York: Cambridge University Press.
- Grossman, H., & Noh, S. J. (1994). Proprietary public finance and economic welfare. *Journal of Public Economics*, 53, 187–204.
- Konrad, K. A., & Skaperdas, S. (2012). The market for protection and the origin of the state. *Economic Theory*, 50(2), 417–443.
- Ostrom, E. (2010). Beyond markets and states: Polycentric governance of complex economic systems. *American Economic Review*, 110(3), 641–672.
- Scott, J. C. (2012). *Two cheers for anarchism: six easy pieces on autonomy, dignity, and meaningful work and play*. Princeton: Princeton University Press.
- United Nations High Commissioner for Refugees (UNHCR) (2014). *2014 UNHCR country operations profile–Somalia*. <http://www.unhcr.org/pages/49e483ad6.html>. Accessed 16 Nov 2014.