



Catalyst

The rise of a Libertarianism 2.0

The movement has long been about promoting freedom and decentralization. But increasingly, it is about realizing these ideals through technology.

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We are living in an authoritarian moment. It has sparked a libertarian pushback.

The authoritarian nature of the moment needs little elaboration. In the last 2 years, Western democracies have used a problematic health rationale to close businesses, restrict movement, censor speech, force unwanted inoculation, and ban alternative medical treatments for Covid. The growing conversation within the federal government to implement no-fly lists, mandated kill switches in cars, and increased surveillance to stop “domestic terrorism” speaks to how authoritarian governance has crept in even without the Covid rationale.

Other examples of government overreach that existed before the pandemic have expanded in response to it. Federal government spending is now 30% of GDP; national debt has exploded to 133% of GDP; and federal money supply has seen unprecedented expansion, setting the groundwork for years of inflation.

This mix of economic self-sabotage and civil liberty infractions has given Americans the growing sense that their government has too much control of the country—and is causing it to unravel. 72% of those polled believe America is on the wrong track.

This is why a libertarian moment has also arisen—and not just in the U.S. From American parents demanding that school boards unmask their kids, to horn-honking Canadian truckers, to anti-lockdown protests across Europe and Australia, there’s a renewed language in the West favoring individual rights and bodily autonomy rather than control by unelected bureaucrats.

The question is what will this moment yield in respect to tangible pushback against government abuse. The answer lies in detecting two layers within the movement—a Libertarianism 1.0 that pits classical liberal ideals against entrenched governing systems, and a Libertarianism 2.0 that either weakens these systems or escapes them all together, using technology to reduce the power of political actors.

Libertarianism 1.0

By now most people understand what this is: an ideology calling for small government, personal liberty and open economies.

While the concept has several intellectual origins, it is linked today with the classical liberal tradition pioneered by Adam Smith. Libertarianism is distributed in the media sphere nowadays through outlets like Reason Magazine and the Cato Institute; and in the political sphere through mainstream politicians like Rand Paul and the Libertarian Party.

The premise of their advocacy is that liberty-minded ideas should compete in the marketplace against the statist ideas peddled by the Democratic and Republican duopoly. By virtue of being a political movement, libertarianism is “fighting” against entrenched government structures, especially since it’s a minority position.

But this can realistically be seen as a losing fight, since governance in democracies will never produce libertarian outcomes. Public choice economists have shown why: democracy creates a freeloader problem where people vote for benefits they don’t pay for, and special interests elect leaders who favor them at the expense of the whole. Libertarian governance is even less likely to surface in non-democratic administrative states—which the U.S. now resembles. Political actors in such systems are even more incentivized to raise taxes, increase debt, trample human rights and enrich themselves.

Rather, the march towards statism and authoritarianism seems inevitable across the West, with Covid just showing an accelerated version, and it seems there is little libertarians can do to stop it—no matter how hard they “fight”.

Libertarianism 2.0

But an alternate course of libertarianism stresses flight over fight, action over activism, building things rather than saying things, and escaping rather than reforming current systems. It uses technology for these goals, amounting to a Libertarianism 2.0.

I didn’t invent this slogan. A 2010 academic paper used the 2.0 term to describe “cyber-libertarianism” or “techno-libertarianism.” But technological advances since then speak to its greater current potential. Silicon Valley and other tech hubs—which, ironically, have assisted in the rise of authoritarianism—have also produced ways to fight it through this 2.0 model.

That is, many people working in tech have libertarian leanings, and it inspired them to build decentralized processes that allow escapes and workarounds from state violence. Such technologies (many of them interrelated) include:

Decentralized Autonomous Organizations: these are digital platforms with autonomous operating agreements that are enforced with (or without) member participation. As [Ethereum.com notes](#), they are “an internet-native business that’s collectively owned and managed by its members. They have built-in treasuries that no one has the authority to access without the approval of the group. Decisions are governed by proposals and voting to ensure everyone in the organization has a voice.”

DAOs can be structured to disperse voting power based on what an individual pays into the system (try doing that with raw democracy), and are generally without an executive leader.

Blockchain: DAOs run on blockchain technology, which is a peer-to-peer network that moves and stores information through a database and prevents it from being manipulated by individuals. Blockchain is a way to store sensitive info—currencies, land titles, voting ballots—with less threat of theft or hacking.

Smart contracts: these run on the blockchain and are often at the heart of DAOs. IBM describes them as programs “that run when predetermined conditions are met. They typically are used to automate the execution of an agreement so that all participants can be immediately certain of the outcome, without any intermediary’s involvement or time loss. They can also automate a workflow, triggering the next action when conditions are met.”

An example would be if two people want to bet on the Super Bowl but don’t trust each other to pay upon losing. So they create a smart contract that triggers the payment automatically once the game’s over. This removes the need for trust between parties.

Cryptocurrency: Also running along the blockchain, these are currencies that have prearranged, coded rules, so as to prevent dilution or other manipulation by central banks. The blockchain aspect of cryptocurrency also ensures the privacy of transactions, so that governments cannot track, seize—or potentially even tax—money.

Metaverse: this might sooner be called “the network state,” but metaverse is a more popular term. Societies of like-minded individuals create their own digital community—excluding unwanted outsiders and operating on the above-mentioned technologies—where they can conduct business and share common interests. Eventually, writes investor Balaji Srinivasan, who has become a face of techno-libertarianism, this can lead them to create physical communities that, again, are ideally insulated from outside interference.

Speaking of...the best merging of these Libertarianism 2.0 technologies into a larger governing vision seems to be happening in the private city space. A proposed city in the Texas Hill Country called Montanoso looks to operate on a leaderless DAO (however, it will still answer to the Texas state and U.S. governments).

Prospera, a city being built on an island off mainland Honduras, takes this further. It wants to incorporate these technologies, but has signed an agreement that gives it near-full autonomy from the Honduran government. Estonia is perhaps the most advanced current example of an entity that has used blockchain technology to streamline services, secure public records and reduce the need for human administrators.

As more microstates like these continue to surface, there will be concern that surrounding host nations might invade them if they get too successful (see Hong Kong). However, this will be harder in a techno-libertarian system; if a city runs on algorithms that only internal members

grasp, it'll be harder for unwanted outsiders to exploit any aspect of it, even if they choose to plunder it outright.

But these technologies can be used to increase the transparency of, or even disempower, current regimes. To name one recent example: when the Canadian government pressured GoFundMe to shutter its crowdfunder for protesting truckers, people started sending the truckers Bitcoin, which is more difficult for the government to track. Another example would be to launch blockchain-based social media platforms that have no curation and automatically elevate the most popular posts, making it harder for politicians to censor.

At the heart of Libertarianism 2.0 is the ethos to “become ungovernable” by using technology to isolate and outfox the state.

In conclusion, I like both versions of libertarianism. 1.0 gives a framework for how we should think about state power and its downfalls. 2.0 offers a system that helps avoid creating such states in the future, weakens existing ones, and even sets a blueprint for new societies.

This latter aspect is why I think 2.0 will be the future of the libertarian movement. Why bang our heads against a wall within governments that will never change, when we can start from scratch using charter cities, special economic zones, and other experimental communities? If libertarians manage to incorporate these decentralized tech cities around the world, it could help turn their ideas into reality.