

# Yes, Corporations Would Exist without The State

Here's a real snoozer, probably. This conversation with u/T3XASOUTLAW on reddit centered on whether corporations could exist without the state. I took the affirmative and they the negative. Spoiler alert: I am right and they are wrong. See for yourself.

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**Skyler:** "Analysis Shows Facebook Allows 99% of Climate Disinformation to Go Unchecked" Good. They shouldn't be in the policing speech business. If you see something you believe is wrong, fight back. More speech, not less speech, is the answer. And no, forcing Facebook, et al, to allow all speech is also wrong.

**T3XASOUTLAW:** I'd agree with that, if they weren't a liability protected, quasi-state functioning apparatus.

**Skyler:** And who's fault is that? The state's. So we beg the state to limit the state? That usually doesn't work.

**T3XASOUTLAW:** No. We end it, preferably peacefully. No state, no corporate liability protection, no state to function inside business apparatus, no fictional entities called corporations, ooh no central bank.

**Skyler:** Corporations are not a creation of the state. A corporation (and limited liability for financial debts as agreed to by lenders) is just a group of people working together for a common cause. There's nothing inherently statist about corporations, and they can take on many different organizational forms.

**T3XASOUTLAW:** Corporations are set up by law. How can something that is set up by law not be a creature of the state?

**Skyler:** You also have a legal identity. Are you a creature of the state?

**T3XASOUTLAW:** The entity is yes.

**Skyler:** Then you agree there is something there separate from the legal entity. As with you as a person, so it is as you and anybody else you incorporate with for common cause.

**T3XASOUTLAW:** I think you are confused. The legal entity *is* a creature of the state. I as an individual gain legal protections because of legislation that otherwise wouldn't be available without the state.

**Skyler:** It doesn't follow that the state may increase its aggression against the company.

**T3XASOUTLAW:** You are on an ancap sub trying to defend a concept created through legislative action (legislative action is monopolized by the State.) That is what doesn't follow any logical reasoning.

**Skyler:** You believe that the concept of a "corporation" was created by legislative action? Etymology: [https://www.etymonline.com/word/corporation#etymonline\\_v\\_28912](https://www.etymonline.com/word/corporation#etymonline_v_28912) Comes from anglo-latin, 15th century, well before the modern nation-state. As for what "corporation" means in today's statist context, yes, it's a legal entity. So what? You believe it wouldn't exist without the state? That people wouldn't incorporate for common cause, for financial legal liability (contractual) protections? That seems unlikely to me.

**T3XASOUTLAW:** Yes in Latin it meant a body of people or a group. So is a softball team. But a softball team doesn't have a legal liability shield.

You are arguing a very losing position. Corporations are fictional entities created through legislation. Sure in a free market groups of people can voluntarily do things, and even be in business together, those are called partnerships. But they would have no mechanism to shield themselves from business mistakes. The idea that a legal entity can take the financial hit for an individual, or group of individuals is counter to the free market. The free market is as much about loss as it is about gain. Shielding people from loss, while letting them accumulate gains is the opposite of the free market. The state is the only mechanism that can cause this atrocity.

**Skyler:**

*But a softball team doesn't have a legal liability shield.*

They do if they contract together and then contract with lenders to shield the owners from personal financial liability. It's all a matter of contract. No state needed. See Kinsella, Block, etc: <https://mises.org/wire/defense-corporation>

**T3XASOUTLAW:**

*As for tort liability—well, I am not aware of corporate law limiting the liability of any person, shareholder or otherwise, for torts he commits.*

DuPont.

As far as contracting with individual businesses, I guess you could, but it's the bankruptcy protection and tort protection that protect the most. Try again. Still corporation are

creatures of the state.

**Skyler:** Yes, in today's statist context, they are. But there's zero reason to believe that individuals would not incorporate through contract to protect their interests in the venture. They are creatures of the state today, but they are not *necessarily* creatures of the state.

**T3XASOUTLAW:** Right but a few extra contracts does not make a fictional legal entity. There are no amount of contracts with individuals that can create a legal straw man to protect you or assets from foreclosure, bankruptcy, and liability. There is no way to enforce that level of protection and having protection on that level is counter to a free market.

And for someone at the Mises institution to do mental gymnastics to try and figure a way we can create a mechanism in the free market that is explicitly a state function is beyond me.

In a free market you will get sole-proprietorships, partnerships, even decent sized groups of investors, but you aren't going to get anything near the size of Amazon, that level of size requires a lot of State "fuckery." (Sorry for using such economically technical terms this early in the morning.)

**Skyler:**

*Right but a few extra contracts does not make a fictional legal entity.*

If by "legal entity" you mean something the state authorizes and recognizes, then without a state, no, a contract couldn't make that, because it couldn't exist.

*that is explicitly a state function*

You haven't demonstrated that it is. Please, do tell. How is an incorporation contract (that lays out which owners/officers do and own what part of the business) or a limited liability finance contract necessarily statist? I'm not seeing it, and you're not explaining it. Also, the state grants bankruptcy privileges to businesses and individuals, but I am curious if the concept could exist without a state. Doesn't seem so since the state is required to coerce lenders into dropping their debt claims. Quick search and I can't find anything on it. I'll email Kinsella and Block and see if they have anything.

*but you aren't going to get anything near the size of Amazon*

This is an empirical question, and I agree. I think that corporations that size rely on all sorts

of corporatists/fascist (including IP) regulations that wouldn't exist in a free market. But that doesn't mean that corporations wouldn't/couldn't exist at all.

**T3XASOUTLAW:** A limited liability financial contract, could work for example my company is Tim's Tires, I have a contract with Firestone to deliver X number of tires and in the contract can be written if Tim's Tires goes out of business the contract for delivery is no longer valid. But no bank is going to loan Tim's Tires anything that erases the debt if Tim's Tires goes out of business. The owners of Tim's Tires will still have to pay back the loan after all of the business assets are liquidated if a balance still remains.

Like I said it's the shield from loss that makes corporations so much better than a Sole-Proprietorship or basic partnerships.

**Skyler:**

*But no bank is going to loan Tim's Tires anything that erases the debt if Tim's Tires goes out of business.*

Sounds like a contractual issue. Maybe no bank would do that, but how do we know until we have a free market and see what financial instruments exist?

*Like I said it's the shield from loss that makes corporations so much better than a Sole-Proprietorship or basic partnerships.*

Perhaps, but that's not the only component of a corporation. Get rid of it with the state, fine. Good. That doesn't mean the rest must go with it.

**T3XASOUTLAW:** If my bank was making loans to people with built in shields for their mistakes I wouldn't be banking with them. So I think my original view is correct, without a state you don't get fictional entities that act as a stand in.

**Skyler:** Banks today lend money in the forms of high-interest credit cards and high-interest payday loans and auto loans to risky people all the time. And these people can all declare bankruptcy and ask the state to protect them. And these banks still do it.

**T3XASOUTLAW:** There is nothing free market about banks today. Usually those high interest loans come with collateral, or are of small amounts of money \$1k or less.

**Skyler:** Good point. FDIC and those things definitely create moral hazard. In any event, this doesn't change what corporations are and why they would also exist in a stateless society.

**T3XASOUTLAW:** What you have described so far hasn't been a "corporation," but can more accurately be described as a "doing business as." A DBA can have pretty much the same structure, investors, and a CEO but none of the state protections given to an individual or group of individuals as a stand in legal fictional entity.

**Skyler:** You still haven't detailed these supposed state protections that cannot also be covered by contract.

**T3XASOUTLAW:** Yes I did.

**Skyler:** Incorporation contract (all types) = no state required

Limited financial liability contract = no state required

I'm not seeing it.

**T3XASOUTLAW:** Dude go reread. Corporations and limited liability companies offer personal liability protection. The liability protection offered by these types of business entities helps ensure that a loss or incident that occurs in your business doesn't result in exposure to your personal finances and assets. As is always the case in law, there are exceptions, although generally speaking, these types of entities will shield you from **many** types of personal liability risk.

You making a contract with ten of your buddies **does not protect you from me; if you, acting on your company's behalf, did something to harm me.** the state is the only mechanism that can provide that type of protection.

Trucking companies are a very good example of this. Just because you have a contract with other people doesn't protect you, **in a free market**, from damages you did while operating your company truck. I really hope I don't have to hold your hand and walk you through how this works.

**Skyler:**

*You making a contract with ten of your buddies does not protect you from me; if you, acting on your company's behalf, did something to harm me. the state is the only mechanism that can provide that type of protection.*

Why do you believe this is a necessary component of corporations?

I can conceive of corporations existing without this component. Why can't you?

Seriously, Kinsella covered this in 2008:

<https://mises.org/wire/corporations-and-limited-liability-torts>

**T3XASOUTLAW:** I don't think you understand that

the *liability/tax* **protections/incentives** are the only thing separating a corporation from a DBA or just a business. You can contract any way you want, with your employees, with your bank, with investors, and with suppliers. You can organize the business any way you like, no state required. You cannot gain liability protections without a state. The only reason I'm bring up tax incentives is because it's another benefit but that becomes a mute point without a state.

**Skyler:** And you still haven't explained why any of those things are *necessary* components of corporations. Get rid of all of them, you still have organized corporations with incorporation charters (for the benefit of the owners/shareholders and for the public to know who owns the business) and limited financial liability contracts.

**T3XASOUTLAW:** Okay your not getting it. Have you incorporated a business?

In a stateless society, who would you file the charter with?

You can create your business, detail the major components of a company, such as its objectives, structure, and planned operations without the state, and without a legal fictional entity.

Without the legal fictional entity it's not a corporation, it's a business, or group of individuals working together.

The charter is what sets up the legal fiction and who owns the legal fiction. I don't think you understand that, what you are asking me doesn't make sense. Liability protection isn't necessary to a business, but is the defining trait of a corporation.

**Skyler:** Yes I have and I can imagine all sorts of private accreditation or similar companies that you would file your charter with, including those who lend you money or invest with you. Not to mention your lawyer and your partner's lawyers so that if there are ever any disputes in the company you have a charter to support your claims. I still see no reason why people would not incorporate their business (on any form) or charity or nonprofit or whatever in a free society, and you haven't given me any.

**T3XASOUTLAW:** But do they have 3rd party liability protection, if so how? If not then it's just a business with a contract. A charter is a very statist thing, why are you trying to shoehorn it into a free market. Or are you trying to call contracts charters?

Everything you listed is done, and can be done with a DBA, without an LLC or type S/C

attached.

*Yes I have and I can imagine all sorts of private accreditation or similar companies that you would file your **contract** with, including those who lend you money or invest with you. Not to mention your lawyer and your partner's lawyers so that if there are ever any disputes in the company you have a **contract** to support your claims. I still see no reason why people would not incorporate their business (on any form) or charity or nonprofit or whatever in a free society.*

There fixed it

char·ter

*noun*

*A written grant by a country's legislative or sovereign power, by which a body such as a company, college, or city is founded and its rights and privileges defined.*

**Skyler:**

*A charter is a very statist thing*

Okay, "incorporation contract". Jesus Christ. You can't make the argument, so you revert to semantics. That's usually how it goes, I guess.

**T3XASOUTLAW:** No there are very clear definitions. Don't play the leftists game of, "I define corporations as a none statist enterprise therefore I win." I showed you time and time again how a corporation IS a legal fiction and cannot exist as such in a free market without the state protecting it. A corporation is a legal fiction designed to protect individuals from liability.

cor·po·ra·tion

*noun*

*a company or group of people authorized to act as a single entity  
(legally a person) and recognized as such in law.*

Now if you want a group of people agreeing to contract with each other that's fine, but that does make a corporation. That is called just regular business.

**Skyler:** Corporation is just a "body" (corpus) of people working together for a common cause. Incorporation contracts and limited financial liability contracts would exist as whatever-name-you-please without the state. Yes, this has become about semantics. I guess "roads" wouldn't exist without the state because "roads" as we know them today are a statist construct. Herp, derp.

**T3XASOUTLAW:** No. That's not the definition of a corporation, this is why you led with the etymology and not the definition. When you apply solid definitions your entire argument falls. You are trying to play semantics not I.

Roads only exist because the state borrowed money to build them. No telling how travel would be in a stateless society.

Your definition could apply to a volleyball team, or a bowling team or a family unit, even a government could fall under that definition. See the definition of corporations.

I reject your assertion that I'm playing semantics. I am not picking apart the meaning of a word to draw a different conclusion, I'm literally arguing the definition as written and understood is correct. Playing semantics while projecting it onto me is rather ironic, don't you think?

**Skyler:** Your argument: Roads exist today through eminent domain. Eminent domain would not exist without the state. Ergo, roads would not exist without the state.

Your argument: Buildings exist today through government building and zoning codes. Government building and zoning codes would not exist without the state. Ergo, buildings would not exist without the state.

Give it up, already. Corporations would exist *in some form* without the state, just as would roads and buildings.

**T3XASOUTLAW:** Not my arguments. How did you get eminent domain? But please continue to straw man me. Sure your on the correct sub? You argue like a commie. Corporations can not exist in a stateless society as they are DEFINED. Sure if you change the definition to be something they are not then yes they can, but they wouldn't be corporations would they, they'd be just a business.



Corporations exist for the fundamental purpose to protect individuals from liability. **Specifically from 3rd party liability**, that is to say people NOT apart of the organization, and therefore could not have been a party to any contract you are trying to shield liability with. Jesus dude get it right. You cannot oblige someone something they haven't agreed to.

**Skyler:**

*Corporations exist for the fundamental purpose to protect individuals from liability. Specifically from 3rd party liability, that is to say people NOT apart of the organization, and therefore could not have been a party to any contract you are trying to shield liability with.*

Kinsella demolished this argument, as I already linked you to:  
<https://mises.org/wire/corporations-and-limited-liability-torts>

Corporations don't require shielding third parties just because that's some benefit the state supposedly (they don't, see Kinsella) gives them. Same with roads with eminent domain and buildings with government codes. Corporations, roads, and buildings would all exist without the state giving them any privileges. This is why you're wrong.

**T3XASOUTLAW:** And I pointed out DuPont. Who spun off a legal entity to take the hit for their liability. The Chemours company. This is the type of garbage I'm talking about and can only happen in a statist society with legal fiction hood of companies.

This is why I quoted from your article. Pointing out that it is wrong. You are wrong and are in a losing argument. You don't even know it, but I already told you.

So company A does stupid shit, goes through court looks at the case, says "we are fucked," then puts forth one of its other straw man companies(company B) to take the liability hit.

**Skyler:** Your pointing to a single component of modern, statist corporations and declaring that all corporations couldn't exist in a free market. It's absurd, as I already showed you with roads and buildings. Define anything with "state" in it, and of course it wouldn't exist where the state doesn't exist. I suppose we'll just have to wait and see in the glorious stateless future, now won't we?

**T3XASOUTLAW:** It's the legal fiction that allows this to happen. Without the fiction it can't. Without the legal fiction there is no corporation.

Without a state, would you have a state funded road system? No. But private roads would

still be built right? Yes.

A business is still going to exist, it can be organized in many ways voluntarily, but one of those ways can not be a legal fiction set up with a charter from a state agency. Get it now?

My original point still stands undefeated. Corporations are creatures of the state. Your welcome.

**Skyler:** Obviously it wouldn't be a state-based "legal fiction". It would be a matter of contract, as I've already explained.

Thanks for the concession. Was that so hard?

**T3XASOUTLAW:** [Quoting himself] "Without the legal fiction there is no corporation."

**Skyler:** There is no legal-fiction based corporation, but there would still be a contract based corporation. QED.

**T3XASOUTLAW:** Okay fair. No legal fiction. Just a normal business organized the way the individuals who created it want it to be. Also called a business.

**Skyler:** And nobody arguing that corporations could exist without the state has ever said otherwise.

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**Skyler:** Do you have a link to the DuPont case?

**T3XASOUTLAW:**

<https://www.sciencedirect.com/science/article/abs/pii/S0306374715301081>

<https://www.nbcnews.com/health/cancer/how-dupont-may-avoid-paying-clean-toxic-forever-chemical-n1138766>

<https://en.m.wikipedia.org/wiki/Chemours>

*In October 2013, DuPont announced that it was planning to spin off its "performance chemicals" business into a new publicly traded company in mid-2015.[2] DuPont filed its initial Form 10 with the SEC in December 2014 and announced that the new company would be called "The Chemours Company".[3] The spin-off to DuPont shareholders was completed on July 1, 2015, and Chemours' stock began trading on the New York Stock Exchange on the same date.[4]*

*Chemours has assumed various liabilities arising from lawsuits against DuPont.[5]*

This is why even in a free market you can not allow the fictional straw man to take liability. What stops you from just spinning off another one to take the hit.

**Skyler:** Yes, this is all statist fuckery, none of which would be possible without the state. I fail to see how any of it condemns corporations as a principle and as a practice, however. It condemns the state and what the state is allowing corporations to do, but what's new? The state allows all sorts of bad guys to get away with doing bad things. That's what the state is, a corporation of criminals who aggressively maintain a monopoly on the legal use of force, of ultimate decision-making, and use this pretend authority to excuse themselves and their friends. None of that condemns corporations any more than war crimes condemn private militias or street crimes condemn gun owners.

**T3XASOUTLAW:** Right but what mechanism did they use to bs the system? The legal personhood mechanism that you spent so much time defending. If it were available in a free market (it's not) this type of spin off to eliminate liability would still happen.

This is an example why this mechanism cannot be allowed.

**Skyler:** I don't know why you insist on defining a corporation as legal personhood. It's totally unnecessary. Which brings us back to semantics. Obviously without a state corporations would not have legal personhood, but they would still exist in contractual form.

**T3XASOUTLAW:**

Because that's the definition. "I don't know why you insist on defining air as an invisible gaseous substance."

I'm not sure what your irrational attachment to corporations is, or why?

What does a corporation do, that can't be done with a normal business? Anything from a large DBA, to a sole-proprietorship.

<https://www.investopedia.com/terms/c/corporation.asp>

cor·po·ra·tion

*noun*

*a company or group of people authorized to act as a single entity  
(legally a person) and recognized as such in law.*

<https://en.m.wikipedia.org/wiki/Corporation>

**Skyler:** Do you believe that the state is the only source of law? Corporations can also be recognized in common law via contracts. And around we go. Why? Because there's nothing fundamental to a corporation that requires the state.

**T3XASOUTLAW:** Nothing fundamental, except the definition. Without the legal entity it's just a business. How could you enforce a legal entity, separate from it's owners in say Brehon law, or common law. Those are the two I can think of.

**Skyler:** Imagine thinking word definitions are set in stone, never change, never adapt, never have multiple meanings. SMH.

**T3XASOUTLAW:** So what I said like 20 comments ago. If you change the definition of corporation to mean something other than a corporation then yes. Instead of redefining corporation, we use a word that already means what you are trying to shoehorn corporations into. It's called a business

**Skyler:** I suppose marriage won't exist in a free society either, since today's it's defined as a "legal union" or some such. Semantics.

**T3XASOUTLAW:** Seeing as how marriage pre-dates state legal monopolization of it, that would appear to be a false dichotomy. Oh, and how business pre-dates corporations by a few thousand years. So again no matter how you carve this turkey your wrong.

**Skyler:** No matter how you carve this turkey, you're making a semantic argument.

**T3XASOUTLAW:** Again you are the only one making semantic argument. Mr. "Imagine thinking word definitions are set in stone."

I already had to call you out on this exact hypocrisy earlier.

**Skyler:** I have exhibited no hypocrisy. Quote me. In any event, we'll just have to wait and see. Hopefully.

**T3XASOUTLAW:**

*Corporation is just a "body" (corpus) of people working together for a  
common cause. -Arguing semantics-Incorporation contracts and*

*limited financial liability contracts would exist as whatever-name-you-please without the state. Yes, this has become about semantics. -not by me-*

*I guess "roads" wouldn't exist without the state because "roads" as we know them today are a statist construct. -straw man- Herp, derp. -ad hominem?-*

My reply:

*You are trying to play semantics not I.*

*I reject your assertion that I'm playing semantics. I am not picking apart the meaning of a word to draw a different conclusion, I'm literally arguing the definition as written and understood is correct. Playing semantics while projecting it onto me is rather ironic, don't you think?*

**Skyler:** I see no hypocrisy. What I see is you arguing semantics, that a corporation in a free market shouldn't be called a corporation, because it bothers you, or something.

**T3XASOUTLAW:** Yeah you see no hypocrisy, I think you miss a bit, not just the irony.

I never said a corporation in a free market shouldn't be called a corporation. Jesus I hope you do better when you argue with commie.

What does a corporation provide that a DBA doesn't besides the legal fiction part. What is it specifically that you like about a corporation over say a unincorporated business?

**Skyler:** Plus stock offering contracts. Add that to the list of contracts that would form the basis of incorporation. Legal entity-hood is important with or without the state. But keep believing as you please. *(Author's note: I ran away from "legal personhood" at first, but realized that's a mistake by this point. "Legal personhood" or "legal entity" can exist without the state as a matter of contract, and thus recognized under common law for disputes involving business assets.)*

**T3XASOUTLAW:** So you think selling portion of your business requires legal fiction-hood? Why? You can sell a portion of your business to whoever wants to invest. No legal entity

required. Actually the reason it's required now is because of the State.

It's almost as if someone has been telling you this the whole time.

Another ironic thing I'll spell out for you.

So legal fictions can exist without a state, but people can't sell portions of their business without a legal fiction. Hmmm. I sensed you were hung up on something irrational. Now you're stuck in a statist paradigm. The only reason you can't sell stocks of a DBA is because you are required by the State to have legal entity known as a corporation.

Also this idea of raising capital and selling parts of your company off is a very statist driven process through the printing press, control of interest rates, tax incentives, etc. Savings are key in the free market, and no more chasing fiat money and government teet suckling.

**Skyler:** What is it they own stock in if not a corporation? The business is the corporation. Semantics. You're still stuck.

**T3XASOUTLAW:** I'm stuck? Says the the guy who thinks you can't buy parts of businesses without a legal fiction attached. Like I said you have an irrational attachment to the idea of legal fiction status. You can purchase parts of businesses without it being a fucking legal fiction.

You have this concept, started, and perpetuated by the state, and you are the one stuck in that paradigm. You would even see markets where people buy and sell parts of companies in a free market, but it would not be nearly as big as any stock market today.

The main reason most people invest in the market is because of statism and fiat currency.

**Skyler:** Even contracts require legal recognition of people. The same for businesses. You must represent the person or business in some way if you are to contract with it, to buy stock in it, to lend it funds. That recognition for a business is a corporation (all types). You call it a DBA. Same thing. Semantics.

**T3XASOUTLAW:** A DBA is just a legal definition of a business that is not incorporated. In a free market it's just business. You don't need legal fiction status to buy parts of businesses. Just like you don't need legal fiction status to buy or sell parts of your time, it's just compensation or a job.

**Skyler:** You need some sort of legal recognition for contract purposes. What are you buying, what are you contracting with? Not the officers, not the owners, not the stockholders/stakeholders, but the *business* as its own entity. How would you represent it on a contract if not "ABC Company" or "ABC Corp." or "ABC LLC" ? Those are corporations (lowercase c), no state required.

**T3XASOUTLAW:** You contract with the owners dude. The owners can hire a board. Split stocks, even have a 3rd party free market registrar to keep track of who owns what percent of what business. No entity required. Again you are stuck in statist paradigm. Nothing you think of today in the financial sector would look as it does today. The stock market and money sector is fucked with statism.

**Skyler:** The corporation is shorthand for the owners, collectively. It would be ridiculous to list all owners and shareholders on every contract the company makes. Your claims are absurd.

**T3XASOUTLAW:** Perhaps but that's why you have a board handle the day to day and a registrar that you can pick from. 100 shares to sell, board decides with a vote to add new members, owners sign off. So many options when the state isn't involved.

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Phew. That was a long one, and came down to an unwillingness to see that his entire case was semantic, defining "corporation" with unnecessary statist privilege built-in. I have no reasons to believe that companies won't be incorporated contractually for all of the purposes discussed above.