Center for a Stateless Society
Free Markets & Capitalism?
Do Free Markets Always Produce a Corporate Economy?
2015

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> It's my own belief that the underlying economic processes matter more for the relevant costs and benefits than do the distorting effects of the state, and along more margins, than the left-libertarians believe. I might well be wrong, but the danger for the left-libertarians is that they are making the same sort of utopian (in the bad sense) promises that have been made by the traditional left. If people are skeptical of that utopianism, it may also backfire onto more mainstream libertarians.
>
> Kevin Carson's essay reminds us not to succumb to what some have called "vulgar libertarianism" in taking the status quo as evidence for what a free society would look like. At the same time, though, that reminder can turn into an equally unproductive utopianism that makes promises that have little evidence to support them and are therefore unlikely to be kept.

I'm gratified — to repeat myself — by Steven's regard for the value of my work in combating vulgar libertarianism. As for my utopian promises with their lack of evidence, I hope my rejoinder will go some way towards remedying that lack.

firms. The same is true of people. They cannot costlessly "refit" their human capital in the face of exogenous change. Even if production is at smaller scale, inevitable economic change will require costly and time-consuming adjustments by capital and labor, leaving some capital idle and some labor unemployed for some period of time. Perhaps those time periods will be smaller, but again absent more argument, that would be mere assertion. But thinking the length of idleness would approach zero is precisely the sort of utopianism of which left-libertarianism is too often guilty.

In this case, I may have left implicit things I should have made explicit in my argument. Although I referred to craft labor quickly shifting back and forth between production runs of different goods, I think I unjustifiably left out a step in my reasoning, and assumed the reader's prior knowledge that craft production is amenable to such rapid shifts without major outlays for physical capital or retraining. Unlike mass production, which uses highly specialized dies and requires extensive retooling to shift between product lines, craft production relies on general purpose machinery that can quickly be reset to produce a wide variety of different products (something also true to a certain extent even within mass-production, as exemplified by the Single Minute Exchange of Dies (SMED) under the Toyota production system). Likewise, craft production in small shops relies on skilled artisans who can adapt their general-purpose machinery to a variety of products without retraining. These, also, are topics I dealt with extensively in my earlier work on the history of production technology, and shouldn't have assumed general readers' familiarity with.

Steven concludes:

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a claim I've substantiated elsewhere at considerable length and with accompanying documentation (most notably in the first chapter of my book *The Homebrew Industrial Revolution*[2]) that I should have footnoted here as well.

Steven takes issue, finally, with my point about low-cost and ephemeral production technology blurring the lines between "employment" and "unemployment," and between being "in business" and "out of business" (which Marxists and much of the mainstream Left make so much of in their prediction that even a non-capitalist market would eventually lead to the reconstitution of capitalism through the cumulative effect of "winners" and "losers" in the competitive marketplace).

> At the end, he argues that in a truly free market we would see less of the sort of unemployment and "going out of business" that we see today thanks to the fluidity of a market with lower capital requirements for entry in smaller-scale production. What Carson appears to misunderstand here is the nature of capital goods, at least in the eyes of the Austrian economists. Even where the scale of production is smaller, "capital" in the abstract does not exist, in contrast to the implication Carson leaves by referring to "capital requirements." Capital comes in the form of specific goods with a limited number of productive uses, not all of which deliver the same value. The same is true of human capital. The fact that it takes less investment to start a business in a smaller-scale economy doesn't help much when even the smaller-scale machinery that a firm uses cannot be costlessly refit to new uses when demands change or competition favors other

[2] Kevin Carson, *The Homebrew Industrial Revolution: A Low-Overhead Manifesto* (2010), Chapter One.

to think it is that the private sector would not replicate something close to what we have now."

In weighing the question of whether Walmart would find it "worth it" to fund an infrastructure system on the present scale fully at their own cost, all I can say is that cases where people use just as much of something when they have to pay the full cost themselves as they do when using it on somebody else's nickel are pretty rare. A subsidy to any factor input — like transportation — is a subsidy to those firms whose business models rely most heavily on that particular input. So unless large-scale mass-production for large market areas was already more efficient than small-scale production for local markets, we would expect subsidized long-distance transportation to shift the competitive balance to some degree from the latter towards the former. And in fact the supply-push distribution model associated with mass production for large markets carries a considerable number of diseconomies and irrationalities that offset even a portion of the benefit resulting from the transportation subsidies. Far from enabling an increase in overall efficiency, subsidies to long-distance transportation promote a net increase in inefficiency.

Steven also finds fault with my arguments on the superior efficiency of local craft production over mass production for integrating electrical power into manufacturing, and on the industrial district as the ideal model for taking full advantage of such technology.

> I can see no meaningful argument or evidence to support this assertion. It might be true, but there's no reason to think so that I can see. It strikes me as a bit of wishful thinking whereby Carson is able to draw a much greater contrast between the capitalist status quo and his idealized free society.

My lack of citation to back up this claim in the lead essay is a legitimate weakness that Steven has rightly pointed out. It's

Introducing Mutual Exchange: Do Free Markets Always Produce a Corporate Economy? (Cory Massimino)

What would a free market look like? Most people agree that totally freed markets are nowhere to be seen in today's world. States intruding on voluntary exchange and standing in the way of free association is commonplace across the globe. There are some markets, yes. But they are all, to certain degrees, hampered and regulated, or worse, outlawed. To a certain extent, they are *un-free.* So what do we make of the libertarian notion of completely and absolutely free markets? What do we have in mind when we talk about a "free market"? Is it more or less a vision of modern American capitalism and a corporate dominated economy or is it something radically different? Are there reasons to think a libertarian free market would look a certain way?

The *Monthly Mutual Exchange Symposium* is C4SS's effort to achieve mutual understanding through exchange. October's Mutual Exchange Symposium will explore the dynamics of a market economy characterized by individual, decentralized ownership, contract and voluntary exchange, free competition, entrepreneurial discovery, and spontaneous order. It will seek to discover whether these kinds of institutional arrangements are likely to manifest in traditionally corporate modes of production characterized by a relatively small number of people who control the means of production and investable wealth.

The Center for a Stateless Society will be publishing an essay on the above subject matter every other day starting on October 1st from a diverse range of thinkers. Kevin Carson, C4SS Senior Fellow and Karl Hess Chair in Social Theory, offers his mutualist perspective on this month's issue, arguing, as he has done so many times before, that a freed market, without the "artificial property rights, artificial scarcities, subsidies and monopolistic entry barriers or cartels" that characterize capitalistic markets, wouldn't lead to "wealth concentration and the wage system, or to a corporate economy dominated by a small number of giant business organizations." Like the individualist anarchists of the late 19th century, Carson sees freed markets as a radically egalitarian force.

Carson's first interlocutor disagrees because "it is not enough to see corporations as purely a product of government intervention; there are additional powerful forces that tend to lead to market concentration." Offering his partly Marxist, partly Ostrom-ite, partly ecosocialist perspective, Derek Wall, the International Coordinator of the Green Party of England and Wales, humbly, but firmly, maintains "non-capitalist markets tend to lead to the restoration of capitalism." Despite disagreeing about the relationship of freed markets and corporate capitalism, Wall, who recently published *The Sustainable Economics of Elinor Ostrom: Commons, Contestation, and Craft,* finds common ground with Kevin on the importance of self-governance.

Steve Horwitz, who's dabbled in the left-wing market anarchist debate before, takes on the role of sympathetic critic once again as the third participant in this month's Exchange. Dr. Horwitz is the Charles A. Dana Professor of Economics at St. Lawrence University in Canton, NY and author of the recently published *Hayek's Modern Family: Classical Liberalism and the Evolution of Social Institutions*. Horwitz's Bleeding-Heart Libertarianism can be seen in his charitable rebuttal to Carson's lead essay; but he ultimately concludes, "The problems with Carson's argument are the same ones that seem to infect much left-libertarian writing: too many assertions without careful economic argument about what a truly free market would look like and simultaneously overstating, in my view, the distortions created by the state by ignoring the underlying economics." But again, Carson's jousting partner finds com-

think a world in which the land of the open fields and the common pasture and waste of Europe, and the land expropriated by the haciendas, Warren Hastings and British East African colonial authorities of the world had all remained in the hands of the original cultivators, would be unrecognizable; certainly the scale of the wage labor market, and the terms on which wage labor was accepted by wage labor, would be far different. A world without the cartelizing effects of patents, and without the service that patents and trademarks currently provide to global corporate control of offshored production, would also be far different. Trying to imagine the cumulative effect of removing these, and other, interventions is — for me at least — still more mind-blowing.

Still, there is a significant amount of disagreement even over the direction of the changes that would result from the removal of state intervention in the economy. Steven finds me guilty of a fault that, in his opinion, I share with much left-libertarian writing: "too many assertions without careful economic argument about what a truly free market would look like …" Although he concedes that a world without subsidies and other government action to promote centralized long-distance transportation systems might have resulted in "more regional and local" economies, he reminds left-libertarians that "you can't prove a counter-factual."

This is a bit odd coming from an adherent of Austrian economics, which I believe Steven is. Although I am not a follower of that school, I do agree with its tenet that we can often predict *a priori* the *general direction* of the effect that, all other things being equal, a given change will produce.

In the specific case of transportation, he raises the possibility — which he expresses some surprise that I dismissed so quickly — "that ensuring the existence of such transportation systems to facilitate a nationwide market might not be worth it for the private sector." Although Walmart benefits from infrastructure subsidies, "[i]t is not as obvious as Carson seems

> ability to avoid and resolve small-scale conflicts were being crowded out by both the state and the market (in Carson's sense of the "cash nexus"). These other forms of human cooperation were being crushed from both sides by the regulatory state and narrow conceptions of economic institutions. One way of reading this opening point from Carson is that a truly free society opens up that middle ground to a range of Ostrom-style organizational forms. A free market need not be only markets. And an anarchist society is not without governance. The institutional forms that emerge may look much more like the ones we associate with civil society, and Carson rightly notes they are likely to play a much bigger role in a free society.

Exactly!

Where we do disagree on how a society with a freed market would differ from the existing one, a considerable part of the disagreement is a matter of degree, not direction. Steven accuses me of "overstating … the distortions created by the state" and, while acknowledging that a freed market would differ in many ways from the existing economy, goes on to say that "[w]hat I am much more skeptical about is the *degree* of those differences."

In this regard I can only say that, in my own research on the effects of various general categories of state intervention — perhaps most important among them the large-scale expropriation of land from the peasantries of industrializing Western countries (as well as both land and natural resources from the colonized countries of the Global South), and so-called "intellectual property") — I found it hard to mentally encompass the sheer magnitude of the effect of each one of these categories of intervention taken severally, let alone their cumulative effect. I

mon ground with him on the work of Elinor and Vincent Ostrom who "challenge the market/state dichotomy" and "force us to think more creatively about what a free society really means."

In Carson's rejoinders to Wall and Horwitz, he delves further into his intricate arguments to show why he believes both Wall and Horwitz still underestimate just how much state intervention distorts the market economy and turns it into one dominated by corporations and wage labor. While Carson takes the last word here, the discussion is far from over. Don't forget to check out October's Mutual Exchange to gain a better understanding of what a free market might look like and see the arguments from each perspective.

Preliminary Work on the Subject:

1. *Capitalism: A Good Word For A Bad Thing* by Kevin Carson
2. *Big Business and the Rise of American Statism* by Roy A. Childs
3. *The Iron Fist Behind the Invisible Hand* by Kevin Carson
4. *The Subsidy of History* by Kevin Carson
5. *Economic Calculation in the Corporate Commonwealth* by Kevin Carson
6. *Why Corporate Capitalism is Unsustainable* by Kevin Carson
7. *Engagement with the Left on Free Markets* by Kevin Carson
8. *Six Theses of Libertarian Rhetoric* by Roderick T. Long
9. *The Return of Leviathan: Can We Prevent It?* by Roderick T. Long

10. *Monopoly: A Nice Trick If You Can Do It* by Kevin Carson
11. *Why Market Exchange Doesn't Have to Lead to Capitalism* by Kevin Carson
12. *Capitalism, Not Technological Unemployment, is the Problem* by Kevin Carson
13. *Who Owns the Benefit? The Free Market as Full Communism* by Kevin Carson

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Mutual Exchange is C4SS's goal in two senses: We favor a society rooted in peaceful, voluntary cooperation, and we seek to foster understanding through ongoing dialogue. Mutual Exchange will provide opportunities for conversation about issues that matter to C4SS's audience.

A lead essay, deliberately provocative, will be followed by responses from inside and outside C4SS, a rejoinder by our lead essayist, and further contributions if need be. C4SS is extremely interested in feedback from our readers. Suggestions and comments are enthusiastically encouraged. If you're interested in proposing topics and/or authors for our program to pursue, or if you're interested in participating yourself, please email C4SS's Mutual Exchange Coordinator, Cory Massimino, at cory.massimino@c4ss.org.

1. Will Free Markets Recreate Corporate Capitalism? (Kevin Carson)

October 1st, 2015

Some anarchists and socialists argue that, even if markets can theoretically be non-capitalist, and non-capitalist market

described by J.M. Neeson) was destroyed primarily by the action of the state.

So to a large extent, I think that once we get beyond the respective connotations that we attach to the word "market" and get to concrete particulars, the potential area of agreement between Derek and me is very large indeed.

5. Combating Vulgar Libertarianism (Kevin Carson)

October 11th, 2015

As with Derek Wall, I'm gratified by the thoughtful tone of Steven Horwitz's response to my lead essay.

Where he agrees with me, he makes some good points of his own that add to what I was trying to say — particularly in regard to "free markets" not meaning the domination of society by the cash nexus.

I'm especially pleased to learn of our shared respect for the Ostroms, which he mentions in this regard. The distinction he makes between *governance* and *government*, in discussing Lin Ostrom's work on the commons, is a good one; and his point about "community-based institutional solutions in a free society, particularly on a local scale," is also important. In recognizing (with reference to Vincent Ostrom) that "democracy" need not mean mere majoritarianism, "but instead refers to the participatory way that each of us negotiates with each other to develop rules of social conduct," Steven perceives something that too many mainstream libertarians fail to grasp. "Each time people avoid or resolve conflicts by working with others to solve the problem at hand, they are engaged in the task of democracy."

> The Ostroms shared the concern that community-based solutions to commons problems and our

> we cannot at a stroke move beyond both markets and states, we can I believe to some extent roll both markets and states back, democratize the economy and create institutional governance which is participatory rather than elitist.

There's much we can agree on here. Like Graeber, I sympathize strongly with the traditional revolutionary program throughout history of abolishing debts and redividing the land. I view the vast majority of today's land titles as artificial and based on past robbery or enclosure, and believe that a libertarian system of ownership (including common ownership) based on appropriation by use and with reasonable standards for constructive abandonment would lead to a state of affairs in which most land was owned by people personally occupying and using it. I believe, likewise, that the vast majority of existing debt is odious and should be wiped clean, and that enforcement of even legitimate debt should be mainly through reputational mechanisms rather than legal enforcement of payment.

In a society based on these principles, and a money system based on the constant mutual advance of credit of the sort Graeber described in the credit-clearing systems of medieval villages, I believe the countervailing measures against the concentration of land and capital would be quite similar to those of the biblical Jubilee system. And in a society where one's right to an aliquot share of natural resource commons was guaranteed by custom, and a major share of one's own subsistence needs could be met within the household economy without permission from (or the payment of rent to) anybody else, the floor of guaranteed comfortable subsistence even in bad times would be quite high by historic standards.

And I repeat, the world in which these things existed (whether that of the Israelite league of the central Palestinian highlands in the Book of Judges or that of the commmoners

economies can exist, the dynamics of the market will eventually lead to the restoration of capitalism. The argument used by non-market anarchists and socialists is that, in a competitive market — even a competitive market of widespread distribution of the means of production and mostly self-employment or cooperative production — there will be winners and losers. The losers will go out of business, and go to work as wage laborers for the winners who buy them out. A typical statement of this argument is that of Christian Siefkes, a libertarian Marxist associated with the P2P Foundation (quoted from their email discussion list):

> Yes, they would trade, and initially their trading wouldn't be capitalistic … But assuming that trade/exchange is their primary way of organizing production, capitalism would ultimately result, since some of the producers would go bankrupt, they would lose their direct access to the means of production and be forced to sell their labor power. If none of the other producers is rich enough to hire them, they would be unlucky and starve … which is what we also saw as a large-scale phenomenon with the emergence of capitalism, and which we still see in so-called developing countries where there is not enough capital to hire all or most of the available labor power). But if there are other producers/people [who would] hire them, the seed of capitalism with its capitalist/worker divide is laid.

The question, then, is whether a competitive marketplace without capitalistic distortions would, entirely through peaceful exchange, eventually be transformed into one with large concentrations of wealth and the predominance of wage labor. I argue that it would not.

Before I continue I should clarify some points: Coming from the individualist anarchist tradition of Thomas Hodgskin and

Benjamin Tucker, I distinguish "capitalism" here from the free market, as a system in which the political and economic system is controlled by capitalists, and the state intervenes in the market on their behalf; a capitalist market, as opposed to a free one, is characterized by artificial property rights, artificial scarcities, subsidies and monopolistic entry barriers or cartels.

And when I say "free markets," I am *not* referring to a society in which the majority of economic functions are organized through money exchange (the "cash nexus") or business firms. By "free market" I mean only a society in which money exchange is allowed as part of the mix, not any particular specification as to how big a component of the mix it might be. In fact I think it's quite likely that a far greater share of economic needs than at present would be met, in a free society, through non-market activities like direct production for use within the informal and household sector, direct subsistence production in larger co-housing units and neighborhood multi-family collectives, or networked "commons-based peer production"; and a major share of natural resources would be owned under the kinds of commons governance regimes Elinor Ostrom devoted so much analysis to. As both employer-based and government-based safety nets erode and corporations and governments retreat from the social sphere, I expect a growing share of economic life to be governed through voluntary, communal organizations for pooling risk, costs and income on models similar to the guilds and fraternal societies and the open field villages of the later Middle Ages (which figured so prominently in Kropotkin's historical work). In this regard I refuse to include Siefkes's stipulation of exchange as the main way of organizing production, as part of the definition of "market economy."

All that being said, I'll return to the original question: Would the existence of free markets inevitably lead to the revival of capitalism, wealth concentration and the wage system, or to a corporate economy dominated by a small

economy, which moves beyond the state and the market to the commons."

> While he sees value in markets, he does to some extent over leap the conventional assumptions, like both Marx and Ostrom, recognising that economic activity extends beyond markets and states. This position is vitally important because there is a large and increasingly militant rebellion against corporate neoliberalism taking place. In Europe, parties like Podemos and Syriza have risen on opposition to austerity and corporate control. I am still amazed that my friend Jeremy Corbyn, a lonely left wing MP who was more popular with Greens than his own party, has won a landslide victory to lead the opposition Labour Party here in the UK. In Rojava and the rest of Kurdistan, the revolutionary Kurds, learning from their own participatory experiments and the writings of green anarchist Murray Bookchin, are creating a left libertarian non state.

Like Derek, I have felt enthusiasm not only for Ostrom's thought, but for the rise of offshoot political movements from M15 and Syntagma. I see a great deal of promise in Corbyn's distinction between *state* and *social* ownership — perhaps even some hope of a partial move back towards Colin Ward's vision of public services organized around mutuals and friendly societies instead of government and corporate bureaucracies.

Derek finally notes that to the extent we hope to prevent a "diverse market plus commons economy" from degenerating back into capitalism,

> will require precise mechanism, perhaps some kind of jubilee as advocated in the Torah for wiping out debt and redistributing resources…. While

of empires dating from the mid-1st millennium B.C. to the mid-1st millennium A.D., and the even more virulent imperial states that arose in early modern Western Europe and conquered and enslaved most of the world).

And as Derek acknowledges, my enthusiasm for ideas of Ostrom's like natural resource commons (as well as my equal enthusiasm for organizing a growing share of activity through the post-money, abundance-based communism of P2P networks) should make it plain that my idea of a market society is simply one in which market exchange is part of the mix — and not necessarily even a very large part of it.

He also raises the possibilities suggested by Marx himself — for example, he hints that the developing world outside Europe might in some way leapfrog the Western European model of industrial capitalism and evolve directly into communism through such pre-capitalist institutions as the Russian *Mir*. I think had he lived to see speculations like those of Kropotkin's on the decentralizing potential of electrically powered machinery, in *Fields, Factories and Workshops*, he might have moderated his views on the association between progress and capital-intensiveness and further developed his thoughts on the possibility of much of the world using small-scale, ephemeral technology to bypass the Dark Satanic Mills and go directly towards distributed socialism.

I'm not entirely sure whether Derek has fully taken into account the extent to which my socialistic idea of a "free market society" differs from conventional anarcho-capitalist visions of a society dominated by money exchange and business firms. But that difference leaves a lot of room for agreement between me and Derek on what kind of free society could exist on a stable basis without degenerating into capitalism — perhaps more than Derek has considered. But Derek himself recognizes that there is a great deal of commonality in the kind of post-corporate world we desire, with both of us desiring "a diverse

number of giant business organizations? To repeat, I say it wouldn't.

To take the question of the corporate economy first, the typical argument — in my experience coming from liberals and Center-Left types in venues like *Salon* or the comments at *Daily Kos* — is that the Gilded Age was a time of "laissez-faire" that spontaneously gave rise to the era of giant trusts. The Progressive reforms at the turn of the 20th century were passed to bring the unbridled corporate economy that grew out of it back under control.

But the corporate economy as we know it did not emerge naturally as the result of market forces; it was a creature of the state. The large-scale system of long-distance railroad trunk lines in the U.S., which rendered long-distance shipping artificially cheap and created artificially large market areas and artificially large firms to serve them, came about through the railroad land grants. This high-capacity national railroad system was a prerequisite for the ecosystem of national wholesale and retail operations that grew up around it, which in turn were prerequisites for the rise of national manufacturing corporations that grew up to serve the newly created continental market. Even Alfred Chandler, an enthusiastic defender of the centralized mass-production industrial model of the 20th century, conceded that centralized nationwide distribution and then production were possible only because of the state's role in creating a high-capacity nationwide transportation system.

Absent such intervention, the railroad system would likely have taken the form — as Lewis Mumford argued — of a large number of local networks loosely patched together with a much lower capacity system of national trunk lines. And the ideal form of industrial production for such a loose federation of local railroad networks would have been the industrial district model.

In addition, the industrial tariff served as a wall behind which it was easier to cartelize industry. And the exchange and pooling of patents was also a powerful cartelizing tool (for example, the origins of A&T as the Bell family patent system, the cartelization of the consumer appliance industry by GE and Westinghouse's exchange of patents, the formation of RCA by pooling the patents of the five leading U.S. radio producers, etc.). Finally, the most important effect of the Progressive Era regulatory state was to permit stable oligopoly industries for the first time by restricting price and quality competition; the Federal Trade Commission, which for its first two decades treated selling below cost and other price-war tactics as "unfair competition" was especially significant in this regard.

The ideal technical application of the electrically powered machinery enabled by the invention of the electric generator and electric motor would have been the above-mentioned industrial district system: Craft production using relatively cheap, electrically powered, general-purpose machinery to produce for local markets, frequently changing from one product line to another as orders came in, on a lean/just-in-time/demand-pull basis. The cumulative effect of all the state interventions listed above was to divert this technological current into an entirely different channel: Mass-production using expensive, large-scale, product-specific machinery and producing enormous runs of the same product for national distribution on a supply-push, batch-and-queue basis.

In short, the large-scale corporate economy that arose in the 19th century was very much — to repeat — a creature of the state.

Moving further back, to the origin of the capitalist system itself, I argue that it was likewise entirely a creature of the state. The concentration of wealth and predominance of wage labor did not arise from a free market; massive state coercion was involved in its creation.

First of all, in the only history we know, systems in which the means of production are mostly owned by a small wealthy

ket to rationalize the economy and restrict competition to acceptable levels, and enable corporations to extract reasonable, predictable profits in the long run.

Capital-intensiveness carries with it high overhead — and overhead is the essence of fragility. It is the high overhead of large, capital-intensive firms that requires them to have a guaranteed outlet for their product, and creates the imperative of suppressing competition. The higher the overhead, the larger the minimum regular revenue stream required to service it — just to run in place, in other words. The lower the overhead, on the other hand, the more agile and resilient a firm is; likewise the better able it is to ride out bad times without going in the hole, and the more of the revenue stream is income free and clear in good times.

And an increasing share of production technology even within the centralized corporate economy is small-scale, better suited to lean on-demand production for local industrial districts than to a mass consumer society. It's just that the technologies of the new economy are enclosed within corporate walls through the use of state-enforced monopolies — like patents and trademarks — to suppress competition.

Derek also argues that markets "tend to encroach on more and more of human life … Money tends to move into new areas of society," and ever growing areas of life are incorporated into the cash nexus.

But as David Graeber argued in *Debt*, market exchange (not the predominance of the cash nexus as the primary way of organizing life) has existed on a stable basis in various times and places without turning into capitalism. The exchange of goods with money prices has been a part of economic life in many societies over the past few thousand years. But the hegemony of the cash nexus, and monetization of most of life, to the exclusion of other forms of organizing production and consumption within the social economy is a pathological phenomenon associated with militaristic, aggressive states (as in the Axial age features until all three companies were ready to introduce them at the same time. Or the major telecommunications companies, which generally provide the same lousy bandwidth and data caps and high rates in any given geographical area, while pocketing the billions in excess rates they collected based on the original promise to build out fiber optic infrastructure.

And throughout industrial history, the major corporate players' relationship to new technology has been characterized by collusion more than competition. Rather than one firm adopting an innovation and taking over an industry, firms have established cartels through the exchange and pooling of patents.

Far from being better able to endure the ups and downs of market competition because they're larger and more efficient, the big players depend on the state to stabilize the marketplace and erect entry barriers to protect them against competition from more efficient small players.

As John Kenneth Galbraith pointed out in *The New Industrial State*, in the very heyday of mass-production capitalism — a system he enthusiastically endorsed — competition is the one thing that large-scale industry cannot deal with. If anything, capital-intensiveness results in fragility, not resilience; the long-term planning horizons of the large manufacturing corporation mean that it has to undertake production with a reasonable assurance that what is produced after several years of design, planning and retooling will be consumed. What large-scale, capital-intensive, mass-production industry needs, above all else, is stability and predictability. Rather than having a superior ability to weather the storms of market competition, large-scale industry is a hothouse flower that depends on the state to reshape the surrounding society to remove as much uncertainty and instability as possible.

That was the primary reason for what Gabriel Kolko, in *The Triumph of Conservatism*, called the "political capitalism" of the Progressive Era regulatory state: state intervention in the mar-

class and the majority of the population works for wages did not come about through the peaceful process of sorting winners from losers in a competitive market. They came about through large-scale force. And in particular, the engrossment of enormous tracts of land in a few hands has come about only through robbery. The capitalist system of early modern Western Europe was a direct outgrowth of the "bastard feudalism" of late medieval times. A major part of the landed aristocracy reinvented themselves as agrarian capitalists. The new absolute states, reflecting a constellation of interests that included the landed classes, the mining and armaments industries, and the chartered monopolies, nullified the peasant majority's customary rights in the land, and either transformed them into agricultural wage laborers or rack-rented and evicted them. With their new gunpowder armies they militarily defeated the free, self-governing town communes. The process culminated in Britain, on the eve of the Industrial Revolution, with the Parliamentary Enclosure of common wood, fen and pasture, and the same drama was reenacted on a global scale starting with Hastings's Permanent Settlement in Bengal. By the end of the 19th century the mineral wealth of Africa and Oceania had been looted by Western mining companies, and much of the best arable land appropriated by European settlers.

The great capitalist fortunes that funded the Industrial Revolution in Britain belonged to the Whig landed oligarchs who inherited the fruits of robbery and Enclosure, and to the mercantile profiteers associated with chartered monopolies of various sorts. The industrial working class that worked the new factories was supplied by the former peasants, who had already been forcibly transformed into a propertyless proletariat through the Enclosures.

And the institutional forms of the Industrial Revolution — the factory system and the wage system — took shape in an environment of police state repression. The Laws of Settlement in Britain amounted to an internal passport system prohibiting the working class from travelling from parish to another without the permission of the Poor Law authorities. So inhabitants of overpopulated parishes were unable to "vote with their feet" by moving elsewhere in search of better employment opportunities. Although at first glance this would seem to work counter to the needs of factory owners in the sparsely populated areas of the industrial north and west, the authorities — having prevented the population from travelling on their own and negotiating to fill vacancies — filled the vacancies themselves by auctioning off the destitute surplus population to employers. Besides this, the Combination Laws and a whole body of police state legislation against friendly societies prevented workers from freely associating to increase their bargaining power. So the state mandated that workers take whatever employers offered or leave it, with no freedom to bargain for higher wages — and then acted as bargaining agent on behalf of employers.

Second, the coercion isn't just a matter of past history, whether the early days of capitalism or of the industrial revolution. In our actual history, the fortunes resulting from those original acts of robbery have continued to grow upon themselves throughout the capitalist era through the "magic of compound interest" — the result of monopoly rates of rent, interest and profit possible only because of artificial scarcities and artificial property rights enforced by the state.

Natural property rights are rights to one's own possessions and labor products; they reflect natural scarcity, and enforcement in the first instance follows directly from the act of physical possession itself (physically occupying and using a piece of land, retaining physical custody of things one has produced, etc.). Artificial property rights, on the other hand, enable the holder to a portion of the labor product of others, by creating artificial scarcity where it would not naturally exist. A legally privileged class of people is able, in the words of Henry George Jr., to obstruct access to natural opportunities or erect toll-gates to the use of things that should be naturally

capitalism." Brewer gives his stamp of approval to the idea that "large-scale production is more efficient than small-scale," and that large firms will be "better able to survive … in slumps."

All these assertions — and I repeat, unsupported assertions is what they are — either reflect dated technological assumptions that were more appropriate for the early and mid-20th century (if even then), or were never entirely true. Behind all of them is the implicit assumption that efficiency in production directly correlates with capital-intensiveness, scale and cost in production technology. I have argued at length elsewhere[1] that this was only true — if it ever was — during a particular phase of industrial history (and even then, the superior efficiency was to a large extent illusory and resulted from state actions to externalize inefficiency cost or insulate large firms from competition). Although acknowledging I have made such arguments, Derek provides no reason either as to why he finds them unconvincing or why the reader should.

As to the allegedly relentless competitive pressure to cut costs, that's certainly the conventional wisdom. And it's the party line among corporate management, who justify downsizings, speedups and stagnant wages by reference to the "competitive global economy."

But in fact corporate capitalism is characterized far more by the suppression of competition. Competition is mainly for the small players. Far from constantly adopting more efficient technical innovations under the pressure of competition, the large corporations in any particular industry are more likely to collude in spooning out technical improvements in dribs and drabs as they retire old equipment. For example, consider the Big Three US auto companies which, according to the Nader Group, agreed in the early '60s not to introduce various new

[1] Kevin Carson, *The Homebrew Industrial Revolution: A Low-Overhead Manifesto* (2010); see also, Carson, *Introduction to the C4SS Edition of Fields, Factories and Workshops Tomorrow* (2014).

After summarizing my arguments — I repeat, quite fairly — Derek goes on to state, briefly, his reasons for believing that markets will lead to capitalism. But he states these reasons for all intents and purposes as bare assertions, simply restating the positions I attempted to refute without actually providing any new material on why my arguments to the contrary are wrong. Next, in the interest of fairness, he summarizes my arguments regarding countervailing tendencies that would prevent markets from leading to a concentration of capital and restoration of capitalism without the involvement of a state. Then he restates his own original assertions. At no point does he evaluate our respective positions, where they directly contradict each other, in terms of evidence.

Derek's general position is that "[m]arkets tend, in largely spontaneous ways, to generate capitalism … [I]f we replaced corporate control with market competition, we would, in a relatively short time, be back to concentrated markets." In addition, he feels that markets as such are "to a large extent oppressive and ecologically destructive."

He cites Marx's argument that capital tends to become concentrated, and "competition tends to lead to the removal of smaller enterprises and a drive to monopoly." This happens because "economies of scale mean larger firms often drive out smaller." He acknowledges that I "challenge" Marx's position in "an interesting way" — but provides no material basis for deciding between Marx's position and mine where they differ.

Derek also repeats the standard Marxist arguments regarding capital accumulation and the substitution of physical capital for human labor-power. The consequences are that the first firms to invest in new technology drive out those that don't, and increased capital accumulation leads to increased average firm size and market concentration. He also mentions Brewer's argument, in *Marxist Theories of Imperialism*, that competition, with attendant pressure to cut costs by adopting technical improvements, is "the primary driving force in

free and abundant. The classic example is the landlord who encloses vacant and unoccupied land and charges tribute for the right to cultivate or build on it.

Absent artificial scarcities of land and credit, and barriers to market entry for firms, most remaining profit would be short-term and entrepreneurial from the "first mover advantage" of introducing an innovation or being the first to move a resource where it is needed, and would quickly be destroyed by competition as others adopt the innovation or follow the same price signals. Profit would be self-liquidating.

Another major example is so-called "intellectual property," which amounts on a restriction on using one's own labor to transform material resources in one's own possession because someone "owns" the pattern into which one wants to organize those resources. And a whole host of laws restricts the supply of money and credit to a privileged class, and thereby makes them artificially scarce and expensive.

But the general category includes all entry barriers and restraints on free competition: Zoning laws that protect established businesses from competition from home-based micro-enterprise; regulations that impose capital outlay requirements on undertaking production over and above those actually required by technical necessity; licensing regimes that restrict the numbers of competing providers in a market or limit market entry to those able to pay a large licensing fee; regulations whose main purpose is to artificially increase the cost of entering the market, so that only big players can participate; "safety" codes written by the regulated industries whose primary purpose is to prevent the adoption of new, cheaper production technologies (a good example is housing codes written by building contractors that exclude vernacular building techniques and new, low-cost technologies for self-built housing, and thereby put a floor under the minimum cost of comfortable subsistence).

More broadly, the category extends to all forms of guard labor, planned obsolescence and subsidized waste, and all restraints on competition that make the market safe for large, inefficient bureaucracies with high overhead that, in Ivan Illich's words, increase the cost of making and doing anything by 300% or 400%. And this 300% or 400% increase goes entirely to a class of parasitic rentiers. And it includes the "radical monopolies," to use another good term of Illich's, that render people artificially dependent on the output of some industry (the classic example is subsidies to freeways and regulatory mandates to sprawl and monoculture development, which make it impossible to access work and shopping by foot, bicycle or streetcar and transform the automobile into a necessity of life).

In every case, the principle is what Thorstein Veblen called "serviceable disserviceability": Collecting tribute for the "service" of not obstructing production.

It should go without saying that none of these things — all of which were involved in transferring wealth upwards from the producing population and concentrating it in the hands of a small propertied class — would be permitted in a society based on voluntary association and free exchange.

But besides all that, new production technologies are rendering earlier distinctions between being "in business" and "out of business," or between being "employed" and "unemployed," increasingly meaningless — and in the process rendering obsolete the whole idea of a capitalist wage system emerging from the process of winners and losers.

Not that sorting itself is bad — competition that causes people to shift from things they're comparatively worse at to things they're better at is good, so long as 1) there are no harsh, abrupt dislocations; 2) people are cushioned and able to ride out periods of change comfortably; and 3) there is no permanent class of losers.

And there is indeed no reason to have any permanent losers. First of all, the overhead costs are so low that it's possible to

the stuff the left doesn't like about really-existing capitalism into alternative arrangements that they (would) like. It is an open question how much statism it takes to conclude that the truly free market will look very little like actual capitalism. It's my own belief that the underlying economic processes matter more for the relevant costs and benefits than do the distorting effects of the state, and along more margins, than the left-libertarians believe. I might well be wrong, but the danger for the left-libertarians is that they are making the same sort of utopian (in the bad sense) promises that have been made by the traditional left. If people are skeptical of that utopianism, it may also backfire onto more mainstream libertarians.

Kevin Carson's essay reminds us not to succumb to what some have called "vulgar libertarianism" in taking the status quo as evidence for what a free society would look like. At the same time, though, that reminder can turn into an equally unproductive utopianism that makes promises that have little evidence to support them and are therefore unlikely to be kept.

4. Capitalism Depends on Artificial, State-Enforced Stability (Kevin Carson)

October 9th, 2015

I appreciate the thoughtful tone of Derek's response, and I'm certainly gratified by whatever role I may have played in inspiring him to take up brewing beer. And having been strongly influenced by the work of Elinor Ostrom myself, I was pleased to learn that an Ostrom scholar was invited to respond to my article for this symposium.

As for his actual argument, I think his restatement of my positions is quite fair.

Despite the friendly tone of his counter-argument, however, I find myself at somewhat of a loss as to what his material points of disagreement actually are.

me as a bit of wishful thinking whereby Carson is able to draw a much greater contrast between the capitalist status quo and his idealized free society.

One last point of economics for Carson to consider. At the end, he argues that in a truly free market we would see less of the sort of unemployment and "going out of business" that we see today thanks to the fluidity of a market with lower capital requirements for entry in smaller-scale production. What Carson appears to misunderstand here is the nature of capital goods, at least in the eyes of the Austrian economists. Even where the scale of production is smaller, "capital" in the abstract does not exist, in contrast to the implication Carson leaves by referring to "capital requirements." Capital comes in the form of specific goods with a limited number of productive uses, not all of which deliver the same value. The same is true of human capital. The fact that it takes less investment to start a business in a smaller-scale economy doesn't help much when even the smaller-scale machinery that a firm uses cannot be costlessly refit to new uses when demands change or competition favors other firms. The same is true of people. They cannot costlessly "refit" their human capital in the face of exogenous change. Even if production is at smaller scale, inevitable economic change will require costly and time-consuming adjustments by capital and labor, leaving some capital idle and some labor unemployed for some period of time. Perhaps those time periods will be smaller, but again absent more argument, that would be mere assertion. But thinking the length of idleness would approach zero is precisely the sort of utopianism of which left-libertarianism is too often guilty.

As I have argued before, I find it a very convenient coincidence that the left-libertarian picture of a free market society just happens to line up almost exactly with the world that many on the traditional left desire. Eliminating all the influence that the state might have does not magically transform all of

ride out a slow period indefinitely. Second, in low-overhead flexible production, in which the basic machinery for production is widely affordable and can be easily reallocated to new products, there's really no such thing as a "business" to go out of. The lower the capital requirement for entering the market, and the lower the overhead to be borne in periods of slow business, the more the labor market takes on a networked, project-oriented character — like, e.g., peer production of software. In free software, and in any other industry where the average producer owns a full set of tools and production centers mainly on self-managed projects, the situation is likely to be characterized not so much by the entrance and exit of discrete "firms" as by a constantly shifting balance of projects, merging and forking, and with free agents constantly shifting from one to another. In addition, in a society where most people own the roofs over their heads and can meet a major part of their subsistence needs through home production and sharing or exchange with their neighbors, workers who own the tools of their trade can afford to ride out periods of slow business, and to be somewhat choosy in waiting to contract out to the projects most suited to their preference.

2. Corporate Capitalism, Not Simply a Product of the State (Derek Wall)

October 4th, 2015

My background is in ecosocialism. I am not an anarchist; in fact, I am currently International Coordinator of the Green Party of England and Wales. I would see ecosocialism as rooted in Marxist thought. So unsurprisingly I would tend to argue that non-capitalist markets tend to lead to the restoration of capitalism.

However, my polemic with Kevin is going to be blunted for three reasons. First, while I was mystified by the existence of free market left anarchism, I have had some education on the matter. While I am neither an anarchist nor an advocate of markets, I would agree, surprisingly perhaps, with much of Kevin's analysis. We are both keen followers of Elinor Ostrom, whose perspectives are absolutely essential to me. Second, I do not adhere to a model of social change based on pure knowledge. Winning an intellectual argument is not the same as creating social change; debates like this are useful but are no substitute for applied practical action. There is a kind of gnostic Leninism that argues that correct intellectual positions are almost everything. I don't agree. Third, I live with my wife in a trailer, we brew beer, and currently have about one hundred bottles of IPA, Pilsner and wheat beer. To some extent I was inspired to begin brewing by Kevin's homebrew revolution. I have a materialistic perspective, and what can be more material than large quantities of home produced beer? This gives me a warm feeling whenever I see the words 'Kevin Carson'. Nonetheless I have enough disagreement to make a debate, but I am not going to be calling anybody foolish and I will attempt to resist being dogmatic in my assertions here.

We certainly have a common enemy. Corporations dominate both economics and politics, concentrating power in their hands and encroaching on more and more of daily life. A fictional but clear illustration can be found David Foster Wallace's novel *Infinite Jest*. Years are no longer numerical but are named by corporations as a form of sponsorship and advertising as part of the 'Chronology of organization of North American nations' revenue-enhancing subsidized time. The "Years" include Year of the Whopper, Year of the Tucks Medicated Pad, Year of the Trial-Size Dove Bar and so on to the year of the Depend Adult Undergarment and the Year of Glad. Corporations seem to impose an ever growing invasion of daily life and can be contrasted, apparently, with more innocent and constrained competitive markets. It is easy to see markets as normal and corporate markets as absurd and unnatural.

in building interstate highways and the railways certainly enabled producers to externalize the costs of transportation onto others. Carson concludes from this that such large-scale transportation systems would not exist in a free society (or would not have existed had we been a free society) and that economies would be more regional and local. Perhaps. It is always worth reminding left-libertarians that you can't prove a counter-factual. In addition, it is not clear why he so quickly dismisses the possibility that ensuring the existence of such transportation systems to facilitate a nationwide market might not be worth it for the private sector.

Think about the ways in which Walmart benefits from infrastructure subsidies. They are certainly happy to do so, of course, but if those subsidies didn't exist, it might well be worth it for Walmart to bear the costs themselves, or to develop cooperative arrangements with other producers, if the projected revenues were sufficient. Perhaps that might mean higher production costs for Walmart, but it would also mean much lower property taxes. It is not as obvious as Carson seems to think it is that the private sector would not replicate something close to what we have now. Interestingly, one way they might do so is through inter-firm institutional or organizational arrangements that display the sort of commons management that Lin Ostrom's work discusses.

Carson also makes a similar kind of assertion about electrical machinery: "The ideal technical application of the electrically powered machinery enabled by the invention of the electric generator and electric motor would have been the above-mentioned industrial district system: Craft production using relatively cheap, electrically powered, general-purpose machinery to produce for local markets, frequently changing from one product line to another as orders came in, on a lean/just-in-time/demand-pull basis." I can see no meaningful argument or evidence to support this assertion. It might be true, but there's no reason to think so that I can see. It strikes at hand, they are engaged in the task of democracy. Like Lin's work, this is about developing rules for solving problems. For Vincent, the more interesting problems were often smaller scale ones, such as the more routine conflicts that characterize our day-to-day existence.

The Ostroms shared the concern that community-based solutions to commons problems and our ability to avoid and resolve small-scale conflicts were being crowded out by both the state and the market (in Carson's sense of the "cash nexus"). These other forms of human cooperation were being crushed from both sides by the regulatory state and narrow conceptions of economic institutions. One way of reading this opening point from Carson is that a truly free society opens up that middle ground to a range of Ostrom-style organizational forms. A free market need not be only markets. And an anarchist society is not without governance. The institutional forms that emerge may look much more like the ones we associate with civil society, and Carson rightly notes they are likely to play a much bigger role in a free society.

The problems with Carson's argument are the same ones that seem to infect much left-libertarian writing: too many assertions without careful economic argument about what a truly free market would look like and simultaneously overstating, in my view, the distortions created by the state by ignoring the underlying economics. Before I give a couple of particulars, let me note that I don't deny the general claims. The state has certainly distorted the way in which markets have evolved and thereby affecting the kinds of institutions and economic arrangements that define the status quo. And I do think a truly free market would look different from the status quo. What I am much more skeptical about is the *degree* of those differences.

There is no doubt that the interventions of governments at various levels have subsidized aspects of the current structure of the US economy, as Carson points out. The state's role

The writer David Korten argued that the relationship between a competitive market and corporate capitalism is like the relationship between a healthy body and a cancer. Markets are natural and beneficial in his view, but monopolies are not. They are the poisonous outgrowth of a healthy system. While I think Kevin's approach is much, much more nuanced than Korten's, I think this is a good starting point for debate. I would argue that the relationship between markets and corporate capitalism is more like a chicken and an egg. Markets tend, in largely spontaneous ways, to generate capitalism.

I think there are number of arguments to suggest that if we replaced corporate control with market competition, we would, in a relatively short time, be back to concentrated markets. I am, incidentally, a market skeptic; I tend to feel that any market is to a large extent oppressive and ecologically destructive, but that is part of a larger and perhaps more difficult debate than can be completed here.

Marx argued, I feel correctly, that there is a tendency for capital to become concentrated. Whatever the intention of market agents, competition tends to lead to the removal of smaller enterprises and a drive to monopoly. Even ignoring Marx, it is clear that traditionally, and I know that Kevin challenges this in an interesting way, economies of scale mean larger firms often drive out smaller. Internal economies of scale occur when increased output leads to falling average costs in the long term. Bulk buying reduces average costs for raw materials. Market power pushes down wages and prevents better uses of machinery and storage, which leads to falling overall average costs which can be used to drive out higher cost, smaller producers.

Marx argued in *Capital* that human labour power tends to be replaced by non-human capital. This has a number of implications. One is that the firms that invest first in new technologies tend to drive out those firms that don't. Technological innovation with increased investment tends to lead to market concentration. This contrasts sharply with the libertarian view (to the extent as a non-libertarian that I understand it) that market power is a product largely of legal barriers created by the state.

Brewer, in his handy guide book *Marxist Theories of Imperialism*, summarizes Marx's view:

> Constant efforts to cut costs are forced on capitalists by competition, the primary driving force in capitalism. Any new method of production which reduces costs (a technical improvement, or an 'improvement' in labour discipline) will bring extra profits to those who introduce it quickly, before the general price level has been forced down. Once it is generally adopted, competition forces prices down in line with costs, wiping out any remaining high cost producers. Marx assumed (in general rightly) that large scale-production is more efficient than small-scale. Competition therefore forces capitalists to accumulate and reinvest as much as possible in order to produce on a large scale. Marx called growth through reinvestment of profits, *concentration of capital.* Bigger firms will be better able to survive, especially in slumps, and will be able to buy out smaller firms. The growth of the scale of production by amalgamation of capitals is called *centralization of capital.* (Brewer 1990: 33)

Markets also tend to encroach on more and more of human life. We haven't got to the point where years are sponsored by corporations, but no doubt the moon will be used as an advertising billboard and our lives are increasingly spent in corporate space. Kurt Vonnegut's novel *Cat's Cradle* illustrates this with the concept of Ice Nine. In the book, Ice Nine is invented to help the US marines do battle. It is a fictional kind of ice

"free market" need not mean only, or even primarily, that social cooperation takes places through the "cash nexus." Instead, it simply allows such relationships as one among a whole range of ways in which humans can voluntarily cooperate to solve their problems, whether through markets or friendly societies or houses of worship or any of an array of other organizational forms that might arise in a free society. This is a point often overlooked by both libertarians and their critics. A free society is much more than a giant marketplace. One of the strengths of Carson's essay, and his work more generally, is to remind us that the omnipresence of the state for so much of human history has often limited our imagination about what a free society might look like, both in its narrowly economic relationships and all the other ways humans interact.

This, I will note, is one reason why the work of the Ostroms, who Carson briefly mentions, is so important. Both Lin and Vincent Ostrom challenge the market/state dichotomy from different angles and thereby also force us to think more creatively about what a free society really means. Lin's work asks us to consider the variety of forms that managing the commons can take, with special attention paid to how communities might create rules and norms for doing so. What's interesting about that work is that it is about *governance* more than *government.* To the degree the community collectively and voluntarily agrees to a set of rules, it looks like something other than the market or state as we typically know them. It is a political solution to an economic problem, but it is not the sort of top-down regulation we get from states. As Carson notes, we might well get much more of these sorts of community-based institutional solutions in a free society, particularly on a local scale.

Vincent's work asks us to consider that "democracy" is more than elections and legislatures, but instead refers to the participatory way that each of us negotiates with each other to develop rules of social conduct. Each time people avoid or resolve conflicts by working with others to solve the problem omy and create institutional governance which is participatory rather than elitist.

Finally, a heretical thought is that Kevin's observation that corporate control involves violence through primitive accumulation is, of course, Marx's view too. In Chapters 26 and 27, Marx hints, in contradiction to much of the rest of his work, that markets based on personal, broadly democratic ownership are possible. With the breakdown of feudalism, a measure of freedom existed but was snuffed out in England by the violence of enclosure. Rothbard, Marx and Carson have some shared perspectives; no wonder Kevin's work is threatening and too often ignored both by left and right.

In summary, I don't think corporate capitalism is simply a product of state-created legal barriers. This is part of the story but there are other forces that tend to promote monopoly. Equally, I don't see markets as a panacea. However, like Kevin, I want to promote a diverse economy that moves beyond the state and the market to the commons. Last, much of Kevin's analysis mirrors readings of Marx that suggest that democratic ownership of the means of production is essential to a more equal and ecological future.

3. Will Truly Free Markets be Truly Different? (Steven Horwitz)

October 6th, 2015

There is much to like in Kevin Carson's lead essay and even where I think he goes astray, he performs a valuable service by reminding us of the ways in which the state has affected the evolution of really-existing capitalism and he thereby challenges us to think more critically and expansively about what a truly free market might look like.

One of the most important points Carson makes is something of a throwaway at the start, namely the claim that the

with a chemical twist: When it comes into contact with water, it turns the water into ice. The idea is that the marines can drop ice nine into a river and create an instant bridge to move forward. The unintended consequence is that ice nine can never stop turning water into ice. If ice nine were to be used it would eventually turn all of the world's water into ice, extinguishing life. In the novel, a chip of Ice Nine is held in a thermos flask, but inevitably it is released and life on earth is destroyed. Money tends to move into new areas of society with exchange value taking over more and more of human life. Money may not be Ice Nine, but it does tend to corrode non-market systems into money. Cash infiltrates more and more of society, so competitive markets, rather being natural and nonviolent, have increasingly totalitarian consequences.

Corporations seem to have cultural capital too. We can see Facebook, Uber, Twitter and other forms of web-based commons using cash to expand, floating on markets and squeezing out alternatives. Amazon is another example. In short, it is not enough to see corporations as purely a product of government intervention; there are additional powerful forces that tend to lead to market concentration.

Finally, I think Hegel noted somewhere that it is impossible to leap over one's age. In a society even where we try to imagine alternatives, our dreams are powerfully conditioned by the world we exist within. We never have pure free will with which to design other ways of being. What we can imagine is limited by social forces that are often to a large extent unconscious, and even where we can mentally make a leap, material conditions limit what we can achieve. I think the literary theorist Raymond Williams argued that in this sense, utopias are more compensatory than emancipatory. We map alternatives as a substitute because our attempts to practically challenge the rich and powerful are impotent.

Elinor Ostrom once described how, as a school student, she was encouraged to join the debating society. She recounted how members of the society would argue one side of the debate and then change sides to debate the other. I believe this gave her considerable mental flexibility, and to some extent, with her pragmatic grassroots approach, she was able to envision some very radical things about political economy. I am not (Ostrom fan that I am) going to use this method and argue against my own points and suggest markets may not lead to corporate capitalism. Nonetheless, to move things forward I am going to look at some alternative perspectives. What is the point of Marxism if you cannot embrace contradiction?

Marx generally examined countervailing tendencies to the process that he sought to describe. Far from outlining a theological or deterministic system, he was aware that multiple factors, including intentional human agency, might blunt or reverse likely change. Equally in his late Russian discussion, where he toyed with the idea of the Russian communal farming system (the Mir) as providing a way of reaching communism without a capitalist stage, he suggested that his work in *Capital* might only be applicable to Western Europe. So while both theoretical argument and empirical evidence suggest that his argument for capital concentration is sound, counter tendencies are possible. Certainly Kevin has made a strong case for the fact that diseconomies of scale may mean that small scale production is cost efficient. Equally, in an era of fast evolving 3D printing and web-based advances, open source manufacturing may reverse any apparent historical trend.

Neither should we be technological determinists; to my view Marxism is an intellectual network approach with institutional, economic, ecological and social class all interacting. All history may be the history of class struggle but a range of factors including the legal come into play. I reject the idea that capital concentration is always and everywhere an effect of government action. However, institutional factors do shape economics. Companies seek to create barriers to competition and governments often help them. Concentration cannot, I

feel, be explained purely as a product of governments manipulating otherwise competitive markets, but governments do contribute to corporate rule. In fact, any economy has an institutional element.

Kevin and I are perhaps starting off from different perspectives, close too, in the kind of non-corporate economy we both want to see. While he sees value in markets, he does to some extent over-leap the conventional assumptions, like both Marx and Ostrom, recognising that economic activity extends beyond markets and states. This position is vitally important because there is a large and increasingly militant rebellion against corporate neoliberalism taking place. In Europe, parties like Podemos and Syriza have risen on opposition to austerity and corporate control. I am still amazed that my friend Jeremy Corbyn, a lonely left wing MP who was more popular with Greens than his own party, has won a landslide victory to lead the opposition Labour Party here in the UK. In Rojava and the rest of Kurdistan, the revolutionary Kurds, learning from their own participatory experiments and the writings of green anarchist Murray Bookchin, are creating a left libertarian non-state.

The forces for change are rising. The debate around markets and corporations can have a modest but material effect on the change that occurs. Rather than simply dismissing Kevin Carson's view, I would note that the kind of diverse market-plus-commons economy he, and indeed Elinor Ostrom, advocated, risks turning back into capitalism. To avoid this will require precise mechanism, perhaps some kind of jubilee as advocated in the Torah for wiping out debt and redistributing resources. Nonetheless, this vision of democratic ownership of the means of production is close to that of Marx. Marxists, in rejecting the market have, instead of creating a stateless society, often tended to recreate statist societies. While we cannot at a stroke move beyond both markets and states, we can I believe to some extent, roll both markets and states back, democratize the econ-