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Libertarian Anticapitalism

Charles Johnson

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For most of the 20th century, American libertarians were mostly seen as — and mostly saw themselves as — defenders of capitalism. Was that an accurate view of 20th century libertarians were about? If accurate, is that a good thing about libertarianism, or a defect that should be amended and avoided?

Well, it depends. Specifically, it depends on what you mean by “capitalism.” Now, I’ve had something to say about this before, my friend Gary Chartier has broached the subject here at Bleeding Heart Libertarians, but I think the ground might be worth covering again in some more detail. (Partly because it may help as an introduction to where I come from on questions of freed markets, economic privilege, social justice, et cetera; and partly because some of the comments on Gary’s earlier post lead me to believe that a closer approach to the definitional question might help clear up communication.) First, though, let’s take a bit of a detour — to New York City.

About a year ago, the *Wall Street Journal*’s Metropolis blog ran an item by Aaron Rutkoff on zoning and advertising in Times Square, called “Good Taste in Times Square? It’s Illegal.” As it turns out, the bright lights and “colorful corporate orgy” of Times

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Square advertising — as paradigmatic a symbol of American capitalism as you could hope for — is the result, not of unfettered free-market commercialism, but of a detailed set of mandates handed down in New York City’s special zoning ordinance for the “Special Midtown District.”

For those with the stomach to navigate the bureaucratic language, the zoning regulations make for interesting reading. What appears totally haphazard to the untrained tourist’s eye is actually planned down to the last square foot, with copious rules about how much of any surface must be covered in signage.

Own a building on Broadway but detest the flashing lights? Too bad. As the code states:

There shall be a minimum of one illuminated sign with a surface area of not less than 1,000 square feet for each 50 linear feet, or part thereof, of street frontage.

There are instructions for precisely which direction Times Square’s signage must face and extraordinarily detailed diagrams for how the brightness of mandatory illuminated displays shall be measured.

Does your building feature a blinking sign? The rules require that the unlit phase not exceed three seconds. When can the bright lights be switched off? No earlier than 1:00 a.m.

—Adam Rutkoff, “Good Taste in Times Square? It’s Illegal,”

Wall Street Journal Metropolis blog, 12 August 2010

The *WSJ* decided to sum up their findings by saying:

my first interest is that the position should be made *intelligible*, so that we can begin to discuss what would support the claim, or cut against it. Before you can debate whether or not a claim like (CCH) is true, you first have to establish that there really are two distinct terms on either side of the conditional operator, and that someone might either assert *or* deny that they are connected just like that. To be able to do that, it will help a lot to make it as clear as possible, in our terminology or at least in the process of our conversations, that “a free market” is not just the same thing as businessmen being left alone to do whatever they please; that it means ownership and economic freedom for everyone, and may well encompass forms that may look nothing like conventional corporate enterprises or business-as-usual today; that it is quite possible that many critics of “capitalism” may be pointing to very real social evils, while misdiagnosing the causes; and that many of the evils most commonly ascribed to “capitalism,” and thus blamed on the free market, really are not the results of market activities, but the results of “capitalism” in quite a different sense — in the sense of government-backed commerce and politically-enforced corporate privilege.

In a way, the zoning code governing the signs is wonderfully ironic. The bright lights of Times Square, one of the most visible and iconic testaments to the city’s hyper-capitalist verve, are maintained not by Adam Smith’s invisible hand but by little-known government regulations.

–Adam Rutkoff, “Good Taste in Times Square? It’s Illegal,”

Wall Street Journal Metropolis blog, 12 August 2010

Well. Whether or not something comes off as “ironic” depends upon your expectations; and on this point, I guess it may not be surprising that my expectations are not the same as those at the *Wall Street Journal*. In fact, I would say that a story like that of the Times Square zoning code is not only not especially “ironic;” it’s really *paradigmatic* — a illustratively typical example of how large-scale, in-your-face commerce typically works in these United States, and how it interacts with the corporate economy throughout the world. That’s why I have often referred to myself (following the example of Kevin Carson) a “free market anticapitalist” — because I believe in a really broad and radical version of property rights and market freedom in economic ownership and exchange, but (unlike, say, the *Wall Street Journal*) I think that the features conventionally associated with American capitalism — large-scale, top-down firms, the predominance of wage labor, corporate domination of economic and social life, the commercialization of social space etc. — are as often as not the products of state intervention, not of market dynamics. And, further, that a genuinely and consistently freed market would tend to undermine the prevalence and significance of these features in everyday life.

But “free market anticapitalism” is a term that raises eyebrows. Mainly because it doesn’t seem to make any sense. The reason I use it is *because* of the eyebrows it raises — not because I enjoy confusion or confrontation for its own sake, but because I think

that existing ideas about the relationships between markets and capitalism are already confused, and that a superficial overlap in language tends to obscure the confusions that already exist. In particular, the term “capitalism” is used by almost all sides in economic debates as if it were obviously the ideal governing libertarian policy proposals, and is debated over both by nominal pro-”capitalists” and by nominal anti-”capitalists” as if it were perfectly obvious to everyone what it means.

But really the term has a lot of different shades of meaning, which are distinct from each other, and some of which are even mutually exclusive.¹ And as often as not it seems that debates about “capitalism” involve more than one of them being employed — sometimes because each person is talking about a different thing when she says “capitalism,” but they think that they are fighting about a common subject. And sometimes because one person will make use of the word “capitalism” in two or more different senses from one argumentative move to the next, without noticing the equivocation. At the expense of oversimplifying a very large and tangled literature,² there are at least four major definitions that have been attached to the term:

¹ Thus, for example, while we are told by libertarian economists that “capitalism” means a system of purely private ownership and market exchange, without state intervention, a left-leaning journalist like Stephen Kinzer comparing Cuba to its quote-unquote “capitalist” Caribbean neighbors — referring to Haiti, Guatemala, the Dominican Republic, and Honduras! — and we see a conventional left opinionator like Michael Moore making a film that he calls, *Capitalism: A Love Story*. The movie is about the bail-outs. Whatever other disagreements these folks may have — and of course they have many — the overwhelming fact here ought to be that they cannot possibly be arguing about the same thing to begin with. Whatever Moore and Kinzer have picked out to criticize, it’s not a system characterized primarily, or even noticeably, by free market exchange or a lack of government intervention.

² The word “capitalism” — or rather, the French cognate from which it is derived, *capitalisme* — was not used to describe any kind of encompassing social or economic system until the 1840s. It was originally coined by opponents of the system that they identified as “capitalism,” but after it passed into common usage

tions of ownership, a for-profit corporate economy, a wage-labor system, etc.).

The pro-capitalist Right likes the outcome, and the state socialist does not, so the one uses it as a reason to endorse “capitalism” and the other as a reason to reject it. (Conventional liberals typically split the difference by calling for a mix of pro-business regulation and anti-business regulation, in order to get a properly managed form of capitalism, with political forces in place to counteract against its worse tendencies.) But what of those who reject the causal claim asserted by (CCH)? For an individualist like Tucker, “capitalism” in the sense of wage-labor and commercialism has been largely upheld, and sustained by “pro-business” government intervention, *not* by free market processes — in particular, by the economic structure created by Tucker’s Big Four monopolies and their modern descendents, by the funnelling of resources into the military-industrial complex, by trillion-dollar bail-outs and pervasive, intense hyperregulation of the economic prospects of the poor and marginalized. Thus, the argument goes, the natural tendency of *the free market* is actually *anti-capitalistic*, in the sense of knocking out the political privileges that hold up the economic status quo, of dissipating large-scale economic inequalities, undermining rather than entrenching monopolies, cartels, and accumulated fortunes, and freeing up workers to make independent livings through a rich set of non-corporate, grassroots alternatives to the corporate-capitalist economy (e.g. co-ops, worker-owned shops, independent contracting and homesteading, mutual aid associations, etc. etc. etc.). It is only in virtue of “capitalism” in the *second* sense, state capitalism or business privilege, that actually-existing capitalism, in the latter two senses, flourishes and grows.

Now, whether Tucker’s position (or mine) is the right one or the wrong one is of course a matter for considerable debate, and it will depend on laying out some conceptual issues and a lot of empirical evidence that I haven’t even begun to touch on in this post. But

is really using “capitalism” in the second, third or fourth. Rather, I think the distinction is worth making precisely in order to *avoid* semantic bickering, and thus to get clear on where the areas of substantive disagreement, and the best topics for productive argument, actually are. A lot of time to get to the real argument you first need to be willing to say, “OK, well, I see that you are complaining about ‘capitalism’ in the sense of the corporate status quo, but that’s not what I mean to defend. What *I’m* defending is the free market, which is actually radically different from the status quo; no doubt you disagree with that too, but for different reasons; so let’s get on with that.”

And I point it out also — to come back to the bit about “Libertarian Anticapitalism,” with which I began this piece — because it is only once we have disentangled the distinct senses of the term “capitalism” that certain kinds of positions about market economies can begin to make sense. I have a self-interested motive here — for my own position is one that typically gets blanked out when one doesn’t break down this sort of distinction among different meanings of the term. That is, roughly, the position of the mutualist and individualist Anarchists — Pierre-Joseph Proudhon, Josiah Warren, Benjamin Tucker, Victor Yarros, Gertrude Kelly, Lysander Spooner, Voltairine de Cleyre, et al. In conventional debates over capitalism, we are usually offered two major positions — the position of the pro-capitalist Right, and the position of the state socialists. But both positions, in spite of their policy-level disagreement, have a very important economic claim in common: they typically take it more or less for granted that free markets, just as such, tend to produce capitalism in our third sense and our fourth. Call this the Capitalist Causal Hypothesis:

(CCH) If you have “capitalism” in sense 1 (an economy without intense, extensive, and ongoing government intervention), then you’ll naturally tend to get “capitalism” in senses 3 and 4 (large-scale concentra-

1. **Free Enterprise.** This is a relatively new usage (coming mainly from libertarian writing in the 1920s-1940s). “Capitalism” has been used by its defenders just to mean a *free market* or *free enterprise* system, i.e., an economic order — *any* economic order — that emerges from voluntary exchanges of property and labor without government intervention (or any other form of systemic coercion). This is the meaning that is almost surely most familiar to those who spend much time reading libertarian economic writing; it is offered as, more or less, a stipulative definition of the term in Friedman, Mises, et al.
2. **Pro-Business Political Economy.** “Capitalism” has also been used, sometimes by its opponents, and sometimes by beneficiaries of the system, to mean a corporatist or pro-business economic policy — that is, to active government support for big businesses through instruments such as government-granted monopolies, subsidies, central banking, tax-funded infrastructure, “development” grants and loans, *Kelo*-style for-profit eminent domain, bail-outs, etc. Thus, when a progressive like Naomi Klein describes government-hired mercenaries, paramilitary torture squads or multigovernment financial institutions like the IMF and World Bank, as examples of the political economy of “disaster capitalism,” capitalism here must mean something other than markets left free of major government intervention. Rather, this is the state intervening, with a very heavy hand, to promote the interests of a particular class of economic players, or promoting a particular form of economic activity, as a matter of policy. This second meaning of capitalism is, of course, *mutually exclusive* with the first meaning — state-driven corporatism necessarily consists of projects

in economic debates — roughly, during the 1880s-1900s — it took on a whole host of other meanings.

funded by expropriated tax dollars, or regulations enforced from the barrel of a gun, and so to be a “capitalist” in the sense of a free marketeer means being an “anti-capitalist” in the sense of opposing the corporate state, and being “pro-capitalist” in the sense of state “growth” policy means coming out against “capitalism” in the sense of genuinely free markets.

3. **The Wage-Labor System.** “Capitalism” has also been used to refer to a specific form of labor market, or a distinctive pattern of conditions facing ordinary working people — one in which the predominant form of economic activity is the production of goods or the performance of services in workplaces that are owned and managed, not by the people doing the work on the line, but by an outside boss. In this third sense, you have capitalism when most workers are *working for* someone else, in return for a wage, because access to most of the important factors of production is mediated through a business class, with the businessmen and not the workers holding legal titles to the business, the tools and facilities that make the shop run, and the residual profits that accrue to the business. Workplaces are, as a result, typically organized in hierarchical fashion, with a boss exercising a great deal of discretion over employees, who are generally much more dependent on keeping the job than the boss is on keeping any one worker. (This sense is most commonly seen in Marxian writing, and in older writing from the radical Left — including a great deal of pro-market writing from Anarchists such as Benjamin Tucker and Pierre-Joseph Proudhon.)
4. **Profit-Dominated Society.** Finally, the term “capitalism” is very often used (outside of the debating circles of libertarian economists, this is in fact probably the modal use of the term) loosely to mean something like the commercializa-

tion of everyday life — that is, a condition in which social interactions are very largely mediated through, or reshaped by, overtly commercial motives, and most or all important social and economic institutions are run primarily on a businesslike, for-profit basis.

It’s important to note, then, that while “capitalism” in the first two senses — that of the freed market, and that of pro-business politics — are *mutually exclusive*, “capitalism” in the latter two senses are *conceptually independent* of the political oppositions involved in the first two senses of the term. In concept, a fully free labor market might develop in any number of directions while remaining a free market — you might have a market dominated by big corporations and traditional employer-employee relationships; or you might have worker co-ops, or community workers’ councils, or a diffuse network of shopkeepers and independent contractors; or you might have a pluralistic mish-mash of all these arrangements, without any one of them clearly dominating. (The most likely outcome will depend in part on pre-existing patterns of ownership, the strength and direction of people’s preferences, the direction of entrepreneurial innovation, etc. etc.) Similarly, interventionist states might intervene either against, or *in favor of*, “capitalism” in the latter two senses — when states adopt heavy-handed “growth” policies and prop up corporate enterprise, they are attacking the free market, but they may very well be entrenching or expanding workplace hierarchy, concentrations of economic ownership, or commercial motives and activities, at the expense of other patterns of ownership, or other forms of peaceful activity, that might be more common were it not for the intervention.

I point all this out, not because I intend to spend a lot of time on semantic bickering about the Real Meaning of the term “capitalism,” or because I think that (say) the disagreements between libertarians and progressives can all be cleared away by showing that one of them is using “capitalism” in the first sense, while the other