

# **The Engines of State Capitalism**

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## **1. Structural power and the meaning of “intervention”**

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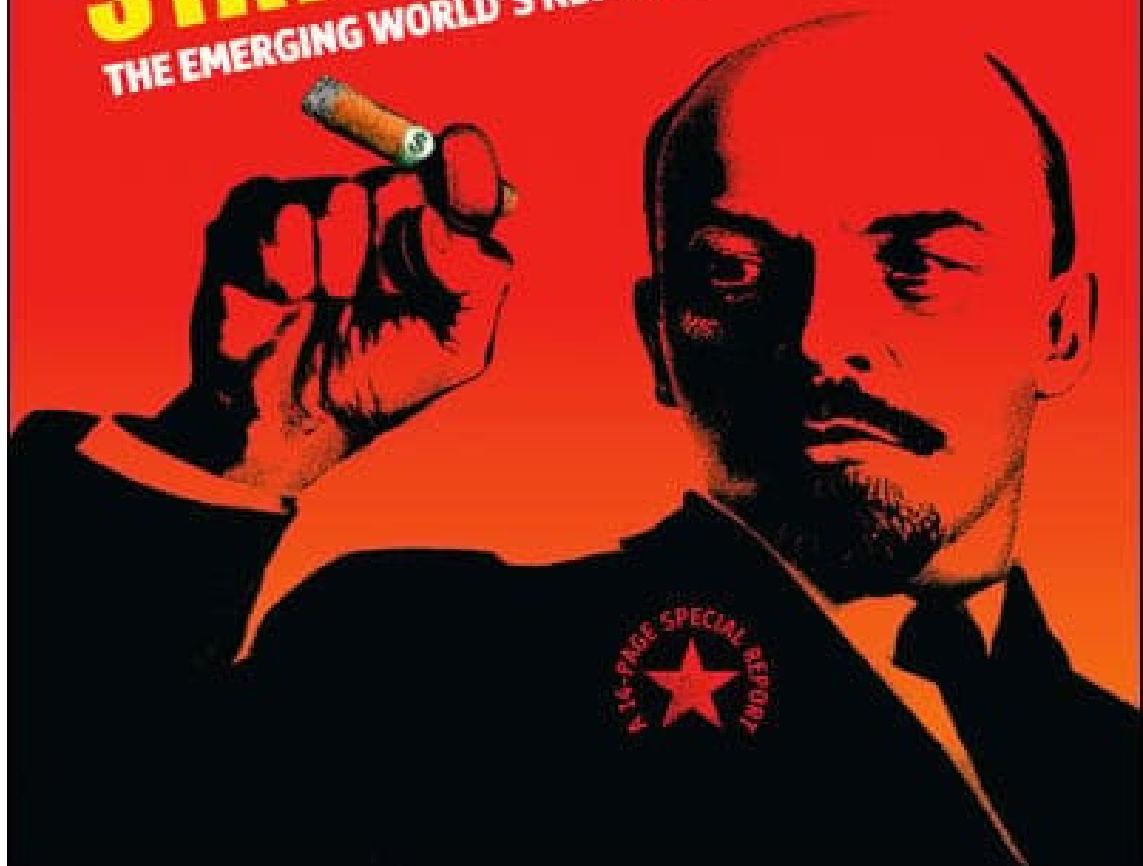
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# THE RISE OF STATE CAPITALISM

THE EMERGING WORLD'S NEW MODEL



This year, everyone is talking about state capitalism, but few are really understanding it. To make sense of this concept, we first need to understand what the U.S. government is actually up to. Our best current estimates reveal an absolutely massive level of U.S. government intervention in the economy across multiple channels and sectors. The problem (well, one of many) is that almost none of this intervention is calculated to net-benefit normal people (indeed it is no longer calculated even to benefit members of the haute bourgeoisie that might've been regarded as well-to-do in the past). The Cato Institute has an annual study that "tallies corporate welfare in the federal budget and finds that the government spends \$181 billion a year on aid to businesses. That figure is based on a broad definition of corporate welfare, which includes direct cash subsidies and indirect industry support." As the study shows, "More industries are becoming dependent on the federal government and driven by politics, which is a dangerous move toward central planning in the economy."

The Federal Reserve Bank of Richmond maintains a Bailout Barometer, which is an estimate "of the share of private financial system liabilities for which the federal government provides protection from losses." They now estimate that more than 60 percent of our financial sector's liabilities, meaning approximately 23 trillion dollars, are backed either explicitly or implicitly by the U.S. government (a government that is currently about 38 trillion dollars in debt as of this writing). This kind of protection has a deep structuring effect, and it is an enduring subsidy to mammoth financial institutions, lowering their operating costs and encouraging risky investments. The bailouts of recent years alone have cost hundreds of billions of dollars, but even mainstream experts have stressed that this is far from the whole story. The CBO and the Committee for a Responsible Federal Budget have both highlighted the fact that debt from the bailouts will add trillions to existing government liabilities. But apparently no one in the Republican and Democratic parties really gives a damn (shocking, I know it). The Richmond Fed's attempt to quantify a background field of implicit bailout guarantees is important in that it directs our attention to how state intervention functions: to understand the true level of intervention at a given point in time, we have to examine stocks of interventions, not only flows of interventions.

If we consider, as we must, financial guarantees of various kinds, our deeply anti-competitive regulatory design, the effective economic intervention of the U.S. state reaches easily into the multiple trillions in managed or contingent market value; this is well beyond a level of intervention that would suffice to blur the line between state management and allocation on one hand and strictly "private" accumulation on the other. That is, looking at all of the stock and flow for a given year together, you are easily looking at many trillions of dollars of state involvement in "the economy" in FMV terms. (Look out for a separate report, perhaps next month, in which I show the math that I'm working through now, to show how much the state helps capital in our country in just one year.)

Most of our public commentary on corporate welfare accepts a budgetary accounting convention rather than a more complete and well-rounded view that treats the whole system. This means our public conversation is missing some of the most significant facts and issues; we usually ignore interventions that are off-budget or currently potential/implied, things like, for example, the Fed's balance sheet (currently over 6.5 trillion dollars), credit line guarantees, regulatory rent transfers, etc. If it's not tied into the appropriations process, we seem to be unable to understand its role as corporate welfare. It's plain to see that the Federal Reserve System and the Treasury Department are active allocators of capital, not neutral market referees, directing credit and liquidity to specific sectors and actors in ways that privilege large corporations, financial institutions, and

the U.S. dollar's global dominance. In case it's not clear, none of this has anything to do with economic freedom in any legitimate libertarian sense.

The central function and mission of the United States government today is to maintain a system of corporate welfare and corporate domination, to use the coercive power and cachet of the state, the law, and other symbolic expressions of seemingly valid power to redistribute massive amounts of wealth to state-backed favorites (and they are not regular folks). Both political parties are charged with shepherding this system and ensuring its continuity. As I've said, Americans don't pay very much attention to very much outside of meaningless consumption and online crapola. The result, as usual, is an extreme confusion of language where we don't count policy tools that are identical to spending from a structural standpoint, but that are delivered through, say, monetary or regulatory policy. But, again, it is not the case that the MSM is deliberately misleading us. They believe every word. They were hailed into that role, and they have to play it; it is a mistake to treat this as a conscious choice. This is how our most highly trained and credentialed people are some of the most hopelessly bound up in ideology. That is why they are so confused and stressed if you challenge their narrative.

We can see that the budget of the U.S. government in any given year is far from the full story of coercive state intervention in the economic sphere. The full scope of federal government involvement and intervention in the economy is almost never acknowledged for a host of structural, institutional, and ideological reasons that discourage discussing or accurately representing its scale. Within our style of political economy, particularly at its rarified altitudes, state power and influence touches almost everything. The way to get rich in America has always been to ingratiate yourself with those in power. We all know that this is true intuitively, even as children, but we refuse to say so in our public political discourse, afraid to seem impudent toward the corporate ruling class we so admire and want to be like. In short, our apparently political conversation is really psychological, in that our descriptions of the economic system say much more about our social psychology than our politics or economic system.

This is not fundamentally new. All governments throughout history have been only different forms of organized criminal cartels, and ours is no different. What is new is something we are doing: we are pretending – for the benefit of the people who rule and exploit us – that this is in fact a normatively free system, in which people have real rights and genuine liberty within the economic system. It is not that kind of system. Schoolchildren will trade their snacks at lunchtime. It is a natural human impulse to trade, and trade should be unimpeded by coercive authority. But we have to be able to distinguish genuine trade and market relations from the authoritarian system of state capitalism prevailing today. It is necessary to restate the issue: with these trillions of dollars of intervention, the state is not preparing a level playing field—this is not investment in fair rules or a truly competitive market environment. Each layer retains and re-propagates the influence of the corporate ruling class. If you're reading this, you probably already know that I draw a distinction between capitalism and the mere presence of a trade, exchange, or market-like mechanism. For me, capitalism is inextricable to the modern state and its practices, war-making and war preparation in particular.

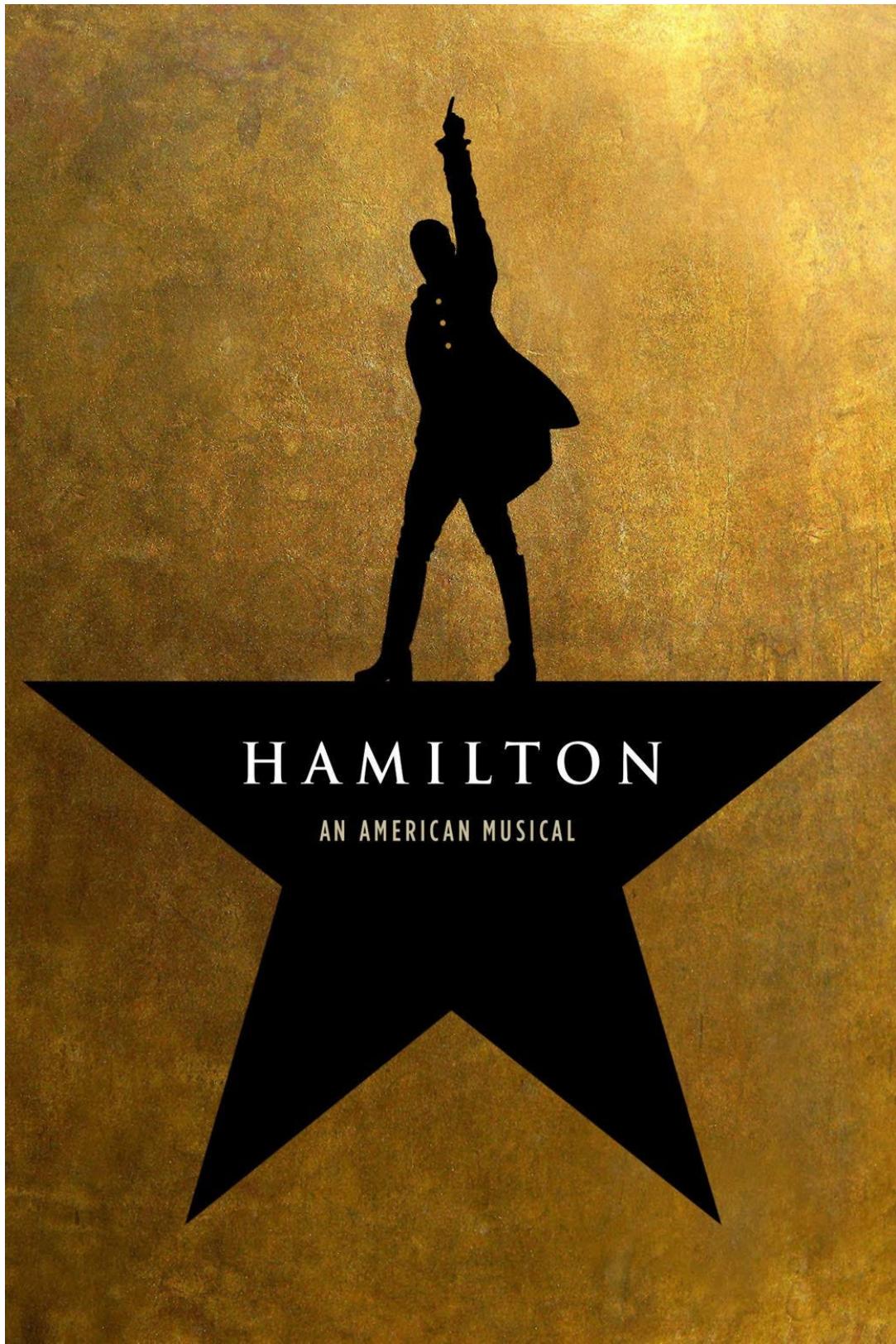
Capitalism, in practice, means intensive state violence and intervention from top to bottom and in every direction. It means chartered “private” arms called corporations, state-granted patent monopolies, and a steady stream of subsidies and special legal powers and immunities. Markets appear to be very different, practically speaking, the opposite of capitalism. If capitalism is a system of government privilege and arbitrary increase, markets are about voluntary

exchanges for mutual benefit, without coercion or special advantages. This system cannot be squared with the one we have today, the authoritarian state-capital nexus. As I've argued publicly for 15 years, our confusion suggests that we need a new vocabulary and a new way of talking about politics and economics, one that stops giving credence to the talking points of the "corporate uniparty" Ralph Nader correctly identified. This seems like it ought to be obvious enough, but it's clearly not: the problem with directing all of your anger and attention at Donald Trump is that, in the strictest causal sense, his actions simply wouldn't be possible without a path being carved out for decades beforehand. What too few Americans understand is that congresses come and go, and presidents come and go, but the government is always still there, and virtually all of its most destructive and anti-social actions have broad support in the Beltway uniparty. As I've argued frequently, Obama's lawyers picked up right where folks like John Yoo left off. On anything important, there is no real disagreement to speak of in Washington. Regular people around the country are waking up to this, and that is jarring and disorienting for those who haven't been paying much attention up 'til now.

I believe, with great confidence, that if the true scope of federal intervention in the economy were understood, it would affect Americans' attitudes in dramatic ways, disrupting ideas about the meaning of economic freedom and ahistorical folk theories of the state (for example, the idea that the state represents the people or "the things we choose to do together"). But the reasons the relationship between the state and capital is so rarely reckoned with by the U.S. literati is actually not as simple as mere ignorance or even bias, in my view. I think this is deeply structural and ideological, which is why I've discussed Althusser and Poulantzas. It is also the reason I have stressed the historical ties between libertarianism and socialism, as well as the possibilities for a federalism of the left. This is a different way of discussing politics and economics, and that is the need today. The fundamental problem with our country's mainstream liberals – the special thing that makes them use their TV shows to host people who lied us into disastrous and illegal wars; who lied to Congress about violating the constitutional rights of the people and members of Congress; who helped imprison and murder Americans with no charges or process – is that they have been successfully interpellated into defending the institutional complex we need to replace, the state-capital system.

If our ruling class and its mouthpieces were to acknowledge that the entire monopoly finance capitalism system depends for its life on continuous federal money and credit, endless war, and destructive speculative bubbles, their whole worldview would collapse like a house of cards. So I've reached for Althusser over the years not because I like his ridiculous Leninism, but because what we are talking about right now is an ideological state apparatus. This apparatus is structurally integral to the functioning of the whole thing. The politics we need is roughly the opposite of today's systemic corporate-welfare system and must position itself "against hierarchical organization, mass society, consumer culture and technological domination." When we talk about state capitalism, we have to take care to understand what we're really taking issue with. We have a ways to go.

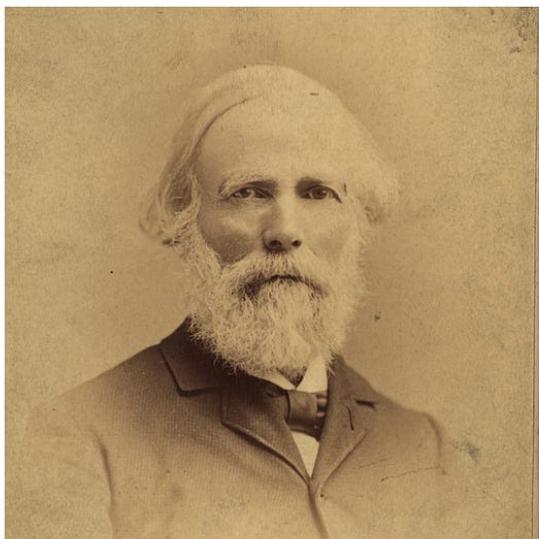
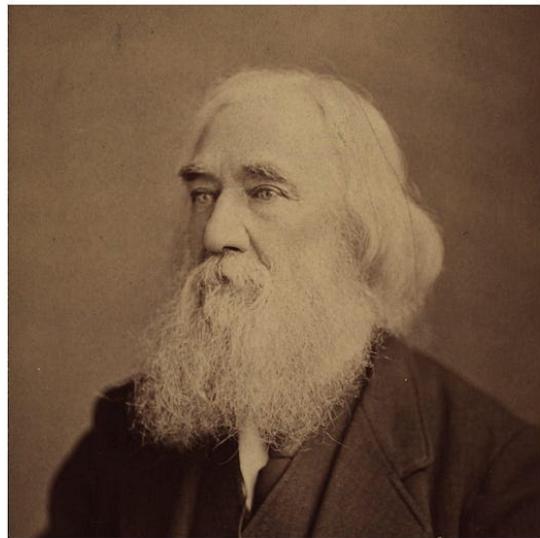
## 2. Alexander Hamilton and the shell game economy



In the first part, we began to discuss some of the features of the United States' state capitalist political economy, as well as the public discourse on this system. From previous discussions on Louis Althusser and Nicos Poulantzas, we have an idea of the state as a "condensation of class relations" and a structuring force. We cannot reasonably expect the modern state to behave as a neutral arbiter or as inherently interested in the maintenance of a free, fair society or marketplace. Taking the state seriously historically and materially means understanding that it is the central engine of corporate power and the version of growth and progress offered by capitalism. And while some forms of intervention are salient to the political class as corporate welfare, much of the state's power and influence over the economy are less conspicuous, implicit structural buttresses (for example, the promise of bailouts, regulatory advantages, non-fiscal interventions generally). Because of the way the discourse obscures our view of the relationship between capital and the state, our ruling class is able to pretend that the economy is mostly free, with some friction. Both the scale of the state's involvement and the historical depth of the alliance between it and capital – that is, the most important factors in the conversation – are really not a part of American politics in its mainstream form.

The American elite are trained from their earliest schooldays to see interventions on behalf of capital as neutral and natural, invisible really. Any aid to the poor is highly visible, tinged with shame and embarrassment, and discussed obsessively in the mainstream political conversation. Our model of the very nature of the state's role in the economic system is therefore precisely upside-down. The U.S. government is arguably the most powerful empire in the history of the world. It uses its power, as all great empires have, to enrich an extraordinarily tiny ruling elite, not to create our ideal of a free society. Some libertarians – granted, not very many – see their job as defending this idea of a free society; we could call them critical, dialectical, or left libertarians. Part of what distinguishes their libertarianism is its recognition that the state is an instrument of capital or a crystallization of its interests (if we want to stick with Althusser and Poulantzas), not a neutral rule-giver in any sense. Because of this recognition, they offer a formulation of liberty in which it is inseparable from the critique of privilege. What is a valid right and what is a bogus privilege? That's what they were trying to answer, in large part. Today's American libertarians seem to have mostly given up on this project, a tragedy for the public conversation.

I follow individualist anarchists like Ezra Heywood and Benjamin Tucker in drawing a distinction between a political economy characterized by foundational legal and regulatory privileges and one characterized by something like the law of equal liberty. You simply can't know anything about the history of capitalism and yet associate it with economic freedom (this is of course also true of state socialism). Most "libertarians" in our country see it as their job to defend a system of arbitrary privileges tailored to the interests of capital. I was comparatively lucky in that I'm from the home – Massachusetts – of some of American history's greatest real libertarians: Josiah Warren, Angela and Ezra Heywood, Joshua King Ingalls, Lysander Spooner, and Col. William B. Greene, to name a handful. They confronted almost exactly what I'm talking about here and in the last part, showing bourgeois liberal economists that it is state intervention that gives rise to Tucker's four monopolies, the exploitation of labor, etc.



Consider the facial absurdity of the worldview prevailing across the mainstream today, which sees the state as the great limiting force on capital. Perhaps I'm too cynical, but it seems comically naive to imagine that the world's most powerful ruling class is genuinely concerned with the wellbeing of the people beyond what is required to perpetuate the system of domination and exploitation. But somehow this does seem to be the view shared by the Beltway corporate uniparty. They are embarrassed to look directly at our system. I don't necessarily blame them, for it is an increasingly embarrassing system. Many such powerful and distorting privileges are difficult to reduce to a dollar value. We raised bailout policies last time, so let's stick with the financial crisis for a moment. If the bailout provisions themselves have a defined value, this is not the case for many of the policies that followed in the wake of the crisis.

After the financial crisis, the number of banks in the U.S. declined sharply, with consolidation driven by disastrous policy responses that reinforced what is in fact a state-backed financial oligopoly. Lest we be accused of Monday-morning quarterbacking, it wasn't particularly difficult to see that Dodd-Frank and other post-crisis policy decisions would only aggravate the problem by concentrating the market still further. Many predicted this. But here, too, we must zoom out and attend to historical context: mainstream lib darling Alexander Hamilton explicitly wanted and designed an early American financial architecture anchored by a powerful, centralized state and under the control of business and banking elites. While he wouldn't have thought of it as an oligarchy, he wanted to make the rich financial class the federal government; he was explicit that there ought to be a small number of powerful financial institutions, propped up by public credit, at the foundation of the political and economic system. His logic was explicitly aristocratic and administrative: public debt, properly managed, would "cement" the interests of the wealthy to the state and make them natural guardians of its authority. The First Bank of the United States was created to be a "public-private partnership" concentrating monetary power in an extremely small and well-heeled elite, ensuring liquidity and state control together. If this looks and feels to you like an open scam, you are smarter than the average bear. In terms of where we landed today, I think Hamilton has much to answer for. Something like his dream matures through successive stages, Henry Clay and the Whigs, later the Federal Reserve Act, until finally a U.S. government system able to arbitrarily expand or contract liquidity on a global scale. This is not a sane or sustainable system, as we are finding out. Indeed, we might even think that the core logic of capitalist growth and accumulation has shifted from the extraction of surplus from real productive activity to the continuous refinancing of state-backed debt instruments. So, again, a scam. We are a funny lot, able to pick out a con from a mile away, but we don't notice the biggest one.

Putting capitalism in tension with markets reveals some of the interesting pathologies of the former. Capitalism tends structurally toward concentration, state-backed monopoly, and financialization, generating instabilities just as a matter of course. The strange alchemical qualities of capital within its zone of power, today's state-capital system, leave residues and byproducts in the shape of overlapping crises (secular stagnation, ecological overshoot and collapse, corruption and political capture, etc.). From where I sit, state-backed financial monopolies that grow while the real sector stagnates are something like the platonic ideal of capitalism. That stands to reason, as the state is the ultimate monopoly and the infrastructural source of all monopolies. We can see Hamilton's fingerprints all over our current moment; his project fundamentally sought to consolidate government debt into tradable assets, creating a source of private profit for his friends. His program wanted the disastrous centralization of the money power in the federal government and

thus the creation of a state-backed private monopoly on money and credit issuance. He wanted to wield fiscal and military strength through new tariffs and taxes to stabilize this bastard system, generating predictable ROI. In the Hamiltonian ideal, we can see the ugly, scamming face of contemporary capitalism; his system of public credit was always fundamentally a project of class formation, where an insulated financial monopoly is the core of the ruling coalition. It is the story of modernity everywhere: the direct state coordination of capital formation, by any means. Again, we could arguably just cut out all of the -isms out here and call this what it is, a highly sophisticated long con.

The scary thing is that, taking Althusser seriously, we are called into seeing this long con as a source of identity and meaning even before we can see what's happening. The con has to work on two levels at once in order to work at all. First, it clearly must be able as a matter of fact to effect the structural fusion of the formal state apparatus and the financial system, and Hamilton made pressing the case for this fusion his life's work (did the dopey musical mention this?). In the semiotic context, the ideological apparatus is assigned the job of making this system – simply a con in strict terms – appear as patriotism and civic virtue. In the concoction of financial instruments backed by the state, Hamilton wanted to encourage his rich and unscrupulous friends to accumulate more money right now without having to rely on, you know, actually productive economic activity. Althusser shows that you need that semiotic side, too, because such a political economy needs to be able to stabilize despite its obvious contradictions. Just make it so people get their meaning and their identity from the scam itself. You are a citizen, a voter, a pupil, a worker, etc., tied to the state and its machinery permanently. The testimony of our own history is clear that the state is not incidental to the power of capital in our economic system; it is rather foundational and indispensable. Most of what American libertarians defend as a “free market” today is statist and authoritarian down to its deepest substrates. The more money you make, the easier it becomes to accept the narrative of Hamilton's shell game. I want to stick with this analogy for a moment, as I think our current state-capital system does have many of the features of this kind of swindle.

A shell game needs to obscure the true location of value through misdirection, to transfer wealth in a way that structurally depends on a perception that is not well-founded, and to sustain unbroken belief in and attention to the trick or illusion. This is just what Hamilton sought after and what our monopoly finance capital system reproduces today: create an asset class that is fundamentally based on the labor power of and tax revenue from the people, but that they are unable to access, keeping them grinding while a financial aristocracy accumulates without working. Clearly this kind of system needs a lot of ideology to survive. Libertarians who defend financial capitalism today only show how little they know about our country's political and economic history, given the high profile of the government in instituting the very foundations of this system; their worldview studiously avoids confrontation with the historical record and the structural and material context of public policy and economic relations. They are therefore able to treat state intervention as some kind of aberration or friction, when the state is the engine pushing the wealth and power of the elite.

This is why I have argued that right-wing libertarianism is arguably the most interesting and generative point of departure for discussing our system. As a conceptual foil, it helps us understand the contradictions at the heart of our political and economic structure. Our financial system is an example of corporate welfare in programmatic form – corporate welfare made a governing program, in which the state sees its own goal as securing a stream of private returns

through formal institutions. When we see the grifters and grafters in politics using the state for private gain, and we act surprised, we reveal ourselves as the easy marks. Perhaps it is prudent to pretend to agree with today's Alexander Hamilton's about the merits of their system. Pretend when you have to. But it is a scam in broad daylight.

Today, commentators in the West enjoy twisting themselves into knots trying to distinguish our own system from, for example, China's naughty version of capitalism: dreaded state capitalism. But to those who have paid careful attention to how our own ruling class has leveraged the might of the U.S. government, it becomes more and more difficult to give credence to their arguments. In the West, we try hard to keep much of the statism and authoritarianism out of the formal state, as a way to confuse and maintain complicity. We privatize the state's power, as a way to sustain a sophisticated illusion, a shell game.

### 3. The state as organized crime

Revisiting founding-era figures like Alexander Hamilton makes it clear that today's language around the relationship between the state and capital is deeply confused to the point of being backwards. In the early U.S., state power and capital accumulation were co-constitutive and mutually-dependent, never opposed as phenomena in theory or practice. Our current deeply problematic language, which often pretends that the state reins in big business, is among the most laughable and ahistorical features of our discourse. During the early republic, the champions of big business were those of big government and vice versa, and federal power was shored up very explicitly to favor commercial elites.

When we discuss state capitalism today, we are too often limiting our analysis to situations in which the state is itself participating as a market actor (I discussed this a bit here for CounterPunch last year). We don't, for example, talk about how the growth of an extra-democratic and extra-constitutional fourth branch of government – the incredibly vast administrative state – quietly entrenches and enriches the corporate paper-pusher class Woodcock discussed. There is much that Americans do not understand about the functioning of this system, as many have not interacted with it up close. But the dramatic expansion of the federal bureaucracy has created whole new industries and major revenue streams for those working in the law, compliance, lobbying, consulting and expert opinion-giving, etc. Over the decades, this has funneled billions to state-connected or -intertwined professionals – to the class of glorified quasi-governmental clerks who learned to navigate and use regulatory power instead of resisting it. It is important to understand that the federal government is involved at the foundational and structural level in every important area of the economy, problematizing the very idea of a free market system without state involvement.

Such a system has naturally given rise to an enormous bureaucratic and professional class, who function largely as intermediaries between powerful corporations and a fundamentally undemocratic state. For decades, the federal government and corporate power and influence have grown together, their relationship serving both parties, just as it has been since they first arose. Historically they belong together and go together. They are indeed the same people, moving around the turnstile, switching their "public" hats for "private" ones (and back again) whenever it suits them. When American rulers decided to embark on this disastrous path, it did not bring the government closer to the people, but pulled it further away from democratic accountability.

ity. Indeed that was the stated goal at the time, which I've discussed extensively in terms of the distinction between liberalism and the politics of the Progressive Era.

The mainstream left must understand that the administrative state, ostensibly motivated to protect consumers, etc., has had the net effect in our economic system of entrenching powerful incumbent players. Legal and compliance demands at the heights of our statist economy are so astronomically complex and expensive that navigating them has become the world of only the largest companies and their entourages. Large, influential corporations use regulatory rent-seeking strategies to obtain special status or privileges rather than innovating or producing anything of genuine value. Where we might imagine massive firms trying to improve their products and services, much of their energy today is focused on influencing policymakers and regulators, working for protection from competitors, subsidies, and special compliance breaks. This is worse than valueless for the regular people who hold up the whole edifice – it only transfers wealth to connected interests at their expense. There is no way for the corporate uniparty to stop supporting this system or to extricate themselves from it. Political parties are like mini-states or wannabe-states—this is to say that the people who work within them are would-be authoritarians. That is their job. They spent their lives and careers working to find ways to bilk you and enrich themselves and their friends. If we were at all sensitive to history, we would see this instantly, that the state is organized crime at scale.

Digging themselves into the fourth branch like ticks has allowed our actually quite useless laptop class to exploit the formal state, yet again, as a way to consolidate corporate power and profit from the complexity of the rules. If you think the administrative state is doing the work of the people, you have no experience with it or you're a mark (or maybe you've made a lot of money this way and don't want to talk about it). Bureaucrats, lobbyists, and lawyers have made the system system so Byzantine, the knowledge needed to navigate so specialized, that there is no way for this system to function except as a corporate-welfarist boon to people who produce no real value. They don't grow food, they don't sew clothes, they don't provide a real service outside of an arbitrary state-created system of Kafkaesque bureaucracy and paperwork. You literally have government bureaucrats pretending to be judges, overseeing billions of dollars in administrative litigation, while Congress stands aside and avoids doing anything that would actually help create a free, livable society. It's important to understand that when this sector experiences growth, either in the formal state or within the parasitic hanger-on laptop class, this just means growth in waste, needless complexity, and favors for the connected. The supposed expertise of the hangers-on is only necessary to the extent that the state has made the rule-making and rule-enforcement systems opaque and inaccessible to regular people. That is the definition of a highly undemocratic social system. Yet our mainstream liberals have been incapable of understanding how this system serves and leads to authoritarian politics. These are not very perceptive or curious people unfortunately. They are also not what they say they are when they are not in power. Democrats in the Beltway are chomping at the bit to use any new powers Trump is grabbing. That's the ratchet effect Robert Higgs described so well.

Over the years, I've often argued that the political left should be much more critical of this system, which acts as a welfare and employment program for the over-educated, but increasingly useless professional bourgeoisie. It's obvious why the Democrats would like and defend this system. It's much less clear why those of us who advocate for workers and the poor would defend this bullshit jobs economy. It has less than nothing to do with anything remotely like a free society or a free, competitive economic market. Many within the mainstream of our politics were

confused about what the end of the deferential standard under the Chevron case meant. Chevron had removed the federal judiciary's valid constitutional prerogative to conduct meaningful judicial review, shifting power and discretion to flunkies in the fourth branch, whom we couldn't make accountable even if we wanted to (after all, their roles aren't outlined in the Constitution). Chevron merely affirmed that judges have a valid role to play in interpreting the meaning of the relevant legal and regulatory standards. Perhaps after this year, our liberals have developed a richer understanding of the importance of robust judicial oversight of the actions of the federal government. As I like to remind people, the undemocratic nature of the Chevron standard's unconstitutional deference was front and center in the case itself: Chevron wanted to go around an actual law passed by Congress to obtain a more lax pollution enforcement regime. I want to put a really fine point on that: Chevron's lawyers believed at the time that cozying up to regulators was its best bet for getting a permission slip to break the law the people's reps passed.

Though this should probably go without saying, none of this has anything to do with the subjective intentions or goals of the people working within this system. My view of these questions entails the principle that we should only point our fingers at people who actually hold power. Mainstream politics in our country is about something close to the opposite of this: everyone is supposed to whip themselves into a frenzied rage against ordinary people – so, their family, friends, neighbors, and colleagues – rather than saying anything at all about the legal and incentive structures the state-capital system has created for us. If this is your approach to politics, you're worse than just lost. You don't know how to use your compass. This is why the American left desperately needs both socialism and libertarianism; if our mainstream liberals had these toolkits and analytical lenses, they would better understand the social and political function of a pool of white collar professionals, spanning the supposedly public and private sectors, totally insulated from the people. Hint: it has never been to help regular folks. Obviously, like our liberals, I would prefer to defend this system, as I have always been a part of this class. But one of the major problems with our politics is that we're unable to distinguish between our faction's interests and that whole fairness thing.

If we directed our focus at those who actually hold power, as we should, then the entire political paradigm and its vocabulary change, adjusted to put all of the Donald Trumps, Joe Bidens, and thieving corporations on one side, regular people (that is, almost everyone) on the other. This would be a reality-aligned political approach, so it is unacceptable in the online ecosystem. Everyone is busy raging out at their neighbors online while the state and its corporate Frankensteins funnel more of our energy and wealth to a criminal ruling class in an attempt to literally run the world. If anyone was ever free on these lands, it was to just the degree that they were able to evade or escape the attention of the state-capital system, to carve out an existence separate from its authoritarianism and avarice. In 2025, with this system covering and absorbing everything, with every crack filled by state-capitalist power, that is no longer possible. Indeed, one of the major reasons you see rapid growth in this fourth branch-centric bullshit system after '71 is the fact that we could no longer easily get growth in the real sector. So we made it up – the scamming of the state has grown more sophisticated since the time when it was just thugs buying mercenaries, but the fundamental character of modernity's state-capital system has not changed. It won't change. It has to be replaced from the inside, through incremental actions that make our local communities more free and fair. As Paul Goodman said, "A free society cannot be the substitution of a 'new order' for the old order; it is the extension of spheres of free action until they make up most of the social life." Goodman wasn't denying that we need "a total change,"

particularly on certain specific social questions. But he understood, quite like Colin Ward and others, that a single, once-and-for-all revolution is not possible.



Much of what we refer to as “competition” in our country is learning how to work within this labyrinthine system and doing that better than other companies in your core area. And again, this is particularly true at the top, where the largest and richest companies are, as these firms consume almost all of the lobbying, consulting, legal services, etc (research on this question overwhelmingly and consistently demonstrates that these very expensive services are predominantly taken up by the largest and most productive corporate powers, suggesting that state-driven bureaucratic growth enriches particular classes of corporate elites who can afford them). All of these things exist to protect corporate power and its defining relationship with state power, because these two institutional factors, the state and capital, are bound together, co-determined, and co-dependent. As we saw last time, the shell-game system of misdirection and theft works much better if you can split the dominating group from the exploiting group.

Unlike most, I believe that when we say things like the White House is the people’s house, or the state is what we do together, or politicians are public servants, we actually help the ruling class in both parties by doing one of their most important jobs for them, rather than forcing them to do it themselves. We are aiding the mystification of state-capitalist power in our society, and thus putting ourselves at risk. The most important thing we can do, faced with authoritarian power, is force the conversation about what those who wield that power actually do with it. We will never proceed out of our political infancy until we stop giving credence to their euphemisms and lies. It is much easier to get along with all kinds of people with all kinds of opinions once we understand that both the Republicans and the Democrats are members of a corporate uniparty that exists to fleece you, using the U.S. government for private gain. Their system is a scam; their parties are a fraud; if you root for one or the other of them, they have you in the snare, focused on the spectacle, misunderstanding all you see like you’re standing in Strawberry Fields. You might as well just watch reality TV. You are watching reality TV. None of these people are interested in changing our political economy, because it works for them and makes them rich.

When you begin to analyze political goings on in these terms, with a focus on what the ruling class actually does, on the historically and materially defined relationship between the state and commercial elites, on their shared commitment to U.S. global empire and hegemony, on the fact that some form of corporate welfare defines the whole system, etc., then you are closer to seeing reality instead of the spectacle. Understand that they need you to stay watching the reality TV show, as their power falls apart without our holding it up. Though we are the base and the foundation of power always and everywhere, the ruling class of our country has done an expert job in its divide-and-rule strategy, a tale as old as time. To rephrase the old “no war but class war,” today there is no struggle but the struggle against the ruling class, and those people are Republicans and Democrats only.

The Chernobyl-level meltdown within the Democratic inner circle right is in large part an experience of this contradiction between a party leadership totally bought and paid for by the worst people and companies in the world, and a party base of normal people. If we stay watching the spectacle, shouting at each other online about minutiae and continuing the downward spiral of whataboutism, whereby both wings of the uniparty will always be able to correctly point to the other side doing it too, we will stay on this path, racing to the bottom. My approach to these questions starts with welcoming everyone, a “love all, serve all” posture in recognition of the quaint notion that you will never understand the motivations and reasons of someone you can’t really talk to and treat as a human being. This is the only approach that is plausible to me in a

country where people are so ignorant and historically illiterate that the things they say are not really coherent or intelligible anyway.

This stands to reason as Americans are famously busy, stressed, and overworked, all of which is also by design. We literally compete with each other over who is the busiest as a substitute for having a culture, and we don't think that's sad. It is tragic to see what has taken over our culture, even completely apart from Donald Trump, where our rotten institutions (radical monopolies in Ivan Illich's terms), undermine healthy interactions and stifle creativity and autonomy. Most of the people talking about "our institutions" today are dead between the ears or outright hypocrites, for their beloved institutions did the same nasty business under their gang's leadership. It's just that well-to-do, white Boomers are now noticing the dark side of "our institutions," which was always there, but which they never saw – precisely because they have benefited so much from this system. We have a bunch of people who need a TL;DR version for a 600-word opinion piece, but think they know the true character of our institutions. No, unfortunately you have to study them and see them up close to know their nature, a predator's nature, a calculated, Machiavellian nature. The point is that in any sector you choose, particularly near the peak of that system, the U.S. state has invested and intervened in a decisive and structural way for the benefit of a small group.

Charles Tilly understood the nature of the beast and argued that "a portrait of war makers and state makers as coercive and self-seeking entrepreneurs bears a far greater resemblance to the facts than do its chief alternatives," the ridiculous idea of a social contract first among them. Repeated confrontations with history showing the same criminal pattern that Tilly's work describes long ago persuaded me that neither of the modern world's twin macro-institutions (the state, capital) can be made compatible with even the loosest definitions of human freedom. The same encounters unfortunately also revealed that revolutionary movements frequently leave the popular masses even worse off. The renowned sociologist Vincenzo Ruggiero, who won the American Society of Criminology's lifetime achievement award in 2014, made an argument similar to Tilly's. He said that the line separating organised crime and our corporate economic system is at the very least unstable, that the two social phenomena ought to be treated together rather than as totally separate categories. The state itself is the problem. People don't like Zohran Mamdani because they think he's Mao; it's because he talks like a human being instead of a predatory robot.

# Bringing the State Back In

*Edited by*

**PETER B. EVANS  
DIETRICH RUESCHEMEYER  
& THEDA SKOCPOL**

Kropotkin's work flips over our halfwitted, ahistorical notion that the state's role is to tame or reel back predatory and rapacious capital. Anyone who has read deeply on the modern state in terms of its origins in war, its organized-crime culture and behavior, its fiscal and policy priorities, etc., could not possibly give credence to the familiar story that the state is there to help normal people. It isn't and it never has been. It may, of course, undertake discrete actions or policies that are beneficial to workers and the poor on the margins, in order to hold off uprisings, but its overall role in the social and political system is to create and sustain a system of privilege for the extremely rich. If anything, this group – the people to which the state itself recognizes its obligations – is shrinking by the day. If today's right-libertarians are often correct in articulating the standard or test to be applied (the abstract ideal of individual freedom and sovereignty), they almost never apply it correctly, pretending that a deeply statist political economy is a "free market." You get it at this point. Kropotkin put it much better than I can:

But after such a complex failure, and in the light of such a pitiful experiment, there are those who still insist in telling us that the conquest of powers in the State, by the people, will suffice to accomplish the social revolution! – that the old machine, the old organization, slowly developed in the course of history to crush freedom, to crush the individual, to establish oppression on a legal basis, to create monopolists, to lead minds astray by accustoming them to servitude – will lend itself perfectly to its new functions: that it will become the instrument, the framework for the germination of a new life, to found freedom and equality on economic bases, the destruction of monopolies, the awakening of society and towards the achievement of a future of freedom and equality!

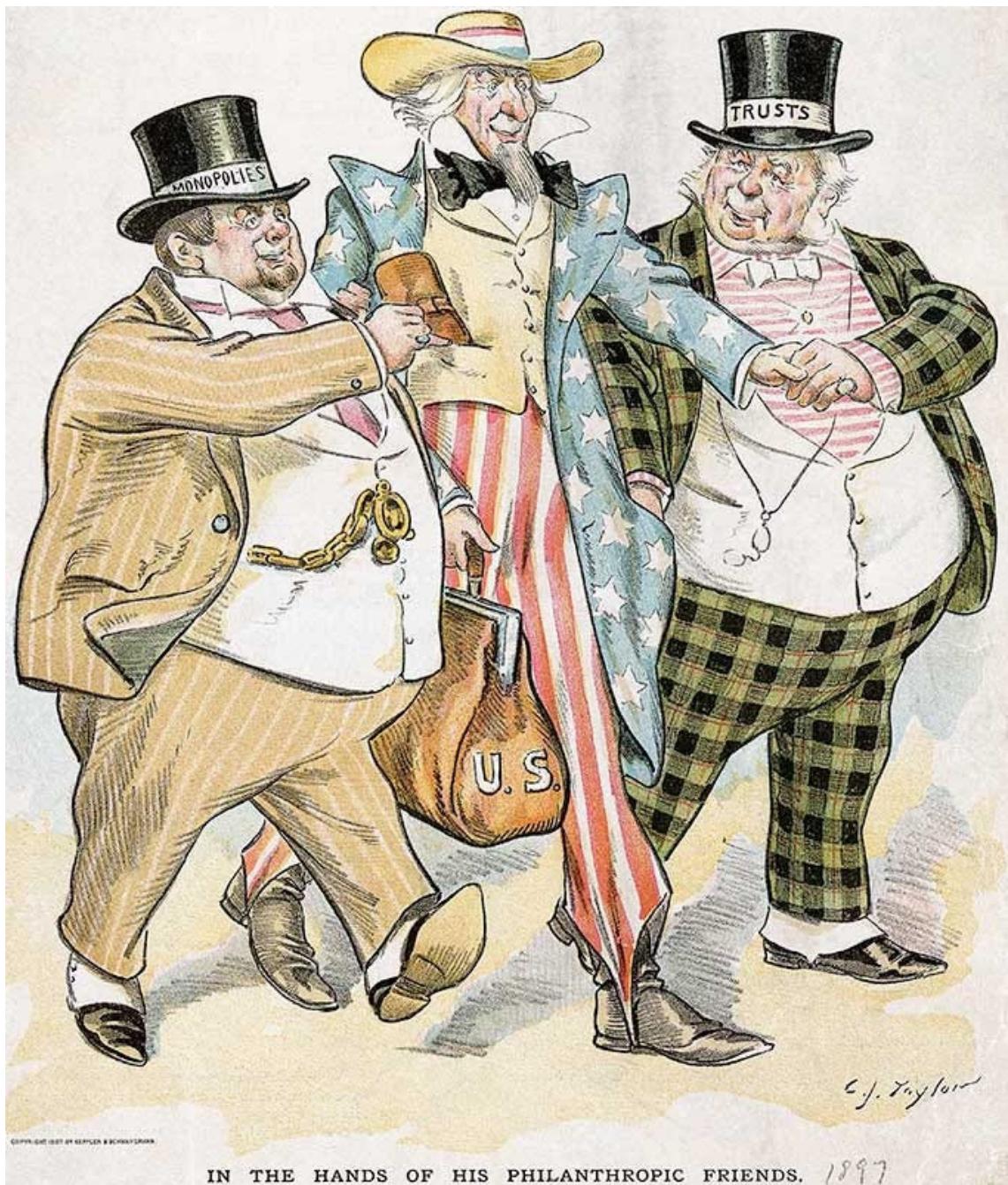
In considering where we find ourselves today, I'm frequently reminded of something Herbert Read said, writing in 1940, that the desperation of the people, faced with "this double failure, of capitalism and of socialism," had taken the form of fascism. Fascism here in our country, as elsewhere, is deeply bound up with the redirection of desire and the reconfiguration of class antagonisms – perhaps into cultural antagonisms. As the class character and contradictions of the system become more salient, as they are now, the ruling class begins to feel the heat. The reproduction of the class relationships that are core and necessary to the system depends on doing something to hide or confuse the growing viability of the class conflict. The conflict between classes is the thing that the popular masses cannot notice, at least not together, at the same time. Thus we see the divide-and-rule strategy again and again through history, with the exploited fighting each other instead of the small ruling fleecing them all. I believe, with Read, that "a new world could be built if only we would abandon the economic concepts upon which both socialism and capitalism are based." He thought that such a world would turn up when we had placed freedom and equality above all other social values. Are we ready yet?

#### **4. The valorization of capital ≠ freedom**

"Man's true liberation, individual and collective, lies in his emancipation from authority and from the belief in it. All human evolution has been a struggle in that direction and for that object. It is not invention and mechanics which constitute development. The ability to travel at the rate of 100 miles an hour is no evidence of being civilized. True civilization is to be measured by the individual, the unit of all social life; by his individuality and the extent to which it is free...to grow and expand unhindered by invasive and coercive authority." - Emma Goldman

As we've seen, the stagnating real sector, having undermined capital's ability to increase itself by skimming from actually productive activity, has meant a shift in capital's attention. Over the past half-century, parasitic capital has turned its gaze in the direction of finance, state-aided rent extraction, intellectual property rights and "professional" services, a trend that has further entrenched the state-capital system. This entrenchment is intimately connected, as a practical matter, with the fourth branch of the U.S. government in that this is the site of interchange between the agents of the corporate rent-extraction mechanism and the formal state. This is where, even as a lifelong "plumb-line" libertarian in the Benjamin Tucker sense, I believe we have to take some discrete economic insights from Marx. But don't worry. I'll explain carefully what I mean, and it is almost surely not what you think. I frequently refer to what Pierre-Joseph Proudhon discussed as capital's "right of increase," its ability to add to itself almost magically. But as we shall see, the process has more to do with the coercive power of the state than it does with magic. This corresponds with an idea of "valorization" in the ideas of Marx.

What we mean by valorization in this context is important. The word used in the original German text is not actually valorization, but *verwertung*, and the application of this word in German today is varied and context-dependent. In contemporary Germany, in popular and everyday contexts, the word is usually used to talk about recycling and re-use, about making the best possible use of something. So you see it often in the popular discourse about environmental stewardship and resource efficiency (in case it's not obvious, I don't speak German, but I just reviewed Google News entries containing the word, and this is how it seems – I would of course be interested to hear from folks whose first language is German). We get a different set of meanings within the political-economic literature, which is where I first saw it as an undergrad. The philosopher Étienne Balibar says of the term: "the 'valorization of value,' as it were, in other words the addition of new value or the emergence from within the circulation process itself of additional value." Within this paradigm, we can think about having an original value that has been valorized in the sense of being augmented by the taking and adding of a surplus value. This is a process that is distinct from just the process of value creation in the first place, and that is important. I see the state-capital system we have as being defined and driven in some teleological sense by value's ability to self-valorize or auto-valorize (at least this is how it appears – as criticisms of this formulation correctly point out, in fact it is not self-valorization, because as we're discussing, it's an deliberate act that requires the use of power).



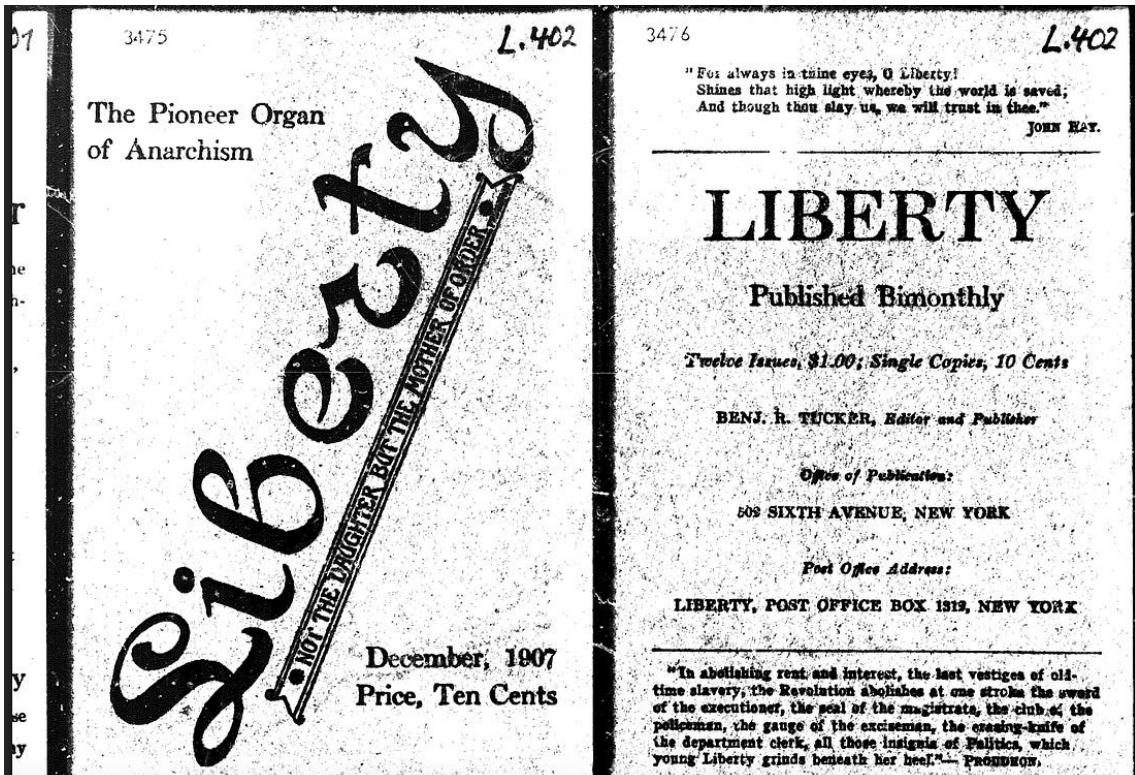
But when productive activity stagnates or falls off for some reason, there still has to be a way for capital to perform the valorization process, even apart from the value generation process. Where can it look for these outlets? It starts where it always has, its parent, the state, asking for new privileges and fictions, whatever they may be: intellectual property “rights,” new financial instruments, asset inflation, regulatory capture, land<sup>1</sup> and resource theft, etc. You know the story. All I’m arguing is that none of this is indicative of a free market or a libertarian economy in any valid normative sense. As we see in our discussion of the real meaning of GDP, the way our system valorizes capital effects a morally-inverted worldview where the abstraction takes precedence over human life. Capital must grow, even if people have to starve. As Herbert Read said, our political and economic system “involves a human sacrifice beyond the lusts of Moloch.” Because its basic telos and imperative is to grow itself rather than to create genuine value for human beings, capital is happy to avail itself of these state-backed perks. I’ve just never had any interest at all in defending that system. If you want a liberal free market in the appropriate and socially helpful sense, you have to do it in the rigorous, privilege-free Benjamin Tucker way. I think the question we’re facing today is a version of: how much can we valorize capital as we continue to thin out the actually-productive foundation of the economy. Any answer to that one is bound to be scary as hell, as we head for overlapping crises of starvation and social decay.

What we’re watching play out today aligns with and reflects this idea or definition of capital as a form of self-valorizing abstract value, where the growth imperative remains despite the diminishment of real productivity. In this predicament, capital needs to resort, once again with the state’s help, to fictitious forms and rentier logics; this is where we are today, folks, unfortunately. Now, where I’m with thinkers like Tucker is in that I don’t think any of this has anything to do necessarily or inherently with people trading things with one another. I think it has to do with privilege and tipping the balance for one side in an exchange. When we put a small state-corporate ruling class in charge of the economy, as we have, we get a lot more of this kind of scale-tipping. That system, to me, is just capitalism—but not a free market. This is also one of many reasons that capitalism loves and seeks out complexity in the political economy. Consider our current highly complex and financialized iteration of the state-capital system, under which every step or transaction is another chance for the self-valorizing abstraction we’re calling capital to put its thumb on the scale.

The proper way to think about this is simply as follows: like any other protection racket (and while they are formally treated as separate from the state, it belongs to them), they are going to take their cut out of all action. When there is no growth to siphon off from the genuinely productive sector, the state valorizes capital through new grants of privilege (or the extension of existing privileges in novel ways). Because some of you have been curious about this, this is what I mean when I say that we need the insights of both libertarianism and socialism. To put an even finer point on it: Benjamin Tucker and his ilk were presenting a radicalized version of classical liberalism, under which the existing core of ideas – republican government; clear and recognized individual rights; a carefully-limited state (to the point of technical non-existence); a principled, anti-monopoly free trade stance; etc. – was boiled down to a version of anarchism or libertarian-socialist synthesis. This is the idea that practically, historically, causally, and in every other way, liberty and equality reinforce one another and go together.

The key source of confusion here, I believe, is the question about how the causal mechanism works within our political economy. I come from a diverse group of thinkers (from Godwin, Hodgskin, Warren, Proudhon, Heywood, Tucker, Kropotkin, et al.) who understood what few

today seem to be able to: the connection between state power and monopoly power. The state is the first corporate monopoly and it creates all others. This is arguably the most well-substantiated and salient social fact of modernity, yet virtually all of our discourse has ignored it. I'm somewhat hopeful that Donald Trump's behavior will help people understand the relationship between formal state power and corporate self-dealing and self-enrichment, but I have no doubt that any lessons will be abandoned on a dime the next time a Democrat lives in the White House. Partisanship and principles are notoriously hostile to one another. Among the key reasons our country's politics is so broken and hate-filled is the fact that politics feels high-stakes, in that it is not a free country where we control our time and lives. The state and its friends make the decisions without our input, allocating resources according to a system of special favors and privileges. Because of this sense that people in a faraway capital are running our lives, there is anger and frustration, misplaced against each other.



There is a reason I've spent so much time talking about obscure nineteenth century libertarians from Massachusetts: I see the state-capital system as making a mockery of the idea of economic freedom and voluntary, mutually-beneficial exchange on the level. Defenses of economic freedom today too often defend the statist system of valorization and increase we've been discussing, rather than actualized economic freedom. Mine is a very different formulation of freedom, committed to returning to people the freedom over their time, the only valid formulation. From a defensible libertarian standpoint, true freedom is not and could never be what Americans today regard as freedom, the mere ability to choose between virtually identical commodities with different corporate branding. It must be the freedom that is actual, material control over one's time and life. I'm glad that the conversation in the '20s has turned its attention to the subject of state capitalism, for it takes us closer to identifying what is really wrong, the ability itself of the state to create and dole out privileges to its favorites. The good news is that the system, in a certain sense, wants to show us what it's doing, which is why fascism follows from state capitalism (or, perhaps, just is state capitalism).

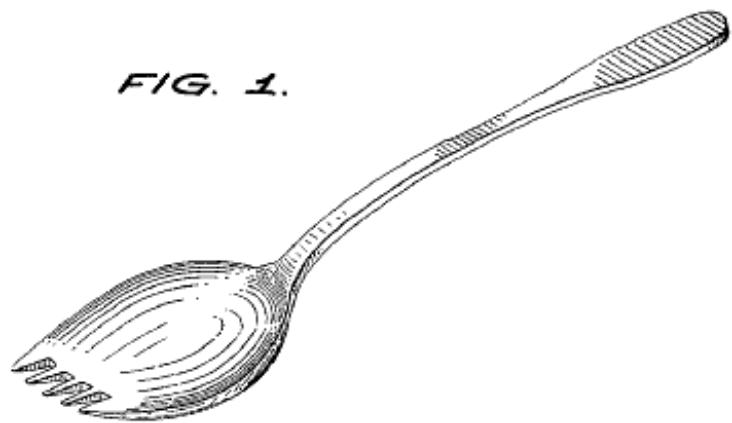
The patterns we're discussing repeat themselves again and again in our age, once political rulership was separated, at least formally, from the economic system: large corporations, themselves creations of state power, participating closely in the design of policy, starting a feedback process under which the law reflects the desires of capital and its strategic and operational objectives. Thomas Hodgskin, called a "free-market laborist" for his unique libertarian approach, understood this relationship between the state and capital better than most. Hodgskin, though a champion of genuine free trade, regarded capitalism as:

...a war of honest industry against the idle profligacy which has so long ruled the affairs of the political world with undisputed authority—which has, for its own security, added honour and political power to wealth, and has conjoined exclusion and disgrace with the poverty it has inflicted on the labourer.

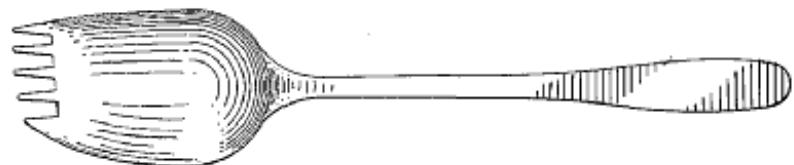
Where, today, is the real sphere of free initiative and association? I'm with the great Emma Goldman, who wrote shortly before her death that at the end of the day, "it matters little what the particular character of coercion is—whether it be as black as Fascism, as yellow as Nazism or as pretentiously red as Bolshevism." In all cases, the individual is pulverized. Like Goldman, I do not believe — and never could — that we need to choose between any of these totalitarian ideologies. We live today under an increasingly totalizing ideology that focuses our attention on an abstraction and its right of increase. We need ideas focused on people and their freedom.

## 5. An arrow against all patents

*FIG. 1.*



*FIG. 2.*



*FIG. 3.*



*FIG. 4.*



It may be that there is today no feature of our legal or our economic system more misunderstood than patents. They are the premier example of a policy where there is a fathomless breach between its public reputation and its real purpose. These special state-granted powers are among the most freedom-limiting counterfeit rights the modern age has ever produced, and they should be abolished completely, with not a one left. We can't even open a conversation about something like "free markets" or "economic freedom" before that step has been taken. At the outset, it is important for people unfamiliar with this area of policy and law to understand that the patent system in the U.S. only very rarely protects individual inventors as a practical matter. The system is designed primarily to benefit large and powerful corporate actors, which have the money and institutional capacity necessary to the filing, maintenance, and litigation of patent claims.

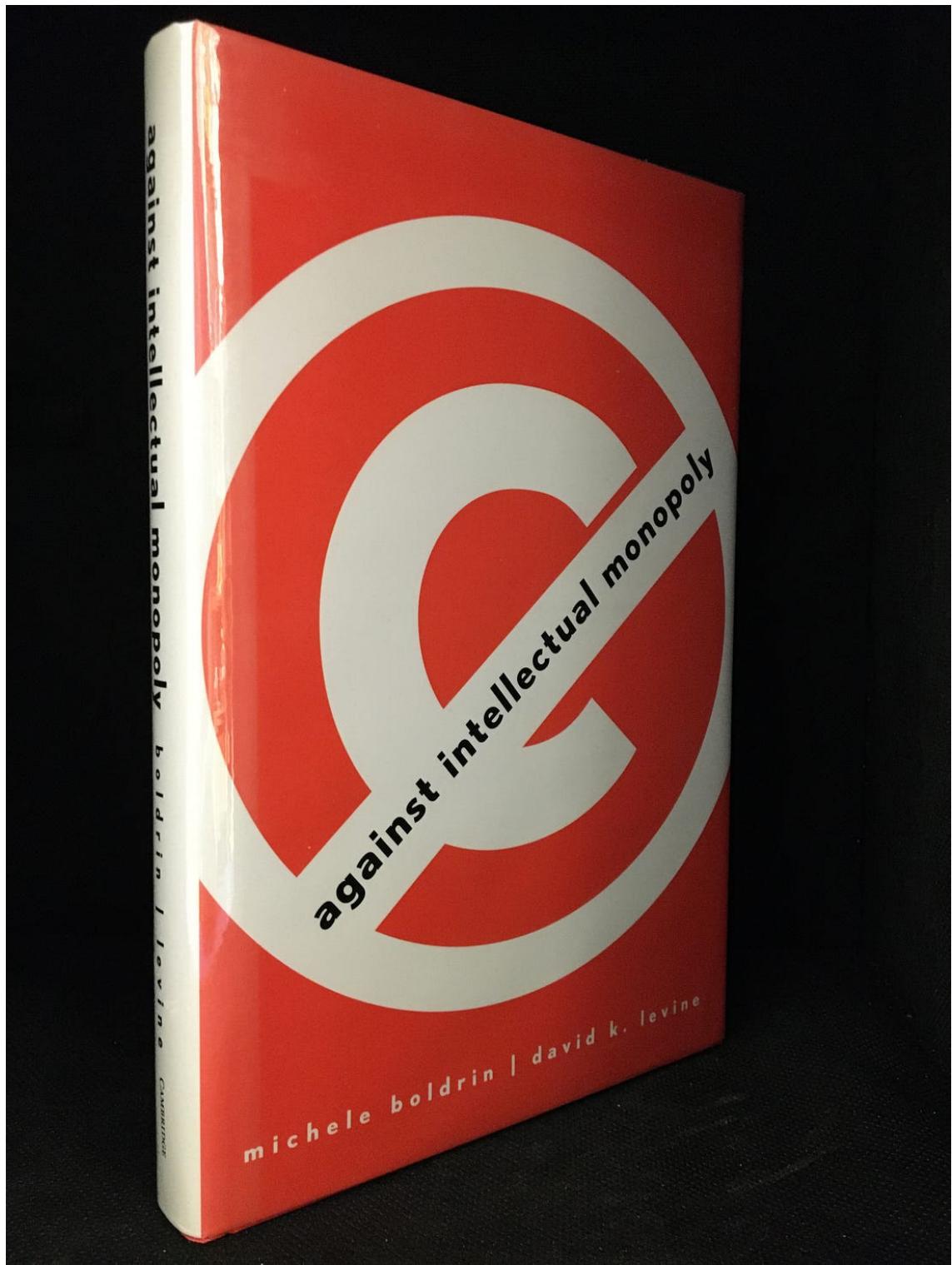
From an empirical perspective, the connection between the patent regime in the United States and the actual prevention of invention theft is extremely tenuous. Let me qualify that: it is tenuous to the point where there is arguably no connection whatsoever. But that is largely because the patent system we have was not designed to do this, that is, to protect real inventors. Its purpose, if we take the observable and measurable facts in the record seriously, is to create unearned income streams, leverage in legal disputes, and strong protection against innovation and competition. Over the last several decades, a growing body of evidence and scholarly work shows that the effects of the system for the broader political economy deviate markedly from the available public justifications. Like other political and legal institutions we've discussed here, the patent system is designed to consolidate power and concentrate wealth. From the very first patents to 2025, this is the reason we have this system at all. To me, the ruling class should have to defend that on its own terms, as the evidence has now overwhelmed the idea that patents are supposed to be pro-social, protecting valid rights, etc.

Bare facts about the process itself show that the system is not designed to protect inventors, as the fact of filing, not that of invention, gives right to the state-granted monopoly privilege. The rules establish a race-to-file system that systematically favors rich companies with sophisticated legal teams and expensive outside counsel. In the real world, which looks nothing like intellectual property fantasy world, the invention of anything is in fact attributable to millions of people, if not many more, and the patent rights virtually never protect the actual inventors. Indeed, again, the system itself openly acknowledges that it is not designed to protect inventors, but first filers. Up until the disastrous and oddly named (given its contents) America Invents Act, introduced by Patrick Leahy and Lamar Smith and signed into law by Barack Obama in 2011, the United States was technically a first-to-invent jurisdiction. Technically only, as even under the old regime, the de facto system was always about filing first, a resource war of giant corporations against both actual inventors and the people.

That said, the prior system did have several advantages to recommend it, among them, the existence of what were called interference proceedings, which were designed to adjudicate disputes about invention priority. It was at least an inquiry about who the real inventor was. The new system did away with this process, replacing them with a much different kind of proceeding. It is not my goal at present to take on a thorough examination of this system, but a summary of the major difference perhaps shows again the success of corporate privilege-hunting and lobbying. Under the old, inventor-centric<sup>2</sup> system, the federal government, through the USPTO, could hold proceedings to determine who first conceived of the invention and undertook the diligence to reduce it to practice. After the legal scam of the Leahy-Smith AIA took effect in 2013, this kind of proceeding was scrapped for good, replaced by derivation proceedings. This new system

will permit the inventor to challenge the successful filer's patent, but only to the extent that the patent is derived from the invention of the one challenging. This is not a proceeding adjudicating priority of invention, but misappropriation, which is a far narrower issue and inquiry. It's important to understand that from an empirical standpoint, none of this has anything to do with fostering a competitive and innovative market economy in our country, as both popular and academic commentary increasingly point out.

It is a system designed to gather facts about reality that we all naturally share into the hands of an incredibly small, rich, well-connected corporate ruling class. And it has been amazingly successful. Perhaps it would be a good idea to have a legal system designed to protect inventors and innovators. I personally don't think so, but we don't know because we have never had that system here in the U.S. or anywhere else in the world. That's not what patents are supposed to do in the social and economic system. Looking carefully at the system reminds me of something Thomas Hodgskin said about the relentless attacks of the law on working people: "New laws are fulminated against us, and if these are found insufficient we are threatened with laws still more severe." Even the old system, already corrupt and destructive, was not an open enough scam for today's American capitalists; it had to be made still more plutocratic, and unsurprisingly corporate tool Barack Obama was happy to sign it.



When I first began to read seriously on these questions many moons ago, during the course of my LL.M. year<sup>3</sup>, I came across a treasure trove in the work of Michele Boldrin and David K. Levine. In their excellent and highly recommended book *Against Intellectual Monopoly*, they make a series of arguments around the non-rivalrousness of ideas: “A good is non-rivalrous, or a public good, if one person’s consumption does not limit the ability of others to consume it.” This is central to the claims made throughout the book, and to their round rejection of intellectual property rights like patents as being legitimate or necessary. Boldrin and Levine want to draw our attention to the fact that ideas are not this kind of thing. In fact, creating and enforcing new private rights for non-rivalrous things like knowledge and ideas ends up creating new scarcities. Because you can replicate ideas infinitely for free, trying to enforce exclusive monopoly rights ends up meaning coercion against peaceful people. They argue that patents, in limiting the circulation and use of something that otherwise goes around forever without cost, are creating a new resource allocation problem rather than solving one.

By way of example, what kinds of conditions justify a personal property right? My bicycle can be used by only one person at a time—I can’t use a Star Trek replicator to create a double out of thin air. If I could, it would undermine the whole theoretical framework that gives rise to my valid right to use and control my bike. My property right to my bike is a monopoly right to the exclusive control only over the bike, unable to reach and control any other physical object. But because one could never actually own particular knowledge or ideas, patent rights have to do something different from – and really directly opposite to – normal, legitimate property rights, permitting the owner of the patent monopoly to control what you do with your property. You can’t go into your garage and build the thing with materials you already validly own, even if you invented the thing first as a matter of fact.

If this system seems to you to be criminal and almost unthinkable in its irrationality and disregard for individual rights, then you have a keen eye for a swindle. This fraudulent system operates far beneath the threshold of general popular awareness. No one can own an idea or a fact about the world, because these are not the kinds of things that could ever be owned. When you try, you end up violating the legitimate rights of others. I was struck by how some of the arguments in Boldrin and Levine’s book carry clear resonances with Pierre-Joseph Proudhon’s ideas about property rights. Among Proudhon’s most enduring and characteristic points was his claim that property could be both a protection of rightful possession and a form of theft. It becomes theft, a wrong instead of a right, when it ceases to serve human beings and our freedom and becomes a tool of domination and exploitation. Boldrin and Levine write: “All property, then, is not created equal. There is good property—property of land and cars—leading to competition. And there is bad property—property of ideas—leading to monopoly.”

At this point, defenders of patents are no doubt ready to remind me that patents do not cover general ideas and facts about nature. So let us consider that principle of the law. Perceptive philosophers and legal analysts have long noticed that the putative distinction between ideas (which are, in theory, not patentable) and inventions (which are eligible for protection) is untenable and fundamentally incoherent. The law says that abstractions and laws of nature aren’t open to patent protection because we all know that these things shouldn’t be the subjects of a coercive monopoly. They are the common inheritance of all human beings. But in practice, the boundaries are not at all clear, and the concept of invention is routinely stretched beyond recognition to rationalize patent protections for broad concepts and natural facts. What the patent law says it won’t do is only what it has produced again and again in practice: corporations hoarding the financial

benefits of general knowledge about our world. The legal fiction of the patent does a lot of work here. It runs in the background all the time to preserve the appearance of legitimacy and market freedom while it provides a major pillar of corrupt corporate monopoly. I've never been able to understand how individualists or free-market libertarians could support this cynical system of government power and interference. Patents are simply a government takeover of the commons, which belongs to us all, but to no single person. There is no plausible or defensible place to draw a hard line between a fact or nature and the instantiation of one in a particular invention. We can pretend there is a line if we want to maintain our corporate welfare and dominance system, and that's just what successive generations of American rulers have done.

The costs associated with getting a patent across the finish line are prohibitively expensive for almost all Americans today, and include hefty fees for lawyers and costs associated with examination, among other expenses. But given their strategic importance as a way to use coercive monopoly power against perfectly valid competition, corporations are willing to invest enormous sums in developing their portfolios. A strong portfolio of patents around the technologies that are core to your business is table stakes in most sectors today, needed for company valuation, litigation posture, and a host of other strategic and financial reasons. It is one of the most corrupt systems we have in terms of doing nothing like what it says it does and harming society for the benefit of state-connected monopolists. The costs associated with prosecuting<sup>4</sup> and obtaining a patent have made it the realm of institutional actors. Just obtaining a complex patent could easily run you close to six figures in fees and costs; none of that includes litigation, if you should run into it. This represents the costs associated with getting the patent only. You're likely going to be in for a lot more for maintenance and enforcement. Given the size of potential damages awards, litigating patent claims can easily run you into the multiple millions of dollars in legal fees. Such high costs effectively confine the practice of patenting to rich companies with dedicated legal departments and budgets for all of the steps required.

Meanwhile, we've seen story after story for decades now about how most Americans couldn't absorb an emergency bill of a few hundred dollars. The illegitimate patent monopoly is among the foremost reasons that Americans can't keep up today, making everything more expensive (due to the artificial scarcity Boldrin and Levine discuss) for the benefit of a relatively small group of rent-seekers who are not the inventors. Such dramatic differences in the ability to absorb these fees and costs show us two truths, at least, about the fundamental character of this system. First, it should be clear that the human scale remains necessary to a free and fair society, for we cannot survive as what we are in a world of giants, be they states or corporations. Second, a supposed right cannot be legitimate or socially acceptable if access to it is unavailable to 99+ percent of individuals. But we know that it is not really a right, but a government-created monopoly power, specifically designed to impede competition and activity (and with it innovation) in the area.

If we were to make an analogy to land ownership, the equivalent of patents would be a system in which you could boot someone off their land, stealing it perfectly legally and then charging them rent to use it, just by having more money and making an extremely expensive payment before they could get the money together. We call that a scam where I'm from. What is interesting, I suppose, is that this is exactly the kind of open theft that undergirds the economic system of the modern world. We are in a very real and historical sense discussing a system of resource theft. Let us unpack a bit of the sordid history behind this criminal system. Like so many aspects of today's deeply authoritarian political economy, our current patent system has its roots in the economic monopolies of some of the earliest modern states. Patents were cooked up not as rewards for

the creative and innovative, but as ways to formalize and delegate a sovereign's arbitrary power. Only later come the rationales used today, which have been exposed as and known to be clear nonsense from the start to anyone not paid to say otherwise.

The defenders of patents absolutely hate talking about them as a historical and material phenomenon. They prefer to discuss them in the abstract language of liberal rights. But historically, patents did not begin as rights; rather they originate as sovereign favors, purely discretionary grants of monopoly power, made by the crown to specific individuals or bodies. In England, for example, they were first "letters patent," or open letters sealed by the monarch, giving exclusive rights to some defined sphere of trade, manufacture, or resource theft. Monarchs could use this administrative instrument to raise revenue outside of the parliamentary process. They were exercises of bare, arbitrary privilege, subject to a king's will and sale. Like kingly power itself, patent monopolies are illegitimate, a fraud in plain sight. What many do not know is that our system today is perfectly in keeping with the unseemly history of these "rights." Their fundamental character never changed, and they are far more damaging today than they ever have been before.

I believe that one of the major causes of Americans' unthinking acceptance of this system of monopoly and rent-seeking is that we effectively live outside of the ontological boundaries of the world occupied by the ruling class and their attendants in the hanger-on laptop class. What I mean is that we have a condition in our society, exemplified by the patent monopoly system and the legal infrastructure more generally, in which the rules are complex to the point of being structurally unintelligible and inaccessible to almost everyone. To my mind, this is neither incidental nor accidental, but is core and constitutive to how political-economic power is exercised in our country. It's not that we experience the world differently. It's more that the world we're discussing here, the sophisticated and expensive managerial and juridical one, is not even visible to the popular masses, even though it structures their lives in deep and decisive ways. In a system like this one, control over the rules itself becomes a highly specialized and lucrative monopoly, another enclosure of knowledge. That is what we're talking about: the arbitrary, political fencing-in of knowledge to make it the private domain of the extremely, grotesquely rich. I don't think such a social, political, and economic paradigm can be reconciled with anything like libertarian values. We can see the connection here with our ongoing conversation about the conception of growth found in GDPism, as well as the idea of capital as being valorized and aggrandized by the state in our system. Patents are an especially clear-cut example of a government favor that allocates monopoly rents, entrenches extreme hierarchy, and converts facts about reality into private power to control what other people do with their property. Again, we are homing in on a way that ideology mystifies capital, allowing it abstract power.

In 2025, it may be that, outside of the military-industrial complex, there is no political institution that represents our politics as well as the upside-down idea of patents. Corporate power today is so anti-competitive, so adept at operating within the legal and regulatory thicket, so secure in its position, so close to those in power that it's increasingly difficult to see how a free society could ever get out from under it. You knew I'd end with this, but here it goes: like anything that is load-bearing and integral to the hierarchical class structure itself (as opposed to mere theater), the bipartisan consensus around patents and the IP fraud generally is absolutely ironclad. You cannot be involved in American politics as a candidate and speak ill of it, despite the harm and chaos it foists on our economic life. At some point, Americans are going to have to stop scrolling, to stop watching the reality TV shitshow and recognize that our problems are structural and institutional, not the fault of one party, certainly not the fault of one man. Breath-

less, melodramatic statements about how “our institutions” are in peril usually serve to show the closed-mindedness and ignorance of the people who still believe those institutions to be democratic.

Outside of the reality show, in the real world, we have had an imperial presidency for decades, and the executive branch now acts virtually without oversight from the branch the Constitution puts first. So what is Congress doing? It has become mostly ceremonial, there for show, with its legislative function (what’s left of it anyway) confined to a small inner circle of party leaders who manage the outcomes on behalf of donors, lobbyists, party apparatchiks, and – most of all – the always-shrinking group of corporate raptors. What about the other branch, the Supreme Court? Supposedly a separate branch, the Court has yielded to the executive again and again, long ago giving up on the Constitution’s three-branch design and non-delegation principle. Thus, the U.S. government is today dominated by an unauthorized fourth branch and its hangers-on, a complex that exists just to manage and calibrate the system of state-granted privilege. I don’t know how to describe this kind of political and economic system except as an oligarchic managerial system governed by perhaps a few thousand political and corporate operatives in a country of over 340 million people. At this late stage in the game, I think to call this arrangement democratic or to praise “our institutions” is to play the ostrich, and that’s not me. If you’re reading this, it’s not you either.

## 6. The shift to authoritarian statism

We have discussed the state-capital system’s sleight of hand, through which the technical or formal separation between the dominating group and the exploiting group obscures the character of the system. But the twenty-first century increasingly seems to be an age when this kind of obscurantism is no longer either operable or necessary, where the state can reveal itself and its true character, openly tipping the balance in economic affairs. American leaders have begun to see our traditional form of capitalism (perhaps “liberal” capitalism) – already shot through with state intervention and special privilege, but hiding it in the so-called private sector – as outmoded, as holding the country back in a contest with, for example, China’s ruling Communist Party. Indeed, just last week I heard a talk by Joe Biden’s ambassador to China, in which he argued quite explicitly that the U.S. government must adopt the more direct role played by the Communist Party in economic affairs. Our government is in the mood to make the state capitalist system more explicit, the state taking ownership stakes, directing the agendas of private companies, imposing punitive measures against companies insufficiently loyal or pliable, etc. There is a narrow sense in which this open authoritarianism is actually a positive development in that it shows what the state is up to. It shows that the state is not a passive participant in the economic system, but its foundation. This has given us an opportunity to look through windows that are usually drawn shut, and thus to better understand the political-economic structures that rule our lives. I want to be careful about what I mean here. Obviously open authoritarianism in the political economy is not a positive development in itself. Yet in its transparency, at least one layer of ideological mediation has been removed or destabilized, perhaps allowing our critique to take on a more urgent and concrete role. I believe there are a few factors at play here, so I’ll try to unpack them carefully.



There is a kind of clarification taking hold today that I believe is revealing the structure of the state-capital paradigm in new ways, in a sort of crisis of ideological reproduction. The state no longer feels the need today to disguise its role as the Boss of all Bosses in what is essentially a pyramidal structure of organized crime. To me, this reflects a kind of failure or breakdown of the ideological system, pointing to its exhaustion and the need for new forms of subjectivity. For example, the state revealing itself in this way exposes and disrupts many of the categories of bourgeois capitalism that mystify and hide what's going on: our concepts around free markets, liberal rights and freedoms, constitutionally defined and limited government, and the supposed separation between the public and private sectors have all been undermined by the glaring reality of state-corporate collusion. The state's ideological apparatuses, in Althusser's terms, are beginning to fail, as the carefully maintained illusions about our political and economic system confront the real world. Moving to Poulantzas, this means that the state's "relative autonomy" as a mediator within the structure is also eroding, as it is shown to be the ultimate organizer of and source of privilege and accumulation. So we're arguably looking at a structural crisis of the ideological framework that holds the American class system together. Fun, right?

Yet the stakes have become more clear through this crisis. The distinction isn't between capitalism and something else, as many liberals in the U.S. like to pretend, but between two discrete modes of the state-capital system that defines the modern world. One of these, the American mode, creates obfuscation around the causal connection between the power of capital and the state, as we've been discussing throughout this series; the other wears this connection more openly on its sleeve. To my mind, the value of making the comparison is not what most Americans think – the misunderstanding that we have a free economy and system and they don't. The value is rather in looking at why it is that our government is steadily moving in the direction of sharing that feeling, that capital's dependence on the state, the state's role in bringing about growth, etc., are not to be hidden, but embraced in the open. It's a fraught moment, no doubt, but there is a silver lining we should consider.

What is valuable in this moment of crisis is the visibility of domination, its lack of shame, its willingness to glare at us predatorily, not its intensification. Its intensification is of course a threat to us and whatever remains of practical, lived freedom. We're getting the opportunity to move past accepting the myth of the liberal, competitive form of capitalism and therefore to see what has to be done. In theory, it would be the strength of the United States to move right now as far away from Communist Party state capitalism as is possible, to reject the notion that the state should commandeer the economic system. Let us for a moment pause to consider that succession of words, Communist Party state capitalism, and to notice that the anarchists were always right to place state capitalism and state communism next to one another, as much more alike than different. Their insight here helps to explain why our country is so willing to pursue this path: our capitalism has always been authoritarian. It has always contained this expression.

0897

# Selections from the **PRISON NOTEBOOKS**



sociali e culturali sono - a loro volta - i simboli  
dell'immagine di se stessa.  
È una concezione unica, ideata nel campo  
di "I filoni" (o "filiatori")  
che è  
partizione ben  
in gruppi  
che a  
"laborazione  
sofia originale  
oppo

# ANTONIO GRAMSCI

I think this brings us to a conversation about hegemony, and thus to the work of Antonio Gramsci. All of my standard caveats about the Marxists apply here: I am not even a little bit interested in their positive political programs, as an anarchist. Forward-looking, practical movement toward freedom (read: free time) for human beings will only come from the people who refuse to side with either authoritarians, whatever their stated ideology. But Gramsci's work on hegemony speaks to our moment in the U.S. like little else. Political theorist James Martin helps us set the table:

Hegemony had been a common term in debates among Russian Marxists and usually described the leading (or "hegemonic") role of the working class over its allies in a political coalition. But it had also been employed by Italian political thinkers in the nineteenth century to imagine gradually building consent across the nation for the new state—"making Italians"—rather than relying exclusively on the exercise of force. Gramsci fused these meanings to present hegemony as the general hypothesis that a social class aims to achieve consensual domination for its rule by progressively expanding its leadership across society.

For several generations at least, the United States has been able to get by on cultural hegemony, both domestically and abroad. In this time, though it has been, no doubt, as violent and authoritarian as any powerful empire in history, it has been able to mask its hard power in its apparently limitless cultural power. But no force is without limits in time and space, and the cultural hegemony of the USA has waned rapidly in recent decades, as an increasingly profligate, detached ruling class in Washington guts our country for profit. The oligarch class know where their bread is buttered; they know it is the state, not the market, that furnishes their position, and they will always prefer sidling up next to power to "serving consumers" (with apologies, I feel you do need scare quotes around this one by 2025). Let's go back to Althusser for a moment:

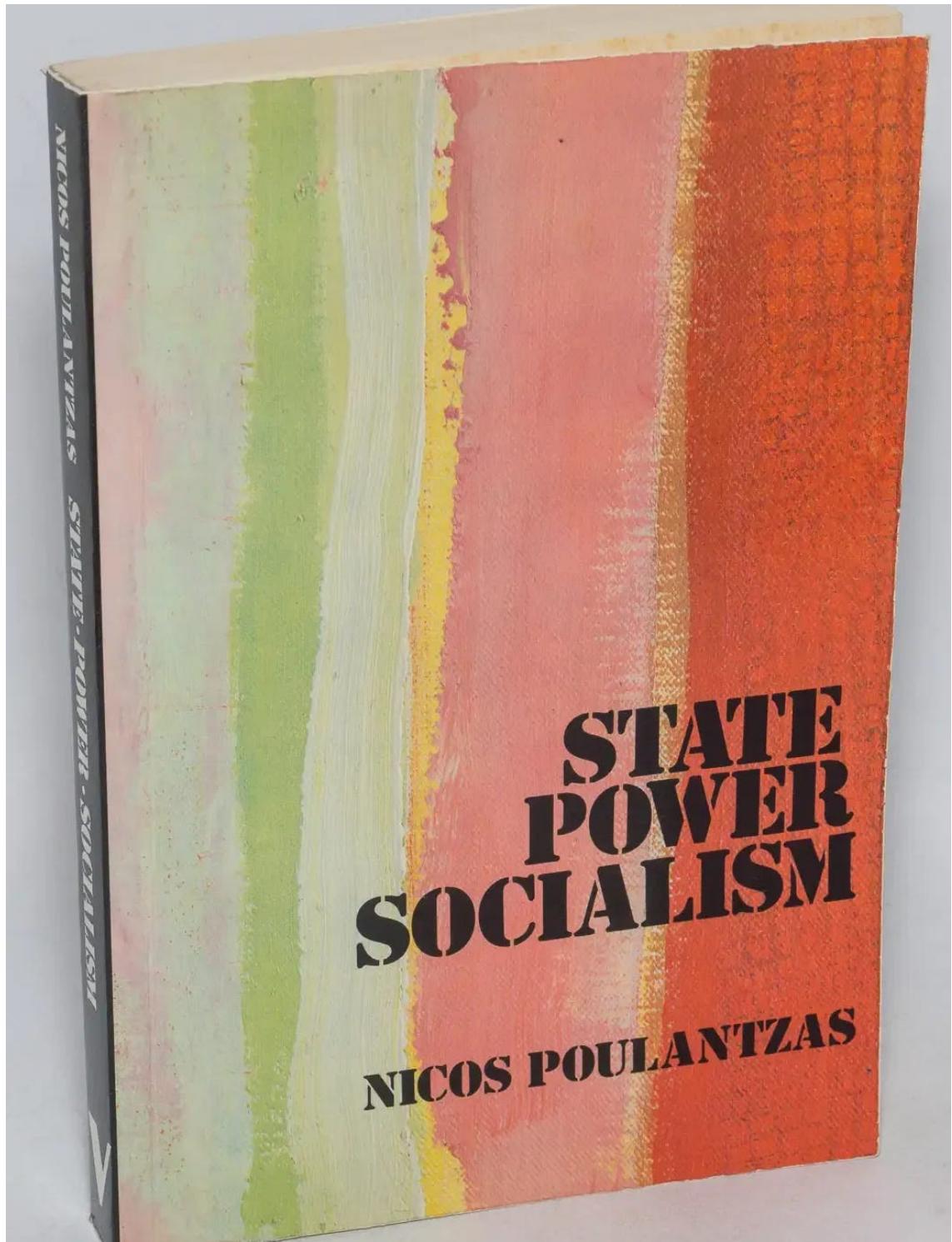
[A]ll ideology represents in its necessarily imaginary distortion not the existing relations of production (and the other relations that derive from them), but above all the (imaginary) relationship of individuals to the relations of production and the relations that derive from them. What is represented in ideology is therefore not the system of the real relations which govern the existence of individuals, but the imaginary relation of those individuals to the real relations in which they live.

In this formulation, ideology creates an imaginary sphere that reconciles us to the real world, that allows us to resolve ourselves to domination without experiencing it as alienation. Thus, as we've discussed before, ideology is not something you think or believe, but something you do and live, your response to your acceptance of the role assigned to you. Or, as we have it from Marx: "They don't know it, but they are doing it." The malfeasance and over-accumulation of our ruling class has weakened the strength and effectiveness of the imaginary overlay described by Althusser, resulting in a discordance that is now manifesting as a rise in authoritarianism. Unrestrained corporate power, defended obsessively by the Washington uniparty, has produced such dramatic disconnections between lived experience and the represented world of ideology that hegemonic power is buckling. Gramsci argued that the ruling class is able to maintain its position by staying in line with "common sense," integrating, at least to a degree, the demands of subordinated classes. As long as they do this, the ruling class can do without overtly violent means. Gramsci prefers the term contradictory consciousness to false consciousness. I came to his work long after I read Althusser, but this notion of a consciousness that is contested and fragmented rather totally bewildered and hoodwinking struck me as a needed refinement to our thinking on the role and power of ideology. Gramsci argues that within the class structure,

subjectivity is split between two forms of consciousness. The one is a practical consciousness, implied in one's actions out in the world. The other, the explicit philosophy, represents the formal account of the hegemonic order. He writes:

And is it not frequently the case that there is a contradiction between one's intellectual choice and one's mode of conduct? Which therefore would be the real conception of the world: that logically affirmed as an intellectual choice? or that which emerges from the real activity of each man, which is implicit in his mode of action? And since all action is political, can one not say that the real philosophy of each man is contained in its entirety in his political action?

We see this contradictory consciousness everywhere today. All of us, from our everyday engagement with reality in work and concrete experiences of exploitation (and resistance thereto) has developed a theory of the world, whether we know it or not. Gramsci says that our interactions with power produce an understanding of its mechanisms, as well as of the forms of solidarity and struggle that are possible within them. While this model of the world, the implied consciousness, is not formally reduced to doctrine, it is nonetheless a real and valuable form of knowledge produced by concrete praxis. The fragmentation and contradiction within popular consciousness means that while dominant ideology struggles to maintain control, alternative and oppositional ideas coexist and open spaces for rearticulation of social and political wills, including anarchist or radical emancipatory movements.



Poulantzas said that the sense of urgency driving him to write his book *State, Power, Socialism* was a response to the rise of “state authoritarianism” in the developed West. We have been discussing this here within the context of America’s fourth branch of government. At this juncture, it is important to underscore the fact that Poulantzas did not make a mistake so often made today among our apparently clueless mainstream political commentators: he did not confuse this executive-administrative complex with the social welfare infrastructure. The administrative state is emphatically not the welfare state. The executive-administrative system, for Poulantzas, is the site of authoritarian power and privilege. He describes the process through which the administrative component consumes the entire state apparatus:

Now, all this does not just concern the administrative apparatus in the narrow sense of the term (i.e., the civil service that plays the central political role). In the context of the more general transformations that characterize authoritarian statism, similar features appear among all state apparatuses and employees (the judicial system, the police, the army, the educational system, etc.). Given the peculiar institutional unity of the State, the shift in the centre of political decision-making towards the civil service also has an impact on these apparatuses: they are drawn into the politicization process of the state apparatus to the point where they become sub-centres of political decision-making in their respective spheres of competence. The new contradictions which mark the civil service thus reverberate throughout the state organism.

Poulantzas explained the rise of the administrative function in terms of the changing needs of international capital and the inadequacy of the liberal-democratic system to produce sufficient growth. Capital accumulation, going forward, would require a centralized and continuous form of power beyond the reaches of electoral change. That is, the needs of capital, the modern state’s reason for being, could not be managed and mediated effectively under a democracy’s episodic and conflicting forms of intervention. Power thus moves materially into the administrative apparatus. Our authoritarian corporatists, fascists in the strict original sense, welcome this shift; our self-styled “liberal” corporatists cannot confront it, because they support the state-capital system of privilege with all of their political might. Americans confront a political class united in its support of authoritarian statism, bickering only about the degree to which the criminal state should remove its mask. American liberals, we’re begging you at this point. You can stop being confused about this at any time now: the executive-administrative complex embodies something very different, really opposite, from the safety net function of the welfare state. The welfare state shrinks as the administrative state grows. The administrative state is the tool of insulated technocratic power, the core site of the arbitrary, extra-legal power necessary to the authoritarian system Poulantzas describes. It is the accumulated regulatory and police power, operating above and outside of legislative or judicial accountability, oriented toward securing the conditions for capital accumulation.

The class character of the relationship between the state and capital is becoming viable. The failure of ideological reproduction we’re discussing here yields the conditions under which the Gramscian rift in consciousness also becomes visible and potentially generative. As the authoritarian statism Poulantzas describes becomes more overt, so too do the mechanisms through which it operates become recognizable. If the power of ideology is the part of our consciousness that misrecognizes the system, then our moment is filled with liberatory potential. I disagree with both Donald Trump and Joe Biden’s ambassador: I don’t think we should be more like China. I think we should be more like the America we all say we believe in.

## 7. Degeneration and renewal in political thought and action

I received the following reader question: "Why would a libertarian bother with Karl Marx?" Once I began to answer, I thought it might be worthwhile to share in case this is of more general interest and application:

The Marxists continue to make important contributions in several areas, and their insight on history, the state and class power, and the development of our system remain keen and needed. When they take on their mode of looking backwards and diagnosing, they are libertarians. (I don't really know what today's Marxists propose in positive terms, precisely because I'm not interested and never have been. I go in the anti-monopoly direction across the board, and I think we could use a lot more federalism and decentralism generally. The combination of ingredients perhaps seems novel today, but there have long been populist, anti-monopoly free traders like the Locofocos and left-wing individualists like Benjamin R. Tucker. Within this framework, I'm arguably boringly mutualistic, along the lines of Proudhon, William B. Greene, and Tucker in favoring a free and decentralist system of worker dignity and autonomy, a system that includes markets, but without today's pervasive and distorting power and privilege. This is what Josiah Warren called "equitable commerce." There is nothing wrong with an honest trade; capitalism is not a system of trade, but privilege.

But I also know there are literally millions of systems of social organization for human beings that are compatible with freedom, equality, and the kind of material wellbeing everyone deserves. This is why I became interested in utopians and social experimenters like Warren and others. The whole point of liberty - and thus libertarianism - is this freedom and ability to try new ideas within the social and economic world, and one might have thought that libertarianism would today be associated with this, the freedom to blaze a new trail and embrace experimentation within a framework of individual dignity and rights. That is a worthwhile American individualism. On the contrary, within the framework and incentives of state capitalism, individualism is a disaster on every level, moral, practical, economic, political. It is what we see today, unmoored, sociopathic, destructive, unhealthy, and authoritarian. It is un-American if America stands for liberty; it is American if it stands for power, avarice, injustice, and empire. Every symbol reflects all kinds of values and stories about the past. Here I think Greene put it well:

The march of social progress is out of communism into mutualism. Communism sacrifices the individual to secure the unity of the whole. Mutualism has unlimited individualism as the essential and necessary prior condition of its own existence, and co-ordinates individuals without any sacrifice of individuality, into one collective whole, by spontaneous confederation, or solidarity. Communism is the ideal of the past; mutualism, of the future.

Greene was as principled as a libertarian as you're likely to find, but his was not the hollowed-out, GDPist version we have today; to him, a free and mutualistic society required a high degree of social trust, cohesion, and justice. This was where freedom thrived and produced its greatest goods, which were understood to be social and spiritual, not merely a defense of more crap. Many of the key American individualist anarchists were abolitionists and risked their lives to oppose slavery and racism. What our corporate ruling class has done has bastardized the idea of a freedom beyond recognition. I've always liked Tucker's treatment of Marx in *Liberty*:

For Karl Marx, the *égalitaire*, we feel the profoundest respect; as for Karl Marx, the *autoritaire*, we must consider him an enemy. *Liberty* said as much in its first issue, and sees no reason to change its mind. He was an honest man, a strong man, a humanitarian, and the promulgator

of much vitally important truth, but on the most vital question of politics and economy he was persistently and irretrievably mistaken.

I think Tucker's is the correct way to think about it. Today, many scholars are, I think appropriately, reassessing the place of Marx with respect to republicanism and freedom. The libertarianism is in the recognition that solutions, as such, cannot be imposed from above, commanded from behind a weapon, or achieved through violent revolution. One is reminded here of the correspondence between Pierre-Joseph Proudhon and Karl Marx; when Marx wrote to him, Proudhon's reply was not without a degree of circumspection. He suggests, to begin with, that all socialists should "maintain for some time yet the critical or dubitive form; in short, I make profession in public of an almost absolute economic anti-dogmatism." This emphasis on opposing ideological absolutism is characteristic of Proudhon's political economy, which consistently problematized the idea of a final and unquestionable social or political truth.

For the last three centuries Germany has been mainly occupied in undoing [Martin] Luther's shoddy work; do not let us leave humanity with a similar mess to clear up as a result of our efforts. I applaud with all my heart your thought of bringing all opinions to light; let us carry on a good and loyal polemic; let us give the world an example of learned and far-sighted tolerance, but let us not, merely because we are at the head of a movement, make ourselves the leaders of a new intolerance, let us not pose as the apostles of a new religion, even if it be the religion of logic, the religion of reason. Let us gather together and encourage all protests, let us brand all exclusiveness, all mysticism; let us never regard a question as exhausted, and when we have used our last argument, let us begin again, if need be, with eloquence and irony. On that condition, I will gladly enter your association. Otherwise — no!

What is needed is an approach to working with concepts that is different from the one we generally encounter within the mainstream of political discourse today. When we are considering a particular thinker or philosophical tradition, we shouldn't hold its ideas or conceptual forms as static or as speaking with one voice or normative thrust. Ideas come from people and they are like people in the sense that they develop and change, they contradict themselves, they place emphasis often in arbitrary places and ways. Another way of seeing political philosophy plausibly sees right-wing libertarianism and state socialism not as opposites, but as quite similar: both see today's system of political economy and its results as the upshots of economic freedom, of free market exchange in a liberal society. Where I follow the critical left (which for me includes people like Marx, Max Stirner, the classical anarchists however you define that, and then later your Frankfurt School types, also pretty much however you want to define the group, etc.) is in thinking we have to disrupt how we conceive of these concepts. For example, I think the idea that we live in a mostly free society with a free market economy is laughably absurd, and I'm never sure quite what folks are up to when they say they believe that. What they are up to is perhaps none of my business. But theirs is an underdeveloped picture, and everywhere the pictures of this kind are based on deep ignorance of history and theory. Their account of history is too embarrassing to discuss here, without picking a particular example. Their theory is the one that says racism is scientific actually, etc. Again, it's too embarrassing. My point is that the critical left is obviously still needed, warts and all. If you're a libertarian person, you can certainly accept the flaws and shortcomings of the critical left. That's my view in any case.

Along with this view, I believe that even a facially good idea can inhabit a degenerate form. Maybe we think about this in terms of reification or fetishization. Whatever your favorite terminology, it happens when through a particular historical process an emancipatory or critical idea

becomes institutionalized and inverted. It comes to reproduce the very forms of domination it once railed against and found its existence to fight. After a certain age, one becomes very familiar with this social dynamic. It is as familiar as anything. This is not necessarily to moralize the phenomenon, but to point to a structure or form, by which a concept is degenerated by relations of instrumental power. To me, this is still important: something begins to be emancipatory under one configuration of relations, but becomes oppressive under a different one. Marx of course talked about this. But I have always preferred what Stirner had to say about the strange horror, so familiar, of our ideas and relations (arguably there is the difference between the two) taking on their own life and acting back onto us violently as alien powers. I'm old and cynical now, but when I picked up Stirner maybe 20 years ago, I thought, this is a dangerous text. But it is obviously still necessary.

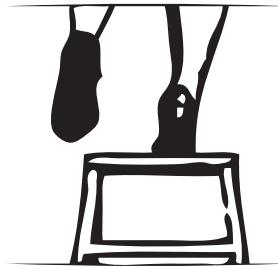
We have also discussed an aspect of this dynamic within the context of the dialectic of enlightenment in the work of Adorno and Horkheimer. We can see today how our forms of instrumental rationality and efficiency have produced profoundly irrational and inefficient ways of life. Again, this is the most familiar of social dynamics. I think that one who favors a free, open, pluralistic society should take stock of these phenomena, and should try to incorporate the worthwhile ideas of some of these people. Proudhon didn't want to make himself "the leader of a new intolerance." He tried parliamentary politics, but he was deeply skeptical of it. I'm pretty darn skeptical of it myself. I reckon it's the same as it's always been in many ways. In our current configuration, as electoral politics has diminished to the point of vanishing in terms of actual public policy impact and importance, the intensity of the symbolic fight has only increased. We have discussed the technocratic, authoritarian consensus around the fourth branch of government. The outward forms and symbols of partisan competition are mostly a ritual that legitimizes the political system. We know that the would-be regulators have been captured by, for example, the tech companies. Those of you who have worked inside the fourth branch's systems understand how this works. This entrenchment and enmeshment has grown to become its own form of anti-competitive privilege. It's increasingly difficult for the political system generally to cover its own base criminality, and so we see open authoritarianism come to the fore again. And in the case of Marxism, we can see how the process of degeneration played out. The idea begins as a radical critique of class rule, alienation, exploitation, and domination, as a set of hypotheses about how power is materially constituted in the world. It discussed the fact that historically conditions and relations of production were not of freedom and they did not produce freedom. Where it could be socially regenerative was in its liberatory character, not in the prescription of new dogmas. The idea degenerated until it became an official ideology of various authoritarian governments, institutionalized into a new form of domination. From inside the dynamics of power, the critique of domination is absorbed into its machinery. When we discussed Althusser and Poulantzas, we saw that the state is not like a T28 tank you can take over and drive in your own direction. When the state is put in charge of the revolution, it becomes counter-revolutionary by necessity, with any idea of a dictatorship of the workers quickly giving way to the vicious and absolute rule of a small party elite. The project of liberation becomes the system of control.

To serve lived freedom from within the current highly concentrated configuration, we must draw attention, energy, and resources away from both the state and capital and reinvest in our localities, using a new set of organizing principles and mechanisms. Anarchism is based on recognizing that freedom has a structure without needing a hierarchy. There is no reforming the state, no recapturing it or redesigning it. It is a protection racket in the strictest terms, and it arises

in a unique relationship with capital. Political dialogue today seems to involve lots of moral gestures, when what seems to be needed is a material strategy of divestment, that is, a material and institutional reorientation. I don't know how anything else could effect a real change in a libertarian direction. In practical terms, the whole task is to build a parallel institutional system, or a federated network of them - to reduce real-world dependence on government and corporate infrastructures. The interesting thing is that if there is a moral or affective dimension to this re-orientation, then it is one almost no one today dares to talk about: the desperately needed shift away from the empty and toxic forms of subjectivity that today dominate our time. The obsession with definition of growth and progress totally abstracted from any thought to human wellness. The predatory pyramid scheme of corporate careerism as we find it today. The steady hollowing out and impoverishment of local communities as sneering elites who have never worked a non-laptop job line their pockets. Thus structural divestment is arguably not only economic. More and more people will walk away from the forms of identity created by our hyper-statist capitalism and its perverse and anti-social idea of success. But they can only do this if there are available alternative value systems based on respect for every individual, community and mutual aid, fair play and equity in our economic exchanges, respect and mutual recognition in our political exchanges and debates, a dynamic conversation between the local and beyond, a recognition of the interconnectedness of the human and social world and the putative natural world, etc. They are just very different values than those touted by the people most of us try to emulate and follow. We can have both social and digital technologies that actually work for people. It is possible, but it takes directed effort and that must have a proper foundation and focus.

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