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In libertarian and market anarchist circles, the concept of free banking has always been an important ideal for a genuinely free and healthily competitive society. This entails a monetary system where banks not only hold currency but can issue their own currency or banknotes without the need for a centralized treasury. As such, the supply of money would be determined entirely by the demand for it and the willingness of financial institutions to issue it—with differing reliability, interest rates, and general terms being core competitive factors. The origins of free banking lie in the 19th century when countries like the United States and Scotland lacked the strong central banking systems they have today. Though the former was more of a decentralized but still statist system, the latter was a largely unregulated open market for unchartered banks revolving around three main chartered banks and ultimately proved highly stable and successful. More explicitly ideological arguments for free banking would go on to be popular among individualist anarchists in the United States in the mid 19th to early 20th century. Benjamin Tucker, for example, arguedthat the monopoly on the issuing of currency was one of the “four of principal importance” to state capitalism, and that, drawing on Josiah Warren and Pierre-Joseph Proudhon…

> if the business of banking were made free to all, more and more persons would enter into it until the competition should become sharp enough to reduce the price of lending money to the labor cost, which statistics show to be less than three-fourths of once per cent. In that case the thousands of people who are now deterred from going into business by the ruinously high rates which they must pay for capital with which to start and carry on business will find their difficulties removed.

Lysander Spooner, touching on some other specifics, speculates that…

> [u]nder perfect freedom in banking, substantially all of the material wealth of the country can be used as banking capital. The amount of currency which this capital is capable of furnishing, is so great . . . that there could never be a scarcity. And the competition in furnishing it would doubtless always be so great as to keep the rate of interest a very low figure.

Other thinkers like Friedrich Hayek—in his 1976 book *The Denationalization of Money*—would go on to argue that a free banking system would not only promote innovation and flexibility in financial services but also allow for greater international exchange and trade and reduce the very need for government intervention into the economy.

However, Hayek’s arguments lack some of the more radically anti-capitalist elements that the early individualist thinkers had—the core one being how free banking would help lead to mutual banking and, ultimately, tip the balances of

eral. We need to help establish “free associations of producers” that can exchange among themselves without centralized intervention and often via counter-economic means to form something like Samuel Edward Konkin III’s agora—a space of nonviolent exchange kept safe from state violence—the perfect conditions to establish proper Banks of the People (as Proudhon called the concept) on the basis of mutual credit.[3]

[3] This is not dissimilar to the Bakunist vision of collectively-owned enterprises, regional federations, and “Banks of Exchange,” (see James Guillaume’s “Ideas on Social Organization”) but I reject the over-reliance on even decentralized economic planning in favor of a market economy of cooperatives, usufruct property, and individual (economic) liberty.

and more convinced that property and wealth "concentrations had reached such a pass that even if it could be inaugurated, free banking alone would not be sufficient to break the monopolistic power of capital." Labadie would express a similar sentiment in the last decade of his life, helping to articulate the great pessimist challenge now faced by market anarchists today: "what are we to do in lieu of free banking?" Perhaps the answer is rethinking our focus on socializing access to capital toward gaining more immediate control over the means of production. Tucker writes how "Proudhon and Warren found themselves unable to sanction any such plan as the seizure of capital by society. But, though opposed to socializing the ownership of capital, they aimed nevertheless to socialize its effects by making its use beneficial to all instead of a means of impoverishing the many to enrich the few." But maybe it's time to start thinking more like syndicalists and autonomists;[1] positioning ourselves as not just as market anarchists but as explicitly *class-struggle* market anarchists (not unlike Dyer Lum and Joseph Labadie in the 1800s or Carson and Logan Glitterbomb today), who seek immediate, everyday forms of resistance as a means to leverage control by workers (in the broadest possible sense, i.e. including homemakers, students, the un- and underemployed "reserve army of labor," etc.) over spaces of production in order to establish economic autonomy for communities and dual power in opposition to the dominant state capitalist economy.[2] Along with attempts to potentially radicalize credit unions, we need a concerted effort toward cooperative development, radical unionization, and greater worker power in gen-

[1] For a good overview of these tendencies, see Immanuel Ness's introduction to the anthology *New Forms of Worker Organization: The Syndicalist and Autonomist Restoration of Class Struggle Unionism.*

[2] I've made a brief defense of workers' claim on various spaces of production in "Toward a Cooperative Agorism," but I often refer market anarchists and libertarians to Murray Rothbard's "Confiscation and the Homestead Principle."

class power within the market system itself. Mutual banking is a financial scheme whereby a bank relies on mutual credit as opposed to lending money at interest, and involves members of said mutual banks pooling their own resources and extending credit to one another based on trust and creditworthiness. As Kevin Carson writes, "In a genuinely free banking market, any voluntary grouping of individuals could form a cooperative bank and issue mutual bank notes against any form of collateral they chose, with acceptance of these notes as tender being a condition of membership." And more than just providing a more flexible model for financing, Carson points out that "[w]ere the property owned by the working class freed up for mobilization as capital by such means, and the producers allowed to organize their own credit without hindrance, the resources at their disposal would be enormous," and this "[a]bundant cheap credit would drastically alter the balance of power between capital and labor, and returns on labor would replace returns on capital as the dominant form of economic activity." In fact, Gary Elkin goes as far as to maintain that…

> because of Tucker's proposal to increase the bargaining power of workers through access to mutual credit, his so-called Individualist anarchism is not only compatible with workers' control but would in fact promote it. For if access to mutual credit were to increase the bargaining power of workers to the extent that Tucker claimed it would, they would then be able to (1) demand and get workplace democracy, and (2) pool their credit buy and own companies collectively. This would eliminate the top-down structure of the firm and the ability of owners to pay themselves unfairly large salaries.

Unfortunately, in the contemporary United States (and most of the rest of the world) we do not have a free banking system and, thanks to substantial regulation, are very limited in our ability to put together substantial mutual credit schemes. So while we should continue to advocate for a more open financial system, we should also take a look at what currently exists as a means to achieve more immediate proxies for free and mutual banking.

One good place to start is credit unions; nonprofit, member-owned financial cooperatives that provide services to their members. They offer a variety of financial services like a standard bank such as savings and checking accounts, debit and credit cards, and loans. However, a core difference is that 'profits' earned by providing such services are returned to members via dividends and lowered fees and interest rates. Most credit unions have eligibility requirements like living in a particular geographic area, working in a specific profession, or belonging to a common organization outside of the credit union. If someone meets these requirements and becomes a member, they not only have access to standard banking services but can also participate in the credit union's governance and decision-making. Thanks to both these community and cooperative factors, credit unions also often have a general focus on not just returns to members but also community development and social responsibility. And while credit unions today sit firmly within the regulatory structure of state capitalism and the money monopoly specifically, there are some strategies that they might and sometimes do utilize that could serve as immediate alternatives to free mutual banking.

In fact, credit unions already leverage mutual credit in some of their provided services. A number offer shared savings and loan programs by which members can extend credit to each other without the usual restrictions of a lending institution. Others have community development funds and/or revolving loan funds for small businesses and community enterprises

with no credit history or access to traditional lending sources. For real world examples, look to the Vancouver City Savings Credit Union (Vancity) and the Self-Help Credit Union (serving both the Carolinas and Florida). The former has a Shared Success program whereby members can pool their savings to secure a loan for a community project or other collective purpose. The latter has a variety of programs based on mutual credit such as Share Secured Loans—by which members can use their co-op savings accounts as collateral. Another interesting strategy deployed by Alternatives Credit Union in Ithaca, New York—alongside Share Secured Loans—is linking up with community currency systems like timebanks. In a timebanking system like the local Ithaca HOURS, members exchange services on the basis of equal time (x hours of labor for x hours of labor). In *Mutual Life, Limited*, anthropologist Bill Maurer accounts how the Alternatives Credit Union accepted deposits in HOURS and allowed HOURS "for membership, loan, check bounce, and automatic transfer fees, as well as in exchange for a 'Socially Responsible Investing' package." So in addition to credit unions expanding their mutual credit services, they might also take a page from this Ithaca HOURS scheme and integrate timebanking into their traditional banking services so that members could have access to a wide variety of financial services while promoting community-building and mutual aid.

But, as always, context is key. Just as true mutual banking requires an unregulated market in banking and currency production, credit unions as they exist today rely heavily on the same and/or similar regulatory frameworks as standard banks; arguably the same monopolistic control that has led to a politico-economic situation where it is unclear if free banking could be the panacea that it was originally presented as by the 19th century individualist anarchists. Laurance Labadie—the "heir of Warren, Spooner, and Tucker" according to Herbert C. Roseman—writes how later in life Tucker became more