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Anarchism and Markets

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Introduction

Anarchism, as Peter Kropotkin defined it in his 1910 article for the *Encyclopedia Britannica*, is the advocacy of a stateless social order in which "harmony [is] obtained, not by submission to law, or by obedience to any authority, but by free agreements concluded between the various groups, territorial and professional, freely constituted for the sake of production and consumption, as also for the satisfaction of the infinite variety of needs and aspirations of a civilized being."¹ In such a society, "the voluntary associations which already now begin to cover all the fields of human activity would take a still greater extension so as to substitute themselves for the state in all its functions."² Market anarchism—a branch of the classical anarchist movement whose origins closely overlap with those of individualist anarchism—falls within this definition.³ The latter was part of the radical wing of classical liberalism, and tended to a greater or lesser degree towards anti-capitalism. Classical liberalism and the socialist movement were both direct outgrowths of the Enlightenment, and the roots of individualist anarchism and market anarchism are heavily entangled in the early history of both movements.

My focus here will be primarily on the British and American liberal roots of market anarchism rather than Continental thinkers like Comte, Saint-Simon or Molinari, as this is the aspect of the tradition with which I am the most familiar. Their main influence

¹ Peter Kropotkin, "Anarchism," in *Encyclopedia Britannica*, 11th edition (New York: The Encyclopedia Britannica Co., 1910), 914.

² *Ibid.*

³ In using the term "market anarchism," I am not referring to advocacy of a social order based primarily on business firms and the cash nexus, but to assorted schools of "anarchism without adjectives" which accept voluntary exchange as part of the mix. I am quite open to the possibility that the majority of economic functions in such a society would actually be carried out in autarkic cohousing projects and other primary social units, communist collectives, or gift economies.

on Anglo-American market anarchism, arguably, was indirectly through Proudhon.

From the beginning, classical liberalism had a radical wing whose members— including figures like William Godwin and Thomas Paine—not only critiqued the economic power of the landed classes and chartered monopolists, but proposed land nationalization and other radical land reforms as well. As outgrowths of this radical wing of classical liberalism, individualist anarchism and market anarchism had a more petty bourgeois orientation, reflecting the interests of small craftsmen and dispossessed independent peasants, than the mainstream (which was comparatively more aligned with rising industrial interests). They arose as part of the broad current of working class radicalism in England, an arc that extended roughly from the publication of Paine’s *Rights of Man* and the organization of the first Societies of Correspondence in the 1790s to the Chartist movement.

Thousands upon thousands of working people belonged to reading and debating societies, where radical newspapers and pamphlets were discussed, as well as the works of thinkers like Paine and Cobbett. They included small tradesmen, who were being robbed of their independence by the ascendancy of the factory system. As E.P. Thompson notes, the early working class movement was powerfully shaped by the sensibilities of urban artisans and weavers who combined a “sense of lost status” with “memories of their golden age.”⁴ The weavers in particular carried a strong communitarian and egalitarian sensibility, basing their radicalism, “whether voiced in Owenite or biblical language,” on “essential rights and elementary notions of human fellowship and conduct.”⁵ Thompson continues:

⁴ E.P. Thompson, *The Making of the English Working Class* (New York: Vintage Books, 1963), 295.

⁵ Ibid.

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It was as a whole community that they demanded betterment, and utopian notions of redesigning society anew at a stroke—Owenite communities, the universal general strike, the Chartist Land Plan—swept through them like fire on the common. But essentially the dream which arose in many different forms was the same—a community of independent small producers, exchanging their products without the distortions of masters and middlemen.⁶

The Jacobin-influenced radicalism of the 1790s saw exploitation largely in terms of taxation and seigniorial landlordism, making only a vague distinction between rent and taxation. It also stressed the ideal of widespread small property ownership and the inequity of concentrating property ownership in the hands of a few non-producers—themes persisting through Owenist and Chartist times.

The radicalism of the 1790s survived in the thought of figures like Thelwall, Cobbett, and above all Thomas Spence, who, as E.P. Thompson said of Thelwall, "took Jacobinism to the borders of Socialism."⁷ Spence, a self-taught school teacher of Scottish Calvinist origins, left his mark on the London Corresponding Society. He, not Owen, first created a theoretical mutualism based on his readings of the Bible, Locke, and Harrington. Much of later Owenism was really Spencean in origin. He called for the destruction of

not only personal and hereditary Lordship, but the cause of them, which is Private Property in Land ... a few Contingent Parishes have only to declare the land to be theirs and form a convention of Parochial Delegates. Other adjacent Parishes would ... follow the example, and send also their Delegates and

⁶ Ibid., 295.

⁷ Ibid., 160.

thus would a beautiful and powerful New Republic instantaneously arise in full vigor.⁸

He also favored control of large-scale production by worker-owned joint-stock companies.⁹ After Spence died in 1814 the movement continued to advocate that “all feudality or lordship in the soil be abolished, and the territory declared to be the people’s common farm,” a policy which Thompson described as “preparing the minds of artisans for the acceptance of Owen’s *New View of Society*.”¹⁰ G.D.H. Cole identified the “tiny sect of Spenceans” as “the only organized body of Socialists” in 1815.¹¹ It was the development of such thinking that laid the groundwork for Owenite mutualism; arguably it used Owenism as its vehicle.

In both Britain and America, the main significance of Owenism lay not in the paternalistic career of Owen himself, but in the working class Owenite movement that developed his theoretical ideas and practice under its own direction. It was not until the 1820s that Owenist thought was diffused among the working classes, largely with the help of working class interpreters. And when workers put Owenist ideas into practice on their own terms, Owen found himself fighting to avoid being left behind. Most importantly for Owenite practice was his theory of exchange based on labor, later adopted by the cooperative movement as “labour notes.” There was also a flourishing Owenite trade union federation in the 1820s and 1830s, along with cooperative workshops where striking workers set up independent craft production for labor note exchange in cooperative bazaars.

The classical political economy of Smith and Ricardo, meanwhile, was taken in a radical direction from the 1820s on by the

⁸ Ibid., 161–162.

⁹ M. Chase, *The People’s Farm: English Radical Agrarianism, 1775–1840* (Oxford: Clarendon Press, 1988), 28.

¹⁰ Thompson, *The Making of the English Working Class*, 613–614.

¹¹ G.D.H. Cole, *A Short History of the British Working Class Movement, 1789–1947* (London: Allen & Unwin, 1948), 52.

a socialist). And the original core continued to be diluted by additional members from Georgist or social anarchist backgrounds, or followers of Elinor Ostrom. Finally, there is the Center for a Stateless Society, a left-wing market anarchist thinktank that grew directly out of the ALL circle. Although some of its core members, as with ALL, are from a Rothbardian and Konkinite background, even most of the Rothbardians have come to disavow their former anarcho-capitalist label, and others explicitly identify as socialists.

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he erected as an alternative to Marxian class theory. Although I do not regard self-identified anarcho-capitalists as traditional anarchists, many of them—especially those who apply Rothbard’s principles most consistently—are useful allies against corporate capitalism. Rothbardian anarcho-capitalism is self-liquidating because corporate capitalism and most labor exploitation could not survive a thorough-going application of their principles.

Even after the rise of the modern, avowedly capitalistic American libertarian movement in the 1970s, the older socialistic models of market anarchism continued to coexist alongside it. R.A. Wilson, among other things the coauthor of *The Illuminatus! Trilogy*, appealed to this tradition. There was also a large-scale resurgence of left-wing market anarchism in the late 1990s which used free market concepts as the basis of a radical critique of corporate capitalism. Larry Gambone, a prolific publisher of pamphlets through Red Lion Press and primary organizer of the now-defunct Voluntary Cooperation Movement, attempted to revive Proudhonian mutualism as an alternative to the dominant anarchist narratives of the time. The VCM included some more-or-less market-oriented individuals in the UK like Jonathan Simcock, from the loose circle around Colin Ward and Freedom Press, as well as the American individualist Joe Peacott and his Boston Anarchist Drinking Brigade.

Roderick Long, a professor of philosophy at Auburn University, began writing left-wing critiques of corporate capitalism from a Rothbardian economic perspective in the 1990s. Beginning with my pamphlet *Iron Fist Behind the Invisible Hand* in 2001, I attempted to revive an updated, more-or-less Tuckerite anarchist economic theory. Long and I, and a number of other similarly-minded thinkers who left Konkin’s Movement of the Libertarian Left over internal disputes, coalesced to form the Alliance of the Libertarian Left (ALL). Although the initial core of the group came from an anarcho-capitalist background influenced by Rothbard and Konkin, it included people from outside that tradition (I, for example, have never identified as an an-cap and consider myself

so-called Ricardian Socialists, who drew radical conclusions from Ricardo’s doctrine that rent and profit were deductions from exchange value created by labor. The socialist, cooperativist, and anarchist (including market anarchist) movements all emerged from the cross-pollination between working class Owenism and radical political economy from the 1820s on. This fusion is illustrated especially by Thomas Hodgskin in Britain and by Josiah Warren and the subsequent individualist movement in America.

Thomas Hodgskin (1787–1869)

Ironically, the mainstream of classical political economy was beginning to shift to the right around the same time it started to spin off radical thinkers like Hodgskin and the individualists. With the political triumph of industrial capital in Britain and America, mainline classical liberalism moved from its earlier critique of the Whig landed interests and mercantilists to an apologetic position which Marx characterized as “vulgar political economy.” From the 1840s on, the mainstream of classical political economists acted largely as “hired prizefighters” on behalf of politically triumphant industrial capitalists. Nevertheless the radical wing persisted as a critique of the mainstream, judging the latter by a consistent application of its own professed values.

Quoting Marx’s *Value, Price and Profit*, Maurice Dobb argues that a valid theory of profit “must start from the theorem that, on an average, commodities are sold at their real value, and that profits are derived from selling them at their values... If you cannot explain profit upon this supposition, you cannot explain it at all.” As Dobb further notes:

The point of this can the better be appreciated if it is remembered that the school of writers to whom the name of the Ricardian Socialists has been given ... who can be said to have held a “primitive” theory of

exploitation, explained profit on capital as the product of superior bargaining power, lack of competition and “unequal exchanges between Capital and Labour”... This was the kind of explanation that Marx was avoiding rather than seeking. It did *not* make exploitation *consistent* with the law of value and with market competition, but explained it by departures from, or imperfections in, the latter. To it there was an easy answer from the liberal economists and free traders: namely, “join with us in demanding *really* free trade and then there can be no “unequal exchanges” and “exploitation”.¹²

Dobb’s “easy answer” was exactly the approach taken not only by Hodgskin (conventionally lumped in with the Ricardian Socialists despite actually being a radical disciple of Smith), but by the individualist anarchists of America and most other 19th century market anarchists. Hodgskin was one of several radical political economists in the 1820s that appropriated and expanded on Owenite economic theory, combining it with a radical interpretation of Smith and Ricardo. This answer was hardly “easy” in the sense of serving as a facile defense of the capitalist social order, as Dobb implied; “*really* free trade,” as Hodgskin and the individualists saw it, would entail the abolition of most landlord rent and interest as well as profit on capital other than short-term entrepreneurial profit. A central theme of classical market anarchism was that capitalism cannot stand up to free market critique.

Hodgskin and the other radicals shared Ricardo’s understanding of profit and rent as deductions from a pool of exchange-value created by labor. They saw capitalism as a system of political economy in which the state intervened in the market on behalf of landlords, capitalists, and other monopolists to enforce the privileges by

¹² M. Dobb, Introduction to *Karl Marx’s Contribution to the Critique of Political Economy*, ed. M. Dobb (New York: International Publishers, 1970), 13.

Conclusion: Post-War Market Anarchism

No overview of market anarchism would be complete without at least mentioning the postwar American libertarian and anarcho-capitalist movements. In the interest of brevity I will only summarize the issues and my view of them here; they will be discussed in more detail in my colleague Roderick Long’s chapter on anarchism and libertarianism.

As I mentioned earlier, American free market anarchism was left open to cooptation by the Right after the ideological split with communist and syndicalist anarchists in the late 19th century. Much of it was so co-opted, and shifted its strategic ground—much like Marx’s “vulgar political economists” of the previous century—to the defense of capitalism. After the war especially, Ayn Rand and the Austrian school of economics became major influences. The thought of Mises, Rothbard and their associates became near-dogma to the mainstream of the American libertarian movement as it developed from the late 1960s on.

I consider “anarcho-capitalism” as such to be entirely separate from the historic lineage of anarchism. Nevertheless many strands within it are arguably surviving, if distorted, offshoots of historic individualist anarchism. And even the avowed anarcho-capitalist movement has included individuals or sub-groups who were sympathetic to critiques of mainstream American capitalism and corporate power, or who gravitated towards engagement with the Left. The most prominent example is the flirtation with the New Left by Karl Hess and Murray Rothbard in the 1970s. The Libertarian Party itself was formed from an ad hoc alliance of radical libertarian dissidents from Young Americans for Freedom and libertarian leftists from SDS disgruntled by its drift towards Maoist authoritarianism. Samuel Edward Konkin III’s Movement of the Libertarian Left was modeled on the Rothbard-Hess precedent, and Konkin made Oppenheimer’s distinction between the economic and political means the basis of his agorist class theory, which

Albert Jay Nock, a Georgist, was influenced by Oppenheimer's view of the state. The state, he said,

originated in conquest and confiscation ... It contemplated primarily the continuous economic exploitation of one class by another, and it concerned itself with only so much freedom and security as was consistent with this primary intention ... Its primary function ... was ... for the purpose of maintaining the stratification of society into an owning and exploiting class, and a propertyless dependent class.¹⁵²

Moreover, the sole invariable characteristic of the State is the economic exploitation of one class by another. In this sense, every State known to history is a class-State.¹⁵³

Like Oppenheimer, he argued that the state furthers exploitation of labor by restricting, on behalf of a ruling class, labor's access to the means of production. By setting up such barriers, the ruling class is able to charge tribute in the form of unpaid labor, for allowing access on its own terms. It is only because of the state's enforced separation of labor from the means of production that labor acquires the perverse habit of thinking of work as "something to be *given*" by the employing classes as a boon: "Our natural resources, while much depleted, are still great; our population is very thin, running something like twenty or twenty-five to the square mile; and some millions of this population are at the moment 'unemployed,' and likely to remain so because no one will or can 'give them work.'"¹⁵⁴

¹⁵² Albert Jay Nock, *Our Enemy, the State* (1935; reprint, Delavan, Wisc.: Hallberg Publishing Corp., 1983), 37.

¹⁵³ *Ibid.*, 40.

¹⁵⁴ *Ibid.*, 82n.

which they extracted rents from labor. Hodgskin was the founder of *Mechanics Magazine*, and was actively involved in the movement of the 1820s to create mechanics' institutes, self-managed by workers and supported with their own money.¹³ In 1825 he published *Labour Defended Against the Claims of Capital*, a defense of the right of workers to combine in trade unions. The pamphlet begins by accepting the labor theory of value articulated by Ricardo and other classical political economists and argues on its basis that workers should receive their full product. This was the first complete statement of an idea that was to be common to the whole socialist movement (it was in the 1820s, by the way, that the term "socialism" first appeared in print in an issue of the *London Co-operative Magazine*).

In conjunction with the labor theory, Hodgskin articulated a surplus value theory of exploitation:

The *real price* of a coat or a pair of shoes or a loaf of bread ... is a certain quantity of labour... But for the *labourer* to have either of these articles he must give over and above the quantity of labour nature demands from him, a still larger quantity to the capitalist ... If labor were free, he wrote, the relative portion of the collective produce allocated to each worker, and to each trade, "would be justly settled by what Dr. Smith calls the 'higgling of the market.'"¹⁴

Hodgskin made the crucial distinction between natural and artificial rights of property. Natural property rights are simply "a man's right to the free use of his own mind and limbs, and to appro-

¹³ Cole, *A Short History of the British Working Class Movement*, 57.

¹⁴ G. Claeys, Introduction to *Selected Works of Robert Owen*, ed. G. Claeys (London: William Pickering, 1993), xviii.

priate whatever he creates by his own labour.”¹⁵ By natural right of property, he meant “the right of individuals, to have and to own, for their own separate and selfish use and enjoyment, the produce of their own industry, with power freely to dispose of the whole of that in the manner most agreeable to themselves.”¹⁶ This right, established by the “continual possession and use by one person of any one thing,” was founded in nature. It resulted from the need of labor to satisfy human wants in the natural order of things as well as from the extension of individuality to that which the individual creates through his or her labor.¹⁷

Artificial rights, he said, concern “the power of throwing the necessity to labour off [one’s] own shoulders ... by the appropriation of other men’s produce” and “[t]he power ... possessed by idle men to appropriate the produce of labourers.”¹⁸ “Certain classes”—including the recipients of rent, profit, and taxes—“do not labour.” The slave-holders of the West Indies, the “landlords and fund holders of England ... are all subsisted and supported, supplied with all their wealth, by the labour of the slaves in the West Indies, or of the toil-worn and half-starved slave-descended labourers of Europe.”¹⁹ Social regulations and commercial prohibitions, Hodgskin maintained, “compel us to employ more labour than is necessary to obtain the prohibited commodity,” or “to give a greater quantity of labour to obtain it than nature requires,” and put the difference into the pockets of privileged classes.²⁰ Hodgskin ridiculed those who wanted to “preserve ... inviolate” the “existing right of prop-

¹⁵ Thomas Hodgskin, *Popular Political Economy: Four Lectures Delivered at the London Mechanics’ Institution* (London: Charles and William Tait, 1827), 236–237.

¹⁶ Thomas Hodgskin, “Letter the Second: The Natural Right of Property Illustrated,” in *The Natural and Artificial Right of Property Contrasted* (London: B. Steil, 1832), 24.

¹⁷ *Ibid.*, 35.

¹⁸ Hodgskin, *Popular Political Economy*, 30, 237.

¹⁹ *Ibid.*, 29–30.

²⁰ *Ibid.*, 33–34.

standing of *how* the land had come to be completely appropriated. Were the natural right of property the basis of all appropriation, Oppenheimer argued, it would have been impossible for the land to become fully appropriated to the extent that it was necessary for laborers to pay rent for access to it. Rather, the land had been politically appropriated by conquest, so that even vacant and unimproved land could be held out of use by the artificial property titles of a ruling class unless labor was willing to pay for access to it.

The states of Europe had their origin in barbarian conquerors who appropriated the soil; they retained the sword afterward to make laws for the conquered, through institutions which persist to the present day. Hence “the law has always been made with a view to preserve, as much as possible, that appropriation of the soil, that artificial right of property, and that system of government” which they first established.¹⁴⁸ Since a class state can only occur after complete occupation of land, and such complete occupation has never occurred economically, it follows that the land has been “preempted politically”; the scarcity of land which prevents settlement by labor is legal, not natural.¹⁴⁹ The land has been universally appropriated by political means: the entire supply of vacant land has been engrossed by one landed aristocracy or another, and their artificial titles used either to exclude laborers who might otherwise cultivate vacant land as an alternative to wage employment, or to collect tribute from those who have rightfully appropriated the land through cultivation.¹⁵⁰ Oppenheimer also criticized the labor-fund doctrine in language similar to Hodgskin, noting that “material instruments, for the most part, are not saved in a former period, but are manufactured in the same period in which they are employed.”¹⁵¹

¹⁴⁸ *Ibid.*

¹⁴⁹ Oppenheimer, *The State*, 8.

¹⁵⁰ Oppenheimer, “A Post Mortem on Cambridge Economics (Part II),” 535.

¹⁵¹ Oppenheimer, “A Post Mortem on Cambridge Economics (Part III),” 122.

change, accruing to the class which controlled access to the means of production.¹⁴⁰ This control was made possible only by the state. He contrasted “the State,” by which he meant “that summation of privileges and dominating positions which are brought into being by extra-economic power,” with “Society,” which was “the totality of concepts of all purely natural relations and institutions between man and man.”¹⁴¹ He made a parallel distinction between the “economic means” to wealth, i.e., “one’s own labor and the equivalent exchange of one’s own labor for the labor of others,” and the “political means”: “the unrequited appropriation of the labor of others.”¹⁴² The state was simply the “organization of the political means.”¹⁴³ The state existed for an economic purpose, exploitation, which could not be achieved without force; but it presupposed the preexistence of the economic means, which had been created by peaceful labor.¹⁴⁴ The economic means to wealth were production and voluntary exchange. The political means were violent robbery.¹⁴⁵

Oppenheimer stipulated the contention of “bourgeois economics” that the division of society into “income-receiving classes and propertyless classes can only take place when all fertile lands have been occupied.”¹⁴⁶ Equality would exist so long as free land did, since, “in Turgot’s phrase, ‘No well man will be willing to work for another, as long as he can take for himself as much land as he wants to cultivate.’¹⁴⁷ Where he differed was in his under-

¹⁴⁰ Franz Oppenheimer, “A Post Mortem on Cambridge Economics (Part III),” *The American Journal of Economics and Sociology* 3, no. 1 (1944): 117.

¹⁴¹ Franz Oppenheimer, *The State*, trans. J. Gitterman (San Francisco: Fox & Wilkes, 1997), lvi.

¹⁴² *Ibid.*, 14.

¹⁴³ *Ibid.*, 15.

¹⁴⁴ *Ibid.*

¹⁴⁵ *Ibid.*, 14.

¹⁴⁶ *Ibid.*, 6.

¹⁴⁷ Franz Oppenheimer, “A Post Mortem on Cambridge Economics (Part II),” *The American Journal of Economics and Sociology* 2, no. 4 (1943): 534.

erty” or to hold it “sacred against the claims of the labourer to own whatever and all which he produces.”²¹ Elsewhere he writes:

Law and governments are intended, and always have been intended, to establish and protect a right of property, different from that which ... is ordained by nature... [The law] exacts a revenue for the government,—it compels the payment of rent,—it enforces the giving of tithes, but it does not ensure to labour its produce and its reward.²²

In other words, the great object of law and of government has been and is, to establish and protect a violation of that natural right of property they are described in theory as being intended to guarantee.²³

His description of the state anticipated Marx’s “executive committee of the ruling class.” The landed aristocracy, he said, was one of “the legislative classes embodied into, and constituting the government”;²⁴ indeed, “the landed aristocracy and the government are one—the latter being nothing more than the organized means of preserving the power and privileges of the former.” He continues:

There is sometimes a conflict between [the capitalist] and the landowner, sometimes one obtains a triumph, and sometimes the other; both however willingly support the government and the church; and both side against the labourer to oppress him; one lending his aid to enforce combination laws, while the other

²¹ *Ibid.*, 237.

²² Thomas Hodgskin, “Letter the Third: The Legal Right of Property,” in *The Natural and Artificial Right of Property Contrasted*, 55.

²³ *Ibid.*, 48.

²⁴ *Ibid.*, 51.

upholds game laws, and both enforce the exaction of tithes and of the revenue.²⁵

Hodgskin's language (including his reference to "continual possession and use" above) suggested an occupancy-and-use theory of land ownership. Cultivation as the basis of true ownership was implied by the tendency of land to revert to weeds if not used. "The mere landowner"—who does not labor—is fed "by violating the natural right of property."²⁶

The case of the capitalist was somewhat more difficult, considering the extent to which capitalists (especially small ones) mixed rentier income with the proceeds of actual labor. But the capitalist as such "has no natural right to the large share of the annual produce the law secures to him."²⁷ Hodgskin, in both *Labour Defended* and *Popular Political Economy*, attacked the notions that present capital investment comes from past abstention, and that it is necessary to advance a "labor fund" from past savings:

As far as food, drink and clothing are concerned, it is quite plain, then, that no species of labourer depends on any previously prepared stock, for in fact no such stock exists; but every species of labourer does constantly, and at all times, depend for his supplies on the co-existing labour of some other labourers.²⁸

When a capitalist therefore, who owns a brew-house and all the instruments and materials requisite for making porter, pays the actual brewers with the coin he has received for his beer, and they buy bread, while the journeymen bakers buy porter with their money

²⁵ Ibid., 53.

²⁶ Ibid., 52.

²⁷ Ibid., 53.

²⁸ Thomas Hodgskin, *Labour Defended Against the Claims of Capital* (1825; reprint, London: The Labour Publishing Co., 1922), 44.

Henry George, Jr. (1862–1916), Franz Oppenheimer (1864–1943), and Albert Jay Nock (1870–1945)

Henry George, Jr. explained the derivation of the term "privilege" as private law or class legislation benefiting one group of individuals at the expense of another:

Now the word "privilege" means not a natural, but an artificial condition. Even its derivation shows that. It comes from the Latin *privilegium*, meaning an ordinance in favor of a person; and *privilegium* comes from *privus*, private, and *lex* or *legem*, a law. Hence, in its essence, the word "privilege" means a private law, a special ordinance or a usage equivalent to a grant or an immunity in favor of a particular person.¹³⁶

The primary effect of privileges is to "empower their holders to appropriate, without compensation or adequate compensation, a large or small share of the produce of labor."¹³⁷ Privilege may be described, accordingly, as the use of law to enclose "natural opportunities" and charge for access to them.¹³⁸

Franz Oppenheimer called himself a "liberal socialist"—i.e., "a socialist in that he regard[ed] capitalism as a system of exploitation, and capital revenue as the gain of that exploitation, but a liberal in that he believ[ed] in the harmony of a genuinely free market."¹³⁹ Profit was a monopoly income, resulting from unequal ex-

¹³⁶ Henry George, Jr., *The Menace of Privilege* (New York: Macmillan, 1905), chapter 2, part 1, <http://www.progress.org/tpr/the-menace-of-privilege-chapter-one-first-half-4/>.

¹³⁷ Ibid., chapter 2, conclusion, <http://www.progress.org/tpr/the-menace-of-privilege-chapter-two-second-half-2/>.

¹³⁸ Ibid.

¹³⁹ E. Heimann, "Franz Oppenheimer's Economic Ideas," *Social Research* 11, no. 1 (1944): 29.

[some] particular economic system as its guarantee.”¹³³ She argued “that all these economic conceptions may be experimented with, and there is nothing un-Anarchistic about any of them until the element of compulsion enters and obliges unwilling persons to remain in a community whose economic arrangements they do not agree to.”¹³⁴ She speculated that the various economic systems might be “advantageously tried in different localities.” In another article in 1907, she wrote that “Liberty and experiment alone can determine the best forms of society.”¹³⁵

Meanwhile the strife between individualists and communists, reflected most notably in Tucker’s feud with Johann Most, led individualists to drift increasingly away from the rest of the anarchist movement, leaving them open to colonization by the right-wing. Even members of Tucker’s own circle, like Clarence Schwartz, began to characterize their position as “capitalist”; they were to a large extent absorbed into a 20th century movement in defense of “free enterprise” dominated by figures like Ludwig von Mises, Rose Wilder Lane, and Ayn Rand. But even at the height of right-wing “free enterprise” propaganda in the 20th century, the radical free market tradition persisted in the form of figures like Henry George, Jr., Franz Oppenheimer, and Albert Nock.

¹³³ Voltairine de Cleyre, *Exquisite Rebel: The Essays of Voltairine de Cleyre*, eds. S. Presley and C. Sartwell (Albany, N.Y.: State University of New York Press, 2012), 72.

¹³⁴ *Ibid.*, 73.

¹³⁵ Avrich, *An American Anarchist*, 154.

wages, which is afterwards paid to the owner of the brew-house, is it not plain that the real wages of both these parties consist of the produce of the other; or that the bread made by the journeyman baker pays for the porter made by the journeyman brewer? But the same is the case with all other commodities, and labour, not capital, pays all wages.²⁹

In fact it is a miserable delusion to call capital something saved.³⁰

What political economy conventionally referred to as the “labor fund,” and attributed to past abstention and accumulation, in fact resulted from the *present* division of labor and the cooperative distribution of its product. “Capital” is a term for a right of property in organizing and disposing of this present labor. The same basic cooperative functions could be carried out just as easily by the workers themselves, through mutual credit. Under the present system, the capitalist monopolizes these cooperative functions, and thus appropriates the productivity gains from the social division of labor.”

Betwixt him who produces food and him who produces clothing, betwixt him who makes instruments and him who uses them, in steps the capitalist, who neither makes nor uses them, and appropriates to himself the produce of both. With as niggard a hand as possible he transfers to each a part of the produce of the other, keeping to himself the large share... While he despoils both, so completely does he exclude one from the view of the other that both believe they are indebted him for subsistence.³¹

²⁹ Hodgskin, *Popular Political Economy*, 247.

³⁰ *Ibid.*, 255.

³¹ Hodgskin, *Labour Defended*, 71.

Hodgskin ridiculed more generally the common defenses of the necessary or useful role of the capitalist in mainstream political economy. He celebrated the very possibility that apologists warned of—i.e., that “by combining [workers would] ... incapacitate the masters from attaining any profit on their capital... They may reduce or destroy altogether the profit of the idle capitalist ... but they will augment the wages and rewards of industry, and will give to genius and skill their due share of the national produce.”³²

In response to the ostensible concern of members of Parliament that combinations of journeymen would drive capital out of the country, so that journeymen would suffer a lack of work, Hodgskin had only scorn: “The journeymen ... know their own interest better than it is known to the legislator; and they would be all the richer if there were not an idle capitalist in the country.”³³ The absentee ownership of capital, Hodgskin argued, skews investment in a different direction from what it would be in an economy of labor-owned capital, and reduces investment to lower levels:

It is maintained ... that labour is not productive, and, in fact, the labourer is not allowed to work, unless, in addition to replacing whatever he uses or consumes, and comfortably subsisting himself, his labour also gives a profit to the capitalist...; or unless his labour produces a great deal more ... than will suffice for his own comfortable subsistence. Capitalists becoming the proprietors of all the wealth of the society ... act on this principle, and never ... will they suffer labourers to have the means of subsistence, unless they have a confident expectation that their labour will produce a profit over and above their own subsistence.³⁴

³² Hodgskin, *Popular Political Economy*, 91–92.

³³ *Ibid.*, 92–95.

³⁴ *Ibid.*, 51–52.

archist movement. This alloy brought together individualist ideology and revolutionary strategy under the organizational umbrella of a labor-oriented IWPA.¹²⁸

Voltairine de Cleyre, like Lum, opposed Tucker’s dogmatic attempts to excommunicate communists from the “real” anarchist movement. Tucker approached the border of bigotry in his obsession with the “doctrinal errors” of others, condemning communist and collectivist anarchism as virtual state socialism on the grounds that seizing the means of production against the capitalist’s will was an initiation of force. The communists in turn regarded markets and private property as tantamount to capitalism.¹²⁹ De Cleyre was originally an individualist. By the mid-1890s, under the influence of her association with Dyer Lum, she moved toward a more Proudhonian mutualism. As a result of living in the Philadelphia ghetto at the time, and perhaps also as a result of her weak physical constitution, she “felt greater sympathy than Tucker for the immigrant, the worker, the poor.”¹³⁰ However, Avrich denies Emma Goldman’s claim that de Cleyre later became an anarcho-communist. She believed until the end of her life that “the amount of administration required by Economic Communism would practically be a meddlesome government.”¹³¹

Although the “Anarchism without adjectives” position (which de Cleyre shared with Dyer Lum) was originally developed by others, she became its most visible American exponent.¹³² In her article “Anarchism” (*Free Society*, 1901), she criticized the dogmatists who believed that “no Anarchism is possible without

¹²⁸ *Ibid.*, 29.

¹²⁹ Martin, *Men Against the State*, 221–227.

¹³⁰ P. Avrich, *An American Anarchist: The Life of Voltairine de Cleyre* (Princeton, N.J.: Princeton University Press, 1978), 144–145.

¹³¹ *Ibid.*, 147–149.

¹³² *Ibid.*, 249–251.

ualist, and the ‘Chicago anarchists,’ predominantly immigrant, revolutionary and collectivist.”¹²² Still Lum not only defended the revolutionary tactics of the Haymarket martyrs, but continued to hope for improved relations between the two camps.¹²³ He met de Cleyre during this period.¹²⁴

In the 1890s, Lum placed increasing stress on “a long-term strategy of inoculating trade unions with anarchist principles,” promoting producer cooperation and other anti-political strategies first within the Knights of Labor and then within the American Federation of Labor.¹²⁵ He became closely associated with the AFL and was on Gompers’s personal staff. His pamphlet *The Economics of Anarchy* was designed to introduce workers’ study groups to mutual banking, land reform, cooperation and other mutualist practices.¹²⁶

Nevertheless he supported the new revolutionary wave of the 1890s— including a rather enthusiastic response to Alexander Berkman’s attempted assassination of Henry Frick, the manager at Homestead.¹²⁷ Lum deserves much credit for fusing so many disparate strands of radicalism into a uniquely American ideology. He tied a radical vision of working class power to a fairly sophisticated understanding of classical and mutualist economics, framed—like de Cleyre’s pamphlet “Anarchism and American traditions”—in terms of traditional American populist symbols. To quote Brooks:

Lum’s ideological and strategic concerns, and his native and immigrant connections, came together in his anarchist alloy, his program for creating a unified an-

¹²² Ibid., 1.

¹²³ Ibid.,23.

¹²⁴ Ibid.,25.

¹²⁵ Ibid., 24–25, 27.

¹²⁶ Ibid.,26.

¹²⁷ Ibid.,27–28.

When capital equipment is owned by a class of rentiers separate from those who make it or use it, the owners may be said more accurately to impede production rather than “contribute” to it... If there were only the makers and users of capital to share between them the produce of their co-operating labour, the only limit to productive labour would be, that it should obtain for them and their families a comfortable subsistence. But when in addition to this ..., they must also produce as much more as satisfies the capitalist, this limit is much sooner reached. When the capitalist ... will allow labourers neither to make nor use instruments, unless *he* obtains a profit over and above the subsistence of the labourer, it is plain that bounds are set to productive labour much within what Nature prescribes.³⁵

He developed the same theme in regard to land in *The Natural and Artificial Right of Property Contrasted*: “the labour which would be amply rewarded in cultivating all our waste lands, till every foot of the country became like the garden grounds about London, were all the produce of labour on those lands to be the reward of the labourer, cannot obtain from them a sufficiency to pay profit, tithes, rent, and taxes.”³⁶

Almost a hundred years before J.A. Hobson or John Maynard Keynes, Hodgskin remarked on the effect of privilege, which separates effort from reward, in the maldistribution of purchasing power: “The peasant, who produces so much corn, that his master is ruined by its reduced price, has not wherewithal to eat and cover himself.”³⁷ And this in turn results in crises of overaccumulation and underconsumption:

³⁵ Ibid., 243–244.

³⁶ Hodgskin, “Letter the Eighth: Evils of the Artificial Right of Property,” in *The Natural and Artificial Right of Property Contrasted*, 149.

³⁷ Hodgskin, *Popular Political Economy*, 264.

The wants of individuals which labour is intended to gratify, are the natural guide to their exertions. The instant they are compelled to labour for others, this guide forsakes them, and their exertions are dictated by the greed and avarice, and false hopes of their masters... By this system the hand is dissevered from the mouth ... When we look at the commercial history of our country, and see the false hopes of our merchants and manufacturers leading to periodical commercial convulsions, we are compelled to conclude, that they have not the same source as the regular and harmonious external world.³⁸

As editor of *The Economist*, Hodgskin exercised a significant influence on Herbert Spencer while the latter was on the staff there. Although Spencer is conventionally—and wrongly—remembered as a social Darwinist, he was actually quite radical. For example, early editions of *Social Statics* included radical quasi-Georgist proposals for land reform. He also viewed the wage relationship as an unhealthy holdover from earlier master-servant and master-slave relations, and predicted that worker cooperatives would gradually be predominant (as well as being more efficient because of the agency problems of capitalist ownership/management they solved).

Pierre-Joseph Proudhon (1809–1865)

As we shall see below, the early American individualist movement (particularly its founder, Josiah Warren) was an offshoot of Owenite cooperativism. But in addition, American individualism was influenced heavily by the mutualist theory of Pierre-Joseph Proudhon. Reciprocity (or mutuality, or commutative justice) was

³⁸ Hodgskin, “Letter the Eighth,” 155.

International, Lum analyzed “wage slavery” from a radicalized laissez-faire perspective much like that of the individualists,¹¹⁷ focusing on things like “the occupation and use land tenure, and the mutual bank money ideas.”¹¹⁸ His economic views were an unusual combination of laissez-faire and the Chicago labor movement’s hatred of the “wages system.”

After his disappointing experiences with electoral politics, Lum turned increasingly towards a strategy of uniting individualist economic analysis (based on “monopoly,” “class legislation,” etc.) with revolutionary anarchist politics. He “saw the Great Upheaval of the mid-1880s as a revolutionary moment.”¹¹⁹ From 1885 on, he tried to fuse “working-class organization, revolutionary strategy, and mutualist economics” into a united radical movement “designed to make anarchism a magnet to radicalized workers.” He did not wish to unite the various groups behind any dogmatic party line, but only to create ties of affinity between them and enable them to work together tactically in “a pluralistic anarchistic coalition.”¹²⁰

Lum rounded out his economic vision with the principle of producer cooperation, not only at the level of artisan production, but in large-scale industrial associations. In the latter regard he viewed labor unions not only as a weapon against existing evils, but as the nucleus of a future industrial organization formed around the “associated producers.”¹²¹ In the post-Haymarket atmosphere, the anarchist movement was torn by dissension: first an individualist backlash against the immigrant communists’ violent revolutionary strategy, followed by a hardening of individualists like Tucker against them based on the two sides’ economic views. The movement’s divisions ossified into “two opposing camps: the ‘Boston anarchists,’ predominantly native-born, evolutionary and individ-

¹¹⁷ Ibid., 10.

¹¹⁸ Martin, *Men Against the State*, 259.

¹¹⁹ Brooks, “Ideology, Strategy, and Organization,” 13.

¹²⁰ Ibid., 14–15.

¹²¹ Ibid., 19–20.

movement, first with the Knights of Labor, and then with the quasi-syndicalism of the I.W.W. He argued within organs of the labor movement against democratic socialist and parliamentary approaches, and may have contributed to the anti-political tendencies behind the organization of the Wobblies. But unlike Tucker, he was optimistic about the prospects of labor organization to secure a reduction in hours without decreasing pay or speeding up production.¹¹³

Like Labadie, Dyer Lum tried to bridge the gap between Tucker's circle and the labor movement. And like Voltairine de Cleyre (about whom more below), he also tried to bridge the gap between native individualists and immigrant communists and syndicalists. He "established relations with both [the American anarchist movement's] major wings, but always remained close to the individualist philosophy."¹¹⁴ Like Tucker and the other individualists, Lum came out of the general culture of reform, and participated in many of its currents before he arrived at anarchism. He was involved with the Labor Reform Party in the 1870s, and worked as a bookbinder and labor journalist. From this involvement he made connections with the Greenback Party and the eight-hour movement.¹¹⁵ Under George's influence he blamed U.S. government land grants to corporations and its restrictions on homesteading for much of labor's dependent position. From the Greenback Party, Lum moved on to the Socialist Labor Party in 1880, and by the mid-80s was involved in the International Working People's Association.¹¹⁶ But unlike most others in the

¹¹³ Martin, *Men Against the State*, 243–245.

¹¹⁴ *Ibid.*, 259.

¹¹⁵ F.H. Brooks, "Ideology, Strategy and Organization: Dyer Lum and the American Anarchist Movement," https://www.academia.edu/7185438/Ideology_strategy_and_organization_Dyer_Lum_and_the_American_anarchist_movement, 6–7 The original article appeared in *Labor History* 34, no. 1 (1993): 57–83. My pagination in this and subsequent citations is taken from the online version.

¹¹⁶ *Ibid.*, 8–10.

central to Proudhon's economic thought. In a passage in the second volume of *System of Economical Contradictions*, Proudhon writes:

The theory of *mutuality* ..., that is to say exchange in kind, ... is the synthesis of the notions of private property and collective ownership. This synthesis is as old as its constituent parts since it merely means that society is returning ... to its primitive practices as a result of a six-thousand-year-long meditation on the fundamental proposition that $A = A$.³⁹

The mutualist principle of "service for service, product for product, loan for loan, insurance for insurance, credit for credit, security for security, guarantee for guarantee" is an application of the legal principle of reciprocity to "the tasks of labor and to the good offices of free fraternity ... On it depend all the mutualist institutions: mutual insurance, mutual credit, mutual aid, mutual education..., etc."⁴⁰ The perfect expression of mutuality for Proudhon was the contract between equals, both "synallagmatic" (bilateral) and "commutative" (based on an exchange of equal values).⁴¹ Unequal exchange, on the other hand, was the defining characteristic of exploitation:

If ... the tailor, for rendering the value of a day's work, consumes ten times the product of the day's work of the weaver, it is as if the weaver gave ten days of his life for one day of the tailor's. This is exactly what happens when a peasant pays twelve francs to a lawyer for

³⁹ Pierre-Joseph Proudhon, *Selected Writings of P.J. Proudhon*, ed. S. Edwards (Garden City, N.Y.: Anchor Books, 1969), 57–59. Edwards mistakenly attributes the quote to the first volume; it is, in fact, from the second.

⁴⁰ Pierre-Joseph Proudhon, "Political Capacity of the Working Class," in *Selected Writings*, 59–60.

⁴¹ Pierre-Joseph Proudhon, *The Principle of Federation*, trans. R. Vernon (Toronto: University of Toronto Press, 1979), 36.

a document which it takes him an hour to prepare... Every error in commutative justice is an immolation of the laborer, a transfusion of the blood of one man into the body of another.⁴²

Reciprocity is built into the normal functioning of a free market. When exchange is free and uncoerced, it is impossible for one party to benefit at the other's expense.

The ratio at which goods and services are exchanged will move toward a value that reflects the respective costs of the parties, including the disutility of their labor.⁴³ So the normal pattern of free exchange is cost for cost, effort for effort, disutility for disutility, so that things equal out through the "higgling of the market." Or as Proudhon described it:

Whoever says commerce says exchange of equal values, for if the values are not equal and the injured party perceives it, he will not consent to the exchange, and there will be no commerce.⁴⁴

What characterizes the contract is the agreement for equal exchange; and it is by virtue of this agreement that liberty and well-being increase; while by the establishment of authority, both of these necessarily diminish... Between contracting parties there is necessarily

⁴² Pierre-Joseph Proudhon, *System of Economical Contradictions, or, The Philosophy of Misery*, vol. 1, trans. B. Tucker (Boston: Benjamin R. Tucker, 1888), 123.

⁴³ It was on this basis that James Buchanan explained Smith's exchange of beaver for deer at embedded labor ratios as the result of our nature as rational utility maximizers. If they exchanged at anything other than a ratio based on respective effort, it would affect the make-vs.-buy calculus of one of the parties and thereby shift the quantities produced until the ratio returned to normal. See J. Buchanan, *Cost and Choice* (Chicago: University of Chicago Press, 1979), chapter 1.

⁴⁴ Pierre-Joseph Proudhon, *What is Property?* ed. and trans. D. Kelley and B. Smith (Cambridge: Cambridge University Press, 1994), 103.

Although the United States was well into the corporate revolution, and "internal improvements" and railroad subsidies were a large part of national economic life, at the time Tucker wrote, he dealt with these matters almost not at all. The four privileges he attacked—the money and land monopolies, tariffs, and patents—had been an integral part of capitalism from its beginnings. The last-named privileges, tariffs and patents, indeed played a large part in the cartelizing and concentration of the corporate economy during the latter part of the nineteenth century. But Tucker largely neglected their overall structural effects on capitalism. So his critique of capitalism as fundamentally statist was almost completely abstracted from the features of nascent Gilded Age capitalism: state subsidies, the structural interlocking of corporations and state regulatory agencies, and the role of regulatory cartels in enforcing the extraction of rents from the consumer in the form of superprofits. Tucker was also almost entirely uninterested in speculating on the social forms, like cooperatives and other forms of mutualist practice, that might evolve in a free society. This was remedied by John Beverley Robinson, whose *The Economics of Liberty* (1916) discussed cooperative economics and mutual aid at great length within Tucker's economic framework.

Joseph Labadie (1850–1933), Dyer Daniel Lum (1839–1893), and Voltairine de Cleyre (1866–1912)

Some members of Tucker's individualist circle subsequently supplied material that was wanting in Tucker's own thought. The first, Joseph Labadie, was more actively sympathetic to organized labor than Tucker. He started out as a writer for several Detroit socialist and labor papers and maintained his relations with them after he became a regular contributor to *Liberty*. Labadie attempted to bridge the gap between Tucker's individualism and the labor

not sell or lend it for more than it cost him to make it, except he enjoyed a monopoly of the plane-making industry.”¹¹⁰

Under Greene’s influence, Tucker saw the Money Monopoly as the most important of the Four Monopolies. This is how he envisioned the worker-friendly market, in the absence of that monopoly:

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... Then will be seen an exemplification of the words of Richard Cobden that, when two laborers are after one employer, wages fall, but when two employers are after one laborer, wages rise. Labor will then be in a position to dictate its wages, and will thus secure its natural wage, its entire product.¹¹¹

As a result Tucker saw no need for state intervention to secure the interests of workers against employers, as evidenced by his position on the “yellow dog” contract:

These employers have a perfect right to hire men on whatever conditions the men will accept. If the latter accept cruel conditions, it is only because they are obliged to do so. What thus obliges them? Law-sustained monopolies. Their relief lies, then, not in depriving employers of the right of contract, but in giving employees the same right of contract without crippling them in advance.¹¹²

¹¹⁰ Tucker, “The Position of William,” in *Instead of a Book*, 200.

¹¹¹ Tucker, “State Socialism and Anarchism,” in *Instead of a Book*, 11.

¹¹² Tucker, “On Picket Duty,” in *Instead of a Book*, 163.

for each one a real personal interest... Between governing and governed, on the contrary, no matter how the system of representation or of delegation of the governmental function is arranged, there is *necessarily* alienation of a part of the liberty and of the means of the citizen.⁴⁵

For no one has a right to impose his own merchandise upon another: the sole judge of utility, or in other words the want, is the buyer... Take away reciprocal liberty, and exchange is no longer the expression of industrial solidarity: it is robbery.⁴⁶

Proudhon was heavily influenced by Comte’s schema, in which “industrial” society based on contract succeeded the previous “militant” (feudal) stage of history. His ultimate vision for society was “the notion of Contract succeeding that of Government”.⁴⁷ The state would wither away, and the political be absorbed into the economic:

It is industrial organization that we will put in place of government... In place of laws, we will put contracts.—No more laws voted by a majority, or even unanimously; each citizen, each town, each industrial union, makes its own laws. In place of political powers, we will put economic forces.⁴⁸

Hodgskin’s theory of natural and artificial property, and Proudhon’s similar theory, were to be paradigmatic for American

⁴⁵ Pierre-Joseph Proudhon, *The General Idea of the Revolution in the Nineteenth Century*, trans. J. Beverley Robinson (New York: Haskell House Publishers, Inc., 1923), 113–114.

⁴⁶ Proudhon, *System of Economical Contradictions*, I, 80–81.

⁴⁷ Proudhon, *The General Idea of the Revolution*, 126.

⁴⁸ *Ibid.*, 125–126.

individualist anarchist economics. The common theme running through market anarchist theories of property is that natural property rights *reflect* scarcity, while artificial property rights *create* it; natural property secures the individual's right to her *own* labor-product, while artificial property entitles the holder to collect tribute on the labor-product of *others*; natural property entitles the holder to a return for her *contributions* to production, while artificial property entitles the holder to collect a toll for *not impeding* production.

Thus, in response to the proprietor's claim not only to have labored but to have provided employment to those otherwise without means of support, Proudhon challenged:

You have laboured! Have you never made others labour? Why, then, have they lost in labouring for you what you have gained in not labouring for them?⁴⁹

Like the children of Israel in Canaan, the proprietor reaps where she did not sow.⁵⁰

Proudhon also argued, in language that echoed Hodgskin, that capitalists enclosed the increased productivity of cooperative labor as a source of rent by preempting the channels by which workers otherwise might exchange credit on their own non-exploitative terms. As a result the increase in productivity from collective labor is appropriated entirely by the owning classes:

The capitalist has paid as many times "one day's wage" as he has employed labourers each day... For he has paid nothing for that immense power which results from the union and harmony of laborers and the convergence and simultaneity of their efforts.⁵¹

⁴⁹ Proudhon, *What is Property?* 69.

⁵⁰ *Ibid.*, 119.

⁵¹ *Ibid.*, 91.

tages which they can procure *in a free market* without force or fraud. If, then, the capitalist, by abolishing the free market, compels other men to procure their tools and advantages of him on less favorable terms than they could get before, while it may be better for them to come to his terms than to go without the capital, does he not deduct from their earnings?¹⁰⁷

It was ironic that George should have failed to grasp this principle in the case of capital, because it was the basis for his criticism of land monopoly—the injustice of monopolizing natural opportunities in order to collect tribute from the labor of others:

He does not see that capital in the hands of labor is but the utilization of a natural force or opportunity, just as land is in the hands of labor, and that it is as proper in the one case as in the other that the benefits of such utilization of natural forces should be enjoyed by the whole body of consumers.¹⁰⁸

The truth in both cases is just this,—that nature furnishes man immense forces with which to work in the shape of land and capital, ... and that any man or class getting a monopoly of either or both will put all other men in subjection and live in luxury on the products of their labor.¹⁰⁹

Regarding Bastiat's example of the plane, Tucker pointed out that price in a free market is governed by cost of production rather than utility to the purchaser, and "that James consequently, though his plane should enable William to make a million planks, could

¹⁰⁷ *Ibid.*

¹⁰⁸ *Ibid.*, 204.

¹⁰⁹ *Ibid.*, 205.

every man ... adding to his riches makes every other man richer; that increase and concentration of wealth through labor tend to increase, cheapen, and vary production; that every increase of capital in the hands of the laborer tends, in the absence of legal monopoly, to put more products, better products, cheaper products, and a greater variety of products within the reach of every man who works; and that this fact means the physical, mental, and moral perfecting of mankind, and the realization of human fraternity.¹⁰³

Besides their dispute over the Single Tax, Tucker came into conflict with Henry George—in terms much like the Proudhon-Bastiat debate—over the latter’s defense of interest as a payment for the “productive services” rendered by capital.¹⁰⁴ Profit, Tucker paraphrased George as saying, is “the capitalist’s share of the results of the increased power which Capital gives the laborer.”¹⁰⁵ But as Tucker pointed out, this is economic nonsense: “Where there is free competition in the manufacture and sale of spades, the price of a spade will be governed by the cost of its production, and not by the value of the extra potatoes which the spade will enable its purchaser to dig.”¹⁰⁶

Only when someone has a monopoly on the supply of spades can he charge according to utility to the user rather than cost of production. In that case, he can pocket most of the proceeds of increased productivity and leave the purchaser just enough of the net increase in potatoes to persuade him to buy the spade. And the monopolist’s price is clearly a deduction from the wages of labor:

What are the normal earnings of other men? Evidently what they can produce with all the tools and advan-

¹⁰³ Ibid.

¹⁰⁴ Tucker, “Economic Hodge-Podge,” in *Instead of a Book*, 202–205.

¹⁰⁵ Ibid., 202.

¹⁰⁶ Ibid.

A force of a thousand men working for twenty days has been paid the same as a force of one working fifty-five years; but this force of one thousand has done in twenty days what a single man, working continuously for a million centuries, could not accomplish: is this exchange equitable? Once more, no; for when you have paid all the individual forces, you have still not paid the collective force.⁵²

This is made possible by a monopoly on the supply of credit, which prevents associated labor from appropriating the productivity gains from association in the form of increased wages. By maintaining a monopoly on the function of advancing the capital necessary to organize collective production, and supplying the labor fund, capitalists are able to appropriate the net product to themselves as profit.⁵³ The purpose of Proudhon’s mutual credit proposals was to enable workers, rather than absentee owners, to profit from cooperation: “the collective force, which is a product of the community, ceases to be a source of profit to a small number of managers and speculators: it becomes the property of all the workers.”⁵⁴

Proudhon’s views on privilege and artificial property were in direct conflict with the more orthodox apologetics of French liberal Frederic Bastiat, as institutional economist John Commons argues:

According to Carey and Bastiat, and contrary to Ricardo and the communists and anarchists, the landlord or capitalist rendered a service to the community as much as did the laborer. The value of this service was the alternative price which the employer or laborer would be compelled to pay if he did not pay rent to

⁵² Ibid., 93.

⁵³ Proudhon, *System of Economical Contradictions*, I, 303.

⁵⁴ Proudhon, *General Idea of the Revolution*, 221, 223.

the landlord, or profit and interest to the capitalist. He was better off by paying rent for superior land than he would be by going to the margin of cultivation where no rent was paid, and better off by paying profits and interest to capitalists than by working for marginal capitalists who made no profits.⁵⁵

But Bastiat and Carey did not distinguish “productivity” and “service” from rents on artificial scarcity.⁵⁶ For Bastiat, the landlord and capitalist contributed a “service” equivalent to the alternative cost if his land or capital were not available; if rent on land and profit on capital are less than the utility the laborer receives from access to them compared to what her utility would be without, that is actually an unearned rent accruing to *labor*. And likewise inventions:

All this social accrual of value was freely available to present laborers who did not own it, and thereby “saved” them from the labor they would otherwise be compelled to perform, as individuals repeating the past history of society, in order to obtain the present necessities and luxuries.⁵⁷

But for some reason the landlords and capitalists are allowed to stand in for “society” in taking credit for the improved land and technology that make increased productivity possible.⁵⁸ Thanks to privilege, they can collect tribute for the productivity gains created by society. Proudhon illustrated the principle with regard to

⁵⁵ J.R. Commons, *Institutional Economics*, vol. 1 (New Brunswick, N.J.: Transaction Publishers, 1990), 114.

⁵⁶ In the marginal productivity theory established by Clark, of course, there is no difference. Whatever the price the supplier of an “input” is able to charge—including that of not obstructing production—adds to the price of a finished product, is its “productivity.”

⁵⁷ Commons, *Institutional Economics*, 325.

⁵⁸ *Ibid.*, 319–320.

of Marx as sharing the belief, derived from a radical reading of Ricardo and the other political economists, that labor did not receive its full product as a wage. The difference, he said, was that Warren and Proudhon saw the class monopolies that facilitated exploitation “rested upon Authority.” The state, manipulated by capital, allowed unlimited competition in the supply of labor, but limited it in the supply of land and capital. For that reason the owners of the means of production, unlike labor, were able to collect monopoly rents in the form of “interest, rent, and profit” while wages were kept down to “the starvation point”:

So they raised the banner of Absolute Free Trade; free trade at home, as well as with foreign countries; the logical carrying out of the Manchester doctrine; *laissez faire* the universal rule. Under this banner they began their fight upon monopolies, whether the all-inclusive monopoly of the State Socialists, or the various class monopolies that now prevail... Of the latter they distinguished four of principal importance: the money monopoly, the land monopoly, the tariff monopoly, and the patent monopoly.¹⁰¹

Tucker saw coercion as the fundamental support of privilege, doing violence to the natural harmony of interests. Because of privilege, under capitalism “society is fundamentally anti-social.” Wealth becomes “a hook with which to filch from labor’s pockets. Every man who gets rich thereby makes his neighbors poor. The better off one is, the worse the rest are... The laborer’s Deficit is precisely equal to the Capitalist’s Efficit.”¹⁰² Under the free market of anarchistic socialism, in contrast,

¹⁰¹ Benjamin Tucker, “State Socialism and Anarchism: How Far They Agree, and Wherein They Differ,” in *Instead of a Book: By a Man Too Busy to Write One* (1897; reprint, New York: Gordon Press, 1973), 9–11.

¹⁰² Tucker, “Socialism: What It Is,” in *Instead of a Book*, 362.

be described as Georgists. (I will say more about some of these figures below.)

Benjamin Ricketson Tucker (1854–1939)

Benjamin Tucker integrated and systematized all the earlier strands of American individualism and mutualism and formed them into a single coherent doctrine. In addition, he was probably the most able polemicist the individualist anarchist movement in America has ever known, combining clear and economical prose with Jesuitical logic. Like the other individualists, Tucker was born in New England and was involved in most of the major reform movements of his day. In 1872 he met Warren and Greene at a meeting of the New England Labor Reform League. Later the same year he first corresponded with Heywood, and started submitting articles to *The Word*. During this period he began synthesizing the ideas of Proudhon with those of Warren, Spooner, and the other individualists. His discovery of Greene's *Mutual Banking*, from which he adopted his theory of money and banking whole cloth, was an epiphany.⁹⁹

But it was as an independent editor and publisher that Tucker made his real contributions to the anarchist movement. In 1881 he began publishing *Liberty*, the vehicle through which he expressed his mature thought.¹⁰⁰ Tucker worked almost entirely in the periodical press. His thought was presented in book form in two major compilations from *Liberty*: the first, *Instead of a Book, By a Man Too Busy to Write One*, edited by Tucker himself, and the second briefer one, *Individual Liberty*, edited by Clarence L. Swartz, a Tucker disciple, while he was still living.

Tucker saw his own anarchistic socialism (to which he credited Proudhon and Warren as the original creators) and the socialism

⁹⁹ Ibid., 204–206.

¹⁰⁰ Ibid., 206–207.

the landlord's alleged "service" or "contribution" to production, in merely not impeding access to land she was not working herself:

The blacksmith who makes farming equipment for the farmer, the wheel-wright who makes him a cart, the mason who builds his barn..., etc., all of whom contribute to agricultural production by the tools they provide, are producers of utility; and to this extent they have a right to a part of the products... "Without any doubt," Say says, "but the land is also an instrument whose service must be paid for, and so." I agree that the land is an instrument, but who made it? The proprietor? ... The monopoly of the proprietor lies just in the fact that, though he did not make the implement, he requires payment for its use.⁵⁹

Land is productive; but its productive forces are freely given by nature. They can contribute to exchange value only when the free gift of nature is monopolized. The landlord's only "contribution" to value is that she sits atop the free gift without using it herself, and charges tribute for access to it. Or as Marx put it in volume 3 of *Capital*, "Land becomes personified in the landlord and ... gets on its hind legs to demand, as an independent force, its share of the product created with its help."⁶⁰

Josiah Warren (1798–1874)⁶¹

In America Josiah Warren, the founder of individualist anarchism, stands alongside Proudhon and Owen in importance.

⁵⁹ Proudhon, *What is Property?* 124–126.

⁶⁰ Karl Marx and Friedrich Engels, *Capital*, vol. 3 (New York: International Publishers, 1998), 37: 811.

⁶¹ Unless otherwise noted, all quotations in this section are from J. Martin, *Men Against the State* (Colorado Springs, Colo.: Ralph Miles Publisher, Inc., 1970).

Warren was initially a follower of Owen, and strongly influenced by his experiences in the Owenite colony, New Harmony Community of Equality (whose constitution he was involved in drafting).⁶² He soon deviated considerably from Owenism, based on the lessons he learned from the failure of New Harmony. Warren blamed the result on the emphasis the community at the expense of the individual—an attitude extending not only to disregard for individual rights of possession and reward for individual effort, but even to personal differences of opinion.⁶³

Warren viewed the central folly of New Harmony as the combination of interests, which could not succeed without an authoritarian government to enforce artificial harmony. Instead, he proposed “a system based on voluntary cooperation, but at no place rising above any individual within its structure.”⁶⁴ In Warren’s own words, society

must avoid all combinations and connections of persons and interests, and all other arrangements which will not leave every individual at all times at liberty to dispose of his or her person, and time, and property in any manner in which his or her feelings or judgment may dictate. WITHOUT INVOLVING THE PERSONS OR INTERESTS OF OTHERS.⁶⁵

The only way to avoid conflicts of interest was “that there be NO COMBINED INTERESTS TO MANAGE. All interests must be individualized—all responsibilities must be *individual*.”⁶⁶ Like Hodgskin and Proudhon, Warren regarded the only legitimate property in land as possessory: “The greatest crime which can

⁶² Martin, *Men Against the State*, 7.

⁶³ *Ibid.*, 9–10.

⁶⁴ *Ibid.*, 13–14.

⁶⁵ *Ibid.*, 14.

⁶⁶ *Ibid.*, 60–61.

and therefore not an appropriate object of ownership. So long as land was monopolized, “schemes of currency and finance” could avail little in reducing exploitation. On the other hand, “repeal our unreasonable land laws, half feudal and half civil, so that organized injustice can no longer have the land for its fulcrum, and you will find the lever money, now so weighty for wrong, to be the most serviceable and inoffensive of servants.”⁹⁵ Ingalls’ remedy was land tenure by occupancy and use alone.⁹⁶

Ingalls was alarmed by the Gilded Age government largesse toward corporate robber barons (e.g., the railroad land grants and the giveaway of public land to speculators under cover of the Homestead Act). He favored, not new legislation, but the repeal of existing laws that protected land monopoly.⁹⁷ In addition, Ingalls was especially brilliant in drawing attention to the origin of land titles and the historical roots of existing patterns of ownership—a subject which mainstream political economists preferred to leave decently behind a veil—arguing that “to trace any title back will yield us nothing... but forceful and fraudulent taking, even were land a proper subject for taking at all.”⁹⁸

Henry George deserves some mention, while we’re discussing Ingalls. Although he doesn’t fall explicitly within the purview of this article, as he was not properly speaking an anarchist, his views on land monopoly definitely fall within the broad class of radical political economy. Despite similar basic sentiments toward the land monopoly, Tucker devoted considerable space in the pages of *Liberty* to combating George’s Single Tax as a statist abomination, and proposing his own occupancy-and-use standard of ownership as the proper response to this evil. Some later market anarchists, like Franz Oppenheimer, Albert Nock, and Ralph Borsodi, can fairly

⁹⁵ Quoted in *ibid.*, 145.

⁹⁶ *Ibid.*, 144–45, 149.

⁹⁷ *Ibid.* 145–46, 151.

⁹⁸ Quoted in Martin, *Men Against the State*, 148–149.

are made up of capitalists who draw pay for serving their own interests, not the people's."⁹¹

It was Greene's monumental contribution to abandon the old Owenite/ Warrenite model of "labor for labor" exchange, and to replace it with a market system of pricing in which price would naturally tend toward labor-value following the abolition of artificial returns on land and capital.⁹² Greene also stated one of the best summaries of the nature of privilege: "It is right that all persons should be equal before the law; but when we have established equality before the law, our work is but half done... Of what avail is it that we are all equal before the law, if the law is itself unequal."⁹³

J.K. Ingalls—a New Englander, like most of the leading individualists— was involved in many reform currents. He embraced the labor theory of value early on, along with individualist views on the exploitative nature of interest. In 1845 he came into contact with leaders of the Land Reform Society and from that point on focused mainly on issues of land monopoly. In the same general period he became acquainted with anarchist ideas, having been introduced to Proudhon through the articles of Charles A. Dana, and met Warren and Andrews. Ingalls had a role in forming the New England Labor Reform League with other New England anarchists, and was famous for the phrase, "The whole produce of labor belongs to the laborer, and is his natural reward."⁹⁴ Ingalls stressed land monopoly as the main source of inequity, and treated the power of capital as such as secondary. He elaborated this view in his pamphlet *Land and Labor* (published in 1872 by Heywood), in articles for *The Word*, and in two 1878 pamphlets, *Work and Wealth* and *Periodical Business Crises*. Land, as a thing in limited quantity and not produced by human labor, was not a commodity

⁹¹ Martin, *Men Against the State*, 137.

⁹² *Ibid.*, 138.

⁹³ William Batchelder Greene, *Equality* (West Brookfield, Mass.: O.S. Cooke & Co., 1849), <http://libertarian-labyrinth.org/mutual/wbg-equality.html>.

⁹⁴ Martin, *Men Against the State*, 139–142, 145.

be committed against society and which causes poverty and lays the foundation of almost all other crimes is the monopoly of the soil."⁶⁷

Warren shared with Owen and Proudhon the belief that the lack of an equitable medium of exchange was central to the problem of poverty among the producing classes. If the producer could immediately convert the labor embodied in her product into a medium of exchange, without depending on vested interests to provide currency and credit at a monopoly price, her standard of living would be limited only by her willingness to work. He favored a system based on "the cost principle," i.e., based on labor time, rather than a "value" based on supply and demand:

if [one] could always get [goods] for that amount of his own labor which they cost an expert workman, he could have no motive to do without them... Now, if it were not a part of the present system to get a price according to the degree of want or suffering of the community, there would long since have been some arrangement made to ADAPT THE SUPPLY TO THE DEMAND... In society where even the first element of value order had made its way to the intellects of men, there would be some point at which all would continually make known their wants, ... and put them in a position to be supplied—and all who wanted employment would know where to look for it, and the *supply would be adapted to the demand*... Another great obstacle to division and exchange is the lack of some *principle* by which to settle the prices, or which would itself settle them harmoniously, instead of the disgusting process of *bargaining* in every little transaction ... Gratuitous labor must necessarily be limited, and thousands of exchanges of great *value*, but little *cost*, would immensely

⁶⁷ *Ibid.*, 34.

increase the comforts of all parties, where COST, as a *principle*, measured and settled the price in every transaction... Another great obstacle to extensive division of labor, and rapid and easy exchanges, seems to be the want of the means of *effecting* exchanges... Where every one has plenty of a circulating medium always at hand, exchanges and division of labor would not be limited for want of money.⁶⁸

He continued to endorse enthusiastically, as a result, the Owenite idea of cooperation—"the proposal to exchange all labor employed in the production of goods and services equally, hour for hour, substituting for the state or privately controlled currency based on metallic commodities a circulating medium consisting of 'labor notes.'"⁶⁹ Warren saw labor currency as leading to the eventual extinction of banks and bankers: "All money and bank notes as now known and used, act as drafts or demands upon labor and they are all issued by those who do not labor."⁷⁰ Besides his attacks on privilege as manifested in landlordism and money monopoly, Warren also opposed patents.⁷¹

In Warren's views on money, land, and patents, we have the germs of the theory of privilege and exploitation that was later systematically developed by Tucker. Eunice Minette Schuster, in *Native American Anarchism*, repeatedly referred to Warren and the other Individualists as "non-class conscious," but that is really inaccurate. They just weren't class conscious in Marxian terms. Warren described society as approaching a revolutionary crisis in the conflict between labor and its exploiters:

Society has been in a state of violence, of revolution and suffering, ever since its first formation; and at this

⁶⁸ Ibid., 63–68.

⁶⁹ Ibid., 11.

⁷⁰ Ibid., 41.

⁷¹ Ibid., 75.

Joshua King Ingalls (who supported occupancy-and-use as the only legitimate basis for land ownership). In a series of editions of *Mutual Banking*, Greene proposed the creation of mutual banks which would issue loans to members at nominal interest (just enough to cover administrative costs, one percent or less) in the form of mutual banknotes against whatever collateral they might pledge. In return, they would accept the notes of other members in payment for their own goods and services. He expected such free competition in the issue of secured loans to exercise a powerful downward pressure on the interest rates charged even by capitalist banks, and increase the independence of labor:

[E]ach new member joining the Bank increases the number of people who can do business with each other on this new basis. The circle of exchange becomes wider and wider and it cannot be long before the whole community is impelled by self interest to do business on this plan ... Once the Mutual Bank is operating, money will be available practically without interest to any responsible producer, so that his independence will no longer depend upon the whim of the usurer, but upon his determination and his ability in his line of work. There will be big factories and small shops, and the demand for wage labor will be greater than the supply, with the result that wages will soar until they approach the full value of the work done.⁹⁰

In the period from 1872 to 1876, Ezra Heywood and the New England Labor Reform League repeatedly lobbied the General Court to charter a mutual bank, with no success. The experience confirmed the general sentiment of the League that "legislatures

⁹⁰ William Batchelder Greene, *Mutual Banking* (1870; reprint, New York: Gordon Press, 1974), http://www.the-portal.org/mutual_banking.htm.

THE WORD favors the abolition of speculative income, of women's slavery, and war government; regards all claims to property not founded on a labor title as morally void, and asserts the free use of land to be the inalienable privilege of every human being—on having the right to own or sell only his service impressed upon it. Not by restrictive methods, but through freedom and reciprocity, THE WORD seeks the extinction of interest, rent, dividends, and profit, except as they represent work done; the abolition of railway, telegraphic, banking, trades-union and other corporations charging more than actual cost for values furnished, and the repudiation of all so-called debts the principal whereof has been paid in the form of interest.⁸⁸

Heywood considered employers in the main to be the guilty parties when strikes resulted in violence, and to emphasize the role of state violence in aiding the side of the companies. He admitted that he did not support combinations of labor in principle, and preferred to let the power of capital be ended by the abolition of privilege. Nevertheless, he considered the Mollie Maguires to be “morally lawful belligerents” engaged in “defensive warfare” and in his 1877 pamphlet *The Great Strike* endorsed the railroad strikes.⁸⁹

William Batchelder Greene (1819–1878) and Joshua King Ingalls (1816–1898)

Besides Heywood, the two most important figures between Warren and Benjamin Tucker were William Greene (who worked out a theory of the money monopoly and mutual banking) and

⁸⁸ Ibid., 116.

⁸⁹ Ibid., 120–121.

moment, the greatest number are about to array themselves against the smaller, who have, by some subtle and hidden means lived luxuriously upon their labor without rendering an equivalent... The grinding power of capital is everywhere felt to be irresistible by ordinary means.⁷²

The real difference between Warren and Marx, as James Martin pointed out, was that instead of framing class conflict in terms of capitalist versus industrial proletarian, Warren saw it in more traditional American populist terms of producer versus parasite.⁷³

Ezra Heywood (1829–1893)⁷⁴

After Warren, individualism branched out and developed in several mutually reinforcing strands. Ezra Heywood, who first met Warren in Boston in 1863, went considerably beyond Warren in his social radicalism. He developed an affinity for the labor movement upon coming into contact with the Worcester Labor Reform League, formed in August 1867. The League “unofficially affiliated for a time” with Sylvis’s National Labor Union, whose congress he attended in September 1868.⁷⁵

In an 1868 address later published as *The Labor Party*, Heywood tied class rule to the exploitation of labor, in language that suggested he had not yet finally renounced the idea of political action:

No one will deny that labor is entitled to its earnings, and that it is the duty, both of individuals and society, ... to render unto all men and women according

⁷² Ibid., 49.

⁷³ Ibid., 48.

⁷⁴ Unless otherwise noted, all quotations in this section are from Martin, *Men Against the State*, op. cit.

⁷⁵ Ibid., 106.

to their works. Let us also bear in mind that class rule, the centralizing of political or financial power in the hands of few, to the injury of many, is wrong, and that law... should cover with the shield of its protection the whole people, especially defenseless workers. It is the violation of these simple, self-evident truths which provokes the widespread, profound and ominous agitation called the labor movement.⁷⁶

Because of his ambivalence on political action and his loyalty to the NLU, Heywood proposed what Martin called “a patchwork of anarchist economics and piecemeal expedients favored by union councils.”⁷⁷ He placed a great deal of emphasis, however, on the issues of “free banking and a labor currency,”⁷⁸ which he and his Worcester comrades had focused on independently. By 1869 Heywood’s ambivalence on the political issue had turned into total rejection. He and a number of his associates, meeting in Boston, organized the New England Labor Reform League. Formed in response to the failure of the NLU, the League gravitated to an increasingly strict anarchism, “resulting in its moving to the extreme left and remaining there for its 25 years of existence.”⁷⁹

At this point Heywood came into contact with the money reformer William Greene. Greene associated himself with the NELRL and helped push it toward anarchism. The two issued a *Declaration of Sentiments* of the league, which called, as its principal aim, for the “abolition of class laws and false customs, whereby legitimate enterprise is defrauded by speculative monopoly, and the reconstruction of government on the basis of justice and reciprocity.”⁸⁰ The means was to be abolition of all privileges depending on state

⁷⁶ Ibid., 107.

⁷⁷ Ibid., 108.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid., 109.

intervention: “Free contracts, free money, free markets, free transit, and free land.”⁸¹ Poverty resulted from “the claim to own and sell what one has not earned” through rent, profit, and interest.⁸²

In his pamphlet *Yours Or Mine* (1869), he echoed Warren’s argument for property ownership based on occupancy and use.⁸³ He argued in the same work against exclusive currencies and legal tender laws as another cause of inequality in wealth. Legal tender was a “class currency” because it didn’t represent all wealth in the nation, but only the property of those who issued it.⁸⁴ Interest he defined as “the monopoly price of money,” and claimed that “all payment beyond labor and risk was no better than extortion.”⁸⁵ In *Hard Cash* (1874) he developed more fully the exploitative results of mandatory specie backing, and called for a financial system based on Greene’s mutual banks (see below).⁸⁶

In 1871 the New England Labor Reform League gave birth to a national organization, the American LRL. Heywood served as corresponding secretary, and the individualists J.K. Ingalls and Stephen Pearl Andrews (best known as an expositor of Warren) were affiliated. The ALRL attracted a wide spectrum of reformers, including Warrenites, Owenites, and Fourierists.⁸⁷ In 1872, Heywood began editing the four-page *The Word: A Monthly Journal of Reform*, which served as the leading journal of individualist thought until Tucker’s *Liberty*. It was intended as an organ of public discussion for the members of both labor reform leagues, and published work by most major figures in individualist anarchism and the land and money reform movements. Its position:

⁸¹ Ibid.

⁸² Ibid., 109–110.

⁸³ Ibid., 110–111.

⁸⁴ Ibid., 112.

⁸⁵ Ibid. 112–113.

⁸⁶ Ibid. 113.

⁸⁷ Ibid., 115–116.