Carson's Rejoinders

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1. “Rejoinder” to Murray Rothbard

This is not, properly speaking, a rejoinder — obviously, since Rothbard’s article predates my book. But since it was chosen to set the tone for this symposium issue, and includes some comments on individualist anarchism in general, I’ll make a few remarks anyway.

On the land issue, I reserve comment, since that is also the focus of Roderick Long’s review. I merely observe that characterizing the Ingalls-Tucker doctrine as a limit on the landlord’s right to dispose of his “justly-acquired private property” begs the question of just *how* property is justly acquired.

On money and banking issues, Rothbard made the mistake of interpreting the Greene-Tucker system of mutual banking as an attempt at inflationary expansion of the money supply. Although the Greene-Tucker doctrine is often casually lumped together (in a broader category of “money cranks”) with social crediters, bimetallists, etc., it is actually quite different. Greene and Tucker did not propose inflating the money supply, but rather eliminating the monopoly price of credit made possible by the state’s entry barriers: licensing of banks, and large capitalization requirements for institutions engaged in providing only secured loans. Most libertarians are familiar with such criticisms of professional licensing as a way of ensuring monopoly income for the providers of medical, legal and other services. Licensing and capitalization requirements, likewise, enable providers of credit to charge a monopoly price for their services.

In fact, Rothbard himself made a similar analysis of the life insurance industry, in which state reserve requirements served as market entry barriers and thus inflated the cost of insurance far above the levels necessary for purely actuarial requirements (Rothbard 1977, p. 59).

And Böhm-Bawerk’s originary rate of interest was by no means a complete answer to Greene and Tucker. Aside from the monopoly premium made possible by the state’s banking laws, over and above the originary rate of interest, Böhm-Bawerk himself admitted that time preference might vary in steepness with one’s economic security and independence. Since, as the individualist anarchists argued, the state’s policies render capital artificially inaccessible to labor and increase labor’s dependence on the owners of capital, the time preference of laborers is artificially steep.

2. Rejoinder to Bob Murphy

My favorite part of Murphy’s review is his repeated reminder, at the outset, that “Carson is not a crank.” I may use that as a blurb for the next printing of my book. Recently science fiction writer Ken MacLeod, who had bought a copy of my book not long before, mentioned in his blog that a new collection of articles from *Reason* was the only libertarian paperback on his shelves whose cover didn’t “holler of crank.” So Murphy’s reassurance is doubly welcome.

The central area of disagreement between us concerns the importance of the “exceptions” to the cost theory of value. We have, it seems to me, a largely semantic disagreement on whether they are “exceptions” or simply secondary deviations from a primary law; and the significance that attaches to them, whether “exceptions” or “deviations,” is mainly a matter of subjective emphasis. Unlike Murphy, I prefer to regard the “exceptions” as second-order scarcity deviations. The validity of the central insight of classical political economy, that price is always tending toward a natural value determined by cost, with secondary fluctuations caused by scarcity rent, is unimpaired. And Marshall's analogy of ripples on a pond, or of a swinging weight, is still admirably suited to describing real-world phenomena. The cost factor and scarcity rents are of entirely different orders of significance, being (respectively) a fundamental underlying tendency and a secondary disruption of that tendency.

Murphy writes:

> a cost theory of (exchange) value entirely neglects the role of *subjective* valuations in the formation of market prices. Human actors are forward looking, and hence past expenditures and effort are irrelevant to the present determination of the relative merits of two different commodities. Even if all memory of previous expenditures were suddenly lost, market prices would still form.

Entirely neglects!?? I'm flabbergasted. I specifically addressed the issue of sunk costs in chapter one, along with the operation of the law of value *through* forward-looking behavior. Even Friedrich Engels acknowledged (in his Preface to Marx's critique of Proudhon, *The Poverty of Philosophy*) that the market price of already-produced goods informed the producer, *ex post facto*, of the amount of socially necessary labor embodied in it, and thus influenced his prospective decision of how much to produce in the future.

> In present-day capitalist society each individual capitalist produces off his own bat what, how and as much as he likes. The social demand, however, remains an unknown magnitude to him, both in regard to quality, the kind of objects required, and in regard to quantity. … Nevertheless, demand is finally satisfied in way or another, good or bad, and, taken as a whole, production is ultimately geared towards the objects required. How is this evening out of the contradiction effected? By competition. And how does the competition bring about this solution? Simply by depreciating below their labour value those commodities which by their kind or amount are useless for immediate social requirements, and by making the producers feel … that they have produced either absolutely useless articles or ostensibly useful articles in unusable, superfluous quantity.
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> [C]ontinual deviations of the prices of commodities from their values are the necessary condition in and through which the value of the commodities as such can come into existence. Only through the fluctuations of competition, and consequently of commodity prices, does the law of value of commodity production assert itself and the determination of the value of the commodity by the socially necessary labour time become a reality. (Marx and Engels 1884, pp. 286–87)

It is precisely through such subjective evaluations, in response to market price signals, that price moves toward cost. *Of course* market prices would form in Murphy's collective amnesia scenario; but unless the acquisition of new knowledge from experience were suppressed, the prices of reproducible goods would again start gravitating toward production cost, as producers responded to ongoing price signals.

Murphy writes that the cost theory applies only to the prices of reproducible goods, and can only explain the "'natural' (long-run) price of a good." The classical political economists admitted as much. Ricardo's cost theory, which incorporates scarcity, *can* explain "day-to-day fluctuations in market price." Cost theories assert only that cost is the natural equilibrium value that price always tends toward, despite constant disruptions by the forces of supply and demand. And those disruptions, indeed, are the *mechanism* by which price moves toward cost.

He also faults me for charging Böhm-Bawerk with a straw man, over Ricardo's treatment of scarcity exceptions. Böhm-Bawerk specifically referred to Ricardo's acknowledgement of the scarcity exceptions, Murphy writes, and therefore cannot be accused of misrepresenting Ricardo. But where Böhm-Bawerk erred, I think, is in his view of the significance of those scarcity deviations for the over-all validity of Ricardo's thought. In the passage Murphy quotes, Böhm-Bawerk wrote:

> Ricardo himself only went a very little way over the proper limits. As I have shown, he knew right well that his law of value was only a particular law; he knew, for instance, that the value of scarce goods rests on quite another principle. He only erred in so far as he very much overestimated the extent to which his law is valid, and practically ascribed to it a validity almost universal. The consequence is that, later on, he forgot almost entirely the little exceptions he had rightly made but too little considered at the beginning of his work.

Now I have criticized Ricardo myself, in chapter one, for greatly underestimating the *extent* of scarcity deviations from the cost principle; as Marshall later observed, *most* prices at any given time deviate considerably from their cost, or equilibrium value. The significance of cost is that it is a normal value toward which actual prices are *tending*, as illustrated by Marshall's dangling weight at the end of a string. But one might just as well criticize Ricardo for going too far in the *other* direction, as well, in treating scarcity as a twin principle of value alongside of cost (like the "short-run" blade of Marshall's scissors). Although Ricardo underemphasized the *extent* of scarcity deviations, in elevating scarcity to an independent force equal to cost, he overemphasized its significance. Although actual prices almost always differ from their "normal" values, because of scarcity, the deviations are entirely secondary to the primary law of cost.

Murphy criticizes my use of gravitation and ballistics as metaphors to illustrate scarcity as the cause of secondary deviations from the primary law of cost. But in the specific sense in which I used it — that the natural tendency of an object under the pull of gravity is to fall toward the center of the earth, unless obstructed by secondary forces — I still consider it an apt illustration. In fact, my intention in using the gravity metaphor was essentially what Murphy recommends as a "better" one: "Gravity makes everything fall," a law which is "generally true, but is offset by disturbing forces." Indeed, "disturbing forces" is an excellent phrase for describing the relative importance of scarcity deviations from the more general tendency of cost — I wish I'd thought of it myself. What I was trying to convey, perhaps badly, was something like Marshall's metaphor of the dangling weight always moving back toward center despite disruptions.

In any case, we are left with a question that's largely a matter of subjective judgment. If a theory of exchange value says that "the general tendency is toward value **x**, with secondary deviations caused by **y**," is it fair to treat **y** as an "exception" to that statement? I believe we've reached the point where we must agree to disagree on that question; there's no appeal to objective fact that can settle it. My own judgment is that the sacrifice of "theoretical generality," if it in fact exists, is necessary for adequately dealing with the complexity of reality. But there are some practical considerations involved in choosing one theory over the other.

Murphy himself concedes that "the long-run tendency for a reproducible good's price to equal the money expenditures … necessary for its continued production is entirely compatible with the marginal utility explanation." And, I might add, the subjectivist marginal utility explanation of individual behavior in a market is entirely compatible with the framework of classical political economy. Indeed, that explanation was implicit in classical political economy as a mechanism for how the law of value operated through the forces of supply and demand. The virtue of the subjectivist/marginalist paradigm is that it made this mechanism *explicit*. By providing an explicit subjective mechanism for short-term price determination, at the point of sale, the marginalists made a great advance. But their great advance would have been better incorporated into a higher synthesis of the classical paradigm, rather than set up in opposition to it.

Murphy considers unexceptionable the subjectivists' goal of greater generality and elegance. As I wrote in chapter one, quoting Buchanan from *Cost and Choice* (1999, p. 9), the subjectivists took the classical political economists' paradigm for scarce goods (like works of art and heirlooms, or food in a besieged city), and elevated it into a paradigm for the study of *all* exchange-value, by treating quantities as fixed at the point of sale. This is, indeed, a greater formal unity. And Böhm-Bawerk's marginal pairs are a brilliant way of understanding the formation of spot prices. The question, however, is whether the admitted "greater generality" achieved by applying the rules for scarce goods to all goods in this way, outweighs the obscurity it casts on many of the central questions and insights of classical political economy.

The classicals' insight that price moves toward cost, unless impeded by secondary factors, is a vitally important one. When coupled with the insights of the radical disciples of Ricardo, on the role of "artificial rights of property" and other state-created scarcities, in causing deviation from the cost principle, the conclusions are revolutionary. And at least as usually explicated, much of the work of the early marginalist/subjectivists in the political context of their time seems deliberately designed to obscure these insights. Sacrificing these insights for the sake of what is, admittedly, greater formal elegance, would in my opinion be a great mistake.

As a minor issue, finally, Murphy mentions my use of the term "equilibrium price" in a sense that's no longer in current use; as I use it, he says, it is closer in meaning to what Mises meant by *final price*. In my book, I admittedly use "equilibrium price" in the archaic, nineteenth century sense of the natural value toward which prices are tending. But I believe I explicitly mentioned Mises' "final price" as something like it, in answering Austrian objections that the "long-run" doesn't exist.

Moving on from our main point of contention, Murphy brings up some other points. My argument, in chapter two, is that labor is unique among the factors of production in that it carries a positive and absolute disutility. The "abstention," "sacrifice," "waiting," or "opportunity cost" associated by other schools with the provision of land and capital is entirely situational, and may derive entirely from a legalistic position from which one may refrain from obstructing access. I quote Maurice Dobb's example of state grants of power to obstruct roads and set up private tolls, and the resulting "productivity" of this "factor" when the toll-keeper allows free passage. I expand on the point, arguing that by the very same principle a slave-owner is "contributing" a "factor" to production by renting the labor of his slaves. Murphy replies:

> yes, Mr. Carson, that is *exactly* how I would explain the pricing of slaves. … The subjective theory of value can explain prices even under conditions that do not con-

form to our sense of justice. I can also analyze the effects of, say, a tariff on cars, even though I consider tariffs to be immoral and inefficient.

Fair enough. I have no quarrel with a theoretical mechanism to explain the pricing of slaves, passage through private checkpoints, goods protected by tariff, or anything else. But that does not in any way alter the fact that such pricing reflects an artificial scarcity created by a state grant of privilege; and the "abstention" or "sacrifice" or "opportunity cost" involved does not carry anything like the moral significance commonly attached to those terms ("the abstemious capitalist") in popular capitalist apologetics. My point was that such "opportunity costs" were entirely relative to an artificially privileged position of control over access, and thus differ fundamentally from the real sacrifice involved in the disutility of labor. More importantly, I intended to make the point (and succeeded, in my opinion) that such artificial scarcities of "factors of production," based on legal privilege, are the most important cause of long-term deviations from labor-value.

Murphy also raises a question that, I confess, I found a stumper at first. In defending the real (and not relative) disutility involved in opportunity cost, he gives the examples of the owner of a tract of virgin forest who experiences real discomfort at the idea of the trees being cut down, and of a widow "forced to pawn her wedding ring to avoid starvation." But after some consideration, I decided that the examples are irrelevant to factor prices in a capitalist economy. While the subjective pain may be real, the subjective significance of such unique and unreproducible goods has little to do with the market prices of inputs that are generally treated, at least on the larger scale, as uniform and homogenous. The widow's ring cannot be considered a factor of production at all, except to the extent that the money from its sale might be invested in production (as opposed to food, in Murphy's example). And while the sentimental value of the trees may influence the "opportunity cost" of selling the land for Mr. Murphy, the price at which he can find a willing buyer will be determined by what land will generally fetch, which takes us back to the role of the state's "artificial right of property" in determining the price of vacant land. The opportunity cost by which factor costs are generally set in the broader capitalist economy reflects the standard returns which are available to various uses of a factor given the existing legal and institutional framework. While the sentimental value of the forest or the ring may have a big effect on the price at which Mr. Murphy or the widow is willing to sell them, it has little to do with the prevailing market price of factors of production for a buyer who isn't interested in such unique qualities.

For that matter, the fact that the land is (as Murphy specifies) virgin forest indicates that it has not been altered by his labor, or the labor of anyone else in the past; and since his property claim, under these conditions, does not even come up to Rothbard's Lockean standards, it amounts to a case of what Jerry Tuccille called "anarcholand grabbism" (Tuccille 1970, p. 3). Which brings us back to my original point: artificial scarcity, in this case from state-enforced monopoly of land that has never been legitimately homesteaded.

Moving on, Murphy critiques my discussion of time preference in chapter three. He objects to my treatment (actually borrowed from Maurice Dobb) of time preference as a scarcity rent on present labor, owing to its increased disutility, as "just another factor in the 'haggling of the market' [Adam Smith], by which labor's product is allocated among laborers." This, says Murphy, "will simply not do." It is, he says, confusing the lower utility of a future product with the higher disutility of present labor. But in practical terms, I believe they translate into something quite similar. I am aware of the theoretical distinction. But we're all familiar with the fable of the grasshopper and the ant; and in that story, the greater unpleasantness of labor today than labor mañana, and the lesser weight given to "jam tomorrow" than "jam today," amount in common sense understanding to pretty much the same qualities of human nature. Rothbard himself sometimes blurred the distinction between time preference and Marshallian "waiting" to an extent that would surely have grieved Böhm-Bawerk (Rothbard 1993, pp. 294–95, 298); Roger W. Garrison argued, in his turn, that the concept of "waiting" as a factor of production was compatible with Austrian time preference (Block and Rockwell 1988, p. 49). Similarly, I believe Böhm-Bawerk's time preference theory belongs in a broader category of closely related theories (along with Senior's abstinence and Marshall's waiting), and probably represents less of a radical, qualitative break with his predecessors than he would have wished to believe.

Finally, Murphy quotes my statement that "[i]t is only in a capitalist (i.e., statist) economy that a propertied class … can keep itself in idleness by lending the means of subsistence to producers in return for a claim on future output." He raises the question of what happens in a mutualist society

> if an industrious worker accumulates a large stockpile of consumer goods, and sells them in exchange for future goods? Could he not live indefinitely off the interest? Would this be forbidden, or does Carson just deny that it would ever happen in the absence of state intervention?

The answer, of course, is the latter. With Benjamin Tucker, I say that, if the worker can manage to accumulate such a stockpile of goods through his own efforts, unaided by state-enforced monopolies; and if he can find a borrower willing to deal with him on such terms — in that case, more power to him! But in the absence of a usurious monopoly premium on credit brought about by the state's market entry barriers in banking, with the availability of cheaper credit alternatives through mutual banks, and with far less steep time preferences in a society with wider distribution of property ownership, I think he'll have a much harder time finding a taker for such a deal than do present-day lenders.

One of Mr. Murphy's criticisms I found entirely legitimate. My book has little to say about absolute price levels. I paid that issue little mind, believing that relative exchange value was the main issue of contention between the labor and subjective theories. But the work of Mises and the later Austrians on that subject is certainly worthy of more consideration, and if I ever publish a revised edition of *Mutualist Political Economy* I hope to give it greater attention.

3. Rejoinder to Walter Block

At the outset of his review, Walter Block remarks that "[t]his is an infuriating book." Shortly afterward he comments, half in jest, that the obvious amount of effort that went into researching and writing it is "one more indication of the weakness of the labor theory of value." I might respond, in the same spirit, that the extent of his frustration, despite manifestly having put so little effort into a careful reading of the book, is an indication of the disutility of labor.

One thing he finds especially upsetting is that, despite my showing "great familiarity with many of the most important libertarian contributors to the field of political economy" (including "no fewer than nine" of Rothbard's publications), that familiarity "seems to have been wasted on Carson, as he adopts the labor theory of value of all things as the basic building block of his analytic framework." This is a very telling comment. The appropriate response upon reading his list of authorities, apparently, is not critical analysis, but genuflection. Indeed, Block's response to most of my criticisms of the Austrians amounts to little more than talking past them, and reasserting some dictum of Böhm-Bawerk or Mises that "everybody knows," without ever directly addressing my counterarguments.

In fact, Block's approach reminds me of the Böhm-Bawerk quote from *Capital and Interest* that I use as an epigraph for my book:

> I have criticized the law of Labour Value with all the severity that a doctrine so utterly false seemed to me to deserve. It may be that my criticism also is open to many objections. But one thing at any rate seems to me certain: earnest writers concerned to find out the truth will not in future venture to content themselves with asserting the law of value as has been hitherto done.
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> In future anyone who thinks that he can maintain this law will first of all be obliged to supply what his predecessors have omitted — a proof that can be taken seriously. Not quotations from authorities; not protesting and dogmatizing phrases; but a proof that earnestly and conscientiously goes into the essence of the matter. On such a basis no one will be more ready and willing to continue the discussion than myself.

I attempted such a proof, in part one of my book. Now the shoe is on the other foot. Some subjectivists, like Bob Murphy and Roderick Long, are responding with the sort of thoughtful counter-arguments that Böhm-Bawerk hoped for in vain from labor-theory proponents. But all too many subjectivists are guilty of the same intellectual laziness of which Böhm-Bawerk complained in his adversaries. Rather than being able to make a coherent argument as to *why* goods should exchange in proportion to embodied labor, or to elaborate a *mechanism* by which this was brought about (Böhm-Bawerk complained), the labor theorists appealed to the authority of Smith, Ricardo, or Marx, as a thirteenth century scholastic might appeal to Aristotle.

Today, similarly, in one mainstream libertarian venue after another, I find that any reference to the labor theory of value is dismissed with similar appeals to the conventional wisdom that "everybody knows." For example, I constantly encounter arguments picked up second-or third-hand from libertarian polemicists, or from an Econ 101 lecture, that were in fact anticipated and answered by Ricardo or Marx 150 years ago. Hence Block's resurrection of the "mud pie" chestnut, which you'd think anyone who'd ever *read* any Ricardo or Marx would be ashamed to recycle under his own name. I also find a lot of "refutations" of things that the classical political economists never said; but since the "refuters" get their arguments second-or third-hand, they have only the vaguest idea of what the objects of their summary dismissal actually said. "Talking points: they're true because they're said a lot!"

To return to that old mud pie strawman, Block not only treats the "socially necessary labor" argument as circular, but gives the misleading impression that it was a lamely adopted response to some telling subjectivist criticism. In fact, the idea that the producer is informed of the "socially necessary labor" product, *ex post facto*, by the price it fetches on the market, was put forth *by Marx* in his early arguments with Proudhon (see the quote from *The Poverty of Philosophy* in my rejoinder to Murphy above). So the actual case is just the reverse: the "mud pie" argument was an exercise in intellectual laziness by those who were too ignorant of what they were criticizing to be aware that Marx had "answered" it before it was ever made.

Block's second refutation considers the elements of "time, risk, and time preference." Block, apparently, expects me to be dumb-founded by such arguments; rather remarkable, since I devoted an entire chapter to time preference, and explicitly stated in the text that the Tuckerite critique of profit concerned only *net* profit, or profit on capital as such, and not risk premium. So far as I know, even the most thorough-going mutualist has never objected to the pooling of risk by actuarial mechanisms; and the risk premium is no different from that in principle.

As for "time," his treatment of it is one of many things in his review that has me wondering how he could possibly have read my book. His argument is nothing but a recycled version of the old labor fund doctrine, in which the provident capitalist comes to the rescue of the hapless laborer who has no savings to live off of during the production process, in return receiving something for his "contribution." That's all well and good, except for the question of how the worker came to *be* so dependent, and how the means of production and the "labor fund" came to be concentrated in the hands of a few people, in the first place.

The answer to this question, which Block gives such short shrift, brings to mind Harry Browne's quip about the government breaking your legs and then congratulating itself for giving you crutches. A major part of my book is devoted to the history of primitive accumulation, in which the propertied classes (in collusion with the state) robbed the laboring classes of their property in the land.

Regarding time preference, Block complains of the "scant nine pages" devoted to considering it in chapter three: "Very bad form." But he summarizes my nine-page argument in *one sentence*, dismissing it without giving his readers any independent basis for understanding what it is he is criticizing. Here's the sentence he quotes:

> When labor abstains from present consumption to accumulate its own capital, time-preference is simply an added form of disutility of present labor, as opposed to future labor.

Unlike Murphy, Block doesn't bother to answer this argument in itself. He simply proceeds to ask:

> This is singularly unhelpful. Where … does Carson think capitalist entrepreneurs arise from, apart from the class of artisans who begin working on their own account, reduce their consumption below income, and use the resultant savings to finance employees on a residual income claimant basis?

Although the reader might not realize it from reading Block's review, I devoted a considerable portion of my book to answering that question in detail. First of all, despite Block's apparent misimpression, "capitalist entrepreneur" isn't a single word. Contra Mises's misleading summary of the history of the Industrial Revolution, the entrepreneurs who worked themselves up from the "class of artisans" by hard work and abstention provided a minority of total investment capital. They were decidedly junior partners of the owners of the greatest concentrations of wealth: the Whig landed oligarchy and the great mercantile fortunes. Block, you'd think, would be at least aware of the distinction (made by the late Samuel Edward Konkin and other Rothbardian radicals) between entrepreneurs and unproductive rentiers.

Block continues:

> It of course cannot be denied that some capitalists get their start out of stolen past labor, as he asserts over and over again, but this need hardly necessarily be the case.

Block, apparently, is channelling Tweedledee: "If it was, it might be; but it isn't, so it ain't. That's logic." Whether it *is* the case is a historical question, to which I devoted two entire chapters (four and five) and cited a great deal of evidence — hardly what I would characterize as simply "asserting over and over." Making unfounded assertions, while ignoring the evidence already produced to the contrary, is more in Mr. Block's line.

In fact, I did indeed "[have] an answer to Böhm-Bawerk's devastating critique of socialism." It's in the rest of that nine pages, besides that one sentence that Block quotes. This is yet another of those passages which has me wondering whether Block actually read the book, or simply skimmed it for material to put in sneer-quotes and answer with the appropriate boilerplate. Here, for the benefit of the reader who might want some independent basis for evaluation, is an extremely condensed passage from chapter three:

> Böhm-Bawerk for the most part stuck to an ahistorical treatment of the actual origins of the distribution of wealth, taking as a given that the propertied classes were in a position of having surplus property for investment as a result of their past thrift or productivity. Often he did not address the issue at all, but simply assumed the present distribution of property as his starting point.
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> The propertyless laboring classes, like the capitalists, just happened to be there.
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> Why the laborers might lack individual or collective property in their means of production, or be unable through cooperative effort to mobilize their own "labor fund" in the production interval, Böhm-Bawerk did not say. Why the capitalists happened to be in possession of so much superfluous wealth, he likewise did not speculate. That the bulk of a nation's productive resources should be concentrated in the hands of a few people, rather than those of the laboring majority, is by no means a self-evident necessity. Böhm-Bawerk himself accepted it as altogether unremarkable. For the cause of such an odd situation, therefore, we will have to look elsewhere than in his work.
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> The answer lies not in economic theory, but in history. The existing distribution of property among economic classes, about which Böhm-Bawerk was so coy, is the historic outcome of State violence. We shall examine, in a later chapter, the process of primitive accumulation by which the laboring majority has been forcibly robbed of its property in the means of production, transformed into a propertyless laboring class, and since then prevented by law and privilege from obtaining unfettered access to capital.
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> It will suffice for the moment to say that, although time preference no doubt holds true universally even when property is evenly distributed, the present after-effects of primitive accumulation render time-preference much steeper than it would otherwise be. Time preference is not a constant. It is skewed much more to the present for a laborer without independent access to the means of production, or to subsistence or security. Even the vulgar political economists recognized that the degree of

> poverty among the laboring classes determined their level of wages, and hence the level of profit.
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> In an economy of distributive property ownership, as would have existed had the free market been allowed to develop without large-scale robbery, time-preference would affect only laborers' calculations of their own present consumption versus their own future consumption. All consumption, present or future, would be beyond question the result of labor. It is only in a capitalist (i.e., statist) economy that a propertied class, with superfluous wealth far beyond its ability to consume, can keep itself in idleness by lending the means of subsistence to producers in return for a claim on future output.

The main "critic" of Böhm-Bawerk to which those nine pages are devoted, interspersed with extensive block quotes from Böhm-Bawerk himself, is me — which stands to reason, considering it's my book.

Perhaps the greatest howlers in Block's review are his comments on employment relations:

> He [Carson] … sees economics as a zero sum game wherein the capitalist can only earn at the expense of the worker. He does not seem to realize that all commercial interactions, particularly including the one between employer and employee, are of necessity mutually beneficial in the ex ante sense. … He … thinks that "profit results from unequal exchange"; pray tell, what is that? In one sense, all exchange is equal, in that *both* parties gain in the ex ante sense. … He repeats this error about unequal exchange several times. … However, he … sees "capitalist acts between consenting adults" in Nozick's felicitous terminology … in a positive manner, correctly rejecting the concept of the market as a zero sum game. It is more than passing curious how he can be so sensible in one section of his book, and so prone to error in others.

For an answer to his question, Block need go no further than Franz Oppenheimer (one of his long list of libertarian authorities from whom I failed to benefit). "Unequal exchange" and "zero-sum games" result from state intervention in the market. Free exchange, without state intervention, is indeed mutually beneficial, and creates a Pareto-optimal result in which everyone benefits to some extent and nobody is harmed. That doesn't have much to do with employment relations in the current economy, however. I reject the idea of the market as a zero-sum game, consistently, in every part of my book. I argue that the present capitalist economy is a zero-sum game because it is *not* a free market.

Block seems unable to grasp my distinction between how things work under "actually existing capitalism" and how they would work in a free market (ironically, he later accuses me of deliberately obscuring the same distinction — see below). In fact, his defense of existing employment relations in terms of how things work "in a free market" is one of the main identifying features of what I call the "vulgar libertarian." I quote from chapter four of my book:

> Vulgar libertarian apologists for capitalism use the term "free market" in an equivocal sense: they seem to have trouble remembering, from one moment to the next, whether they're defending actually existing capitalism or free market principles. So we get the standard boilerplate article in The Freeman arguing that the rich can't

> get rich at the expense of the poor, because "that's not how the free market works" — implicitly assuming that this is a free market. When prodded, they'll grudgingly admit that the present system is not a free market, and that it includes a lot of state intervention on behalf of the rich. But as soon as they think they can get away with it, they go right back to defending the wealth of existing corporations on the basis of "free market principles."

Against such commentary by Block, I can do no better than to quote Bob Murphy's review:

> I had never really considered the origins of the present distribution of property titles, and Carson makes a strong case that the typical libertarian defense of the modern employer/employee relationship may be quite naïve due to ignorance of the historical development of capitalism.

In another passage on employment issues, Block writes:

> States Carson … : "In an order of free and voluntary exchange, all transactions are mutually beneficial to both parties. It is only when force enters the picture that one party benefits at the expense of the other." This is all well and good, at least superficially. The difficulty is encountered when we realize that for this author "force enters the picture" whenever an employer makes an offer to an employee.

Yes — *if* wealth is concentrated in the hands of a small number of employers, and employees are deprived of independent access to means of production and subsistence, and the labor market is otherwise made a buyer's market, all by state action. *Then* it's exploitation. Block presents a counter-challenge: what if the employer is a former employee, who saved up a labor-fund from his own wages, and then his fellow employees asked him to bear the risk of a new enterprise? Would I consider this exploitation? No, aside from the caveat that the rate of return he demanded would be influenced by the state's market entry barriers for banking. And if my aunt had testicles, I'd consider her my uncle!

Among the errors which supposedly mar my work, he accuses me of "conflat[ing] profits (which disappear in equilibrium) with interest (which does not)." That's only true if you insist on using the politically approved terminology from the Big Austrian Lexicon. In fact, I specifically distinguished what the Austrians call "entrepreneurial profit" from returns on capital as such, although I did not feel obligated to restrict myself to the kewl kids' jargon.

Another such "error":

> He … thinks there can be such a thing as "free market socialism," not realizing this is a contradiction in terms, if the latter phrase is used, as per usual, as employed by this author, to strip the capitalists, entrepreneurs, landowners, etc., of their due.

I use the term "socialism" in exactly the same sense as Benjamin Tucker used it in "State Socialism and Anarchism," to describe a free market in which capital and land are subject to the same laws of competition as labor, without state enforcement of monopoly privileges.

And another: "He … does not seem to understand that 'monopoly' necessarily involves government interferences with free entry into an industry." Considering that I explicitly say that it does, that I define the state's money monopoly in terms of market entry barriers for the banking industry, and that I rely heavily in chapter six on the Gabriel Kolko/Murray Rothbard treatment of regulatory cartelization, it's hard to guess why Block doubts my understanding of the principle. Considering the way he reflexively comes to the defense of actual monopolies, created by the state's entry barriers, and defends them in terms of "how the free market works," it's more likely that *he* doesn't understand it.

I'm also accused of adopting the "mainstream neoclassical view" of monopoly, as opposed to "the correct Austrian one"; that is, I judge the competitiveness of an industry by the number of firms in it. But if one reads chapter six carefully — and with Block that's a big if — it becomes clear that I take that position only when the number of firms is artificially low as a result of state action. I don't believe even Rothbard would object in principle to the idea that prices may become stickier or more stable, through price leadership and other forms of tacit collusion, as the number of firms in a market decreases. But so long as there are no market entry barriers, and no government restraints on competition, that does not alter the fact that prices are fully competitive. I have no quarrel with that position. When competition is artificially restrained, on the other hand (see, e.g., Kolko's treatment of the effects of "unfair competition" provisions of the FTC and Clayton Acts, and Rothbard on regulatory cartelization), or the number of competitors artificially reduced, by state action, I think it's fair to refer to an "oligopoly markup" under such conditions.

Time and again, I find myself straining to put an interpretation on Block's review that doesn't call either his reading comprehension or his honesty into question. In places, his comprehension is apparently so poor as to suggest that his obtuseness is a mere pose: disingenuousness, in other words. For example:

> Our author … approvingly cites Smith (1776) to the effect that "the 'real price' of a thing … what it 'really costs to the man who wants to acquire it' was 'the toil and trouble of acquiring it.'" But suppose I am out for a stroll and see a gigantic diamond sitting on a rock. I don't even have to go through the 'toil and trouble' of bending down to pick it up; it is right there, hand high. All I do is seize it. There is virtually no "toil and trouble" involved. And yet this precious stone is worth millions.

If this passage is taken at face value, Block must be almost entirely ignorant of the actual thought of the classical political economists, except as distilled for him in Austrian polemical literature — or at least unwilling or unable to understand their thought on its own terms. It is hard to imagine how anyone could come away from an honest reading of chapter one of my book, let alone *The Wealth of Nations* itself, without understanding that Smith's quote applied only to reproducible goods.

And — get this — Block faults *me* for obscuring the difference between "corporate state monopoly capitalism" and laissez-faire. This, when time and time again he comes to the defense of corporations in the existing fascist economy, responding that corporations can't exploit workers, or engage in unfair competition, or gouge consumers, because "that's not how things work in the market economy!" The two systems, as Block says, "are as different as night and day. They have *nothing* in common." Precisely my point. The present system is either one, or the other. Take your pick, Mr. Block, and stick to it. Don't keep jumping from one to the other, depending on which one is most useful to a pro-corporate apologetic. Next, he has the gall to accuse me of doing "all [I] possibly can to bring about confusion in this regard," and to suggest that I'm guilty of "perhaps a purposeful and willful confusion between the two." A remarkable case of mirror-imaging, that!

As examples of my willful confusion, I take Mises to task for his defense of the dark satanic mills of the Industrial Revolution, which (he said) workers viewed as preferable to the other available alternatives. Never mind that, as I demonstrated at length, the employing classes were for the most part in active collusion with the state in *determining* what other "alternatives" were available. But Mises, you see, was only defending them "*qua* employers"!

And the land thefts I describe in chapters four and five, as central to the creation and development of historic capitalism, are "part and parcel of state monopoly corporate capitalism, not the laissez-faire variety." Ah, well, that certainly clarifies things. … Except, where has this laissez-faire capitalism ever existed, except in the interstices of the existing state capitalist system, to the extent that politically capitalists and landlords have tolerated it? The central argument of my historical chapters is that capitalism, as an actual historical phenomenon, has been defined by statism from its very beginning; its foundation was "written in letters of blood and fire," and its ongoing structural features are integrally bound up with statism. Like Ricardian radicals who first *used* the term "capitalism" in the early nineteenth century, I regard the present system as capitalistic precisely to the extent that it differs from a free market or laissez-faire. And my entire criticism of monopolies, labor exploitation, imperialism, etc., is of that real-world capitalist system. "Carson infuriatingly muddies the waters here, even though he full well knows the difference." It is Block who muddies the waters; whether *he* full well knows the difference, only he can say.

Likewise, I fail to distinguish between the two varieties of capitalism in the Industrial Revolution.

> Surely, there was some land and other theft, suppression, exploitation. But because of this, our author throws out the innovation baby along with the repression bath water. Surely, we can properly distinguish between the entrepreneur who drags the economy into modernity, and employs children who otherwise would have starved, even if one and the same person were also guilty of violations of the libertarian nonaggression act [*sic*].

It's hard for me to believe anyone could intend this to be taken seriously, let alone decide how to answer it. "Surely, we can distinguish between the governments which provides crutches to the cripple who otherwise would have fallen down, even if one and the same government were also guilty of breaking his legs. We're just defending government *qua* crutch-provider." And Block calls *me* a schizophrenic Jekyll and Hyde character!

The central difference between us, I think, is over the extent to which the present system can be taken as a proxy for the free market. I made it clear in my book that I consider it statist to the core, and to have been so from its very beginning, with genuine free market elements only allowed to operate to the extent that the state capitalist ruling class saw them as being to their interest. Block, apparently, sees the present system as already a fairly close approximation to the free market, with only a few statist lacunae to complicate his picture of a world run by McDonald's and Wal-Mart without the interference of government regulations or labor unions.

As examples of my purported "economic illiteracy," Block mentions my references to "scabs," "dumping," "collusion," "price leadership," etc. In every one of those cases, I criticize the phenomenon in question in the context of the state capitalist system (as my very chapter titles should be enough to tell him). "Dumping," for example, is mentioned in the context of Schumpeter's "export-dependent monopoly capitalism" — in much the same way that the Rothbardian Joseph Stromberg uses it in his article "The Role of State Monopoly Capitalism in the American Empire" (2001, pp. 57–93).

Another example of my economic illiteracy, according to Block, is this: "Demobilization of the war economy after 1945 very nearly threw the overbuilt and government-dependent industrial sector into a renewed depression." Again, read Stromberg's article for a favorable Austrian spin on the over-accumulation/under-consumption thesis. As Stromberg shows, such analyses by J.A. Hobson and the *Monthly Review* group are quite apt in the case of state monopoly capitalism. In reference to my discussion of monopoly profit being extracted from consumers, Block responds:

> This is of course quite reasonable in the monopoly that emanates in state monopoly corporate capitalism; here, some firms are forbidden entry, and the privileged others can certainly exploit consumers. But how in bloody blue blazes can this take place under laissez faire capitalism?

Um, Mr. Block? Just *read the title* of chapter six, from which this is cited: "The Rise of Monopoly Capitalism."

As a final example of my economic illiteracy, Block mentions my discussion of large firms that operate well above the level of optimal efficiency, far beyond the point at which economy of scale levels off.

> In our author's view … bigness is badness. But only the market can determine how big is too big. And, if a firm exceeds this barrier, whatever it is, market forces will soon rein it in. Companies such as Microsoft, Wal-Mart, Coca-Cola, and McDonald's are truly gargantuan. Does this mean they are *too* big? Not a bit of it. Were this so, they would now be well on their way toward a reduced size.

Well, I'm tempted to speculate that *some* form of illiteracy is at work here, at any rate. How he could have got that from reading the actual text is beyond me. In fact, he stands my position on my head. I don't believe any form of intervention by the state or any other coercive body is necessary to impose a limit on size. As Block says, that's a job for the free market; but unlike Block, I think a description of the functioning of a free market calls for the subjunctive case, not the indicative. Wal-Mart, McDonald's, etc., *would* indeed be on their way toward reduced size, in a free market. Does Block honestly assert that they currently function in a free market? If so, he should cheerfully retract, with an apology, his accusation that I blur the distinction between laissez-faire and state capitalism. In the passage in question, I argued that the present size of most (if not all) large corporations reflects *existing* state intervention in the economy, either to cartelize industry through regulations, to subsidize accumulation, or to externalize the inefficiency costs of large size. My argument is that the size of McDonald's, et al., reflects the nature of the state capitalist system, and that a genuinely free market *would* break them down into much smaller, more efficient firms. Once again, as a vulgar libertarian, Block seems to forget from one moment to the next just what it is he's defending.

But, perplexingly, he goes on immediately afterward to comment: "Nor is it easy to see how the government presently props them up." Now, if he acknowledges that that is my argument —

that corporations are able to grow beyond the point of peak efficiency because the government props them up — then his previous insinuation that I want "outsiders" to impose a maximum size on firms must be pure disingenuousness. Either that, or he can't remember from one minute to the next what he has written. As for the myriad ways in which the government props them up, whether they're easy for Block to see or not, I describe them at great length in chapter six.

4. Rejoinder to George Reisman

Unlike Walter Block, Mr. Reisman is too exercised to make even a half-hearted attempt at good humor or to acknowledge, *pro forma*, my well-meaning efforts in writing my book. He immediately goes in for the kill. As the editor warned me ahead of time, the reviews ranged from "we must enlighten our well-meaning and often insightful but at important points misguided comrade," to "kill the commie!" Reisman, I find, is anchoring the right end of that spectrum.

Reisman's very title is an exercise in question-begging. And he continues that question-begging in his first paragraph, saying that my book "centers on the incredible claim, self-contradictory on its face, that capitalism, *including* laissez-faire capitalism, is a system based on state intervention, in violation of the free market." By the way: if Reisman's subordinate clause, "including laissez-faire capitalism," has any meaning at all, it implies that Reisman regards claims of state intervention even in *non*-laissez-faire capitalism as incredible and self-contradictory.

I deliberately chose to resurrect the original, Hodgskinian sense of the term "capitalism" for the same reason that some twentieth century free market advocates chose to rehabilitate it as a god-term: to make a point. The term "capitalism," as it was originally used, did not refer to a free market, but to a type of statist class system in which capitalists controlled the state and the state intervened in the market on their behalf. It is still used in this sense by some prominent libertarians. R.A. Wilson, for example:

> FREE MARKET: That condition of society in which all economic transactions result from voluntary choice without coercion.
> THE STATE: That institution which interferes with the Free Market through the direct exercise of coercion or the granting of privileges (backed by coercion).
> PRIVILEGE: From the Latin *privi*, private, and *lege*, law. An advantage granted by the State and protected by its powers of coercion. A law for private benefit.
> USURY: That form of privilege or interference with the Free Market in which one State-supported group monopolizes the coinage and thereby takes tribute (interest), direct or indirect, on all or most economic transactions.
> LANDLORDISM: That form of privilege or interference with the Free Market in which one State-supported group "owns" the land and thereby takes tribute (rent) from those who live, work, or produce on the land.
> CAPITALISM: That organization of society, incorporating elements of tax, usury, landlordism, and tariff, which thus denies the Free Market while pretending to exemplify it. (Shea and Wilson 1975, pp 622–23)

As I explained in the book, in these very words, I distinguish "capitalism" from the "free market" precisely to the extent that it is *not* "laissez-faire." The point is that "laissez-faire capitalism," historically speaking, is an oxymoron. "Actually existing capitalism" has been characterized by massive state intervention since its very beginnings. Like Benjamin Tucker, writing in "State Socialism and Anarchism," I advocate an end to capitalism *by means of* laissez-faire and free markets.

I have no quarrel with those who deliberately use the term "laissez-faire capitalism" and distinguish it from "actually existing capitalism." Many self-styled anarcho-capitalists, for their part, have no problem with my usage, so long as we understand each other's meaning. For a discussion on the nuanced nature of the term "capitalism," and its history, I recommend Chris Sciabarra's blog post "Capitalism: The Known Reality" (Sciabarra 2005, Notablog). I do, however, have a quarrel with historical illiterates who are so mired in temporal provincialism as to be unaware that such terms have a history. Reisman, evidently, is among the latter, since he puts "individualist anarchism" in sneer-quotes (as though I'd invented the term), and refers to the labor theory of value as a "Marxist" doctrine.

Reisman also refers to me on virtually every page of his review as a "Marxist," to the point that it is not only tedious but seems forced. Perhaps he believes that enough repetitions will make the lie stick; but the main effect of such childishness is to highlight his own historical ignorance.

Reisman accuses me of disingenuousness in my treatment of Ricardo's labor theory of value, since I supposedly ignore his recognition of time and the rate of profit as complicating factors. I am, he says, a labor theory "absolutist," like Marx, who "recognizes nothing but the quantity of labor expended in production as the source of exchange value." First of all, there are precious few labor theory "absolutists" in Reisman's sense. Considering the importance of the general rate of profit and the associated transformation problem in Marxian economics, it should be evident that the rate of profit complicates things as much for Marx as for Ricardo. And the implication in Ricardo himself that profit was deducted from labor-value was picked up by a whole school of Ricardian socialists, who derived radical conclusions from his economics well before Marx came along.

As Reisman later says himself,

> Carson, along with all other Marxists, and, it must be said, along with almost all other economists of every persuasion, including Böhm-Bawerk, follows Adam Smith in regarding profit as a deduction from what would otherwise be wages.

In any case, since I not only distinguish entrepreneurial profit and risk premium from return on capital as such, but devote an entire chapter to time preference, it is a stretch to call my labor theory "absolutist."

In his comments on my treatment of the land monopoly, Reisman again resorts to question-begging:

> if I, a legitimate owner of a piece of property, decide to rent it out to a tenant who agrees to pay the rent, the property, according to Carson, becomes that of the tenant, and my attempt to collect the mutually-agreed-upon rent is regarded as a violent invasion of his [the tenant's] "absolute right of property." In effect, Carson considers as government intervention the government's upholding the rights of a landlord against a thief. He believes he has the right to prohibit me and the tenant from entering into an enforceable contract respecting the payment of rent and that such action is somehow not a violation of our freedom of contract and not government intervention.

Since the rules for determining the "legitimate owner of a piece of property" versus the "thief" are the point at issue between the Locke and the Ingalls-Tucker property doctrines, it does Reisman no good simply to assume the matter in contention. Reisman's critique is only valid if one accepts the Lockean ownership rules as self-evident. Unlike Long, who makes a good effort to argue the case, Reisman simply begs the question. Who is the initiator of force, and who is the defender, depends on how the prior question of ownership rules is resolved. The enforcement of *any* property rights rules, whether Lockean, Ingalls-Tucker, or Georgist, depends on a local consensus on what constitutes a valid ownership claim. And the enforcement of *any* such set of rules by a local community will be perceived as legitimate self-defense by the adherents of that property rights regime, and as aggression by adherents of rival philosophies.

Reisman makes the same mistake as Rothbard in characterizing the Greene-Tucker system of mutual banking as one of easy money. The purpose of mutual banks is not "unlimited credit expansion," but the elimination of entry barriers to the credit market which enable privileged lenders to charge a monopoly price for secured loans. In fact, Reisman goes so far as to say that I seem "totally unaware" of this argument by Rothbard in his article on the Spooner-Tucker doctrine. Unaware, or just unconvinced? Reisman, like Block, reminds me of the labor theory advocates who provoked Böhm-Bawerk's ire. He, like they, substitutes appeals to authority for reasoned argument.

Next, Reisman enters into an extended discussion of why, apparently, he regards capitalist ownership and wage labor as the only possible way of organizing large-scale production. Although some forms of production require "the assembly of a large aggregate of capital goods and the presence of a large number of workers," and "cannot be conducted by individual workers each employing his own capital goods," it does not follow that capitalist ownership and wage labor are the *sole means* by which labor and productive resources can be aggregated. Reisman objects to my denial of "the necessity of the separation of wage earners from the ownership of the capital goods with which they work"; not only do I deny it, but, in my stiff-neckedness, "[m]ore than once … [depict] the separation as utterly unnecessary."

So are we to take it that Reisman regards the separation of wage labor from ownership of the means of production as a "necessity" for large-scale production? If so, he doesn't make himself very clear as to *why* it's necessary. He seems to assume, without making any real argument, that the only alternative to the capitalist-owned enterprise is cottage industry and artisan labor.

This theme is coupled with another: my "naïveté" in allegedly yearning for an economy of nothing but cottage industry and artisan labor. It seems that I *must* agree with Reisman, whether I want to or not, that artisan labor is the only viable form of producer ownership and control of production. Although I have argued that the factory system replaced cottage industry in part for reasons other than technical efficiency, I have never argued that mass production is unnecessary under all circumstances. But what I have actually written can't stand in the way of Reisman's effort to pigeonhole me as a romantic medievalist.

He manages to incorporate virtually every point I make about the industrial revolution into this leitmotif of his: my citations of Kirkpatrick Sale and Steven Marglin, for example, proving my pathological nostalgia for the world of William Morris. Thus, Reisman dismisses as a "virtual fairy tale" Sale's claims about the legal suppression of the tools of cottage industry — without, of course, any regard to whether or not such laws actually existed. "Carson and Sale," he remarks, "apparently never heard of such things as the Luddites and the later attacks on machinery in 1826, both occasioned by the inability of cottage producers to meet the competition of factories."

Well, that's certainly an interesting observation, considering that Sale *wrote a book* about the Luddites (Sale 1995). In any case, the question is not whether cottage producers could "meet the competition of factories," but what the nature of that competition *was* — statist or market. It's hard, after all, to compete with the Godfather.

Reisman takes exception to Stephen Marglin's claim (in "What Do Bosses Do?", 1974) that increased efficiency results not from division of labor as such, but from separation of tasks. Marglin argued that a cottage laborer could achieve most of the increased efficiencies of Adam Smith's pin factory by simply dividing and sequencing the tasks: first drawing out all the wire, then cutting the entire production run, then sharpening it, etc. Reisman's "disproof"?

> It [saving of time from division of labor] would normally not be present in the case of an individual attempting to perform by himself all of the steps involved in the production of a product. For example, if I am assembling, say, a table for my own use. … I would almost certainly be assembling only one such table, and would experience all of the wasted motion entailed in having to pass numerous times from one distinct operation to another. … There would be no room at all for "sequencing" in the sense used by Carson, in such a case. If I were to attempt to produce pins for my own use, I would have need for only a relatively modest quantity, and there would accordingly be only very limited scope for sequencing in Carson's sense and thus in reducing the motion wasted in passing from task to task.

Marglin was referring to cottage production of pins for the market, with production runs large enough to allow the division and sequencing of tasks. To prove the impracticality of this method, Reisman provides the examples of assembling a single table, and a few pins — in both cases for one's own use. Apparently, he does not grasp the distinction between cottage production for a commodity market, and production for the household subsistence economy.

> Matters are different only when the division of labor has been carried to the point at which there is a regular production of large quantities of a given item for the market. In such a case there is real scope for sequencing in Carson's sense, and it would save a great deal of wasted motion compared with an individual performing all of the steps in sequence one unit at a time.

Egad! In other words, it would "only" work *in the very circumstances I was talking about.*

> As just pointed out, however, the very existence of this possibility already presupposes the existence of considerable division of labor. It is only a question of whether or not it pays to carry the division of labor further, within the production of the item: i.e., to substitute the greater division of labor present in factory production for the lesser division of labor entailed in cottage production.
>
> Unfortunately, for Carson and Marglin, it very clearly does pay. … It pays because, if for no other reason, factory production is far more efficient in terms of the use of capital goods, and thus of the labor required to produce them, than is cottage production. It avoids the enormous wastes in the form of unnecessary duplication of equipment and idle inventory that would be present in cottage production.

Maybe, yes, but not “very clearly.” As I have already pointed out, I nowhere argued that factory production was *never* more efficient than cottage production — only that such technical efficiencies were not enough, by themselves, to explain the extent of the “competitive advantage” Reisman writes of, without additional tilting of the playing field in the factories’ direction.

As for the scale of production necessary to make full use of a capital good, that is the textbook definition of internal economy of scale. But the level of output at which that is achieved is an empirical question that varies from one industry to another. Reisman’s *a priori* ruling out of household production is, therefore, unjustified. In addition, that great fantasist Kirkpatrick Sale devotes a considerable portion of his book *Human Scale* (1980) to a detailed technical consideration of the possibility that small factories, using multiple-purpose production machinery, could serve local markets of a few tens of thousands with at most only minor increases in unit cost of production.

And please bear in mind that Reisman’s economies of scale are only one side of a coin. There are also *dis*economies of scale. There are the increasing internal transaction costs and inefficiencies from added layers of bureaucracy that Oliver Williamson wrote about (1985). There is the internal character of a corporation as a planned economy, with internal pricing of factors separated ever further from external market prices, as its size increases. There is the irrationality involved in the increased difficulty of tracking the costs and benefits of each individual action, so that administrative incentives have to be substituted for market incentives in dealing with personnel (with, of course, all sorts of attendant moral hazard problems). Perhaps most importantly, there are the costs of long-distance distribution. As Ralph Borsodi pointed out decades ago, increased distribution costs offset economies of scale at fairly low levels of output. And further, as Barry Stein showed in *Size, Efficiency, and Community Enterprise*, (1974) a factory can operate considerably below peak economy of scale (perhaps only a third of optimal output) with only a 5 percent or 10 percent increase in unit cost, which is more than offset by the reduced cost of distribution.

So putting the work of Sale, Borsodi, and Stein together, we find that a decentralized economy of diversified, small-scale production for local use, is quite feasible, with little or no reduction in overall efficiency. And without the state’s subsidies to long-distance shipping, and many of the other diseconomies of large size, that is the likely direction in which a free market would be pushing us. What’s more, the modest scale of the factories required for such local markets would be well within the means of the worker cooperatives that Reisman finds so ludicrous.

Reisman also ridicules me for, in his words, “extolling the virtues of spade cultivation over that of using the plow.” Well, whether Reisman likes it or not, raised bed production with spade cultivation is more productive than mechanized row crop agriculture in terms output per acre, at least in growing vegetables. See, for example, Michael Perelman’s *The Myth of Agricultural Efficiency* (1977). And the biointensive farming techniques of John Jeavons are, compared to the spade horticulture Perelman writes about, like a Ferrari compared to a Stanley Steamer. Raised bed farming requires higher labor inputs; but mechanized agribusiness, having preferential access to large tracts of land, prefers to economize on man-hours rather than space. On the other hand, the destitute beggars on the streets of Third World cities would no doubt prefer such labor-intensive cultivation of the land that was stolen from them, to their present fate. Further, as counter-intuitive as Reisman may find it, the economies of mechanized farming and food processing are not that great even over the ordinary techniques of the average backyard gardener. Borsodi did a careful study of all the costs (including labor time and supplies) involved in growing and canning vegetables at home, and found that it was cheaper overall to grow one's own. As I said above, the increased overhead and distribution costs of large scale production offset many of the economies that Reisman is so enamored of.

Another alleged claim Reisman dismisses is that

> to induce subsistence farmers to earn money, it is first necessary to impose taxes on them payable in cash, as though the goods available for purchase with cash, which they both desire and would have no means of producing by themselves, would not constitute a sufficient inducement.

Straw man. I did not say that *no* farmers would be willing to participate in the cash economy without imposing taxes on them — only that state policies forced them to do so on a larger scale than they otherwise would. Or perhaps Reisman does not believe state taxation has any effect on behavior — an odd position for a libertarian. Again, whether Reisman likes it or not, this was the motivation of the British authorities in East Africa and numerous other colonies in imposing poll taxes: to force subsistence farmers into the wage labor market. And those notorious Marxists, the propertied classes of industrial England, were pretty frank in their own assessment of the situation. The literature of the period is full of statements by the landed gentry that enclosures were necessary to get laborers to work for whatever they were offered, because it was impossible to impose proper discipline on a man who wasn't destitute. Mr. Reisman might profit from reading the work of E.G. Wakefield (1969 and 1834) who advocated limiting colonists' access to vacant land; the reason, he said, was that it was impossible to make an acceptable level of profit off of labor when workers had independent access to cheap land.

I've complained that Reisman never answers the question of why capital might not have been aggregated for large-scale production by laborers themselves, in a free market where the producing classes had not been robbed of their means of production and the state had not preempted the channels of association between them. But in a way, he does provide an answer, in response to this offending passage of mine:

> Why could not an artisans' guild function as a means of mobilizing capital for large-scale production, the same as a corporation? Why could not the peasants of a village cooperate in the purchase and use of mechanized farming equipment: Perhaps because, in the absence of a "progressive" ruling class, they just couldn't get their minds right. Or maybe just because.

The outraged Reisman accuses me of the great crime of "attributing to the average person qualities of independent thought and judgment that are found only in exceptional individuals." And again: "Carson is simply unaware that innovation is the product of exceptional, dedicated individuals who must overcome the uncomprehending dullness of most of their fellows, and often their hostility as well."

Well! So much for Karl Hess's statement that "libertarianism is a people's movement"! Uh, shouldn't Reisman be out defacing a fireplace, or blowing up a copper mine, or something?

It's especially odd to have Reisman using this passage as evidence of my "collectivism," since I wrote it to criticize the *Marxist* dogma that historic capitalism was a necessary "progressive" force that overcome the backward, "petty bourgeois" instincts of peasants and artisans by driving them into the factories like beasts. In his odes to economy of scale and centralization, on the need for one-man management, etc., he sounds like Friedrich Engels. So apparently he is more sympathetic to the collectivists than I am; indeed, he seems to be a Galbraithian technocrat at heart. Perhaps the irony escapes Reisman, who is so fond of calling me a "Marxist"; but I find it delicious.

Reisman constantly repeats, in one form or another, that an economy of simple circulation and self-employed artisan labor would be "one of the most extreme poverty." He echoes the Marxists in denying that any significant pooling of resources or accumulation of capital could take place outside of the wage system — the separation of ownership from labor. But he produces no evidence for this assertion, aside from his *a priori* assumption that innovation is the sole preserve of square-jawed, sharp-cheekboned, cigarette-puffing Übermenschen of Galt's Gulch.

On the subject of innovation, Reisman should read Stein's *Size, Efficiency, and Community Enterprise*, mentioned above. Stein found that the overwhelming bulk of productivity-enhancing innovations involved incremental changes in the work process, and that increased productivity was mainly the cumulative effect of such incremental changes. And guess what? The people actually engaged in the work process are most likely to notice ways it might be improved. In my experience, the main reason things get done so irrationally in large organizations is that those who have the most direct knowledge of what's wrong have the least power to fix it — another example of the poor internalization of consequences of actions in a hierarchy. The simplest change must be submitted to a "suggestion box," and gestate through seventeen levels of management; if it's ever heard from again, it comes back down in barely recognizable form like an ukaz from a Soviet industrial ministry. The literature on worker self-management is full of countless studies and volume upon volume on the increased productivity resulting from it. Maybe Reisman could skip his next rereading of *Atlas Shrugged* and take a look at it.

Reisman objects to my characterization of the historical events of the early modern period, in which the new absolute states of Western Europe used their gunpowder to conquer their own territories and reduce the free cities, and delayed the further development of the intellectual and technical innovations of the High Middle Ages. Whether Reisman likes it or not, the Renaissance did indeed build on the prior cultural achievements of the free cities and monasteries of the thirteenth and fourteenth centuries; and the technical prerequisites for steam-poweredproduction had indeed been developed by that civilization. Much of the industrial revolution in the textbooks involved reinventing the wheel, or taking these earlier developments up again after a prolonged hiatus. On this subject, I recommend Jean Gimpel's *The Medieval Machine: The Industrial Revolution of the Middle Ages* (1977).

Reisman describes the late Middle Ages, "along with all the other portions of the Middle Ages," as "an era ruled by fear and superstition," and "characterized by such phenomena as famines, plagues, dungeons and torture chambers, burning at the stake, and periodic outbreaks of mass psychosis." Mercy! I'm glad none of these things ever happened in the early modern period! Dungeons and torture chambers have been associated with states throughout history, limited mainly by the extent of their reach. The reach of the new absolute monarchs being so much greater than that of their medieval predecessors, I doubt the Middle Ages had anything on Henry VIII or Louis XIV in that regard. One of the virtues of the free cities, before the rise of absolutist government, is that they existed largely beyond the reach of central states. Reisman's picture of the Middle Ages is a cartoonish parody.

Reisman's disparagement of the Middle Ages is certainly a departure from Rothbard's position, by the way — especially his contempt for the Scholastics (1998, p. 6). Rothbard devoted over a hundred pages to them in his treatise on the history of economic thought, and referred to them elsewhere as "remarkable and prescient economists" (Rothbard 1995, chaps. 2–4 and 1997, p. 174).

Reisman finds issues of primitive accumulation especially vexing. He mocks Oppenheimer's thesis of political appropriation of the land, not only denying that it has an effect on the wages laborers are willing to accept, but attempting to minimize the extent to which such land theft even occurred.

But he need go no further than that old "Marxist" Rothbard (heavily influenced by Oppenheimer, by the way), for a treatment of the issue as radical as anyone could want. Rothbard's view was that artificial scarcity of land raises its marginal value product, and thus lowers wage rates (Rothbard 1977, pp. 132–33).

Reisman denies that the movement of agricultural laborers to the factories had anything to do with "people having been driven from the land or being denied access to it," insisting instead that it came about solely through their preference for wage labor. And this "choice" was made available by "private ownership of land and respect for the property rights of landowners." By landowners, of course, Reisman means, not the cultivators who were forced to pay rent on their own land by feudal conquerors, but the heirs of the political appropriators.

Reisman has little respect for the customary property rights of peasants when they come into conflict with the landlord's need to make a buck. He shows abysmal ignorance of the property rights issues involved in the Stuart land "reform" — going so far as to accuse me of sympathy for the feudal system. The Stuart "reform" did, indeed, replace feudal land tenure with the principle of "private ownership." But Reisman seems to be unaware that there were two possible ways to transform feudal property into modern private property. One would have been to nullify the "property" claims of the landed aristocracy, which existed only in feudal legal theory, and regularize the *de facto* title of the peasants cultivators who had been in occupation since before the Conquest. The other would have been to transform the feudal landlords' nominal property claims into a modern right of private property, and in the process transform the peasants into tenants-at-will.

On this issue, it's clear where Murray Rothbard's sympathies lay. Here is his take, in chapters 10 and 11 of *The Ethics of Liberty*, on feudalism, by which he meant "continuing aggression by titleholders of land against peasants engaged in transforming the soil":

> But suppose that centuries ago, Smith was tilling the soil and therefore legitimately owning the land; and then that Jones came along and settled down near Smith, claiming by use of coercion the title to Smith's land, and extracting payment or "rent" from Smith for the privilege of continuing to till the soil. Suppose that now, centuries later, Smith's descendants (or, for that matter, other unrelated families) are now tilling the soil, while Jones's descendants, or those who purchased their claims, still continue to exact tribute from the modern tillers. Where is the true property right in such a case? It should be clear that here, just as in the case of slavery, we have a case of continuing aggression against the true owners — the true possessors — of the land, the tillers, or peasants, by the illegitimate owner, the man whose original and continuing claim to the land and its fruits has come from coercion and violence. Just as the original Jones was a continuing aggressor against the original Smith, so the modern

> peasants are being aggressed against by the modern holder of the Jones-derived land title. In this case of what we might call "feudalism" or "land monopoly," the feudal or monopolist landlords have no legitimate claim to the property. The current "tenants," or peasants, should be the absolute owners of their property, and, as in the case of slavery, the land titles should be transferred to the peasants, without compensation to the monopoly landlords. (1998, pp. 66, 69)

Even Mises, surely more conventionally right-wing than Rothbard, had this to say on the land question:

> Nowhere and at no time has the large-scale ownership of land come into being through the working of economic forces in the market. It is the result of military and political effort. Founded by violence, it has been upheld by violence and by that alone. As soon as the latifundia are drawn into the sphere of market transactions they begin to crumble, until at last they disappear completely. Neither at their formation or in their maintenance have economic causes operated. The great landed fortunes did not arise through the economic superiority of large-scale ownership, but by violent annexation outside the area of trade. (1951, p. 375)

But Reisman's sympathies are four-square on the side of the feudal landlords. He defends the enclosures, for example, as a mere exercise of "the right of landowners to fire unnecessary workers" — a matter-of-fact assertion comparable to the one in *1066 and All That* that the Pope and all his bishops seceded from the Church of England. The commons were the joint *property* of the villagers; enclosure was *theft*, pure and simple. But Reisman is not above justifying such theft on pragmatic grounds, for the effect of land consolidation in making possible the rise of scientific farming. Apparently, for Reisman the violation of property rights is perfectly all right so long as it promotes "progress." If a piece of stolen property can be put to more productive use by the thief, the theft is justified by the verdict of history. I'd be interested in Reisman's take on *Kelo*.

Even when Reisman admits that expropriations of peasant land took place, he asserts, incredibly, that "there is no reason for thinking that the basic pattern of the economic system in terms of the preponderance of employment as a wage earner versus self-employment would be significantly different" without such expropriations. Of course, he makes (once again) the implicit assumption that wage labor and separation of labor from ownership is the only way of accumulating capital and organizing mass production — a nation of peasant proprietors and self-employed artisans being unable to voluntarily organize cooperative labor without John Galt as overseer.

In concluding his treatment of my account of primitive accumulation, Reisman repeats his assertion that it is "simply groundless."

> As we have seen, what has led to the separation of labor from the land is not any injustices that may have been committed in connection with enclosures or anything else, but the rise in the productivity of labor in agriculture and mining.

No; what "we have seen" is Reisman's repeated assertion of that claim, in the process ignoring the great bulk of my specific evidence to the contrary, as to how the state in fact did expropriate the land from the laboring classes, and then intervened through such social controls as the Laws of Settlement and the Combination Laws to reduce the bargaining power of workers in the labor market. His *modus operandi* is to summarize, badly, my general line of argument (when he does not utterly misrepresent it), while ignoring the supporting evidence, and then make facile, sweeping counter-claims with little or no evidence. He concludes by repeating his unsubstantiated assertion, with a rhetorical flourish, as evidence ("we have seen"). Still more incredibly, he asserts that his version of events is "implied by economic science" — certainly the most amazing feat of *a priori* deduction that I've ever seen.

It makes no difference whatsoever to the present "pattern of organization of a capitalist economy" whether capital was accumulated by laboring classes pooling their own resources, or the resources were pooled by thieves who then hired the laboring classes to work the accumulated means of production. No difference except to those doing the work, perhaps.

Reisman also argues that it doesn't really matter whether the laboring classes were robbed of their property in the past, because even without such robbery it would have wound up concentrated in the most efficient hands, anyway. Although Reisman doesn't actually invoke the name of Coase, his specter hovers over this passage nonetheless.

On the matter of primitive accumulation, there is an amazing parallel between Reisman and that most vulgar of vulgar Marxists, Friedrich Engels. Engels, in *Anti-Dühring*, argued that the process of primitive accumulation would have taken place in exactly the same way without any state expropriation whatsoever, solely through the effects of success and failure in the free market. Essentially, Engels retreated from Marx's entire body of work on primitive accumulation, in which he described the massive expropriation of the peasantry, "written in fire and blood." Engels, in effect, embraced the "bourgeois nursery tale" of primitive accumulation, ridiculed by Marx and Oppenheimer alike, in which the present distribution of property reflects an endless series of victories by the industrious ant over the lazy grasshopper. Marx himself, for that matter, was on the defensive about the logical implications of his history of primitive accumulation. Why? There was an entire school of radical classical liberals and market-oriented Ricardian socialists who argued that state robbery and state-enforced unequal exchange were the causes of economic exploitation. As Maurice Dobb wrote in his introduction to Marx's *Contribution to the Critique of Political Economy*:

> 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." (Marx 1970, p. 13)

And as I commented in my book, this "easy answer" was exactly the approach taken by Thomas Hodgskin and the individualist anarchists of America. The greatest of the latter, Benjamin Tucker, reproached as merely a "consistent Manchester man," wore that label as a badge of honor. Engels was facing something similar, in Eugen Dühring's "force theory" of economic exploitation. He was forced to retreat from Marx's history of primitive accumulation, because he found the implications of that history politically and strategically intolerable. I suspect Reisman is forced to repudiate it for similar reasons.

Walter Block included Oppenheimer and some other leftish free market radicals in his list of libertarian luminaries from association with whom I failed to benefit. Reisman, on the contrary, is satisfied with a brief snarl at Oppenheimer's theory of political appropriation of land as the necessary basis for economic exploitation. In repudiating him, of course, he repudiates not only Albert Nock, whom most of even the conventional free market milieu regards as something of a demigod; he also repudiates Rothbard. In short, Reisman circles his wagons much more closely than Block, in his single-minded obsession with defending the distribution of property under actually existing capitalism. Reisman is willing to cut himself off from a huge part of the free market libertarian tradition, as one might amputate a gangrenous limb, in order to save what he views as its heart: the defense of that last and best of oppressed minorities, Big Business. He cuts himself off from the entire radical legacy of early classical liberalism, and its transmitters like Oppenheimer and Nock (who had such a profound influence on Rothbard himself), in order to make common cause with the rich and powerful. He is forced to repudiate an entire strand of Rothbard's thought, on which (as Long says in his review article) the socialist strand of individualist anarchism had such a formative influence.

Reisman also devotes a considerable portion of his review to promoting a novel idea of his own: that wages are a deduction from what would otherwise be profit. In this view, the net sales revenue of artisan laborers after expenses was *profit*; the rise of the wage system meant the deduction of wages from this profit for the first time. Of course, the net revenue after expenses was the reason the artisan was expending effort: income to support himself. And if this income weren't enough to compensate him for his effort, he'd cease to work. In Reisman's own words, profits, not wages, are the original and primary form of *labor income*. So call it what you will, even Reisman admits that the original form of income was *labor* income. The remuneration of labor, beyond a repayment of cost outlays on raw materials and tools, is what motivates self-employed laborers to work; whether Reisman calls it "wages" or "profit" is beside the point. So, novelty notwithstanding, Reisman's argument strikes me as a distinction without a difference.

Reisman, like Block, shows the vulgar libertarian tendency to forget from one minute to the next what it is he's defending: the winners in the existing system, or free market principles as such. He repeatedly argues that small-scale farming and manufacture *couldn't* be more efficient than the large corporations, because if they were the large corporations would be losing out in competition. He effortlessly shifts back and forth from the indicative to the subjunctive in his description of how a free market either *does*, or *would*, operate, depending on its strategic usefulness for the defense of big business:

> In those instances in which larger-scale production or larger-scale ownership … is in fact relatively inefficient, a free market operates to replace it with more efficient smaller-scale operation or ownership.

Well, yes, a free market *would* do so. Is this a free market? Yes or no? If yes, then the present size of big business reflects superior performance. If no, then the real isn't necessarily rational.

Like Block, Reisman objects to my treatment of over-accumulation and under-consumption, under twentieth century state capitalism, and the resulting drive to imperialism. Like Block, he shows some confusion as to just what he's defending, at one point conceding that state capitalism exists to some extent — but then later denying, on the basis of free market principles, that tendencies toward over-accumulation and under-consumption can exist. Again, I refer him (like Block) to Stromberg's ground-breaking article, "The Role of State Monopoly Capitalism in the American Empire" (see previous citation) for an Austrian treatment of those phenomena. As I said before, Reisman is forced to cut himself off from the best of his own tradition, because it might compromise his attempt to out-Mises Mises in defense of big business. And he is forced to abandon the entire New Left analysis of state capitalism — Weinstein,Kolko, Williams, etc. — that Rothbard made such productive use of, because it undermines his strategic position.

Finally, I readily concede the accuracy of one of Reisman's criticisms: that my analysis of Böhm-Bawerk was based on Smart's translation of the first German edition, rather than the third German edition. If I publish a new edition of the book, I will remedy that defect.

5. Rejoinder to Roderick Long

First, a clarification: Since I used the phrase "common patrimony" in my book to characterize both the Georgist and the Ingalls-Tucker view of land, I've learned that some Georgists regard the "common" right as several, rather than collective: that each individual has, as a birth-right, an equal and independent right of access to land. And since favorably situated sites are not a reproducible commodity, something like the "law of equal liberty" implies the payment of compensation to the excluded. The community is not the collective owner, but simply the agent of all individual human beings, severally, in guaranteeing their individual rights of access to the commons.

Tucker, similarly, deduced this right of access, via the "equal liberty" principle, from self-ownership.

So, technically speaking, the mutualists and Georgists do not erect mankind's common patrimony in the land into a separate and independent principle apart from self-ownership. But it follows so directly from the latter as to approach the status of an independent axiom.

Long challenges the common patrimony claim on the grounds that mankind has never established a legitimate claim to the Earth by collective labor-homesteading. (It strikes me that this objection would apply just as well to the several rights of equal access described above.) As ingenious as this argument is, I must counter that mankind's collective (or "common") right in the land as a patrimony, and the individual property right established by labor-homesteading, are two entirely different sets of rules for entirely different classes of "ownership." Long is arguing apples and oranges. The rules for individual appropriation by labor exist in the light of the broader and more fundamental principles of mankind's common access rights to the land, and are a way of implementing this common right in accordance with the principle of equal liberty.

Although Long goes on to anticipate my possible argument that mankind's common right of access, and individual property rights established by labor-appropriation, are two separate classes of rights, he argues that the former is a violation of the right of self-ownership. The individual, in mixing his labor with natural resources, makes it an inalienable adjunct to his person in exactly the same sense as his body.

As ingenious (again) as this theory is, I don't believe it stands up to scrutiny any more than Long's first argument. As Nozick pointed out, a property rights theory includes not only rules of initial acquisition, but rules for transfer and abandonment. As Bill Orton argued (quoted in chapter five of my book), all property rights theories, including Lockean, make provision for adverse possession and constructive abandonment of property. They differ only in degree, rather than kind: in the “stickiness” of property, as Orton puts it. There is a large element of convention in any property rights system — Georgist, mutualist, and both proviso and nonproviso Lockeanism — in determining what constitutes transfer and abandonment. And labor homesteading of land entails such an element of convention even in ascertaining how much land is actually appropriated, with a resulting degree of uncertainty as to the boundary between self and nonself that does not arise as to the body. These considerations, taken together, would seem to indicate that the acquisition of land does not bring it into the same intimate and inalienable association with one’s ego as does ownership over one’s own body.

In response to Long’s final challenge, as to the extent of common patrimony (e.g., an alien race’s hypothetical claim on the entire universe as the common patrimony of all intelligent life), I can only reply that it would come into play under exactly the same circumstances as Locke’s proviso: when more than one being desires the same parcel of land, and possession by one excludes competing access claims by others. Land monopoly is a moot point until the local demand for locations exceeds their supply.

Of course, Tucker’s understanding of the law of equal liberty ignored all these considerations, and was established on purely Stirnerite grounds: in a stateless society, an invisible hand mechanism would eventually lead to such a mutual recognition of equal access rights as a way to minimize conflict. Per Bylund also has a couple of interesting new pieces on these issues, by the way. In one of them, his master’s thesis, he presents a novel argument reassessing the basis of the self-ownership principle (Bylund 2005a). In the other, he attempts to resolve the conflict between Lockean and possessory theories of property (2005b).

I do welcome Long’s position on collective homesteading, and on the commons as a form of joint private property. It would go a long way toward remedying the atomistic excesses of some vulgar libertarians, who deny that collective rights can exist — and have used such arguments to justify the nullification of tribal claims to hunting grounds, villagers rights to the common (see Reisman’s review, for example), etc. Even this proposal, of course, requires a set of conventional rules as to how much common labor is needed to appropriate how much surrounding land and resources.

Long’s allowance for collective homesteading may also provide more eirenic possibilities than even he envisioned, by making much of the dispute between us a moot issue. Arguably, the only criterion for determining whether common ownership of land exists in a given community, and the extent of those common rights, is the local conventions of property ownership, written or unwritten, that have grown up over time. So whether a given community possesses common rights in accordance with Georgist or mutualist or Lockean principles, essentially depends on what a majority of the local population says the rules are. We are left, as a result, with a panarchy in which competing local property systems exist side by side — peacefully, let us hope.

As a practical matter, it would be prohibitively expensive to enforce the mutualist, Georgist, or Lockean property claims of dissidents in a community which is predominantly of another persuasion. Soanarcho-capitalist protection agencies would have exclusionary clauses for absentee landlord claims in a neighboring Tuckerite community, mutualists would refrain from invading the neighboring Rothbardian community to defend the cultivator against his landlord, and so forth. And sparsely populated areas, in practice, would be governed by *de facto* possessory ownership, because in most cases the free market cost of hiring enforcers of an absentee ownership claim against squatters would probably outweigh the value of the land. In the end, a peaceful panarchy would evolve in the absence of the state, because war simply wouldn't pay.

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