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Engagement With the Left on Free Markets

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February 2005

Retrieved on 4th September 2021 from <mutualist.blogspot.com>
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the Georgists or Geolibertarians, take the decidedly unorthodox position that land is the common property of mankind.

But despite these areas of disagreement, I find that a great deal of fruitful dialogue is possible with many “capitalists.” In this regard, the individualist anarchist Shawn Wilbur makes the useful distinction between “anarcho”-capitalists and anarcho-“capitalists.” The former term, as he uses it, is quite similar to my own “vulgar libertarian.” The two categories are distinguished by the extent to which they treat actually-existing-corporate-capitalism as a proxy for the free market. Anarcho-“capitalists” freely admit that the present system is largely a state construct, that most if not all of the current profits of big business result from corporate welfare or regulatory cartelization, and even that most existing large corporations would likely go bankrupt without government aid of any kind. And the measures they advocate, it’s safe to say, would (if there were any likelihood of their adoption in the near future) inspire abject horror in the sort of Goldman-Sachs “free marketers” who make economic policy in the U.S. “Anarcho”-capitalists, on the other hand, despite occasional pro-forma denunciations of corporate welfare, usually wind up apologizing for the wealth of those currently on top.

of terms; if we end up using the same term to mean different things, I fear we'll be talking over each other's heads for a long time to come.

Although Sciabarra finds the term "capitalism" problematic, for the reasons he has thoughtfully outlined above, I don't (despite the fact that my own usage departs from present convention). I have no problem at all in dealing with those who use the C-word. If an anarcho-capitalist uses the term "state capitalism" with the same meaning I attach to the simple term "capitalism," or calls refers to the free market as "capitalism," that's fine, so long as we make our respective definitions clear.

Language aside, of course, I have significant disagreements in substance with most people who use the term "capitalism" in reference to their own ideology. For example, I differ with most self-described capitalists on the issue of how much of the present rate of profit and interest result from state-enforced monopoly, and how much of it is simply "entrepreneurial profit" or "time preference" that would exist in a market economy. This disagreement, in itself, is not serious. If the "capitalist" is willing in practice to do away with the legal impediments to the mutual banking of Greene and Tucker (as I find most anarcho-capitalists are), he is welcome to believe anything he wants about how that will affect the rate of profit. Let's just wait and see what happens.

A more serious disagreement is over the proper rules of land tenure. As an individualist anarchist, I share Benjamin Tucker's and J.K. Ingalls' belief that property in land should be based on occupancy and use, and their opposition to absentee landlordism. But even here, things get a little squishy around the edges. Among radical Lockean like Rothbard's followers, for example, many would consider the majority of current land titles to be illegitimate (since they cannot be traced back to appropriation by admixture of labor). And a significant sub-category of self-described "capitalists,"

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A very provocative discussion, provoked by Chris Sciabarra's post at Liberty&Power.

Anthony Gregory first commented:

If libertarians can explain that the right actually opposes free markets, but instead embraces corporatism and state capitalism, the battle to win them over will be half-won. One reason they don't like markets is because people like Bush pretend to like them, but I think the left is catching on.

Jeanine Ring added that much of the Left's problem with corporate capitalism is cultural: an "antagonism to corporations into just mercantilist exploration but the heirarchical, conformist structure and "Dilbert" culture of corporate modernity." She goes on—

If libertarians favor a world where corporations aren't the specially privileged, legally impersonated default forms of social organization, they should some thoughts as to what 'human scale' forms of socio-commercial relations might look like.

Sciabarra responded, however, that most radical leftists see the corporate system as an inevitable outgrowth of the free market.

They, like many libertarians, have argued that the state has always been intimately involved in markets, acting on behalf of those who are most adept at using political power. For Marxists and other radical left-wingers, however, this means that political power is systematically skewed in favor of business interests. The ideology of free-markets is, therefore, a mere apologia for a class-biased reality that is inescapable as long as private property and market exchange exist.

It follows, he said, that “until or unless libertarians can convince the left that there is an ‘unknown ideal’ to free markets, that corporatism is not an inevitability, I doubt that there will be any lasting peace with the left.”

So it seems that any attempt by the anti-corporatist free market movement to engage with the mainstream Left will focus, of necessity, on a few issues. First is a rehabilitation of the term “free market” itself to mean more than the cash nexus, encompassing rather the entire sphere of voluntary non-coercive social relations. As Karl Hess pointed out over thirty years ago, the free market movement is (or should be) a people’s movement. Any “free market” ideology that has no room for the commons as a form of “private property,” for workers’ and consumers’ co-ops, or for hippie dippy stuff like Hess’ own “community technology” experiments in the Adams-Morgan Organization, is no “free market” ideology that I want to be a part of (apologies to Rosa Luxembourg).

Second item on the agenda is getting right with Robert Anton Wilson. That is: to identify the free market with the system of voluntary exchange of labor between producers that remains when the state no longer intervenes on behalf of privileged classes. It would help mightily if the Left could see the free market as a residuum of voluntary relations that persists in any society, in the interstices of state power, and exists in potentia as the basis of a new society when state-enforced class domination is abolished. The libertarian Left is fond of the Wobbly slogan, “Building the structure of the new society within the shell of the old.” So they are already familiar with the idea that the seeds of a free society exist within the present system, and can gradually supplant the system of class privilege as the state is rolled back. The Left is already amenable to Gustav Landauer’s “condition, a certain relationship among human beings, a mode of behavior” with which to supplant the state; and Paul Goodman’s “spheres of free action.” We just need to do a better job of expressing our free market vision in similar terms.

...workers were too atavistic to perceive the advantages of voluntary cooperation and combination, of pooling their resources for large-scale production, without forward-thinking capitalists knocking their heads together and forcing them to increase the productive forces... [and that] industrial production was impossible until the producers were robbed of their property in the means of production and driven like beasts into the factories.

Suffice it to say here that I dispute that assessment. At any given time, there are potentially both libertarian and authoritarian ways of using existing technical means. Slavery is not a necessary precondition for freedom.

Sciabarra concludes:

...If libertarians continue to use the word “capitalism” as some kind of ahistorical ideal, if they refuse to look at the fuller cultural and historical context within which actual market relations function, they will forever be dismissed by the Left as rationalist apologists for a state-capitalist reality. That’s ironic, considering that so many Leftists have been constructivist rationalist apologists for a different kind of statist reality. But it does not obscure a very real problem.

Indeed, I would argue that, not only “actually existing” or “historic” capitalism is a statist construct, but capitalism is better used (as Hodgskin used it) to describe this statist system as it historically existed. And it follows from such usage that “free market capitalism” and “laissez-faire capitalism” are oxymorons.

Reaching out to the Left or to any other category of intellectuals requires a translation exercise of sorts. Real communication depends upon a full clarification

tion of the capitalist economy as the height of efficiency, and the penultimate step in the transition to socialism. The only thing remaining would be for the working class in power, rather than the capitalist stockholders, to appoint the management of the trusts, and for the state institute full-blown central planning. The centralization and concentration process itself, being a result of superior efficiency, was all for the good.

The American Marxist Daniel DeLeon took this tendency of thought to an even greater extreme. In “Brandeis and Efficiency” (1912), he argued not only that size was a necessary condition for efficiency, but saw no limit to the correlation between them.

This belief is one of the most egregious examples of the wrong-headedness of Marxism (or at least of vulgar Marxism). It is a tendency the vulgar Marxists share with the big government liberals of the twentieth century. Technocratic liberals like Art Schlesinger Jr. and J.K. Galbraith believe that economy of scale is unlimited, and that hierarchy and central planning are the inevitable results of modern production technology. They contemptuously dismiss calls for direct democracy, economic decentralism, and the distributive ownership of capital, as romantic throwbacks to the nineteenth century. In many ways, the vulgar Marxist and the corporate liberal are intellectual blood brothers to the agribusiness CEO who claims that chemical agriculture and GM foods are the only alternative to mass starvation.

Utter balderdash, as anyone can learn from a little digging in the subjects of economy of scale and organic farming.

Concerning the Marxist view of the “progressive” function of history’s successive systems of class-exploitation, and their “necessity” for creating the prerequisites of a final stage of freedom and abundance, I have written in an appendix to Chapter Four of *Studies in Mutualist Political Economy*. The vulgar Marxist position, as I characterize it there, is that

If the market and the state have coexisted historically, they can be separated logically. The question of whether class differences originally arose from successful competition in the market, and the state was then called in to reinforce the position of the winners; or whether the class differences first arose from state interference, is a vital one. The fact that the state has been intertwined with every “actually existing” *market* in history is beside the point; social anarchists themselves face a similar challenge—that the state has been intertwined with every *society* in history. The response, in both cases, is essentially the same—the seeds of a non-exploitative order exist within every system of exploitation. Our goal, not only as anarchists but as free market anarchists, is to supplant the state with voluntary relations. If the absence of something in historical times, in a society based on division of labor, is a damning challenge—well then, they’re damned as well as we are.

The questions of whether state capitalism is an inevitable outgrowth of the free market, of whether decentralized and libertarian forms of industrial production can exist under worker control in a market society, etc., are at least questions on which we can approach the Left with logic and evidence. They are, for the most part, rational and open to persuasion. At the very least, there is room for constructive engagement. And remember, it is not an all-or-nothing matter. It is possible, if nothing else, to reduce the area of disagreement on a case-by-case basis.

The Dialogue Continues

More from Chris Sciabarra at Liberty&Power, responding (among other things) to my previous post. There’s a lot to chew on here, so I simply take it in the order written. For starters:

So much has been said about Ayn Rand’s defense of “capitalism: the unknown ideal” that we often forget

that the very term “capitalism” was coined by the Left...

It’s an interesting question. According to the late Samuel Edward Konkin III (of Movement of the Libertarian Left), the term “capitalism” was originally used by the Ricardian socialist Thomas Hodgskin in much the same way that Robert Anton Wilson uses it today: to describe a political-economic system in which the government intervenes in the market on behalf of capitalists, and capitalists occupy the same privileged position as did landlords under the medieval system. George H. Smith, in response to Konkin, countered (in this 2000 post from the LeftLibertarian yahoo group) that things were somewhat more nuanced:

I think Hodgskin refers to “capitalism” in “Labour Defended Against the Claims of Capital” (1825) — a work that Marx cited on a number of occasions — and possibly in “Popular Political Economy” (1827).

The term “capitalist” had been in use long before either Hodgskin or Marx entered the scene, but the specific term “capitalism” (which is often mistakenly attributed to Marx) had previously been used by Hodgskin. As to whether anyone used it prior to Hodgskin, I cannot say.

When one sees free-market types in the late 18th and early 19th centuries condemning “capitalists,” it must be remembered that this label — like “stockjobbers,” “projectors,” and similar terms — was often applied to those in business who worked hand in glove with government. In England, for instance, a “capitalist” was sometimes regarded as a person with a heavy financial stake in the Bank of England, and who therefore had strong incentives to support imperialism, a sinking fund and other forms of governmental debt, etc.

But we have so far left out a key part of Marxism that entirely changes the picture. Marx believed that no stage of history ever ends before the productive possibilities of which it is capable develop fully. Desai quotes a famous passage from the preface to the *Contribution to the Critique of Political Economy*: “No social order ever disappears before all the productive forces for which there is room in it have been developed; and new higher relations of production never appear before the material conditions of their existence have matured in the womb of the old society itself. Therefore, mankind only sets itself such tasks as it can solve” (p. 44, quoting Marx).

Given this doctrine, we can at last understand Desai’s argument. In order to bring capitalism to an end, it must be developed as much as possible. Hence a socialist must be, for the indefinite future, a supporter of capitalism. Our author claims, “Practically all the commentary on Marx, particularly since 1917, has been an attempt to deny this”...

Certainly that’s the image of Marxism that the average student gets from his lecture notes in WCIV 101: crude economic determinism, base and superstructure, and a “dialectic” that determines everything, including a historical process divided into neat stages with nobody coloring outside the lines. But as Reagan asked, “Where’s the Rest of Me?” Michael Harrington argued, in *The Twilight of Capitalism*, that the passage Sciabarra quotes above from *Critique of Political Economy* was a deliberate simplification, and did not do justice to the complexity of Marx’s thought as a whole.

At any rate, representative or not, this tendency in Marx was distilled and concentrated by Friedrich Engels, the founding father of vulgar Marxism. In *Anti-Duhring*, Engels viewed the trustifica-

...the credit system is a historically progressive institution, according to Marx. Despite its distortive effects, it accelerates the expansion of the global market and polarizes classes in capitalist society. It facilitates socialized control of production and capital investment.

Unfortunately, this aspect of Marx's thought is a key component of what later became known as "vulgar Marxism." According to David Gordon's Mises.Org review of Meghnad Desai, Desai (cited above by Sciabarra) is an outstanding example of such vulgar Marxism. I haven't read the book myself, but quote here from Gordon:

...how can he possibly say that Marx defended capitalism?

Just in this sense. Marx, like Adam Smith before him, believed in what Desai calls a "stadial" theory. History proceeds in stages: in Marx's account, these are primitive communism, slavery, feudalism, capitalism, and socialism. Each stage best develops the forces of production—roughly speaking, the technology—available at the time.

Now we can resolve our difficulty. Marx indeed hoped for the onset of a socialist order. But socialism cannot arrive except in its proper sequence in the progression of stages: capitalism must precede the New Jerusalem. At once, then, a new question arises: how can capitalism be brought to an end as soon as possible, so that we can reach the glorious consummation of history?

If this question must be addressed, though, does this not deepen our paradox? Marx wished to get through the capitalist stage by the most rapid means; he can hardly then be called a supporter of capitalism.

As for the sister term "capitalism," I'm not sure if Sam is right in saying that this term was used by Hodgskin in a negative sense, to refer to a political system instituted for the benefit of capitalists. Hodgskin's pamphlet "Labour Defended Against the Claims of Capital" is a peculiar work in some ways, one that is difficult to reconcile with his book on economics, "Popular Political Economy," which he published just two years later. It was from "Labour Defended" that Marx got his argument that employers expropriate the "surplus value" of their workers. But in his later work, Hodgskin gives a much more sympathetic treatment of "capitalism." Nevertheless, whether this discrepancy is real or only apparent, Hodgskin was always a staunch defender of laissez-faire economics. He was an individualist anarchist, in substance if not in name.

So in any case, the term "capitalism" was born on the wrong side of the sheets. In fairness, by the way, I should mention that Smith has objected mightily to my use of the term "Ricardian socialist" in reference to Hodgskin.

Sciabarra continues:

Hayek found the term even more misleading because it is almost always "connected with the idea of the rise of the propertyless proletariat, which by some devious process have been deprived of their rightful ownership of the tools for their work."

Indeed, Marx himself used "capitalism" in reference, not simply to a market economy based on commodity exchange, but to a subspecies of that genus characterized by a divorce of labor from the means of production. An economy in which laborers exchanged their own products in the market, in contrast, was a simple exchange economy. A market and private property, in themselves,

were not sufficient conditions for capitalism. “Capitalism” did not come into existence until a final condition was met: the “primitive accumulation” process by which the means of production were expropriated from the laboring classes (especially through enclosure and other abrogations of customary property rights of the peasantry) and concentrated in the hands of a separate owning class.

Sciabarra goes on to ask:

...Did Rand—and do free-market advocates in general—redefine “capitalism” in such a way as to make it a neologism? (I address the issue of whether Rand engages in such neologistic redefinition with terms such as “selfishness,” “altruism,” and even “government” in my books, *Ayn Rand: The Russian Radical* and *Total Freedom: Toward a Dialectical Libertarianism*.) If real, actual, historically specific “capitalism” has always entailed the intervention of the state, are leftists onto something when they “package deal” state involvement in markets as endemic to capitalism? Of what use is it to keep claiming that libertarians are champions of “capitalism” when that system as it exists is a warped, distorted version of the ideal so many of us hold dear? (I’m leaving aside questions concerning the possibilities for the emergence of a genuinely libertarian social system.)

...But the fact remains: Laissez-faire capitalism has never existed in its purest form. Libertarian free-market advocates know this. But even Marx knew it. He argued that existing systems were only approximations to that pure form, “adulterated and amalgamated with survivals of former economic conditions,” the kind of mercantilist and neomercantilist state involvement whose “antiquated modes of production” had inhibited the progressive character of markets. (It’s

this aspect of Marx’s work that has been captured in Meghnad Desai’s book *Marx’s Revenge: The Resurgence of Capitalism and the Death of Statist Socialism*.)

This problem of definition is not simply an epistemic one or even a semantic one. It has practical implications. When neoconservative advocates of U.S. intervention in the Middle East talk about “nation-building,” about building “free markets” and “capitalist” social conditions abroad as part of the march toward “democracy,” those who live in that region of the world do not understand “capitalism” as anything remotely like the libertarian ideal. (Indeed, neocons don’t understand it either!) U.S. capitalism as such is equated with “crony capitalism” or with what Rand called the “New Fascism”: the intimate involvement of the U.S. government in the protection of business interests at home and abroad through politico-economic and military intervention. It’s not simply that the left has “package-dealt” us this bill of goods; it is what exists and it is what has existed, in an ever-increasingly intense form, from the very inception of modern “capitalism.”

On the “progressive” functions of capitalism as seen by Marxists, Sciabarra quotes from his book *Marx, Hayek and Utopia*:

Marx shares with his Austrian rivals an understanding of the political character of the business cycle. Yet the implications of his analysis are vastly different. While [the Austrians] argue for the abolition of central banking, and the separation of the political sphere from money and credit, Marx advocates using the credit system as a mechanism for socialist transformation...