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Move Over Karl, Anarchism Is Back!

Review of Kevin A. Carson's *Studies in Mutualist
Political Economy*

Larry Gambone

2005

Anarchists tend to look embarrassed when the subject of economics comes up. Or we mumble something about Proudhon and then sheepishly borrow ideas from Karl Marx. It has always struck me as ironic that anarchism began largely as an economic theory, think only of Josiah Warren, Proudhon and Tucker, but then abandoned the field to the Marxists. A specifically anarchistic approach to economic analysis has lain dormant for the last 130 years. However, with the publication of Kevin A. Carson's *STUDIES IN MUTUALIST POLITICAL ECONOMY* this period of dormancy has finally come to an end.

Carson starts off by critiquing post-classical economists such as the Marginalists, Marxists, and Austrians. But his critique is not a simple dismissal of these views, but is dialectical in form. What stands up after analysis, no matter what the school of economics, is incorporated into his anarchist synthesis. Without too much exaggeration, Carson has produced *our Das Capital*.

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He begins his analysis with an examination of Adam Smith and David Ricardo's Labor Theory of Value (hereafter LTV) and what was done to it by later economists. Early 19C economics was based upon the LTV resulting in a "revolutionary assault on entrenched power". However, by mid-century the LTV was rejected by the new schools of Marginalist and Austrian economists. As a result economics degenerated into "an apology for... the large corporations." The reason for this change of direction is fairly well known. The LTV shows that only labor can produce value, and thus exposes the capitalist and landlord as parasites. In order to intellectually defend the exploiting classes, the LTV had to be marginalized. (Sorry I couldn't resist)

The chief critic of the LTV was the Austrian, Bohm-Bawerk, who built a straw man version of the theory to knock down. According to BB, the LTV didn't hold in many instances – such as the value of antiques or rare paintings, and never exactly in other situations. Furthermore, the capitalist too created value by investing the capital which had accrued through his 'abstinence'. Landlords produced value through the use of their land. But Classical economists like Ricardo and Smith admitted the issue of scarcity of certain goods. The LTV only applied to items that could be freely reproduced. Due to the fluctuations in the supply and demand of these goods, there could never be an exact correlation between price and value. For Carson, the complaint about inexactitude "made as much sense as saying the law of gravity was invalidated... by air resistance..."

Carson then re-establishes the LTV not only through its Smithian-Ricardian base but also, with the irony of the dialectic, by using certain Marginalist and Austrian concepts. For Smith, labor was a plainly a 'hardship'. As such, the LTV has a "subjective basis" rooted in "common sense" and "the same *a priori* understanding of human behavior from which BB's disciple Von Mises derived his 'praxeology'." In essence, human beings maximize utility and minimize disutility. "The expendi-

ture of labor is an absolute cost regardless of the quantity... the opportunity cost of labor... is non-labor.” “It is the disutility of labor and the need to persuade the worker to bring his services to the production process, unique among all the ‘factors of production’, that creates value.”

There is a major difference between the situation of the laborer and the landlord-capitalist. Labor requires a “positive expenditure of effort”, ‘abstinence’ and rent have to do with setting charges for access to something. Labor is an *absolute* sacrifice, abstinence, is at best, a *relative* one. The worker *must* work, someone with capital has a choice whether to not work or to invest. “The ‘value’ created by capitalists and landlords is simply a monopoly price paid to their owners.” Furthermore, the Marginalists and Austrian critics of the LTV treated property relations as given. How did that pool of investment capital *really* come about? How indeed, did the landlord get the land he rents? The lack of property and capital that forces the worker to sell himself to a capitalist is best explained not through economic theory, but through history.

The facts of history are clear, the peasants were dispossessed through coercion and state intervention, transforming them into landless laborers and enforcing a situation of unequal exchange on the labor market. Carson goes into great detail about this process in the succeeding chapter, but first he turns his critical eye to the Marxist version of the development of capitalism. Marx was ambiguous on the role of coercion as a factor. Engels, on the other hand, was a market absolutist. Wage labor was “purely economic” and there was “no robbery or force or state involved” in the primitive accumulation of capital.

Marxist refusal to admit the statist origins of capitalism are political in origin. Engels was attempting to defeat Eugene Duhring’s version of socialism. Earlier on, the project was to trash Proudhon and the Ricardian socialist Hodgskin. All three of these thinkers saw capitalism as rooted in, and perpetuated

by, statism and violence. The one aspect the Marxist and non-marxist socialists did agree on, is that for capitalism to exist, workers must be separated from the means of production. Carson's recipe for a Free Market? 1. steal the producing classes land. 2. terrorize the former owners so they won't organize any opposition. 3. convince them this situation is a natural result of the Free Market.

Let's now look at those facts of history. Proudhon was right, "property is theft". The so-called right to peasant land was a feudal legal fiction established by the Norman conquest. However, the first real mass expropriation and eviction of peasants did not occur until the seizure of Church lands by Henry VIII. More than 10% of the peasantry were reduced to landless laborers by this action and were terrorized by the brutal Poor Laws enacted about the same time. Legal changes in the 17th Century converted the limited feudal right into private property right and the remaining peasants became tenants pure and simple. These were then dispossessed over the next two centuries by a series of Enclosure Acts.

The new-found capitalist landowners loved the Enclosure Acts, and not just for the property it gave them. The workers, lacking land, were no longer independent. Independence was a situation their masters considered "one of the greatest of evils." Peasant communal land ownership (the traditional form) was considered "a dangerous centre of indiscipline."

This evil system was imposed overseas and in this manner the so-called world market came about. Ireland was the dress rehearsal for the robbery, enslavement and genocidal murder of native people everywhere. The first slaves were the Celtic peoples, shipped out to die like flies in the cane fields of Barbados. Indeed, "America was built on slave labor." The world market was established by the European navies who protected the slavers, forced weaker countries to buy European goods and crushed any competition. State intervention shut out foreign competition, even going so far as in the case of Indian tex-

but his “political strategy” is not electoral. (More like the movement which brought down East German Stalinism, perhaps.) Nor is dismantling the state the primary function of the revolutionary-evolutionary movement. The “political” movement should exist only to get rid of those forces which stop us from pursuing our primary activity – building the new free society.

Carson is a mutualist and offers a mutualist alternative to capitalism. The other schools of anarchist thought shouldn't ignore his work because of this. In a voluntary society, people can live as they wish, providing they don't coerce or exploit others. Thus, in a mutualist economy anyone who wanted could live according to, say, the principles of libertarian communism. Carson's analysis can also be adapted to all forms of anarchism. The most important aspect of this book, the one that should overshadow other differences, is that the economic analysis of exploitation and capitalism has been placed on a solid anarchist basis. We need no longer play second fiddle to the Marxists.

tiles, to destroy an entire industry and impoverish this populous nation. Force was used wherever the European conqueror went. The method was always the same; convert free peasants into cheap laborers who were then usually worked to death. As for hunters and gatherers? Extermination. After you read this chapter, you come away thinking that these people had nothing on Hitler, Stalin or Pol Pot.

Capitalism was brought into existence by a land-owning aristocracy which transformed itself into a capitalist class when the old Medieval system broke up. From the centuries of looting and pillage by this class, came the investment capital of the Industrial Revolution. In the United States, long held up as a pillar of Free Enterprise, capitalist industrial development began as a result of mercantilism, slavery and the investments of landlords, who got their land from the government, who in turn stole it from the Native People. As Carson says, “capitalism has never been established by a free market” and “free market capitalism is an oxymoron.”

One major failing of Marxism, most especially vulgar Marxism, has been the failure to recognize the political causes of capitalism, and to reduce the social and the political to mere outgrowths of economic forces. Marxism thus becomes an apologist for tyranny. “Parasitism was not necessary for progress.” State socialists and capitalist apologists (such as most so-called free market libertarians) alike, “for nearly identical reasons” have a common interest in maintaining the myth of 19th Century *laissez faire*.

The vast and cruel “subsidy of history” is what lay the groundwork for Monopoly Capitalism as it developed in the late 19th Century. At this point Carson introduces Benjamin Tucker's analysis of monopoly. Patents, tariffs, the currency and banking monopolies all were forms of state-sponsored parasitism that gave rise to the giant corporations. Tucker's “Four Monopolies” have to be coupled with land-grants, cheap loans and gifts, eminent domain (by which the state could

steal your land for its corporate buddies) and a hundred and one other forms of subsidy and corporate welfare.

The problem for corporate monopoly capitalism is its fragility, its tendency to go into crisis. One root cause of crisis is the tendency to produce more than can be profitably sold. This is exacerbated by state subsidies which create a more capital-intensive form of economy than would exist in a genuine market. In order to maintain demand and profitability, the state steps in with even more subsidy and also the welfare state to keep underclass docile. There is “snowballing irrationality as the state’s intervention further destabilizes the system, requiring yet further state intervention.” The snowballing eventually leads to the fiscal crisis of the state, which began in the 1960’s.

State monopoly capitalism introduces technologies and methods which deeply harm society, replacing older more appropriate methods and technologies. Think of urban sprawl, over-dependence on petroleum and the auto, bureaucratization and so-called professionalism, as but a few examples. By pushing for ever greater size, ever greater inefficiency results. Corporations have all the problems of a Stalinist planned economy – a fundamental irrationalism. The only reason things work at all is that workers ignore the directions from above.

The fiscal crisis of the state combined with the resulting social breakdown due to capitalist irrationality gave rise to the neo-liberal reaction. Over the last 25 years the state has worked to shift wealth from consumption to investment as a prop for the corporate system. This action brings with it a contradiction, as the system depends on mass consumption at a profitable level to deal with the problem of over-production.

The final chapter entitled “Ends and Means” discusses Carson’s alternative to capitalism. The capitalist system should be replaced with voluntary associations; an economy of worker co-ops, mutualist associations, and syndicalist unions, based

on the commons, free exchange and usufruct principles. The state abolished and replaced by a federation of communities.

Carson’s revolution would be gradual and is marked by the development of a “dual power situation”. This requires the building of an “alternative social infrastructure” giving rise of forms of “social-counter power” such as syndicalist unions, coops, tenant unions, mutualist societies, “cop watch” groups and libertarian municipalist movements. Such a development is a form of “prefigurative politics”, by which people try as much as possible by their actions to live the revolution now. The distinction between reform and revolution is thus “mainly one of emphasis”. The groundwork for the “final” revolution has to be laid beforehand and this is the task of the alternative social structure.

The modern or Corporate State, is vastly more intrusive than it’s 19th Century version, and thus presents a problem for anarchists. (Consider that in many countries 20% or more of the population depend upon the state for employment or survival.) Even Benjamin Tucker saw the need for a “staged abolition of the state” so not to give rise to a dangerous situation. Therefore, it is necessary to have a “strategic position” visa vis the state. “It is not enough to oppose any and all statism... without any conception of how particular examples of statism fit into the overall system of power.” As a result, the dismantling of the state must occur “in the right order” and to do so in the wrong way is to court disaster. The proper sequence would be to first eliminate all state measures which support and give rise to capitalist and bureaucratic power. With the exploitation of labor abolished, any social welfare still needed could be handled by mutual aid societies.

The Corporate State *will* fall. First, through its own internal contradictions and secondly from outside; “from a host of movements whose only common denominator is a dislike of the centralized state and corporate capitalism.” Carson sees a need to build broad-based ad hoc coalitions,