

Chapter Thirteen.

Dissolution of the State in Society

A. Revolution vs. Evolution

To a large extent, the distinction between "revolution" and "gradualism" is an artificial one. It's more a difference in emphasis than anything else. For example, most revolutionary Marxists agree with Engels (in *Anti-Dühring*) that much of the groundwork of socialism will be built within capitalism, until no further progressive development is possible. Only at that point will the revolutionary transition take place, and the new society burst out of the older shell that constrains it. On the other hand, even those who believe the transition from capitalism to socialism can be largely managed peacefully probably expect that some disruption may occur at the time of the final break with the old society, as rear guard forces make a desperate attempt to reverse the change.

Among anarchists, Brian Dominick rejects the tendency to identify "revolution" solely with the period of insurrection. At least as important, as part of the overall process of revolution, is the period between now and the final insurrection:

The creation and existence of this second power marks the first stage of revolution, that during which there exist two social systems struggling for the support of the people; one for their blind, uncritical allegiance; the second for their active, conscious participation.¹

Indeed, the primary process of "revolution" is building the kind of society we want here and now. The insurrection becomes necessary only when, and to the extent that, the state attempts to hinder or halt our revolutionary process of construction.

Aside from revolutionary upheaval, the very formation of a dual power system in the present is in fact one of the aims of the dual power strategy -- we seek to create a situation of dual power by building alternative political, economic and other social institutions, to fulfill the needs of our communities in an essentially self-sufficient manner. Independence from the state and capital are primary goals of dual power, as is interdependence among community members. The dual power situation, in its pre-insurrectionary status, is also known as "alternative social infrastructure."

And, again, while a post-insurrectionary society which has generally surpassed the contradictions indicated by the term "dual power" is the eventual goal of this strategy, the creation of alternative social infrastructure is a desirable end in itself. Since we have no way of predicting the insurrection, it is important for our own peace of mind and empowerment as activists that we create situations in the present which reflect the principles of our eventual visions. We must make for ourselves now the kinds of institutions and relationships, to the

¹ Brian A. Dominick, "An Introduction to Dual Power Strategy" (2002)
<<http://www.indymedia.org.uk/en/2002/09/41085.html>>.

greatest extent possible, on which we'll base further activism. We should liberate space, for us and future generations, in the shadow of the dominant system, not only from which to build a new society, but within which to live freer and more peaceful lives today.²

The Wobblies use the phrase "building the structure of the new society within the shell of the old" to describe this process. But Proudhon anticipated them by some sixty years:

Beneath the governmental machinery, in the shadow of political institutions, out of the sight of statesmen and priests, society is producing its own organism, slowly and silently; and constructing a new order, the expression of its vitality and autonomy....³

Colin Ward, in the Preface to *Anarchy in Action*, conceptualized it as an anarchist society that exists, here and now, "side by side with, and in spite of," the statist one:

How would you feel if you discovered that the society in which you would really like to live was already here, apart from a few little local difficulties like exploitation, war, dictatorship and starvation? The argument of this book is that an anarchist society, a society which organises itself without authority, is always in existence, like a seed beneath the snow, buried under the weight of the state and its bureaucracy, capitalism and its waste, privilege and its injustices, nationalism and its suicidal loyalties, religious differences and their superstitious separatism.

Of the many possible interpretations of anarchism the one presented here suggests that, far from being a speculative vision of a future society, it is a description of a mode of human organisation, rooted in the experience of everyday life, which operates side by side with, and in spite of, the dominant authoritarian trends of our society. This is not a new version of anarchism. Gustav Landauer saw it, not as the founding of something new, 'but as the actualisation and reconstitution of something that has always been present, which exists alongside the state, albeit buried and laid waste'. And a modern anarchist, Paul Goodman, declared that: 'A free society cannot be the substitution of a "new order" for the old order; it is the extension of spheres of free action until they make up most of social life.'⁴

B. Dialectical Libertarianism and the Order of Attack

In the meantime, of course, we can simultaneously attempt to roll back the state from outside, building broad coalitions to do so on an issue-by-issue basis. But if we start from the assumption that dismantling the state will be a gradual process, and that statelessness is a goal toward which we will move over time, then the *order* in which the state is dismantled will be crucial. As Benjamin Tucker put it, "the question before us is not... what measures and means of interference we are justified in instituting, but which ones of

² Ibid.

³ Pierre Joseph Proudhon, *General Idea of the Revolution in the Nineteenth Century*. Translated by John Beverly Robinson (New York: Haskell House Publishers, Ltd., 1923, 1969 [1851]), p. 243.

⁴ Colin Ward, *Anarchy in Action* (London: Freedom Press, 1982), p. 14.

those already existing we should first lop off."⁵

So which do we "lop off" first?

Chris Sciabarra's concept of "dialectical libertarianism" is relevant here. According to Sciabarra, it is a mistake to treat every proposed reduction in some limited facet of state activity as a step in the right direction. He considered it necessary, instead, to "grasp the nature of a part by viewing it systemically--that is, as an extension of the system within which it is embedded." Individual parts receive their character from the whole of which they are a part, and from their function within that whole.⁶

As Arthur Silber commented on this approach:

...[C]orporate statism is noted, and condemned, by certain libertarians, but ignored for the most part by many other libertarians, and by almost all Republicans and conservatives. But almost all liberals and Democrats have discussed it at length. To be sure, much of that criticism from liberals and Democrats might be motivated by partisan concerns. But, to judge from a number of commentaries I have read, there are also many liberals and Democrats who condemn it on principle, and understand how dangerous this corporate statism is, regardless of which party happens to be practicing it.

But the question I have been wrestling with is this: why *exactly* are certain libertarians and liberals focused on certain issues – while many other libertarians and most conservatives are seemingly oblivious to them? What is the *mechanism* involved? What is the process or method that explains it?...

These issues are very complex, so I will state the main point very briefly to begin with: there are two basic methods of thinking that we can often see in the way people approach any given issue. One is what we might call a *contextual* approach: people who use this method look at any particular issue in the overall context in which it arises, or the system in which it is embedded. Liberals are often associated with this approach. They will analyze racism or the "power differential" between women and men in terms of the entire *system* in which those issues arise. And in a similar manner, their proposed solutions will often be systemic solutions, aimed at eradicating what they consider to be the ultimate causes of the particular problem that concerns them.

The other fundamental approach is to focus on the basic principles involved, but with scant (or no) attention paid to the overall context in which the principles are being analyzed. In this manner, this approach treats principles like Plato's Forms....⁷

⁵ Tucker, "Voluntary Co-operation," *Instead of a Book*, p. 104.

⁶ Chris Matthew Sciabarra, *Total Freedom: Toward a Dialectical Libertarianism* (University Park, Penn.: The Pennsylvania State University Press, 2000), p. 88.

⁷ Arthur Silber, "In Praise of Contextual Libertarianism," *The Light of Reason* blog (now defunct), November 2, 2003. Reprinted at *Once Upon a Time* blog, November 26, 2005 <<http://powerofnarrative.blogspot.com/2003/11/in-praise-of-contextual-libertarianism.html>>.

In seeking to dismantle the state, we must start with a strategic picture of our own. It is not enough to oppose any and all statism, as such, without any conception of how particular occurrences of statism fit into the overall system of power. Each concrete example of statism must be grasped in its relation to the system of power as a whole, and with regard to the way in which the nature of the part is determined by the whole to which it belongs. That is, we must examine the ways in which it functions together with the totality of elements in the system, both coercive and market, to promote the interests of the class controlling the state.

In forming this strategic picture, we must use class analysis to identify the key interests and groups at the heart of the system of power.

We already saw, in Chapter Eleven, the distinction between the economic and political means to wealth, and the nature of the state as the organized political means. But there is a wide range of possible versions of libertarian class theory, differing on the relationship in which private actors stand to the political means and to the state.

One version of libertarian class analysis, heavily influenced by public choice theory, tends to dismiss the idea of a coherent structure to the coalition of class interests using the political means. As Sciabarra describes it, for example, Murray Rothbard's view of the state might seem at first glance to superficially resemble interest group liberalism: although the state is the organized political means, it serves the exploitative interests of whatever random assortment of political factions happens to seize control of it at any given time. This picture of how the state works does not require any organic relation between the various interest groups controlling the state at any time, or between them and the state. The state might be controlled by a disparate array of interest groups, ranging from licensed professionals, rent-seeking corporations, farmers and regulated utilities, to big labor; the only thing they have in common is the fact that they happen to be currently the best at latching onto the state.

This is essentially what Roderick Long calls "statocratic" class theory: a class theory that emphasizes the state component of the ruling class at the expense of its plutocratic elements. Long cites David Friedman as an extreme version of the statocratic approach:

It seems more reasonable to suppose that there is no ruling class, that we are ruled, rather, by a myriad of quarrelling gangs, constantly engaged in stealing from each other to the great impoverishment of their own members as well as the rest of us.⁸

Despite the superficial resemblance of Rothbard's theory to the statocratic approach, Long argues that Rothbard's position in fact more closely resembles what he calls the "plutocratic" class theory. Rothbard saw the state as controlled by

⁸ David Friedman, *The Machinery of Freedom*, quoted in Roderick T. Long, "Toward a Libertarian Theory of Class," *Social Philosophy & Policy* 15:2 (1998), p. 327.

a primary group that has achieved a position of structural hegemony, a group central to class consolidation and crisis in contemporary political economy. Rothbard's approach to this problem is, in fact, highly dialectical in its comprehension of the historical, political, economic, and social dynamics of class.⁹

Walter Grinder and John Hagel attempt, from an Austrian perspective, to describe this hegemonic group of classes in control of the state.¹⁰ For Grinder and Hagel, the core of the state capitalist class system is 1) finance capital, which has (acting through the state) set up the central banking system as a quasi-private banking cartel; and 2) the commanding heights of the industrial economy most closely clustered around finance capital.

Another excellent article, by John Munkirs,¹¹ treats the corporate economy as a privately owned central planning system, with a core of large industrial enterprises tightly linked through interlocking directorates, and clustered around a smaller inner core of large banks which control the whole system through the direction of capital flow. This becomes considerably more plausible, despite the ostensible competition within the Fortune 500, when we remember how tightly competition between firms is actually regulated by such devices as "intellectual property," regulatory restraints on competition in product features, the partial supercession of price competition by brand name specification, and so forth. The reality is much closer to the model of the Detroit Big Three carefully rationing out incremental improvements by tacit mutual agreement, or to onetime ADM chief Dwayne Andreas' dictum "The competitor is our friend; the customer is our enemy."

Grinder and Hagel, like most Austrians, see the seizure of the state by this plutocratic class coalition as relatively recent, arising with the expansion of the regulatory-welfare state at the turn of the twentieth century (as described by Gabriel Kolko, among others), or with the rise of the central banking system.

In fact, however, the most fundamental "structural hegemony" was built into capitalism from its beginnings as a successor to the feudal/manorial system. The basic understanding was stated by Thomas Hodgskin and by Franz Oppenheimer, both of whom saw the existing capitalist order as a monstrous hybrid of genuine free markets and the old feudal order. The new capitalist ruling class was amalgamated with the landed aristocracy of the Old Regime, and made use of the same privilege, the same political means, as had the landed interests before it. This was described by Immanuel Wallerstein as a portion of the feudal landed classes transforming themselves into capitalists.

⁹ Ibid., p. 87.

¹⁰ Walter E. Grinder and John Hagel, "Toward a Theory of State Capitalism: Ultimate Decision-Making and Class Structure," *Journal of Libertarian Studies* 1:1 (Spring 1977), pp. 59-79.
<http://www.mises.org/journals/jls/1_1/1_1_7.pdf>

¹¹ John Munkirs, "Centralized Private Sector Planning: An Institutionalists Perspective on the Contemporary U.S. Economy," *Journal of Economic Issues (pre-1986)*, December 1983, pp. 931-967.

Capitalism as a historical system still bears the marks of its origins in the Old Regime.

The overall class nature of the state was summarized by Tucker in comparatively simple terms: "...the State exists mainly to do the will of capital and secure it all the privileges it demands...."¹²

To the extent that capitalists act in league with the state, and secure to themselves the benefits of special privilege by acting through the state, they should not be regarded merely as passive beneficiaries. They should be regarded as a component of the state:

Here... is a wealthy manufacturer, who thinks of himself as a businessman and is so regarded by his peers. But this man's industry enjoys a legal privilege in the form of tariff protection against foreign steel, which enables him to command a higher domestic price for his own steel. This industrialist is not, however he may think of himself, a businessman; he is a subdivision of the State.... A simon-pure businessman has no leverage over anyone; he cannot force anyone to work for him, nor can he force anyone to buy his products. The limits of his influence are set by the quality of the goods he offers for sale, their appeal to customers, and his gifts of persuasion. No private citizen, businessman or other, has the power to coerce unless the law grants him a license to bend the will of others forcibly in his favor. In which case he is a component of the state.¹³

Brad Spangler used the analogy of a gunman and bagman in a holdup to illustrate the principle:

Let's postulate two sorts of robbery scenarios.

In one, a lone robber points a gun at you and takes your cash. All libertarians would recognize this as a micro-example of any kind of government at work, resembling most closely State Socialism.

In the second, depicting State Capitalism, one robber (the literal apparatus of government) keeps you covered with a pistol while the second (representing State allied corporations) just holds the bag that you have to drop your wristwatch, wallet and car keys in. To say that your interaction with the bagman was a "voluntary transaction" is an absurdity. Such nonsense should be condemned by all libertarians. Both gunman and bagman together are the true State.¹⁴

Evaluating the functions of the state in terms of the class purpose they serve makes easier to understand the importance of dismantling them in the proper order. No politico-economic system has ever approximated total statism, in the sense that "everything not forbidden is compulsory." In every system, there is a mixture of compulsory and

¹² Benjamin Tucker, "Liberty and Aggression," *Instead of a Book, By a Man Too Busy to Write One*, p. 75.

¹³ Edmund Opitz, "Introduction," Albert Jay Nock, *Our Enemy, the State* (Delavan, Wisc.: Hallberg Publishing Corporation, 1983), p. 17.

¹⁴ Brad Spangler, "Recognizing faux private interests that are actually part of the State," BradSpangler.Com, April 29, 2005 <<http://www.bradspangler.com/blog/archives/54>>.

discretionary behavior. The ruling class in every system allows some amount of voluntary market behavior within the interstices of a system whose overall structure is defined by coercive intervention. The choice of what forms of activity to leave to voluntary exchange, just as much as of what to subject to compulsory regulation, reflects the ruling class's strategic assessment of what overall mixture of coercion and voluntary exchange will maximize the political extraction of wealth.

Likewise, any "free market reform" put forth by the corporate capitalist ruling class will reflect their judgment as to which mixture of statist and market elements will produce the highest overall rate of political extraction of wealth. As Walter Grinder and John Hagel put it,

It must be stressed that the beneficiaries of the political means in a market oriented economy are dependent on the existence of the economic means in order to survive and prosper.... In view of the dependence of the political means on the economic means, the optimal strategy for the political class to pursue will not be to maximize short-term returns, but rather to promote as productive a system as possible, consistent with the preservation of its exploitative position within that system.¹⁵

To welcome the ruling class's choice of targets for "free market reform," made in accordance with their own strategic vision, is equivalent to the Romans welcoming the withdrawal of the Punic center at Cannae as "a step in the right direction." Hannibal's decision in that case was not the first step toward Carthaginian withdrawal from Italy, but part of a general design aimed at maximizing his overall strength.

"Free market reform," in the terms generally proposed by corporate lobbyists and corporate-funded think tanks, is a mirror image of "lemon socialism." Under lemon socialism, the state generally chooses to nationalize those industries which corporate capital will most benefit from having taken off its hands, and to socialize those functions which capital would most prefer the state bear the cost of. Under "lemon market reform," on the other hand, corporate capital liquidates interventionist policies after it has squeezed all the benefit out of them.

As Noam Chomsky put it, "Concentrated private power strongly resists exposure to market forces, unless it's confident it can win in the competition." The legacy beneficiaries of all that statism decide it's finally safe to change the rules and compete with the non-beneficiaries on a "level playing field." That's pretty much what was involved in the British adoption of "free trade" in the nineteenth century: after they'd built a global commercial empire through mercantilism, forcibly unified world commerce in British bottoms, suppressed foreign textile trade, committed holocausts in Ireland and India, and exported enclosures to half the world, they decided it was time for the lion and the lamb to compete under a single law.

¹⁵ Grinder and Hagel, "Toward a Theory of State Capitalism," p. 69.

And as a corollary, corporate capital at any given time allows free competition only in the areas where it expects it can win. As Chomsky put it in the same piece, so-called "Free Trade" Agreements are

a mixture of liberalization and protectionism, designed—not surprisingly—in the interests of the designers: mainly MNCs, financial institutions, the investor/lender class generally, the powerful states that cater to their interests, etc.¹⁶

The prevailing libertarian approach of welcoming the reduction or elimination of any particular form of state activity as "a step in the right direction" is what Silber calls "atomistic libertarianism." Atomist libertarians argue "as if the society in which one lives is completely irrelevant to an analysis of any problem at all."¹⁷

Under state capitalism, some forms of state intervention are primary, directly serving the primary purpose of the ruling class: the exploitative extraction of wealth by the political means. Other forms of state intervention are secondary, aimed at ameliorating the side effects of this primary wealth extraction and stabilizing the system. The latter include labor regulations and welfare state measures that keep destitution, homelessness, and starvation at manageable levels, so as to avoid their politically destabilizing effects. They include Keynesian measures to correct the tendencies toward overproduction and underconsumption that result from maldistribution of income in a system of privilege. A formal reduction in statism that applies only to those state measures limiting or ameliorating the exploitation enabled by the more fundamental forms of state intervention, and without addressing the primary forms of intervention themselves which directly enable exploitation, will amount to an *absolute increase* in the level of actual exploitation enabled by the state.

The strategic priorities of genuine free market libertarians should be the direct opposite: first to dismantle the fundamental, structural forms of state intervention whose primary effect is to enable exploitation; and only then to dismantle the secondary, ameliorative forms of intervention which serve to make life bearable for the average person living under a system of state-enabled exploitation. Jim Henley described this approach as removing the shackles before removing the crutches (e.g., eliminating corporate welfare before welfare to the poor).¹⁸

Roderick Long discussed it at greater length in a 1995 article. In the case of deregulation, he presented the case of a corporation with a government-enforced monopoly that is, at the same time, subject to price controls. The question facing the

¹⁶ Noam Chomsky, "Resistance to Neoliberal Globalization," ZNet Blog, Oct. 2005 <http://blog.zmag.org/index.php/weblog/entry/resistance_to_neo_liberal_globalization/>. (Now defunct--retrieved through Internet Archive.)

¹⁷ Silber, "In Praise of Contextual Libertarianism."

¹⁸ Jim Henley, "Ask Me What the Secret of 'L - TIMING! - ibalitarianism' Is," *Unqualified Offerings* blog, February 21, 2008 <<http://www.highclearing.com/index.php/archives/2008/02/21/7909>>.

would-be dismantler of the state is whether to abolish the monopoly and price controls at the same time, and if not, which to abolish first. If they are abolished simultaneously, the newly "deregulated" corporation will be in the position of collecting monopoly profits until sufficient time has elapsed for competitors to enter the market and undercut its price. This is an injustice to consumers. Long concluded that the most just alternative is to "Remove the monopoly privilege now, and the price controls later."

But is it ethical to continue imposing price controls on what is now a private company, one competitor among others? Perhaps it is. Consider the fact that Amalgamated Widgets' privileged position in the marketplace is the result neither of its own efforts nor of mere chance; rather, it is the result of systematic aggression by government in its favor. It might be argued, then, that a temporary cap on the company's prices could be justified in order to prevent it from taking undue advantage of a position it gained through unjust violence against the innocent.¹⁹

The individualist anarchists, starting as early as Tucker himself, made it clear that it matters very much what order the process of dissolution is to follow (or in his own words above, which measures of interference already existing we should first lop off). He called for the abolition of government "to take place gradually, beginning with the downfall of the money and land monopolies and extending thence into one field after another, ...accompanied by such a constant acquisition and steady spreading of social truth," that the public would at last be prepared to accept the final stage of replacing government with free contract even in the area of police protection.²⁰

Tucker's associate Clarence Swartz, in a passage that foreshadowed the neoliberals' ersatz "free market" policies of our day, wrote of the harm the working classes would suffer if the state were dismantled in an order that suited the interests of the plutocracy rather than of producers:

Mutualism... would not abolish this monopoly [the tariff] first, since to do that and leave labor at the mercy of the money monopoly would be unwise and harmful, even though, in the meantime, all those engaged in producing commodities that are not protected against foreign competition are forced to pay tribute to those manufacturers who are so protected.²¹

Regulations which serve only to limit and constrain the exercise of privilege are not even, properly speaking, a net increase in statism at all. They are simply the statist ruling class's stabilizing restrictions on its own more fundamental forms of intervention.

A good example was raised by Arthur Silber in another article, on the question of whether pharmacists should have the right to refuse to dispense prescribed medication (birth control pills, "morning after" pills, etc.) based on their religious views. The

¹⁹ Roderick T. Long, "Dismantling Leviathan From Within," Part II: The Process of Reform. *Formulations* 3:1 (Autumn 1995) <<http://www.libertariannation.org/a/f3113.html>>.

²⁰ Tucker, "Protection and Its Relation to Rent," *Instead of a Book*, p. 329.

²¹ Clarence Swartz, *What is Mutualism?*, p. 48

atomistic libertarian's reflexive position, Silber observed, is "Yes, of course!" Anyone participating in the market should have the right to buy and sell, or not buy and sell, as he sees fit. "For many libertarians, that is in essence the totality of the argument." But the atomistic libertarian makes the implicit assumption "that this dispute arises in a society which is essentially *free*." But in fact, pharmacists are direct beneficiaries of compulsory occupational licensing, a statist racket whose central purpose is to restrict competition and enable them to charge a monopoly price for their services.

The major point is a very simple one: the pharmacy profession is a *state-enforced monopoly*. In other words: the consumer and the pharmacist are not equal competitors on the playing field. The state has placed its thumb firmly on the scales -- and on one side only. That is the crucial point, from which all further analysis must flow....

...[T]he state has created a government-enforced monopoly for licensed pharmacists. Given that central fact, the least the state can do is ensure that everyone has access to the drugs they require -- and whether a particular pill is of life and death importance is for the individual who wants it to decide, *not* the pharmacist and most certainly not the government.²²

When the government confers a special privilege on a person, a business, or an industry, and then sets regulatory limits on the ways they can abuse that privilege, the latter regulation is not a new intrusion of statism into a free market. It is, rather, the state's limitation and qualification of its own underlying statism. The secondary, qualifying regulation is not a net increase in statism, but a net reduction in statism. On the other hand, the repeal of the secondary regulation, without an accompanying repeal of the primary privilege, would be a net increase in statism. The beneficiaries of privilege are a de facto branch of the state, the elimination of regulatory constraints on their abuse of privilege has the same practical effect as repealing a constitutional restriction on the state's exercise of its powers.

A good example is "Free Trade Agreements" on the pattern of NAFTA and the GATT Uruguay Round. The reduced old-fashioned protectionism of tariff barriers, coupled with a vast strengthening of the new protectionism of "intellectual property," actually increases the level of state protectionism in the global economy. The dominant actors in the global economy are transnational corporations, and patents and copyrights serve the same protectionist function for them that tariffs did in the old national industrial economies. These new dominant actors favor dismantling the tariffs because their former protectionist function is now obsolete in an era of international capital. The elimination of tariffs does not open up "national industry" to competition; national industry no longer exists, for the most part. The elimination of tariffs makes it easier for global corporations, whose market power depends on state grants of "intellectual property," to shuffle goods between their subsidiaries around the world. Most of what is called

²² Arthur Silber, "Not So Fast, Please: Contextual Libertarianism, One More Time," *Once Upon a Time* blog, April 8, 2005 <http://powerofnarrative.blogspot.com/2005_04_01_archive.html>.

"international trade" actually consists of just such administrative transactions. In promoting what is conventionally called "free trade," the TNCs do not seek a genuine reduction in the overall level of statism. They seek to replace one form of statist protection that has outlived its usefulness with a new form of statist protection more conducive to their current business model. One form of statism is eliminated because it works at cross-purposes to the primary form of statism they currently rely on. The old protectionism of tariffs interferes with their using the new protectionism of patents and copyrights to its full advantage.

It is the typical approach of vulgar libertarianism to treat the secondary limitations in isolation and to clamor for their removal, while treating the underlying form of statism as irrelevant to the immediate issue (if not remaining completely oblivious to it).

C. The "Free Market" as Hegemonic Ideology

In the past, I've used the term "vulgar libertarianism" to describe the misappropriation of "free market" rhetoric to defend the interests of existing concentrations of wealth and power under corporate capitalism. As I wrote elsewhere,

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 by the Adam Smith Institute [or at Mises.Org] 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."²³

In the vulgar libertarian universe, in Ayn Rand's memorial phrases, big business is a "persecuted minority," and the military-industrial complex is "a myth or worse." Giant corporations are the heroic figures of the market, the John Galts who keep the engine of the world running, and the bad guys--the "looters"--are welfare moms and "trial lawyers." The revolutionary slogan of the vulgar libertarian is "Them pore ole bosses need all the help they can get"--or perhaps an inversion of the sheep's chant in *Animal Farm*: "Two legs good, four legs *baaaad!*"

Of course, this is nonsense, as Bryan Register said. In regard to welfare recipients, for example,

such persons are often victims not only of structural dislocations in the economy caused by the economic machinations of the ruling class, but of barriers to market entry maintained by

²³ Kevin Carson, *Studies in Mutualist Political Economy*

those who wish not to face competition. Welfare is the means by which resentment against these effects is kept under control; welfare recipients ought not be looked at as members of a dominant class, but as enemies of the dominant class whose silence is purchased with state handouts.²⁴

A vulgar libertarian, on the other hand, believes the main political force behind the food stamp program was the powerful voting block of single welfare mothers, and not Cargill. Or to quote Lawrence Lessig:

There's a speech that Reagan gives in 1965, where he talks about how democracy always fails because once the people recognize they can vote themselves largess, they just vote themselves largess and the fiscal policy is destroyed. Well, Reagan had it half-right. It's not as if it's the poor out there who have figured out how to suck the money out of the rich. It's exactly the other way around.²⁵

The vulgar libertarian misappropriation of the values and symbolism of the "free market" serves, in part, the function of a hegemonic ideology under state capitalism. Register, in the same article quoted above, brilliantly adapted the Gramscian theory of ideology to libertarian class analysis. In the democratic West, "members of the state itself are often not the primary beneficiaries of statism." The state capitalist ruling class, he said,

exists within civil society and employs the state as a means to distort the workings of civil society, especially the market....

...The libertarian analysis of contemporary society will be similar to Marx's in that it regards state action as caused by the desires of certain actors within civil society, but it will be like the classical liberal approach in that it regards classes within civil society as essentially constituted by differential relations to state power. Thus neither the class divisions between the state-banking nexus and others within civil society, nor the distortive actions of the state, are mere epiphenomena of one another: they relate, dialectically, in a mutually supporting manner.

The important thing, for our present purpose, is that "the maintenance of state power requires that the populace acquiesce in state actions. This requires the development of hegemony in civil society." As Ralph Nader put it,

The controlling power in any society strives to make sure that, one way or another, its dark sides are not part of the mainstream public dialogue nor are they part of the perceived explanation of that society's structural shortfalls and injustices.²⁶

²⁴ Bryan Register, "Class, Hegemony, and Ideology: A Libertarian Approach" (2001).
<<http://folk.uio.no/thomas/po/class-hegemony-ideology-lib.html>>

²⁵ Christopher Hayes, "Mr. Lessig Goes to Washington," *The Nation*, May 29, 2008
<<http://www.thenation.com/doc/20080616/hayes>>.

²⁶ Ralph Nader, "Introduction," in Charles Derber, *Corporation Nation: How Corporations are Taking Over Our Lives and What We Can Do About It* (New York: St. Martin's Griffin, 1998), p. viii.

The fake "free market" ideology, disseminated in the schools and mainstream media, and appealed to by mainstream politicians of both major parties, plays a central role in achieving this purpose. The interests of giant corporations are defended in terms of traditional values of private property and freedom of contract; their wealth is justified as the reward for thrift, industry, ingenuity, and otherwise superior performance in the market.

Big government liberalism is a mirror-image of vulgar libertarianism, existing in partial opposition to it. I say *partial* opposition because both ideologies share, to a large extent, the same factual depiction of the world in common.

Register, citing Robert Higgs' explanation of ideology,²⁷ notes that "[f]or Higgs, the essential feature of the ideologies is that they are value-systems."

Were we to present identical phenomena to persons with different ideologies, they would come away with different evaluations. But this is typically not the case, because we often cannot present identical phenomena to persons with different ideologies. Ideologies are not only value-systems, they also involve claims of fact. For this reason, different evaluations of 'identical' phenomena are not to be explained simply with reference to different values, but largely with reference to different beliefs about matters of fact.

An example may clarify. Consider the Gulf War. As explained in the popular press of our semi-fascist semi-liberal welfare-warfare state, the Gulf War was *in fact* a response by western democracies to violent aggression by a dictator. Since the United States and its allies have a moral obligation to preserve democratic institutions, such as those of Kuwait, whenever possible, the Gulf War was clearly appropriate and moral. This is especially so in light of the negligible loss of civilian life caused by US surgical strikes.

A socialist or libertarian capitalist critic of the Gulf War probably would not disagree that it is good to fight tyrants and defend democracy, and that there are times when this might be an appropriate action for a democratic state to take. Such a critic would, however, pay attention to other relevant facts of the matter and hence derive a very different evaluation. It's not that stopping tyrants is bad, it's that Hussein's tyranny was really US tyranny; it's not that democratic institutions are bad, it's that Kuwait doesn't have any; it's not that minimal loss of civilian life is bad, it's that US action has caused the deaths of millions of civilians.

Because the two ideologies - that of the statist mass media, and those of the libertarian or socialist critic - seek different kinds of factual, explanatory accounts, they might end up giving different evaluations because of their different explanations of how the social world works. But with respect to explanations of social events, there is a matter of fact about how things are. An ideology which lays bare the actual explanations of events is different in kind from an ideology which mystifies or obscures the real world. This is the difference which the pejorative conception of ideology seeks to mark.

²⁷ Robert Higgs, *Crisis and Leviathan* (Oxford: Oxford University Press, 1987).

The relationship between vulgar libertarianism and big government liberalism--the two dominant ideologies in American political culture--is just the opposite. They largely agree on the world of fact, but disagree on the significance or valuation they attach to those facts.

Both ideologies agree, for the most part, that big business arose from what was for all intents and purposes a system of laissez-faire, and that the concentration of capital in the hands of a small number of business enterprises is the natural outcome of a "free market." Both ideologies agree that this outcome can be prevented only by government intervention to thwart the natural functioning of the market. Both ideologies agree that the central motivation of the twentieth century regulatory-welfare state, as it emerged during the Progressive Era and New Deal, was to restrain big business in the public interest. This common view of the world was stated, in almost identical terms, by liberal Arthur Schlesinger, Jr., and Theodore Levitt of the Harvard Business Review:

Liberalism in America has ordinarily been the movement on the part of the other sections of society to restrain the power of the business community.²⁸

Business has not really won or had its way in connection with even a single piece of proposed regulatory or social legislation in the last three-quarters of a century.²⁹

Their only areas of disagreement concerns whether the existence of unregulated big business is a good or a bad thing, and whether social regulation of big business in the public interest is desirable.

This common factual depiction of the world reflects the common power interests behind the two ideologies. Vulgar libertarianism and vulgar liberalism, respectively, are the ideologies of the two wings of the state capitalist ruling class. The power interests of both wings of corporate capital depend on public acceptance of this common factual depiction of the world. One side has a vested interest in the misconception that the present concentration of wealth and power in the hands of big business is the result of superior performance in the market, and that this distribution of wealth and power can be altered only through state intervention. The other side has a vested interest in promoting the belief that the regulatory-welfare state is necessary as a "countervailing power" to big business, as opposed to its actual function of propping it up. The two ideologies serve to legitimate, respectively, big business and big government, and are to a large extent mutually supportive.

D. Gradualism and the "Magic Button"

²⁸ Arthur Schlesinger, Jr., *The Age of Jackson* (Boston: Houghton-Mifflin, 1946), p. 505.

²⁹ "Why Business Always Loses," quoted in G. William Domhoff, *The Higher Circles: The Governing Class in America* (New York: Vintage Books, 1971), p. 157.

Charles Johnson has raised some challenging ethical concerns about the dialectical approach. He finds himself in general agreement with my strategic focus:

...Defending immediate and complete abolition on principle, and the abolition of *any* coercive program you may get the opportunity to abolish, doesn't entail any particular order of priorities in terms of the scope or order in which you might concentrate your own limited resources towards *making* opportunities for abolition that didn't previously exist. And that's where I think the interesting part comes in, and where there is a lot of room for interesting discussion about freedom, class, and strategic priorities when it comes to government interventions with distinctive class profiles.³⁰

...It's an odd form of libertarianism, and a damned foolish one, that operates by trying to pitch itself to the classes that control all the levers of power in both the market and the State, and to play off their fears and class resentment against those who have virtually no power, no access to legislators, are disproportionately likely not to even be able to vote, and who are trodden upon by the State at virtually every turn.³¹

In such questions of strategic priority, and in his understanding of the class nature of the state, Johnson's position is entirely dialectical:

In setting strategic priorities, we have to look at which forms of government coercion do the most concrete damage, which forms of government coercion has intended victims who are most vulnerable to it, which forms have intended victims who can more easily evade or game the system on their own, *and, perhaps most importantly, which forms serve as the real historical and ideological anchors for establishing and sustaining the distorted statist social order, and which forms are relatively superficial efforts to stabilize or ameliorate the effects of those anchors.* [emphasis added] I think that on all these counts, a serious look at who calls the shots and who takes the bullets will show that the welfare state, such as it is, is a fairly small and superficial effort to ameliorate the effects of deep, pervasive, and incredibly destructive economic and institutional privilege for big, centralized, bureaucratic state capitalism, and (as much or more so) for the class power of the *State itself* over the poor folks that it beats up, locks up, institutionalizes, bombs, robs of their homes and livelihoods, and so on. Moreover, it's a fairly small and superficial effort which doesn't violate anybody's rights per se; it's the coercive *funding* of government doles, not their mere existence, that involves government violence, and in that respect, while I think they should be abolished, they're on quite a different footing from things like the warfare state and the underlying government monopolies and privileges that the welfare state is intended to correct for, which involve coercion both in funding and *in the very things that the funding is used for*. All this tends to support strategic priorities in favor of (as Tom Knapp himself originally put it) cutting welfare from the top down and cutting taxes from the bottom up.³²

³⁰ Charles Johnson, "On Crutches and Crowbars: Toward a Labor Radical Case Against the Minimum Wage," *Rad Geek People's Daily*, March 6, 2008 <http://radgeek.com/gt/2008/03/06/on_crutches/>.

³¹ Comment under Kevin Carson, "On Dissolving the State, and What to Replace it With," Mutualist Blog: Free Market Anti-Capitalism, March 3, 2008 <<http://mutualist.blogspot.com/2008/03/on-dissolving-state-and-what-to-replace.html>>.

³² Johnson, "On Crutches and Crowbars."

Nevertheless, that phrase, "the abolition of *any* coercive program you may get the opportunity to abolish," is key. Libertarians, Johnson says, should welcome the opportunity to dismantle *any* form of state intervention, without regard to its structural function or the order in which it occurs, if an opportunity arises to do so:

If I had a platform, it would be three words — Smash the State — and the programme I favor for implementing that is for each and every government program to be abolished immediately, completely, and forever, whenever, wherever, in whatever order, and to whatever extent that we can, by hook, by crook, slingshot, canoe, wherever the political opportunity to do so presents itself.³³

He justified this approach in terms of the primary libertarian ethics of self-ownership, and non-aggression:

I'm an immediatist, not because I deny that there's ever an importance difference in the likely results of repealing A-before-B as versus repealing B-before-A, but rather because I think that there are things that nobody ever has the moral right to do to another human being, no matter what results you can get from it, and one of those things is coercing her in her use of her own person and property. If both A and B are genuinely coercive, then I'd argue that there's never any justification or excuse for continuing to do either of them. Even if it would be better for A to go first and then B, rather than B to go first and then A, if the opportunity to repeal B arises before the opportunity to repeal A does, then I'd say that it's morally obligatory to repeal B anyway, because neither you nor I nor anybody else has the right to go on coercing anybody for even a second longer, whatever our considered judgment about the likely results of their freedom may be.

Of course, if there *isn't* any opportunity to repeal either A or B at the moment, then the question is what sort of strategy you ought to adopt in the effort to *make* the opportunity arise. And in that case, it's perfectly reasonable for your considered judgment about likely results to determine your strategic priorities, in terms of which forms of coercion you will first and most intensely focus on making repeal-able, given your limited time and resources.³⁴

He went on to challenge me, on that basis, with something like the Leonard Read/Murray Rothbard "magic button" scenario:

So I reckon that the question is this: suppose you had a rather limited version of Rothbard's Magic Button, which would allow you to magically repeal (say) personal income tax on the top 10% of taxpayers, while leaving all other personal income tax and FICA payroll tax in place. And let's take it for granted that we all dialectically understand the role of the State, and its different functions, within the social order of power and its relationship with the dynamics of class exploitation. Still. There's the button. Would you push it, or would you refuse to push it, on the grounds that you need to cut taxes either from the bottom-

³³ Johnson, "On Crutches and Crowbars."

³⁴ Comment under Carson, "On Dissolving the State."

up or else not at all?³⁵

With my back to the wall, and after much soul-searching, I decided I wouldn't push the magic button under those circumstances.

...I think the net effect in this case, as in many hypothetical scenarios of dismantling the state in the wrong order, would be--as counterintuitive as it may seem--to increase the net level of exploitation carried out with the help of the state. The increased freedom from state exploitation would fall almost entirely to those whose incomes derive from exploitation, and its chief practical effect would be to further increase the competitive advantage of their exploitative activities against those truly engaged in the "economic means."

I'd probably even quibble as to whether it amounted to a reduction in statism even as such, since a high marginal tax rate on Bill Gates arguably amounts to the state ameliorating or moderating its primary act of statism in guaranteeing the income to Gates in the first place through IP. A great deal of such "statism" amounts, in practice, to the state setting side-constraints on what can be done with the loot acquired by state robbery. To apply Brad Spangler's bag man analogy, a lot of it is akin to the gunman telling the bagman, after the victim has handed his wallet over at gunpoint, to give the victim back enough to pay cab fare back home so he'll be more likely in future to earn enough to be robbed again.³⁶

When the state is controlled by robbers, and every decision for or against state intervention in a particular circumstance reflects the robbers' strategic assessment of the ideal mixture of intervention and non-intervention, it's a mistake for a genuine anti-state movement to allow the priorities for "free market reform" to be set by the robbers' estimation of what forms of intervention no longer serve their purpose. If the corporate ruling class is proposing a particular "free market reform," you can bet your last gold filling it's because they believe it will *increase* the net level of statist exploitation.

Most importantly, we can pretty much *count* on all the opportunities that present themselves for "free market reform," under the present system, having just that effect. An anti-state movement that leaves the initiative to the official corporate-funded "libertarian" movement will be relegated to a position of "yes, but...", higgling around the edges of Reaganism and Thatcherism, and the kinds of "free market reform" Milton Friedman celebrated in Pinochet's Chile.

Johnson did not, in fact, disagree with my assessment of the likely net effect of such a top-down approach to cutting taxes:

Well, I'm not sure that that's especially counterintuitive. I'm perfectly willing to grant that there are plenty of cases where it's true. What I'm trying to stress is that, as far as I can tell, we don't disagree very much about the net consequences of different sequences of repeal. I agree that in the hypothetical case I gave, there might very well be a net increase in the

³⁵ Comment under Carson, "On Dissolving the State."

³⁶ Comment under Carson, "On Dissolving the State."

predominance of class exploitation in the markets for labor, land, etc.

But, while I agree with you on that, I also think you have to keep in mind that when you make political choices you're not just making choices about which God's-eye-view net outcome you would prefer. You're acting within the world, as one mortal creature among many fellow creatures, and when you deliberate about what to do you have to deliberate about what sort of person you, personally, are going to be, and what you, personally, are or aren't willing to do to another human being. I know that I, personally, couldn't live with deliberately choosing to shove around or rob another human being, or letting another human being go on being shoved around or robbed, for even a second longer, if all I needed to do to stop the latter would be to push a button, no matter how much I might prefer the results that I might be able to get from it. Because I'm not a thief or a bully, and I don't want to let myself become an accomplice of thieves or bullies, either, even if it would otherwise improve my quality of life. Hence why I'd push the button, immediately and without reservation, even though I do in fact think that the net consequences of doing so would be substantially worse, in terms of things that I care about and which affect me personally, than the net consequences of repeal in the opposite order.

So I'm anti-gradualism not because I'm anti-dialectics, but rather because I think that there are personal obligations of justice involved in the political choices you make, and that dialectically-grounded praxis has to integrate those personal obligations into your course of action just as much as it has to integrate the general, big-picture view of class dynamics, socio-political structure, et cetera. In fact, if a process of deliberation abstracts away from the ground-level personal obligations of justice, fair treatment, etc. that we all have to each other, and only reckons what to do based on some very high-level structural-functional considerations about society as a whole and global-level net consequences, then I'd say that process of deliberation has become dangerously one-sided and acontextual. A praxis that doesn't take into account what I could or couldn't live with as a conscientious human being is an anti-dialectical and indeed an inhuman praxis.

I don't entirely disagree with Johnson on this ethical point. But I think there's a legitimate ethical question as to whether the person pushing the button, as he would, would be directly complicit in enabling the increased net statism (i.e., the net exploitation resulting from the mixture of state and market that remains when the ruling class sets the priorities for "reform") that would result from doing so. My role in enabling coercion and exploitation would be almost (or at least) as direct in pushing the button, as in not pushing it. And while refraining from pushing would simply leave the status quo to change by its own internal processes as it would have anyway, pushing would make me an active agent in creating fundamental structural changes that would make an increased number of people worse off, as the result of increased exploitation.

A formal reduction in statism that applies only to those state measures limiting or ameliorating the exploitation, which itself is directly enabled by more fundamental forms of state intervention, and without addressing the more fundamental forms of statism that actually enable the exploitation, amounts to an absolute increase in the actual level of exploitation directly enabled by the state. Since once the button is put in my hand, I'm directly complicit in whatever level of statist exploitation that exists, whatever decision I make, the most moral choice is the one that minimizes real--not formal--statism and

exploitation.

The measure of statism inheres in the functioning of the overall system, not in the formal statism of its separate parts. A reduction in the formal statism of some separate parts, chosen in accordance with the strategic priorities of the statist exploiters, may result in a net increase in the overall level of statism.

Johnson's argument is essentially a restatement of Wendy McElroy's case against "gradualism." He agrees with McElroy that much of what is conventionally dismissed as gradualism in principle may in fact be nothing of the kind. As she put it,

Libertarianism is the political philosophy based on the principle of nonaggression. Every human being is a self owner with inalienable rights. And gradualism is inconsistent with the moral foundation of libertarianism.

Before proceeding, it is useful to distinguish gradualism as a policy from gradualism as a fact of reality. This latter form of gradualism says that, try as you may, it takes time to implement ideas. The transition to a libertarian society would not - because it could not - occur overnight. This is the nature of temporal reality in which we live. If this is all that is meant by gradualism -- if it means 'as fast as possible' -- then there is no quarrel between so called 'gradualists' and 'abolitionists' within the movement.

This is not the formulation of gradualism with which abolitionists are concerned. When abolitionists say that unjust laws ought to be abolished immediately, the "ought" is a moral ought, and "immediately" means no more than as fast as possible.³⁷

Nevertheless, some apparent grounds of principled disagreement still exist between abolitionists and gradualists. For example, McElroy (like Johnson) sees a fundamental conflict in principle between abolitionism and those who would refuse, if the opportunity presented itself, to immediately eliminate all or any random part of government by pushing Leonard Read's "magic button" (on the grounds that the result would be "calamitous").

Abolitionists do not deny reality; they simply insist that - as a political policy, individual rights must be given priority over all other moral and practical considerations. Libertarian abolitionists of the nineteenth century realized that the cessation of slavery would take time, but their message was that the deliberate continuation of slavery as a policy could not be justified. They demanded abolition - no "ifs," "ands," or "buts."

Those libertarians of the "ifs," "ands," or "buts" camp maintain that, in some cases, libertarianism ought to favor the gradual phasing out of unjust laws and agencies rather than pushing for immediate abolition, even if that immediate abolition is possible....

The defining aspect of gradualism is the answer it gives to the key question: Could it

³⁷ Wendy McElroy, "Contra Gradualism" (November 1997) <<http://www.fff.org/freedom/1197e.asp>>.

ever be too soon to eliminate an unjust law or agency? The abolitionist gives an unqualified "no." If the gradualist does not answer "yes," he answers "maybe." Taxation is theft, but some people might starve if it ceases abruptly. (Please note that I am not denigrating concern for starving people, but merely rejecting the use of force — and particularly governmental force — to solve that problem.)

Here the gradualist is not denying that taxation violates rights; he is claiming that there is a "social good" which has higher priority than individual rights. Since he cannot justify coercion with reference to freedom itself (unless the word is radically redefined), he justifies the willful continuation of theft by posing a dilemma of some kind. Abolition of government laws would result in social chaos; thus, we need a "transition" period during which deliberate rights violations would continue.³⁸

I believe, however, that there is a principled basis for anarchists who, despite seeing the principles of self-ownership and nonaggression as moral absolutes, would nevertheless refrain from pushing the magic button. For one thing, I think the argument against gradualism, as stated by both Johnson and McElroy, treats the issue of moral agency as far simpler than it actually is.

In an article on the gradualism-abolitionism debate, Robert Capozzi referred to an earlier argument by Stephan Kinsella, in which the latter had distinguished gradualism in principle from gradualism in means in terms quite similar to those of Johnson and McElroy. Kinsella argued that while libertarians were quite realistic about what they could actually get away with at any particular time, they also had a principled objection to "normalizing theft" even for the short term.³⁹ In response, Capozzi described the calamitous consequences virtually certain to follow directly on the sudden abolition of government, and raised the question of the button-pusher's direct moral culpability in those consequences.⁴⁰

Kinsella, in turn, objected to the magic button scenario on the grounds that it was so obviously fantastic as to be irrelevant to any real-world possibility:

For example, what do you mean, end gov't w/ a push of the button? how does the button do this? Turn people into robots? change their mind? blow up go'vt buildings? the only way to get rid of the state really is for most people not to believe in it. Are you saying would I PREFER most people not believe in the state's legitimacy? Or would I push a button that would make them change their minds? If so, how?⁴¹

He quoted another of his own statements, elsewhere, expressing dissatisfaction with the "magic button" scenario:

³⁸ McElroy, "Contra Gradualism."

³⁹ N. Stephan Kinsella, "The Trouble With Libertarian Activism," LewRockwell.Com, January 26, 2006 <<http://www.lewrockwell.com/kinsella/kinsella19.html>>.

⁴⁰ Robert Capozzi, "Push the Button?" The FreeLiberal Blog, January 26, 2006 <<http://www.freeliberal.com/blog/archives/001831.php>>.

⁴¹ Kinsella comment under Capozzi, "Push the Button?"

I will tell you I have no idea what this means. Magic makes no sense to me. I could only answer such a question if the means by which the end occurs is described. For example, if the magic button destroys all life on earth with a billion hydrogen bombs, that would be one way of achieving your proposed end result. I would not be in favor of that. Presumably you have some other mechanism in mind that achieves some defined result--could you explain the mechanism, and the result? That would allow other libertarians to evaluate whether they believe this action would be consistent with liberty or not.⁴²

Suppose, to pose another hypothetical, that state functionaries, directly funded by taxation and acting subject to the state's police power, are engaged on an ongoing basis in preventing an armed H-bomb (which would otherwise explode, and which will automatically explode upon the cessation of their activity) from exploding. Suppose, therefore, that pushing the magic button to eliminate government would result in the H-bomb exploding in a population center an instant later. Could the button-pusher argue legitimately that he simply removed the framework for continued aggression, and that the deaths were entirely the government's fault--the consequence, and only the consequence, of the government's prior statism? Or would the button-pusher be culpable in the loss of life, to the extent that he could be said to have directly engaged in aggression against those who died when he pushed the button knowing of the immediate consequences?

On the other hand, will the abolitionist concede that it might be advisable to postpone pushing the button just long enough to disarm the H-bomb (even though the government will, in the meantime, deposit another tax-funded paycheck into its functionaries' bank account, and taxes will in the meantime be deducted from paychecks to get the loot)? If so, the abolitionist concedes that he is, in principle, a gradualist. We're reduced to haggling over the degree of gradualism.

In my opinion this hypothetical, as fantastic as it appears, is much more relevant to the kinds of real-world dilemmas facing libertarians. We live in a world where the economy and civil society have developed within a state-supported framework, so that many of their functions would cease to operate on the sudden disappearance of the state, as surely as a patient on a ventilator would die if the power were cut off before he could be weaned off his dependence on the machine. The state has, in effect, interposed itself between us and countless H-bombs controlled by dead-man triggers, so that we are dependent at least in the short term on its continued functioning until the bombs can be disarmed.

And in the real world, principled libertarians are faced every day with a piecemeal pushbutton scenario, of the very kind Johnson describes. Because the mainstream libertarian movement is largely corporate-funded and corporate-controlled, and the establishment politicians and think tanks that push for "free market reform" are for the

⁴² Kinsella, "Defend Hoppe," Mises Economics Blog, February 6, 2005
<<http://blog.mises.org/archives/003107.asp>>.

most part corporate hirelings, in almost every case the practical proposals we are presented with for reducing the size of government amount to just such a catastrophic pushbutton scenario. In every case, the proposal will be to remove some secondary form of state intervention that stabilizes the system and makes it humanly tolerable for the majority, by constraining corporate power or by redistributing a small part of the income of the privileged classes. In every case, also, the proposal will leave untouched (and unmentioned) the primary forms of state intervention that support corporate power and enable privilege in the first place.

So if we always push the button on the terms that it is presented to us, and welcome every proposed reduction in state power (which will, for all intents and purposes, always be selected according to the priorities of the corporate/state ruling class), we may be reducing the levels of formal statism. But we will be increasing the levels of substantive statism, in such a way that we will be directly implicated in the disastrous consequences that follow immediately from our support. And with every push of the button, we will help to make "libertarianism" and "free markets" even more of a stench in the nostrils of working people and the poor, and to reinforce the popular image of it as the doctrine of "pot-smoking Republicans" who want to turn the entire world into one big dioxin-soaked sweatshop.

To the extent that I have a difference in principle with McElroy and Johnson, it hinges on the blurring of the boundaries between abolitionism and gradualism by another, overlapping position: realism. Even though my ultimate goal is total abolition, and I consider nonaggression an ethical absolute, I would still refrain from pushing the button: first, because I don't think libertarianism will be achievable without a social consensus to bring it about; and second, because that will only occur if people understand it as not resulting in a total catastrophe.

So I view the ethical opposition to coercion primarily as a systemic goal to be achieved. On a purely individual level, the consequences of letting the neoliberals dismantle the state according to their own strategic priorities, or introducing a sudden collapse of the state via some mechanism like Rothbard's magic button, would have consequences so disastrous as to render the non-aggression principle utterly meaningless. The consequences would be so horrendous, IMO, as to make the whole discussion of coercion as academic as it would be in a lifeboat scenario, or as questions of just property rights would be to somebody stranded in a blizzard who breaks into an empty vacation cabin. If a stateless society is to be brought about, it must be done so in a way that doesn't sidetrack us into a mass die-off or mass enslavement on the way there.

For this reason Gustav Landauer (and his interpreter Martin Buber) were gradualists, seeing anarchy as an ideal to be approximated ever more closely over time. They advocated the abolition of the state only as quickly as something could take its place. They likewise saw anarchy as achievable on a stable basis only when popular attitudes

had evolved sufficiently that the people would not simply restore the state.⁴³

No less an abolitionist than Tucker also advocated gradualism and realism for the same reason: "If government should be abruptly and entirely abolished to-morrow, there would probably ensue a series of physical conflicts about land and many other things, ending in reaction and a revival of the old tyranny."⁴⁴

Tucker assumed that dissolving the state would be a long-term process, and that it would be accompanied by a long-term educational campaign.

A system of Anarchy in actual operation implies a previous education of the people in the principles of Anarchy, and that in turn implies such a distrust and hatred of interference that the only band of voluntary co-operators which could gain support sufficient to enforce its will would be that which either entirely refrained from interference or reduced it to a minimum. This would be my answer to Mr. Donisthorpe, were I to admit his assumption of a state of Anarchy supervening upon a sudden collapse of Archy. But I really scout this assumption as absurd. Anarchists work for the abolition of the State, but by this they mean not its overthrow, but, as Proudhon put it, its dissolution in the economic organism.⁴⁵

So to summarize our argument so far, our approach is to scale back the state one step at a time, starting with those functions that subsidize the rich and handicap the poor, and finishing with those functions that cushion the poor against the harsh edges of privilege. Meanwhile, as we dissolve the state, we replace its functions with alternative institutions founded on free exchange and voluntary cooperation.

E. "Dissolving the State in the Economy"

Proudhon described the process as "dissolving the state in the economy" (or in the social body). In practical terms, that meant depriving state functions of their coercive nature so that relationships previously characterized by authority would take on the character of voluntary exchange:

....To dissolve, submerge, and cause to disappear the political or governmental system in the economic system by reducing, simplifying, decentralizing and suppressing, one after another, all the wheels of this great machine, which is called the Government or the State.⁴⁶

....The political idea, the ancient notion of distributive justice, must be contradicted

⁴³ Larry Gambone, "For Community: The Communitarian Anarchism of Gustav Landauer" (Montreal: Red Lion Press, 2000)

<http://dwardmac.pitzer.edu/Anarchist_Archives/bright/landauer/forcommunity.html>.

⁴⁴ Tucker, "Protection, and Its Relation to Rent," *Instead of a Book*, p. 329.

⁴⁵ Tucker, "Voluntary Co-operation," *Instead of a Book*, p. 104.

⁴⁶ Pierre-Joseph Proudhon, *General Idea of the Revolution in the Nineteenth Century*. Translated by John Beverly Robinson (New York: Haskell House Publishers, Ltd., 1923, 1969 [1851]), p. 173

through and through; and that of commutative justice must be reached, which, in the logic of history as well as of law, succeeds it.⁴⁷

What really is the *Social Contract*? An agreement of the citizen with the government? No, that would mean but the continuation of the same idea. The social contract is an agreement of man with man: an agreement from which must result what we call society. In this, the notion of *commutative justice*, first brought forward by the primitive fact of exchange, and defined by the Roman law, is substituted for that of *distributive justice*, dismissed without appeal by republican criticism. Translate these words, *contract*, *commutative justice*, which are the language of the law, into the language of business, and you have Commerce, that is to say, in its highest significance, the act by which man and man declare themselves essentially producers, and abdicate all pretension to govern each other.

Commutative justice, the *reign of contract*, the *industrial* or *economic* system, such are the different synonyms for the idea which by its accession must do away with the old systems of *distributive justice*, the *reign of law*, or in more concrete terms, *feudal*, *governmental*, or *military* rule. The future hope of humanity lies in this substitution.⁴⁸

...The notion of Contract succeeding that of Government...

Economic criticism having shown that political institutions must be lost in industrial organization,

We may conclude without fear that the revolutionary formula cannot be *Direct Legislation*, nor *Direct Government*, nor *Simplified Government*, that it is NO GOVERNMENT.⁴⁹

3. This Revolution consists in substituting the economic, or industrial, system, for the governmental, feudal and military system, in the same way that the present system was substituted, by a previous revolution, for a theocratic or sacerdotal system.

4. By an industrial system, we understand, not a form of government, in which men devoted to agriculture and industry, promoters, proprietors, workmen, become in their turn a dominant caste, as were formerly the nobility and clergy, but a constitution of society having for its basis the organization of economic forces, in place of the hierarchy of political powers.⁵⁰

....[The notion of *anarchy* in politics] means that once industrial functions have taken over from political functions, then business transactions and exchange alone produce the social order.⁵¹

As suggested by Proudhon's reference to the "industrial system" (and his contrast of it

⁴⁷ Proudhon, *General Idea of the Revolution*, p. 110.

⁴⁸ Proudhon, *General Idea of the Revolution*, p. 112.

⁴⁹ Proudhon, *General Idea of the Revolution*, p. 126.

⁵⁰ Proudhon, *General Idea of the Revolution*, p. 170.

⁵¹ Proudhon, *The Federal Principle*, in Edwards, ed., *Selected Writings*, p. 91.

with "feudal rule"), his ideas on this subject were heavily influenced by Saint-Simon. Proudhon's proposals for dissolving the state in the economy or in society were a direct development of Saint-Simon's ideas of the industrial system succeeding the feudal regime, and of state legal coercion being giving way to the "administration of things." Elsewhere, Proudhon explicitly referred to Saint-Simon as a source of his ideas:

....For authority and politics I substituted the notion of ECONOMICS--a positive, synthetic idea which, as I see it, is alone capable of leading to a rational, practical conception of social order. Moreover, in this I was simply taking up Saint Simon's thesis... that society is in the process of completing the governmental cycle for the last time; that the public reason has become convinced that politics is powerless to improve the lot of the masses; that the notions of power and authority are being replaced in people's minds, as in the course of history, by the notions of labor and exchange; and that the end result is the substitution of economic organizations for political machinery, etc., etc.⁵²

But Proudhon developed Saint-Simon's ideas in a direction far more faithful to their promise. Saint-Simon, in his naive belief in scientific and technical competencies that were above political dispute, to a considerable extent anticipated the managerialism of the New Class (with the politician giving way, in Croly's new order, to the "enlightened administrator"). Proudhon's practical differences with Saint-Simon are suggested by his denial above that those engaged in industry would become a "dominant caste."

Clarence Swartz, a veteran of Tucker's *Liberty* group, distinguished between the individualist anarchists (narrowly defined) and mutualists. Individualists had a mostly negative program, extending only to the abolition of the state and of all monopolies and privileges that depended on it. Individualism had little interest in a positive program beyond that. Mutualism, while in full agreement with the negative program of individualism, also took an interest in the positive forms social organization might take under liberty. Swartz, accordingly, devoted a major part of his book to speculation on how social functions might be carried out by cooperatives, mutuals, and other forms of voluntary association.

Individualist Anarchists... lay no claim to having a positive or constructive philosophy... While Anarchists have demanded the destruction of the four great monopolies (money, land, tariff, and patent and copyright), which object Mutualists share with them, their program for the accomplishment of that purpose has been the abolition of the State. That consummation is still far off; and Mutualists... believe in working toward the gradual elimination of the four great monopolies through a peaceful substitution of voluntary institutions for compulsory ones as an ever and ever greater measure of freedom is secured.⁵³

As Martin Buber said (in Larry Gambone's paraphrase): "It is the growth of a real organic structure, for the union of persons and families into various communities and of communities into associations, and nothing else, that 'destroys' the State by displacing

⁵² *Philosophy of Progress*, in Edwards, ed., pp. 90-91.

⁵³ Clarence Swartz, *What is Mutualism?*, p. 37.

it."⁵⁴

F. Counter-Institutions

Going back to Proudhon, anarchism (and especially mutualism) has emphasized the importance of (in the wonderful Wobbly phrase) "building the structure of the new society within the shell of the old."

It is the substitution of one system for another, a new organism replacing one that is outworn. But this change does not take place in a matter of minutes.... It does not happen at the command of one man who has his own pre-established theory, or at the dictate of some prophet. A truly organic revolution is a product of universal life.... It is an idea that is at first very rudimentary and that germinates like a seed; an idea that is at first in no way remarkable since it is based on popular wisdom, but one that... suddenly grows in a most unexpected fashion and fills the world with its institution.⁵⁵

Even Tucker, for all his professed agnosticism concerning the outlines of a stateless society, proposed the building of counterinstitutions as part of the present-day anti-state agenda.

It is just because Mr. Walker's earnest desire for a fair practical test of Anarchistic principles cannot be fulfilled elsewhere than in the very heart of existing industrial and social life that all these community attempts are unwise. Reform communities will either be recruited from the salt of the earth, and then their success will not be taken as conclusive, because it will be said that their principles are applicable only among men and women well-nigh perfect; or, with these elect, will be a large admixture of semi-lunatics among whom, when separated from the great mass of mankind and concentrated by themselves, society will be unendurable, practical work impossible, and Anarchy as chaotic as it is generally supposed to be. But in some large city fairly representative of the varied interests and characteristics of our heterogenous civilization let a sufficiently large number of earnest and intelligent Anarchists, engaged in nearly all the different trades and professions, combine to carry on their production and distribution on the cost principle and to start a bank through which they can obtain a non-interest-bearing currency for the conduct of their commerce and dispose their steadily accumulating capital in new enterprises, the advantages of this system of affairs being open to all who should choose to offer their patronage,—what would be the result? Why, soon the whole composite population, wise and unwise, good, bad, and indifferent, would become interested in what was going on under their very eyes, more and more of them would actually take part in it, and in a few years, each man reaping the fruit of his labor and no man able to live in idleness on an income from capital, the whole city would become a great hive of Anarchistic workers, prosperous and free individuals.⁵⁶

⁵⁴ Gambone, "For Community."

⁵⁵ Proudhon, *On the Political Capacity of the Working Classes* (1865), in *Selected Writings of Proudhon*. Edited by Stewart Edwards. Translated by Elizabeth Fraser (Garden City, N.Y.: Anchor, 1969), p. 177.

⁵⁶ Tucker, "Colonization," *Instead of a Book*, pp. 423-424.

Brian Dominick, as we have already seen, placed a great deal of emphasis on counter-institutions. He described the process of building counter-institutions, within the shadow of existing institutional framework, in considerable detail:

Generally speaking, dual power is the revolutionary organization of society in its pre-insurrectionary form. It is the second power -- the second society -- operating in the shadows of the dominant establishment. It seeks to become an infrastructure in and of itself, the foundations of an alternative future....

The great task of grassroots dual power is to seek out and create social spaces and fill them with liberatory institutions and relationships. Where there is room for us to act for ourselves, we form institutions conducive not only to catalyzing revolution, but also to the present conditions of a fulfilling life, including economic and political self-management to the greatest degree achievable. We seek not to seize power, but to seize opportunity viz a viz the exercise of our power.

Thus, grassroots dual power is a situation wherein a self-defined community has created for itself a political/economic system which is an operating alternative to the dominant state/capitalist establishment. The dual power consists of alternative institutions which provide for the needs of the community, both material and social, including food, clothing, housing, health care, communication, energy, transportation, educational opportunities and political organization. The dual power is necessarily autonomous from, and competitive with, the dominant system, seeking to encroach upon the latter's domain, and, eventually, to replace it.⁵⁷

Peter Staudenmeier used the term "social counter-power" to describe essentially the same concept, breaking it down further into takes the concrete expressions of "prefigurative politics" and "counterinstitutions."

Prefigurative politics is a fancy term that just means living your values today, instead of waiting until "after the revolution"--in fact it means beginning the revolution here and now to the extent possible. This might be called the everyday aspect of social counterpower. And counterinstitutions, of which co-ops are often an example, are the structural aspects of social counter-power.⁵⁸

Jonathan Simcock, on the *Total Liberty* webpage, described a vision of Evolutionary Anarchism that included

...Worker Co-operatives, Housing Co-operatives, self-employment, LETS schemes, Alternative Currencies, Mutual Banking, Credit Unions, tenants committees, Food Co-operatives, Allotments, voluntary organizations, peaceful protest and non-violent direct action and a host of similar activities are the means by which people begin to "behave differently", to go beyond Anarchist theory, and begin to build the elements of a new

⁵⁷ Dominick, "An Introduction to Dual Power Strategy."

⁵⁸ Peter Staudenmaier, "Anarchism and the Cooperative Ideal," *The Communitarian Anarchist* 1:1.

society.⁵⁹

G. Counter-Institutions and Counter-Economics

Samuel Edward Konkin proposed, as the primary form of revolutionary activity, "bring[ing] more and more people into the counter-economy and lower[ing] the plunder available to the State...."

Slowly but steadily we will move to the free society turning more counter-economists onto libertarianism and more libertarians onto counter-economics, finally integrating theory and practice. The counter-economy will grow and spread to the next step..., with an ever-larger agorist sub-society embedded in the statist society.⁶⁰

As the agorist counter-society grew and coalesced, entrepreneurs would increasingly provide black market insurance, arbitration and protection services, until economic counter-institutions eventually comprised the entire necessary infrastructure for maintaining peace and order in the successor society. In time this agorist society would come to predominate in contiguous geographical areas, and be capable of organizing open defense against the state. The state, increasingly starved of economic resources and weakened by counter-economic resistance even within areas still under its control, would find its ability to suppress the agorist counter-society dwindling just as its desire to do so would become most urgent. From this point, the correlation of forces would shift until the state was relegated to pockets of control within a larger agorist society, and would suffer a continued erosion of control until its eventual collapse.⁶¹

[Zinn]

Tucker anticipated counter-economics in some ways with his writing on passive resistance.

But, if individuals can do much, what shall be said of the enormous and utterly irresistible power of a large and intelligent minority, comprising say one-fifth of the population in any given locality? I conceive that on this point I need do no more than call Edgeworth's attention to the wonderfully instructive history of the Land League movement in Ireland, the most potent and instantly effective revolutionary force the world has ever known so long as it stood by its original policy of Pay No Rent, and which lost nearly all its strength the day it abandoned that policy.... But it was pursued far enough to show that the British government was utterly powerless before it; and it is scarcely too much to say, in my opinion, that, had it been persisted in, there would not to-day be a landlord in Ireland. It is easier to resist taxes in this country than it is to resist rent in Ireland; and such a policy would be as much more potent here than there as the intelligence of

⁵⁹ Jonathan Simcock, "Editorial for Current Edition," *Total Liberty* 1:3 (Autumn 1998).

⁶⁰ Samuel Edward Konkin III, *New Libertarian Manifesto*, pp. 22.

⁶¹ This is a summary of the overall theme of the work, but is the focus in particular of Chapters Three "Counter-Economics: Our Means" and Four "Revolution: Our Strategy."

the people is greater, providing always that you can enlist in it a sufficient number of earnest and determined men and women. If one-fifth of the people were to resist taxation, it would cost more to collect their taxes, or try to collect them, than the other four-fifths would consent to pay into the treasury.⁶²

H. The Two Economies and the Shifting Correlation of Forces

Economic counter-institutions, unfortunately, work within the framework of a larger corporate capitalist economy. They compete in markets in which the institutional culture of the dominant firms is top-down and hierarchical, and are in great danger of absorbing this institutional culture themselves. That's why you have a non-profit and cooperative sector whose management is often indistinguishable from its capitalist counterparts: prestige salaries, middle management featherbedding, bureaucratic irrationality, and slavish adherence to the latest motivational/management theory dogma. The problem is exacerbated by a capitalist financial system, which extends positive reinforcement (in the form of credit) to firms following an orthodox organizational model (even when bottom-up organization is far more efficient).

The solution is to promote as much consolidation as possible within the counter-economy. We need to get back to the job of "building the structure of the new society within the shell of the old." A great deal of production and consumption already takes place within the social or gift economy, self-employment, barter, etc. The linkages need to be increased and strengthened between those involved in consumers' and producers' co-ops, self-employment, LETS systems, home gardening and other household production, informal barter, etc. What economic counter-institutions already exist need to start functioning as a cohesive counter-economy.

That's what Moses Coady had in mind, for example, in building the Antigonish system:

Away and beyond establishing co-operatives on a piecemeal basis, Coady looked forward to the wider vision which he and his associates referred to as 'the Big Picture'. Within the overall framework of 'the Big Picture', consumer co-operatives would source their requirements from co-operative wholesale societies. The wholesale societies in turn would be supplied by factories which were the property of the movement. Coady's ultimate objective was an integrated system of co-operatives which would comprise a 'Middle Way' or 'Third Sector' between capitalism and communism....

Coady saw consumer co-operation as embracing 'a vast field of business--retailing, wholesaling, manufacturing, money and credit and the wide range of services necessary to life in a modern society'.... 'The cooperative dream... is to cover the Maritimes with co-operatives and set the wheels of industry turning in our factories'.⁶³

⁶² Tucker, "The Power of Passive Resistance," *Instead of a Book*, pp. 412-413.

⁶³ Race Matthews, *Jobs of Our Own: Building a Stakeholder Society--Alternatives to the Market & the*

A good concrete example of Coady's vision in practice was the community of Larry's River, where in 1928 people were paying \$37.00 per thousand feet of lumber.

That year they built a community sawmill. The building and machinery cost \$2,000. They began to manufacture their own rough lumber, boat timber, laths and shingles. By working during the winter months they can now bring logs to this community sawmill and obtain lumber at \$7.50 per thousand. Some of them work at the mill and pay the \$7.50 for their lumber with labor. The establishment of the sawmill made it possible for the residents to repair their homes and to build ten or more new houses and several cooperative plants.

....In 1932 they built a cooperative lobster factory; in 1933 they established a credit union and in 1934 a consumers' cooperative; in 1934, too, they organized a cooperative blueberry-canning industry; in 1938 they erected and operated a cooperative fish plant.⁶⁴

Race Matthews sees the Mondragon system, with its own credit arm allocating capital between enterprises, as a model for cooperative integration.

It takes no great leap of the imagination to envisage a third step forward, whereby the Desjardins credit unions would begin to give preference in their allocation of development capital to co-operatives which could count on being advantaged like those in Mondragon by a relative freedom from the basic agency dilemma. Nor is it difficult to envisage the credit union movement more generally establishing structures and acquiring skills with which to support recipients of commercial loans through [advisory and support] services such as those of the Empresarial Division of the Caja Laboral [credit union] in the Mark I phase of Mondragon.⁶⁵

Euclides André Mance describes it as building "solidarity-based productive chains."
The strategy

entails that the different solidarity-based operators involved in the productive chain choose solidarity-based suppliers, if available, over other types of suppliers, replacing inputs with a view towards attaining the goal of ecological and social sustainability. If those inputs or suppliers do not exist, local networks should themselves undertake the production of such items. When the required investments are beyond the possibilities of the local networks, or the level of consumption of the local network is not enough to provide for the viability of the new undertaking, the regional networks should evaluate the best options, and thus it should be in increasingly horizontal approaches.

In boosting solidarity in productive chains, the organization of final and productive consumption is fundamental. The activity of consumer cooperatives and other organized consumer groups proves that by organizing themselves, consumers are able to increase their

State (Annandale, NSW, Australia: Pluto Press, 1999), pp. 151-152.

⁶⁴ Moses Coady, *Masters of Their Own Destiny: The Story of the Antigonish Movement of Adult Education Through Economic Cooperation* (New York, Evanston, and London: Harper & Row), p. 47.

⁶⁵ Matthews, *Jobs of Our Own*, p. 242.

purchasing power and improve their quality of life, while at the same time -if they belong to solidarity-based networks- making it possible to commercialize the goods produced by solidarity-based ventures. Thus the novelty of this system is that productive chains can be boosted through a solidarity approach starting from the final and productive consumption, insofar as supply undertakings are selected according to technical, environmental and social considerations. That selection is based on the notion that the price paid by consumers for the final product not only spurs the production of the enterprises that sell the final product, but also indirectly spurs the production of the different operators that supply an input incorporated in the final product consumed or any other element used in the process of production of that good or service. Thus, the consumption of the final product is what enables companies reckon the profits corresponding to that part of the product consumed. Meanwhile, as the solidarity-based network boosts the productive chain, creating supply ventures, the profit that was previously accumulated in those segments of the productive chain becomes, thus, a surplus that goes back to feed the expansion of the network. In this way, a network that organizes ventures capable of generating a certain amount of surplus can grow by collectively reinvesting such surpluses, engaging in new ventures and boosting the productive chain of the final product itself. So, by selling the same amount of the final product, there can be a substantial increase in the number of workers in the network, the number of solidarity-based productive ventures, the volume of income distributed in the network as wages, the surplus generated in the network and its assets....

In this way it is possible to generate the conditions necessary to progressively replace the relations of capitalist accumulation and to expand production and consumption relations based on solidarity, sharing the surplus generated, creating new jobs, increasing consumption among participants and developing a great diversity of products and services that ensure the well-being of all those involved in solidarity-based labor and consumption.⁶⁶

The more the solidarity economy expands and diversifies, and its flows and connections improve, the smaller the need to relate to non-solidarity actors. The underlying logic is to progressively reduce relations with non-solidarity providers and distributors, putting in their place relations with solidarity actors who then become integrated with the networks. While relating to non-solidarity actors, solidarity economy initiatives strive to select the socially and ecologically 'least bad' providers and distributors.⁶⁷

As Hernando de Soto pointed out in *The Mystery of Capital*, the resources already available to us are enormous. If we could leverage and mobilize them sufficiently, they might be made to function as a counterweight to the capitalist economy. For example: the average residential lot, if subjected to biointensive farming methods, could supply the majority of a family's vegetable needs. And what's more important, the total labor involved in doing this would be less than it takes to earn the money to buy equivalent produce from the supermarket. The average person could increase his independence of the wage-system, improve the quality of his food, and reduce his total work hours, all at

⁶⁶ Euclides André Mance, "Solidarity-Based Productive Chains" (Curitiba: l'Institut de Philosophie de la Libération, November 2002) <<http://www.solidarius.com.br/mance/biblioteca/cadeiaproductiva-en.pdf>>.

⁶⁷ Euclides André Mance, "Solidarity Economics" (Curitiba: l'Institut de Philosophie de la Libération, March 2007) <<http://www.solidarius.com.br/mance/biblioteca/turbulence-en.pdf>>.

once. This is an ideal theme for mutualist propaganda.

A key objective should be building the secondary institutions and support framework we need to make the resources we already have more usable. Most people engage in a great deal of informal production to meet their own needs, but lack either access or awareness of the institutional framework by which they might cooperate and exchange with others involved in similar activities. Expanding LETS systems and increasing public awareness of them is vital. Every need that can be met by producing for oneself, or exchanging one's own produce for that of a neighbor, increases the amount of one's total consumption needs that can be met without depending on employment at someone else's whim. If an organic gardener lives next door to a plumber and they exchange produce for plumbing work, neither one can provide an outlet for the other's entire output. But both, at least, will have a secure source of supply for both his vegetables and plumbing needs, and an equally secure market for the portion of his own output consumed by the other. The more different trades come into the system, the larger the proportion of total needs that can be met outside the framework of a job.

Ultimately, we need a cooperative alternative to the capitalists' banking system, to increase the cooperative economy's access to its own mutual credit. This is illegal, under the terms of capitalist banking law. The banking system is set up to prevent ordinary people from leveraging their own property for interest-free credit through mutual banking. Gary Elkin argued that it might be possible to slip mutual banking in through the back door, and evade the state's legal restrictions on free banking, by piggybacking a mutual bank on a LETS system. Members of a LETS system might start out by extending store credit against the future labor of other members, and expand from there.

The proliferation of architectures for Internet microlending systems, e-LETS systems, and the like, combined with increasingly powerful encryption, may be rapidly leading us to a singularity beyond which independent exchange and credit systems can operate in direct defiance of the state, and support an alternative economy beyond the reach of the state's taxation and the surveillance of its regulatory apparatus.

The capital and land of the rich is worthless to them without a supply of labor to produce surplus value. And even if they can find labor, their ability to extract surplus value from their labor force depends on a labor market that favors buyers over sellers. Anything that marginally increases the independence of labor and reduces its dependence on wages, and marginally reduces the supply of labor available to capitalists and landlords, will also marginally reduce the rate of profit and thus make their land and capital less profitable to them. The value of land and capital to landlords and capitalists depends on the ability to hire labor on their own terms. Anything that increases the marginal price of labor will reduce the marginal returns on capital and land.

What's more, even a partial shift in bargaining power from capital to labor will increase the share of their product that wage-workers receive even in capitalist industry. The individualist anarchists argue that a removal of special legal privileges for capital

would increase the bargaining power of labor until the rate of profit was effectively zero, and capitalist enterprises took on the character (de facto) of workers' co-ops.

And the owning classes use less efficient forms of production precisely because the state gives them preferential access to large tracts of land and subsidizes the inefficiency costs of large-scale production. Those engaged in the alternative economy, on the other hand, will be making the most intensive and efficient use of the land and capital available to them. So the balance of forces between the alternative and capitalist economy will not be anywhere near as uneven as the distribution of property might indicate.

If everyone capable of benefiting from the alternative economy participates in it, and it makes full and efficient use of the resources already available to them, eventually we'll have a society where most of what the average person consumes is produced in a network of self-employed or worker-owned production, and the owning classes are left with large tracts of land and understaffed factories that are almost useless to them because it's so hard to hire labor except at an unprofitable price. At that point, the correlation of forces will have shifted until the capitalists and landlords are islands in a cooperative sea--and their land and factories will be the last thing to fall, just like the U.S Embassy in Saigon.

This is something like the theory behind Vinay Gupta's principle, stated in "The Unplugged," of "buying out at the bottom" (see Chapter Fifteen), and Ebenezer Howard's plan for building his garden cities on cheap rural land and using it with maximum efficiency. The idea was that workers would take advantage of the rent differential between city and country, make more efficient use of underused land than the great landlords and capitalists could, and used the surplus income from production in the new cities (collected as a single tax on the site value of land) for quickly paying off the original capital outlays.⁶⁸ When the debt was retired, the land value tax revenues previously used to pay principal and interest would fund an old age pension and welfare state.⁶⁹ The mechanism Howard proposed for the towns, incidentally, anticipated Spencer Heath's ideas of voluntary Georgism: the project's undertakers would buy a large tract of cheap rural land as the site for a town, and the community would subsequently derive its entire tax revenue from the appreciating land value as the site was developed.⁷⁰ Howard also anticipated something like counter-economics: working people living within his garden cities, working through building societies, friendly societies, mutuals, consumer and worker cooperatives, etc., would find ways to employ themselves and each other outside the wage system.

It is idle for working-men to complain of this self-imposed exploitation, and to talk of nationalizing the entire land and capital of this country under an executive of their own class,

⁶⁸ Ebenezer Howard, *To-Morrow: A Peaceful Path to Real Reform*. Facsimile of original 1998 edition, with introduction and commentary by Peter Hall, Dennis Hardy and Colin Ward (London and New York: Routledge, 2003), pp. 32, 42 [facsimile pp. 13, 20-21].

⁶⁹ Howard, *To-Morrow*, p. 44 [facsimile p. 22].

⁷⁰ Howard, *To-Morrow*, pp. 30-33 [facsimile pp. 12-13].

until they have first been through an apprenticeship at the humbler task of organising men and women with their own capital in constructive work of a less ambitious character--until they have assisted far more largely than they have yet done in building-up capital not to be wasted in strikes, or employed by capitalist in fighting strikers, but in securing homes and employment for themselves and others on just and honorable terms. The true remedy for capitalist oppression where it exists, is not the strike of *no work*, but the strike of *true work*, and against this last blow the oppressor has no weapon. If labour leaders spent half the energy in co-operative organisation that they now waste in co-operative disorganisation, the end of our present unjust system would be at hand.⁷¹

What impedes the actual gelling together of the resources we already have is not the absence of such technical architectures and umbrella organizations, but the proliferation of them. No single framework has emerged as the standard. For example, there are more concrete projects out there than I can account for providing encrypted electronic alternative currencies, P2P credit systems outside of the state capitalist banking system, etc. Just about any of them, if it could come to the top through some sort of invisible hand mechanism and become widely known among all the sub-movements out there, would be serviceable as a structure for exchange within the alternative economy. But none of them has. There are lots of good projects based on promising technology, that are largely unheard of outside a small subculture of devotees. Likewise, there are lots of attempts at creating federal organizations of worker cooperatives, intentional communities, LETS systems, and the like, many of them self-consciously aimed at providing an umbrella organization for the larger alternative economy. But again, they coexist as dozens of separate ghettos.

One thing that might make a difference is the united support of some particular federal organization, by a sufficient number of major movements within the alternative economy, to trigger a power law threshold and provide an organizational core around which the rest of the movement could coalesce. That was the significance of the founding convention of the I.W.W., at Chicago convention in 1905--otherwise known as "The Continental Congress of the Working Class." Big Bill Haywood of the Western Federation of Miners (which formed the actual organizational nucleus of the I.W.W. as a labor union) was joined by De Leon of the Socialist Labor Party and Debs of the American Socialist Party, along with representatives of other radical unions--not to mention the charismatic figure of Mother Jones, whose presence provided the movement with something like "the Pope's divisions" in moral weight.

One especially promising project, in my opinion, is the Solidarity Economy Network,⁷² whose purpose is essentially what I have described in the paragraphs above: to provide an umbrella organization for networking alternative economy organizations like cooperatives, LETS systems, community supported farming, etc., and facilitate their coalescence into a single counter-economy.

⁷¹ Howard, *To-Morrow*, pp. 108, 110 [facsimile pp. 85-86].

⁷² <<http://www.populareconomics.org/ussen/>>

The Solidarity Economy Network emerged as a relatively low-visibility organizational project from a series of Solidarity Economy caucuses at the June U.S. Social Forum in Atlanta. But there's reason to hope it will emerge from its obscurity. It includes some especially prominent figures in the alternative economy movement. Its initial Coordinating Committee included Dan Swinney of the Center for Labor and Community Research,⁷³ Jessica Gordon Nembhard and Ethan Miller of Grassroots Economic Organizing,⁷⁴ Melissa Hoover and John Parker of the U.S. Federation of Worker Cooperatives,⁷⁵ and Cliff Rosenthal of the National Federation of Community Development Credit Unions.⁷⁶

The most promising strategy for anyone involved in the alternative economy, who wants to promote the coalescence of alternative institutions into a coherent counter-economy, is probably to join the organization that shows the most promise as a common federal center for the movement (in my opinion, right now that's the SEN), and then work from within to promote links to and cross-communication with all the other movements. The most important thing is to do it under the auspices of some existing would-be umbrella organization that shows promise, like the SEN, and then work within that organization to promote cooperation with the rest of the alternative economy movement.

I. Privatizing State Property

One especially important question, in any agenda of dissolving the state, involves the privatization of state property. The typical "libertarian" proposal for this, of course, is simply to sell it off to private corporations--on the most favorable terms the corporations can get. This has been the universal pattern of neoliberal "free market reform" since Pinochet "liberalized" Chile's economy. It was central to the so-called "small government" agendas of Thatcher and Reagan. It is a major component of every "structural adjustment" program imposed by the World Bank and IMF. It has been the leitmotif of Naomi Klein's "disaster capitalism" wherever it has appeared--and it has been ubiquitous.

In fact, this so-called "privatization" agenda could more accurately be described as looting.

For starters, the state industry, services and infrastructure were often built in the first place--at taxpayer expense--to provide subsidized support to the corporate capitalist economy. In Western mixed economies (e.g. Bismarck's "Junker socialism" and the UK under Labour), the nationalization of transportation and extractive industries was a sort of

⁷³ <<http://www.clcr.org/index.php>>

⁷⁴ <<http://www.geo.coop/>>

⁷⁵ <<http://www.usworker.coop/>>

⁷⁶ <<http://www.natfed.org/i4a/pages/index.cfm?pageid=1>>

"lemon socialism." Its purposes (as described by Engels in *Anti-Duhring*) were those of the capitalist class in control of the state:

At a further stage of evolution this form [the joint-stock company] also becomes insufficient: the official representative of capitalist society--the state--will ultimately have to undertake the direction of production. This necessity for conversion into state property is felt first in the great institutions for intercourse and communication--the post office, the telegraphs, the railways.⁷⁷

In the Third World, such state-subsidized infrastructure was created primarily to serve the needs of Western capital. According to Gabriel Kolko's 1988 estimate, almost two thirds of the World Bank's loans since its inception had gone to transportation and power infrastructure.⁷⁸ A laudatory Treasury Department report referred to such infrastructure projects (comprising some 48% of lending in FY 1980) as "externalities" to business, and spoke glowingly of the benefits of such projects in promoting the expansion of business into large market areas and the consolidation and commercialization of agriculture.⁷⁹

What's more, the World Bank created what amounted to "Iron Triangles" with Western TNCs and technocratic elites in (often politically unaccountable) Third World governments, and promoted the running up of insane debts.⁸⁰ These debts, in turn, were later used to blackmail the host governments into adopting "structural adjustment programs" which sold the infrastructure off (at fire sale prices) the very same multinational corporate interests it was created to serve in the first place.

Whether in the West, the Third World, or the former Soviet bloc, the state almost always makes its "privatization" policy in cahoots with the corporate interests buying up the assets. Joseph Stromberg described the process, as it has been used by the Iraq Provisional Authority, as "funny auctions, that amounted to new expropriations by domestic and foreign investors...." Such auctions of state properties will "likely lead... to a massive alienation of resources into the hands of select foreign interests."⁸¹

Sean Corrigan compared the corporate interests buying up state assets to carpetbaggers:

Does he [Treasury Secretary O'Neill] not know that the whole IMF-US Treasury carpet-

⁷⁷ Friedrich Engels, *Anti-Dühring*, in Marx and Engels *Collected Works* (New York: International Publishers, 1987), v. 25, p. 265.

⁷⁸ Gabriel Kolko, *Confronting the Third World: United States Foreign Policy 1945-1980* (New York: Pantheon Books, 1988), p. 120.

⁷⁹ *United States Participation in the Multilateral Development Banks in the 1980s*. Department of the Treasury (Washington, DC: 1982), p. 9.

⁸⁰ See, e.g., Bruce Rich, "The Cuckoo in the Nest: Fifty Years of Political Meddling by the World Bank," *The Ecologist* (January/February 1994).

⁸¹ Joseph R. Stromberg, "Experimental Economics, Indeed" Ludwig von Mises Institute, January 6, 2004. <<http://www.mises.org/fullstory.asp?control=1409>>

bagging strategy of full-spectrum dominance is based on promoting unproductive government-led indebtedness abroad, at increasingly usurious rates of interest, and then-- either before or, more often these days, after, the point of default--bailing out the Western banks who have been the agents provocateurs of this financial Operation Overlord, with newly-minted dollars, to the detriment of the citizenry at home?

Is he not aware that, subsequent to the collapse, these latter-day Reconstructionists must be allowed to swoop and to buy controlling ownership stakes in resources and productive capital made ludicrously cheap by devaluation, or outright monetary collapse?

Does he not understand that he must simultaneously coerce the target nation into sweating its people to churn out export goods in order to service the newly refinanced debt, in addition to piling up excess dollar reserves as a supposed bulwark against future speculative attacks (usually financed by the same Western banks' lending to their Special Forces colleagues at the macro hedge funds) - thus ensuring the reverse mercantilism of Rubinomics is maintained?⁸²

Catherine Austin Fitts' "tapeworm economy" (otherwise known as "Break It-Fix It") seems a particularly apt name for this phenomenon.

- Phase One--Break It: Private syndicates make money destroying a place through organized crime, covert operations, warfare or a variety of both;
- Phase Two- Buy It: The profit generated from breaking it is used to buy or seize "legal control" at a discount;
- Phase Three- Fix It: Government funding, credit and subsidies are then used to "fix it" while harvesting remaining assets, including with narcotics trafficking, sex slavery and any other form of liquidating the human, intellectual, environmental and physical capital in a place:
- Phase Four—Declare Victory: Victory is then declared and a flow of foundation and academic grants funded by the "break it-fix it" profits generate awards, photo opportunities and official archives and documentation for the perpetrators to be admired for their bringing of advanced civilization to the natives.⁸³

The connivance between the state and the corporate purchasers of its assets doesn't stop with the sweetheart deal on the price. First, in the period leading up to the sale, governments often sink more money in state assets to make them attractive to buyers than they wind up getting from the sale.

Instead of encouraging investment, privatisation has left governments offering

⁸² Sean Corrigan, "You Can't Say That!" *LewRockwell.Com*, August 6, 2002.
<<http://www.lewrockwell.com/corrigan/corrigan13.html>>

⁸³ Catherine Austin Fitts, "The American Tapeworm," *Solari*, April 2003
<http://www.solari.com/articles/the_american_tapeworm.html>.

increased concessions to entice investors to acquire their assets.... For example, between 1991 and 1998 the Brazilian Government made some US\$85 billion through the sale of state run enterprises. However, over the same period, it spent US\$87 billion 'preparing' the companies for privatisation.

Rather than being a major source of finance, private contractors are committing little of their own capital and are instead looking to municipalities, central government or donor governments/institutions to provide the money....

In fact, in many cases foreign companies are relying on the [government foreign aid] donor community to bail them out when they get it wrong.⁸⁴

In short, governments are paying crony capitalists to take the assets off their hands.

And second (as "Bill," a commenter on my blog observed), after privatization the new owner's first order of business is likely to be asset-stripping:

The true sin of nationalised industry is that the marketable value of its assets compared with its profits tend to be too high - there is no merger/bankruptcy mechanism to adjust this. When firms get privatised it's often hugely profitable to just sell off capital assets and pare back the service rather than concentrate on users needs. Over here, former British rail firms made most of their early dividends payouts from land sales, not service improvements.... They also cut the staff back, which left them prone to the massive pay demands of the few remaining drivers - they did well...⁸⁵

Again, "tapeworm economy" seems an especially apt term for an economy based on stripping, liquidating, and dismantling assets at taxpayer expense.

The overall level of statism associated with such "privatization" is not diminished, and may actually be increased. Some forms of activity may be formally shifted from the state budget to the nominal "private" sector. But the activities take place within a framework of increased state protections.

While the privatisation of state industries and assets has certainly cut down the direct involvement of the state in the production and distribution of many goods and services, the process has been accompanied by new state regulations, subsidies and institutions aimed at introducing and entrenching a "favourable environment" for the newly-privatised industries....

Moreover, "states are still massively present in the processes of production, distribution

⁸⁴ Clare Joy and Peter Hardstaff, *Dirty aid, dirty water: The UK government's push to privatise water and sanitation in poor countries* (London: World Development Movement, February 2005), p. 23 <<http://www.wdm.org.uk/resources/reports/water/dadwreport01022005.pdf>>.

⁸⁵ Comment under Kevin Carson, "Public Services, 'Privatized' and Mutualized," Mutualist Blog: Free Market Anticapitalism, March 29, 2005 <<http://mutualist.blogspot.com/2005/03/public-services-privatized-and.html>>.

and exchange", not least through framing taxation policy; setting interest rates (where independent central banks have not been introduced) or interest rate policy; directing subsidies to sectors of industry; farming out government procurement contracts; awarding franchises for privatised industries; setting pollution and health standards; and funding infrastructure projects.⁸⁶

In other words the Pinochet/Thatcher/Reagan/Adam Smith Institute version of "free market reform" is, as Sean Gabb pointed out, just a new version of fascist economics. Nominally "private" business operates within a web of subsidies and protections provided by the state, in order to provide a secure level of profit without any interference from an unfettered market.

As reconstructed in the 1980s - partly by the Adam Smith Institute - the new statism is different. It looks like private enterprise. It makes a profit. Those in charge of it are paid vast salaries, and smugly believe they are worth every penny....

But for all its external appearance, the reality is statism. And because it makes a profit, it is more stable than the old. It is also more pervasive. Look at these privatised companies, with their boards full of retired politicians, their cosy relationships with the regulators, their quick and easy ways to get whatever privileges they want....

As with National Socialism in Germany, the new statism is leading to the abolition of the distinction between public and private.⁸⁷

And as David Green argues in *Reinventing Civil Society*, Thatcherism wasn't merely fake privatization; to the extent that it was genuine privatization at all, it took the narrowest possible view of what "privatization" meant, equating it to corporate delivery of service to passive "customers":

During the Thatcher years there were many who feared that the welfare state would be 'dismantled'. In fact, the welfare state remained almost unscathed because the most radical reforms attempted by Thatcher administrations did not even aspire to 'dismantle' the welfare state. Thatcher Governments often used market rhetoric, such as 'money following the patient's choice' or 'money following the parents' choice of school'; but in reality ministers were working with a very restricted idea of the market. The NHS reforms, for instance, led to an 'internal market' not all that different from any other government procurement programme. Thatcher Governments also worked with too narrow a view of human character. The education reforms, for example, were based on a consumerist view of parents as outsiders standing in judgment of schools, rather than as co-partners in the long process of equipping their own children with the skills, knowledge and personal qualities necessary in a free, open and tolerant society.⁸⁸

⁸⁶ Nicholas Hildyard, "The Myth of the Minimalist State: Free Market Ambiguities," *The Corner House* Briefing No. 5 (March 1998) <<http://www.thecornerhouse.org.uk/item.shtml?x=51960>>.

⁸⁷ Sean Gabb, "Dr Pirie Changes Trains (But Continues in the Same Direction)," *Free Life Commentary*, Issue Number 18 (July 3, 1998) <<http://www.seangabb.co.uk/flcomm/flc018.htm>>.

⁸⁸ David Green, *Reinventing Civil Society* (London: Institute of Economic Affairs, Health and Welfare

Murray Rothbard proposed a far different kind of privatization. In a 1969 piece for *The Libertarian Forum*, he wrote:

government property is always and everywhere fair game for the libertarian; for the libertarian must rejoice every time any piece of governmental, and therefore stolen, property is returned by any means necessary to the private sector.... Therefore, the libertarian must cheer any attempt to return stolen, governmental property to the private sector: whether it be in the cry, "The streets belong to the people", or "the parks belong to the people", or the schools belong to those who use them, i.e. the students and faculty. The libertarian believes that things not properly owned revert to the first person who uses and possesses them, e.g. the homesteader who first clears and uses virgin land; similarly, the libertarian must support any attempt by campus "homesteaders," the students and faculty, to seize power in the universities from the governmental or quasi-governmental bureaucracy.⁸⁹

Rothbard argued that "the most practical method de-statizing is simply to grant the moral right of ownership on the person or group who seizes the property from the State." This would entail, in most cases, treating the State's property as vacant or unowned, and recognizing the homestead rights of those actually using it. In the case of "public" universities,

the proper owners of this university are the "homesteaders", those who have already been using and therefore "mixing their labor" with the facilities.... This means student and/or faculty ownership of the universities.⁹⁰

This principle of homesteading State property by workers or clients is amenable to wide application. Larry Gambone has proposed "mutualizing" public services as an alternative to corporate privatization. This means decentralizing control of, say, schools, police, hospitals, etc., to the smallest feasible local unit (the neighborhood or community) and then placing them under the democratic control of their clientele. For example, the people of a town might abolish the city-wide school board, and place each school under a board of selectmen responsible to the pupils' parents. Ultimately, compulsory taxation would be ended and the schools run on user fees. In practical terms, mutualizing is more or less equivalent to reorganizing all the State's activities as consumer cooperatives.⁹¹

During the fall of the Soviet empire in 1989-91, Rothbard advocated applying the same homestead principle to state property in post-communist societies. Rather than the corporate looting overseen by Jeffrey Sachs, he proposed a "syndicalist" solution:

It would be far better to enshrine the venerable homesteading principle at the base of the new desocialized property system. Or, to revive the old Marxist slogan: "all land to the peasants,

Unit, 1993), p. 1.

⁸⁹ "The Student Revolution," *The Libertarian* (soon renamed *The Libertarian Forum*), May 1, 1969, p. 2.

⁹⁰ "Confiscation and the Homestead Principle," *The Libertarian Forum*, June 15, 1969, p. 3.

⁹¹ Mutualize! website. <<http://www.geocities.com/vcmtalk/mutualize>>

all factories to the workers!" This would establish the basic Lockean principle that ownership of owned property is to be acquired by "mixing one's labor with the soil" or with other unowned resources. Desocialization is a process of depriving the government of its existing "ownership" or control, and devolving it upon private individuals. In a sense, abolishing government ownership of assets puts them immediately and implicitly into an unowned status, out of which previous homesteading can quickly convert them into private ownership.⁹²

The question of genuine privatization also arises in regard to existing, nominally "private" property titles, that amount in practice to state property: i.e., "private" property acquired through statist means, and "private" enterprises built with profits derived predominantly from state intervention.

Jerome Tucille coined the phrase "anarcho-landgrabbing" to describe the tendency of too many libertarians to take de jure property titles at face value.

Free market anarchists base their theories of private property rights on the homestead principle: a person has the right to a private piece of real estate provided he mixes his labor with it and alters it in some way. Anarcho-land grabbers recognize no such restrictions. Simply climb to the highest mountain peak and claim all you can see. It then becomes morally and sacredly your own and no one else can so much as step on it.⁹³

This is hardly hypothetical, given the number of existing land titles that can be traced to U.S. government grants to railroads and land speculators, Spanish crown grants to the ancestors of today's *latifundistas*, or even to a pope drawing a line across a map of the Americas.

Murray Rothbard pointed out the perils of the utilitarian approach to property rights (i.e., taking de jure property titles at face value):

Suppose that libertarian agitation and pressure has escalated to such a point that the government and its various branches are ready to abdicate. But they engineer a cunning ruse. Just before the government of New York state abdicates it passes a law turning over the entire territorial area of New York to become the private property of the Rockefeller family. The Massachusetts legislature does the same for the Kennedy family. And so on for each state. The government could then abdicate and decree the abolition of taxes and coercive legislation, but the victorious libertarians would now be confronted with a dilemma. Do they recognize the new property titles as legitimately private property? The utilitarians, who have no theory of justice in property rights, would, if they were consistent with their acceptance of given property titles as decreed by government, have to accept a new social order in which fifty new satraps would be collecting taxes in the form of unilaterally imposed "rent." The point is that only natural-rights libertarians, only those libertarians who have a theory of justice in property titles that does not depend on government decree, could be in a position to

⁹² Murray Rothbard, "How and How Not to Desocialize," *The Review of Austrian Economics* 6:1 (1992), pp. 65-77.

⁹³ Jerome Tucille, "Bits and Pieces," *The Libertarian Forum*, November 1, 1970, p. 3.

scoff at the new rulers' claims to have private property in the territory of the country, and to rebuff these claims as invalid.⁹⁴

It therefore follows, as Karl Hess said, that libertarianism does not automatically defend everything that's called "property":

Because so many of its [the libertarian movement's] people... have come from the right there remains about it at least an aura or, perhaps, miasma of defensiveness, as though its interests really center in, for instance, defending private property. The truth, of course, is that libertarianism wants to advance principles of property but that it in no way wishes to defend, willy nilly, all property which now is called private.

Much of that property is stolen. Much is of dubious title. All of it is deeply intertwined with an immoral, coercive state system which has condoned, built on, and profited from slavery; has expanded through and exploited a brutal and aggressive imperial and colonial foreign policy, and continues to hold the people in a roughly serf-master relationship to political-economic power concentrations.⁹⁵

The anarchist caucus of the Young Americans for Freedom, in their 1969 manifesto The "Tranquil" Statement (with Hess among its authors), expressed sympathy with radical students who had occupied their college campuses. In response to right-wing denunciations of such crimes against "private property," the Statement remarked that

the issue of private property does not belong in a discussion of American universities. Even those universities that pass as private institutions are, in fact, either heavily subsidized by federal grants, or, as in many cases, supported by federal research funds. Columbia University is an excellent example. Nearly two thirds of Columbia's income comes from governmental rather than private sources. How, then, can anyone reasonably or morally consider Columbia University to be private [?].... And in so far as it is public (government owned) property (that is, stolen property), the radical libertarian is justified in seizing that property and returning it to private or communal control. This, of course, applies to every institution of learning that is either subsidized by the government or in any way aiding the government in its usurpation of man's basic rights.⁹⁶

Rothbard echoed this position in *The Libertarian Forum*, and then argued for a much wider application of the principle.

But if Columbia University, what of General Dynamics? What of the myriad of corporations which are integral parts of the military-industrial complex, which not only get over half or

⁹⁴ Murray Rothbard, "Property and Exchange," *For a New Liberty: The Libertarian Manifesto* (1973, 1978). Online edition prepared by William Harshbarger. Ludwig von Mises Institute, 2002. <<http://mises.org/rothbard/newliberty.asp>>

⁹⁵ Karl Hess, "Letter From Washington: Where Are The Specifics?" *The Libertarian Forum*, June 15, 1969, p. 2.

⁹⁶"The Tranquil Statement," in Henry J. Silverman, ed., *American Radical Thought: The Libertarian Tradition* (Lexington, Mass.: D.C. Heath and Co., 1970), p. 268.

sometimes virtually all their revenue from the government but also participate in mass murder? What are their credentials to private property? Surely less than zero. As eager lobbyists for these contracts and subsidies, as co-founders of the garrison state, they deserve confiscation and reversion of their property to the genuine private sector as rapidly as possible.⁹⁷

Even this standard for confiscation is probably too modest. To treat gross revenue as the main criterion, as Rothbard did, oversimplifies things. For one thing, the state's contribution to the profit margin is probably a more meaningful indicator. The majority of a corporation's revenue stream may come from private sources, but with state procurement still making the margin of difference, in enabling a corporation to fully utilize otherwise idle capacity, between profit and loss. This is the case with much of the military economy, as we saw in Chapter Three, wherein the significant measure is not government procurement as a percentage of a firm's total output, but as a percentage of its idle capacity. And what of non-monetary benefits from the state, like the ability to charge monopoly prices thanks to State-enforced patents? or the state's role in stabilizing oligopoly markets through its regulations, and thus protecting large firms from market competition?

Taking these things together, it requires no stretch of the imagination to treat virtually the entire large manufacturing sector as a creation of the corporate state. That's especially true given the largely fictitious nature of shareholder ownership, as we saw in Chapter Eight, and the more realistic description of the large corporation as a mass of unowned capital controlled by a self-perpetuating managerial oligarchy. The shareholders, far from being "owners" in any real sense, are in practice another class of contractual claimant with even fewer rights than creditors.

Although Benjamin Tucker refused to advocate the seizure of such nominally private capitalist property, he speculated that it might be legitimate and useful under some circumstances.

Professor Sumner also told Herr Most and his followers that their proposition to have the employee get capital by forcible seizure is the most short-sighted economic measure possible to conceive of. Here again he is entirely wise and sound. Not that there may not be circumstances when such seizure would be advisable as a political, war, or terroristic measure calculated to induce political changes that will give freedom to natural economic processes; but as a directly economic measure it must always and inevitably be, not only futile, but reactionary.⁹⁸

Indeed, in later years he feared that the growth of the great trusts had advanced so far that it could no longer be reversed by "economic processes," and that a market free of privilege would be possible only after corporate capitalism had been destroyed by non-

⁹⁷ Rothbard, "Confiscation and the Homestead Principle," p. 3.

⁹⁸ Tucker, "Will Professor Sumner Choose?" *Instead of a Book*, p. p. 372.

economic (i.e., revolutionary) means.

monopoly, which can be controlled permanently only by economic forces, has passed for the moment beyond their reach, and must be grappled with for a time solely by forces political or revolutionary. Until measures of forcible confiscation, through the State or in defiance of it, shall have abolished the concentrations that monopoly has created, the economic solution proposed by Anarchism and outlined in the forgoing pages – *and there is no other solution* – will remain a thing to be taught to the rising generation, that conditions may be favorable to its application after the great leveling. But education is a slow process, and may not come too quickly. Anarchists who endeavor to hasten it by joining in the propaganda of State Socialism or revolution make a sad mistake indeed. They help to so force the march of events that the people will not have time to find out, by the study of their experience, that their troubles have been due to the rejection of competition. If this lesson shall not be learned in a season, the past will be repeated in the future....⁹⁹

According to Keith Griffin et al, there's heartening news from Africa that customary tenure systems are at least partially restoring themselves, and healing the damage done both by colonial expropriation and post-colonial neoliberal "privatization."

In Kenya, for example, there have been consistent efforts to register and privatize land since the 1950s, and it is estimated that 90 per cent of all land in farming districts had been privatized by 1993. Today, however, 'there is considerable evidence of reversion to customary tenure in titled areas, even those areas that prior to titling were experiencing indigenous shifts toward privatization.'

And indigenous tenure may function quite as efficiently as the Western freehold model, in achieving the purposes of a property rights system. Secure claims to returns on improvements, established through customary use-rights, may be a perfectly adequate incentive for investment under an indigenous tenure system; indeed, "it is possible that indigenous tenure may provide incentives that are superior to freehold."

Thus it is likely that the efficiency losses associated with communal land tenure have been exaggerated. In many cases, for example, the right to cultivate communally owned arable land is heritable and this in itself will increase the incentive of the cultivator to invest. Indeed, one recent study has found that investment is more highly correlated with the right to bequest than with the right to sell. Moreover, many communal tenure systems recognize an individual's rights to arable land when improvements such as planting tree crops, digging irrigation furrows or constructing buildings are made. Provision even exists to compensate the individual for such investments if the land is redistributed. Finally, 'although communal systems prohibit land transactions with outsiders, rentals--and often even sales--within the community... are normally allowed'.... That is, land is at least partially 'commercialized' and this provides scope for efficiency-enhancing transfers.

Thus Western-style privatization of land may be unnecessary. It may also be undesirable. Creating a system of communal land titles may be more cost effective: 'in cases

⁹⁹ 1926 "Postscript to State Socialism and Anarchism."

where there is no clear demand for the demarcation of individual plots, communal titles that are administered internally in a transparent fashion could provide security at a fraction of the cost of individual titles'.... This cost advantage plus other advantages of communal tenure systems--provision of public goods, exploitation of economies of scale in non-farm activities, risk reduction through output diversification--suggest that strengthening communal systems often may be a better strategy than discarding them. This is especially true where several people hold different rights to use the same resource, as is common.... An attempt in such circumstances to privatize land in the conventional sense inevitably will deprive one or more groups of people of their right to use a productive asset.. This, in turn, is likely to increase inequality of wealth and impoverish the most vulnerable. Efficiency may not increase, but the concentration of land ownership almost certainly will.¹⁰⁰

¹⁰⁰ Keith Griffin, Azizur Rahman Khan, and Amy Ickowitz, "Poverty and the Distribution of Land," *Journal of Agrarian Change*, 2:3 (July 2002), pp. 294-295. [279-330]