Kevin Carson's Revival of Individualist Anarchist Economic Theory

Review of Kevin A. Carson, "Studies in Mutualist Political Economy" (2007); 366 pages.

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Kevin Carson is attempting to resurrect anarchist economic theory. This is interesting because most current anarchist political economy is speculation about a post-capitalist, post-revolutionary, economy—what it would look like and how it might work. There is little or nothing of an analysis of how present-day capitalism functions. For that, most anarchists either rely on some variety of conventional (pro-capitalist) economics or they look to aspects of Marxism. The latter is the strategy I used in my book (Price 2013)—with the subtitle, "an anarchist introduction to Marx's critique of political economy." There have been anarchists using Karl Marx's economic views—while rejecting his statist politics—beginning with Michael Bakunin. (And there has always been a minority of Marxists who look toward the more libertarian and humanistic side of Marx's work, whose politics are close to anarchism.)

Carson seeks to revive the anarchist economic school of "mutualism" (the theory of P.J. Proudhon, the first person to call himself an "anarchist"). It was developed further by the 19th century U.S. individualist anarchists (J. Warren, L. Spooner, and especially Benjamin Tucker). He acknowledges, "Unfortunately, individualist anarchist economic thought has for the most part been frozen in a time warp for over a hundred years." (xvi) Within anarchism, it was overtaken by anarchist-communism. It died out, with remnants being assimilated into alien theories of "libertarian" capitalism and so-called "anarcho-capitalism." To attempt to revive mutualist theory, Carson derives ideas from capitalist economics, including "libertarian" capitalist economists, and a great deal from Marxism (he frequently cites either Marx or Marxists).

Kevin Carson presents individualist anarchism as pro-market but anti-capitalist and even "socialist." He rejects the "anarcho-capitalist" program of capitalist corporations (with workers hired for wages) but without a state. A (hypothetical) mutualist economy might include small enterprises, shops, workshops, consumer cooperatives, and family farms. Instead of hired workers, enterprises would be democratically managed by their members (producer cooperatives). Banks would be credit unions (cooperative banks). These enterprises would all compete freely on the open market. There would be no state regulation, or state at all. "Justice", or at least civil peace, would be maintained through mostly local arrangements by the armed citizens.

This would be a commodity-producing economy but not capitalism, even by Marxist standards. There would be no separate class of people who owned capital nor would there be a specialized class of propertyless workers who had to hire themselves out to capitalists in order to live. Interestingly, there has been a number of non-anarchists who have also advocated market economies of self-managing producers' cooperatives (reviewed in Price April 2014).

However, it is not a very democratic social vision. Assuming that it would work, the community's members would not make overall decisions about how to develop their society; this would be decided by competing enterprises responding to the uncontrolled market. Even democratically-managed enterprises would not really control their own fate; this would be determined by the ups and downs of the external market.

Yet I agree with much of what Carson writes, both his rejection of capitalism and his goal of a decentralized, stateless, society with self-managed industries. I would not object to some commune or region trying out his market-oriented program. This is in agreement with the experimental pluralism of Errico Malatesta (discussed in the Appendix to Price 2013) and with Carson's own support of a pluralist "panarchy." But I identify with the revolutionary, class-struggle, socialist-anarchism of Bakunin, Kropotkin, Goldman, and Makhno, the anarchist-communists and the anarchist-syndicalists—as well as finding useful concepts in Marx. This is the viewpoint from which I review this work.

Carson's book is divided into three parts. The first part, the most abstract, is about the "labor theory of value" ("the law of value"). Like Marx, the individualist anarchists regarded this as an important part of their theory, although the "anarcho-capitalists" reject it. The second part is on "Capitalism and the State." He seeks to demonstrate that capitalist exploitation—but not the market as such—requires the state. He also gives his analysis of the crisis tendencies of capitalism (the book was written before the Great Recession of 2008). The third, and shortest, part covers his strategy for achieving individualist anarchism, as well as his arguments for why it would work.

The Law of Value / Labor Theory of Value

The classical political economists (especially those in the line from Adam Smith to David Ricardo) developed the already existing concept of the "labor theory of value." According to this, what gives a commodity "value" (able to have a monetary price) is basically the amount of work which went into making it. This influenced early British socialists as well as Proudhon and then the U.S. individualist anarchists. Karl Marx made it the foundation stone of his critique of political economy. The dominant schools of modern bourgeois economics reject it completely, including almost all "anarcho-capitalists."

Marx argued that socially necessary labor time is the root of the price of commodities on the market. Commodities tend to exchange for other commodities based on equal amounts of the average socially necessary labor time that went into producing them. Of course commodities must also have "use-value" (utility), in the sense that potential buyers—not the capitalist producers—want to use them. Otherwise no one would buy them, and no capitalists would produce them. But that does not determine the market (exchange) value. Marx said that many factors modify this law in practice: averaging of the rate of profit, variations in immediate supply and demand, monopolies, etc. But the law of value remains underneath all such phenomena; it is how the capitalist market organizes all of society's labor in the production of goods.

Carson makes some modifications in the concept. He accepts the competing theory of "marginal utility" (price is based on how "useful" and how scarce consumers find this commodity), but only to explain the variations in commodity prices in the very short run. In the very short run, the amount of any specific type of commodity is fixed (there are only so many Camrys in the stores that week). Therefore its price is mostly determined by fluctuations in demand (as accounted for in the theory of marginal utility). But in the long run (for reproducible commodities), production will increase or decrease to meet the level of demand for that commodity. Over time, the price will fluctuate around the price of production (the cost of producing a Camry plus an average profit). Production costs are ultimately resolvable into the average amount of socially necessary labor.

He also feels that it is necessary to alter the value concept when explaining the differences between the value added to a commodity by "simple" (unskilled) labor and by "complex" (trained, skilled) labor. To Marx, the latter is a multiple of the first. Carson prefers to compare them both on a common scale of "the subjective disutility of labor…including the past disutility involved in learning particular skills." (68) He derives this from Adam Smith's subjective "toil and trouble" as the basis for Smith's theory of value.

In dealing with this issue, it is more useful to focus on what Marx called "abstract labor" (value-creating labor) but not as the result of any individual workers, skilled or unskilled. Commodities

today are not usually made by a craftsperson sitting at a bench. Instead they are made by what Marx called the "collective worker" or "aggregate worker." Many working people, with many degrees of skill, training, and effort, work on each product (such as each car). Marx wrote, "Some work better with their hands, others with their heads, one as a manager, engineer, technologist, etc., the other as overseer, the third as manual laborer or even drudge….Their combined activity results materially in an aggregate product…." (From the "unpublished sixth chapter" of Capital, quoted in Cleaver 2000; 119) The new, added, value of each car is the average time it is necessary for the work force to make it. In determining prices, the owners do not care about individuals, but about their total wage bill (among other costs) and the total time it takes to make new cars.

The Role of the Law of Value

Carson states that "the general principle is that all of society's product, in a free market, will go to labor; and that it will be apportioned among laborers according to their respective toil and trouble." (71) This would certainly prevent any (lower-c) communist division of the common product among workers according to need. Yet this "general principle" seems to contradict his earlier (apparently approving) quotation from Hodgskin that "there is no principle…for dividing the product of joint labor among the different individuals who concur in production but the judgment of the individuals themselves…nor can any rule be given for its application by any single person…." (70)

Which raises the central issue of Carson's discussion of the labor theory of value. Following the mutualist/individualist tradition, Carson regards the law of value as a moral imperative. Each worker should get the complete product of his or her labor, the way that self-employed craftspeople own the objects they make—and sell them and keep the money. The reason workers do not get to keep the full product they make (or its value) is that a profit is drained off by capitalists, bankers, merchants, landowners, and their agents. These robbers get profits because they are backed by the state, which distorts the market. In a really free market, without state interference, mutualists believe, the workers would get the full value of their work in their complete product—as they morally should. This would apply to workers in individual workshops or to groups of workers in producer cooperatives. The goal of individualist anarchism is to liberate the market to freely follow the law of value.

A different view is held by what Carson calls "collectivists," which includes anarchist-communists as well as libertarian Marxists. Markets are indeed distorted by many factors, including the state. But the law of value, the exchange of products based on the total amount of labor which goes into them, is ultimately controlling. This is illustrated by Carson's example of the late Soviet Union. As he says, its planners attempted "ignoring the law of value…. The final result was collapse." (299) Because the market was so distorted, the planners had no accurate way to judge the costs of anything. (Also there was no democratic feed-back from workers and consumers.) They wasted an enormous amount, leading to eventual stagnation and collapse. (Unfortunately he does not understand that this was due to the Soviet Union having a commodity-exchanging, market, economy, even if collectively owned by the state. It was state capitalist—a term he saves for the U.S.)

Marx agreed that the workers did not get back their full product. He claimed that this was due to the capitalist system treating the ability of workers to work as a commodity—the "commodity

labor-power." Just like other commodities, labor power was valued at its cost of production (the money equivalent of the food, clothing, shelter, culture, entertainment, etc. necessary for the workers to be able to work the next day). The cost of labor-power was less than the total value which the workers could produce, which made profits possible. Yet labor power was still bought at its value. Hence, Marx concluded, in capitalist terms, profit was not "theft" but resulted from an exchange of commodities (labor power for money, which could buy food, etc.) on an equitable basis. By capitalist market rules, that is.

Therefore, if the working class was to get back the full product it made, it would have to end value. This does not mean that each worker would necessarily get back the full amount he or she made. In a cooperative, democratically coordinated, economy, where products are not commodities, what the workers made would have to include some wealth used for fixing existing machinery and making new machines, working on the environment, taking care of the retired, the sick, and children, etc. And it is impossible, really, to say how much each person adds to the collective product (for example, cars, if they are still being made)—and therefore impossible to determine how much each worker "deserves." Methods of remuneration will have to be decided by the people involved, but not based on "value."

Carson insists that it is impossible to abolish "value." Any kind of production must include some measure of value. "The law of value is not simply a description of commodity exchange in a market society; it is a fundamental ethical principle." (339) This confuses two concepts. Any society must include some consideration of how it distributes labor among the various tasks which need to be done. This is true of a self-sufficient feudal manor, or a primitive patriarchal peasant farm, or a libertarian communist region. In these cases, the distribution of labor is consciously determined. However, in a market economy, labor is distributed through the exchange of commodities. Here alone is there "value," determined behind the backs of the people involved, by the "invisible hand" of the market (with more or less distortion by the state). True, there is also an ethical principle involved. Under libertarian socialism, every able-bodied adult should participate in production and, therefore, should share in the socially-created wealth. This does not require any exchange "value."

Capitalism and the State

The longest section of Carson's book is "Part Two—Capitalism and the State: Past, Present, and Future." His aim is to demonstrate, historically, that there has never been a simple, "laissez-faire," free market, but that the bureaucratic-military-police state has always been involved. He explains this very well and very clearly; it is highly worth reading. However, in terms of theory, there is little that is new here.

He writes, "Marxists have (…) generally been quite ambiguous concerning the relationship between state coercion and economic exploitation….Marx and Engels vacillated a great deal in their analysis of the role of force in creating capitalism…." (95-96) This is entirely true. However, I find it useful to look at those ways in which Marx and Marxists "vacillate" in the direction of recognizing the dialectical interaction of the state and capital.

As Carson points out, Marx rejected the notions of Smith or Ricardo that capitalism just grew. Instead Marx described, "in letters of blood and fire," how the origins of capitalism—its "primitive accumulation"—was accomplished through violent state action and other non-market uses of

force. The accumulation of capital in the hands of a minority of early capitalists, and the creation of a class of potential workers without land or property—the necessary basis for capitalism—was violently and bloodily accomplished.

Once capitalism was on its feet, it relied more on its own market dynamics, but it still needed the overall protection of the state. It was in the 19th century that Marx and Engels studied the difficulty of the bourgeoisie in firmly establishing its own, democratic, self-rule. Instead, there was an autonomous rise of the bureaucratic state, especially of its executive. Marx and Engels called this "Bonapartism," after the Empire of the second Bonaparte, but they applied it generally. Carson does not discuss this.

Nor does he mention that Engels described a tendency toward the full statification of capitalism. "The official representative of capitalist society—the state—will ultimately have to undertake the direction of production….All the social functions of the capitalist are now performed by salaried employees….The workers remain wage workers—proletarians. The capitalist relation is not done away with." (Engels, quoted in Price 2013; 106)

In the early 20th century, later Marxists studied the rise of capitalist imperialism and the growth of "monopoly capitalism." Of course they included the interaction and mutual support of big capital and the expanded imperialist state.

Anarchist-communists were as aware of the state's economic role as the individualists were. Kropotkin rejected Marx's term "primitive accumulation," because, he argued, state intervention on behalf of the capitalists was never limited just to the "primitive" beginnings of capitalism. "Nowhere has the system of 'non-intervention of the state' ever existed. Everywhere the state has been, and is, the main pillar and the creator, direct and indirect, of capitalism…." (Kropotkin 2014; 193)

What Carson is trying to show, in this section, is that it is not the market as such which has caused the evils of capitalism. Rather it is state intervention in the market which has promoted capitalist domination and its attendant evils. He demonstrates that the state has always intervened in the capitalist market. But this does not prove that the market is possible without the state. If anything, it would seem to demonstrate that a market economy requires a state.

If the state created the market, the market created the state. A competitive, commodity-exchanging, market, has each person in conflict with every other person, each firm competing with every other firm. It encourages conflict, short-sightedness, and selfishness. It needs an overall institution to hold society together, to serve the overall interests of the dominant economic actors. That institution can only be a state.

He has an interesting discussion of the nature of capitalist crises. Much of what he says is valid, I think, but he is too much influenced by the Monthly Review school of neo-Marxists, with their underconsumptionist analysis (see Price Nov. 2012). For example, he writes, "Paradoxically, the state's response to over-accumulation leads directly to a crisis of under-accumulation." (273) Actually it is the reverse. It is "under-accumulation" which is the fundamental problem, namely the inability of late capitalism to produce enough surplus value (profit). Since capitalists cannot find enough profitable new investments to make, they may be said to have an "over-accumulation" of their past profits.

Carson notes that Marx and many Marxists (but not the Monthly Review theorists) believe that there is a tendency for the capitalist rate of profit to fall, but he does not say whether or not he agrees. Also, he refers to the irrational tendencies of monopolistic capitalism, but does not

refer to Marx's concept of "fictitious capital," the growth of paper profits unbacked by real value (by things and services actually produced through labor).

The Program of Individualist Anarchism

Class-struggle revolutionaries believe in building independent mass movements in conflict with the state and the capitalist class. They support struggles for limited reforms because these contribute to developing large-scale movements by the working class. They also support struggles by other oppressed groupings, including women, peasants, oppressed nations, People of Color, GLBT people, etc., as well as struggles on such issues as war and climate change. They want these movements to culminate in a popular, democratic, revolution which will dismantle the state, the capitalist economy, and all forms of oppression—and replace them with a self-managed society.

This is not Kevin Carson's strategy. In the tradition of Proudhon and Tucker, he advocates building alternate institutions, piece-by-piece replacing the statist, capitalist, society (this is miscalled a "dual power" strategy). It is "a gradualist approach to dismantling and replacing the state…with new forms of social organization." (320) Using the existing market, they will initiate producer and consumer cooperatives, small enterprises, mutual aid institutions, do-it-yourself collectives, community gardens, credit unions, etc. These tend not to directly conflict with capitalist institutions. Mutualists should also influence the state through "pressure groups and lobbying" (320), but the main effort is the creation of alternate institutions. At some point these become strong enough to challenge the state, which "will almost certainly involve at least some violence." (318) But he does not expect much. For some reason, he is confident that "the ruling classes…will use open, large-scale repression only as a last resort." (318)

I am not against producer cooperatives, community gardens, etc. They are good in themselves and serve as good examples of an alternate society. But they are inadequate as a strategy for transforming society. The market is the capitalists' institution, as much as is the government. Cooperatives have worked very well, but only on the margins of the economy. Either they fail or they fail by success, that is, they do well and are integrated into the capitalist economy. They are unlikely to threaten the big, central, businesses, such as in the automobile industry, the steel industry, the oil companies, or the big banks. If, somehow, they really did threaten them, then the state would step in and try to repress the cooperatives, in as bloody a manner as "necessary."

Carson writes, indignantly, "Gradualism is often falsely identified as 'reformist' by revolutionary anarchists." (313) It is a false identification, he claims, because individualist gradualists really do want a new society, without the state or capitalism—the same goal as the revolutionary anarchists. However, he confuses "reformism" with "liberalism." Liberals want to improve the existing society, to file down the rough edges of our chains. Reformists want a new society, but believe it can be reached by gradual, step-by-step, reforms. Revolutionaries believe a new society can only be reached by some sort of mass upheaval (not necessarily violent). By this (traditional) set of definitions, the imutualists are reformists.

Even if it were achieved, I doubt that the individualist anarchist system would work for very long. Competing on the marketplace, following the law of value, some cooperative firms would do better than others. There would be winners and losers. The winners would get bigger and wealthier, the losers would go under. A pool of unemployed workers would develop. There would

be business cycles of expansions and recessions. Stratification would develop within and between the enterprises. The wealthier cooperatives and family farmers would dominate the "self-defense" associations which would take over policing. A de facto state would emerge. I would not deny some region the right to try this program after a revolution, but I would not expect much from it.

In response, Carson argues that "collectivist anarchism like syndicalism and libertarian communism…[would fall] under the control of a bureaucratic ruling class." (336) For evidence, he refers to Ursula LeGuin's great novel, The Dispossessed. This is a work of fiction (moreover about an anarchist society is conditions of scarcity), and therefore cannot prove anything. His other example is the historical one of the worker-run industries of Catalonia, in Spain during the 'thirties civil war/revolution. He cites "a management-like attitude" adopted by union officials to pressure the workers to produce. (337) This was during a bitter civil war against the fascists. Meanwhile the worker-controlled enterprises still had to buy and sell on the national and international markets, and the liberal capitalist state still ran the war. Bureaucratic and repressive tendencies were not surprising! Instead Carson blames "The Iron Law of Oligarchy." Supposedly this would affect any federated system with "federal and regional bodies superior to the individual factories." (338)

It is true that any social system will be imperfect, because human beings are limited and imperfect. Power does corrupt—although it is also true that powerlessness corrupts. However, we cannot avoid the dangers of organization by not having organizations. It is no improvement to avoid "federal bodies" by having self-managed factories dominated by the uncontrolled and undemocratic "invisible hand of the marketplace." (339) If we want a free society, we must never stop working at it. The best approach remains, "Eternal vigilance is the price of liberty." (I understand this to be the "moral" of The Dispossessed.)

Conclusion

Under the title, "Move Over Karl, Anarchism is Back!" Larry Gambone raves about this book, "A specifically anarchistic approach to economic analysis has lain dormant for the last 130 years." But with Carson's book, "this period of dormancy has finally come to an end….Without too much exaggeration, Carson has produced our Das Kapital." (sic; Gambone 2014?; 1)

Alas, I think that this is much "too much exaggeration." This is a good book, a valuable book, which is worth reading for anyone interested in anarchist theory. Carson defends the labor theory of value against modern bourgeois economic theory. He rejects "anarcho-capitalism." He demonstrates the role of the state, from the origins of capitalism to today's crisis-ridden economy. He provides a serious discussion of possible anarchist strategies.

However, his economic analysis cannot be said to be superior to that of Marx. Carson treats the law of value as a moral imperative and wants an economy based on it. He wants a commodity producing market economy. Instead, libertarian communists (anarchists and Marxists) have the goal of ending the market, commodification, and the law of value. Carson's reformist strategy is unlikely to work, and neither would his vision of a purified market economy. Anarchists will still have to use Marx's critique of political economy, despite his statist political errors. Anarchists will still have to use the revolutionary tradition of "collectivist" socialist-anarchism.

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