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# Principles of Libertarian Economics

Abraham Guillen

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1993

Retrieved on 27<sup>th</sup> January 2021 from syndicalist.us, syndicalist.us  
and syndicalist.us

From Libertarian Labor Review #14, 15 and 16. Translated by Jeff  
Stein.

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1993



# Contents

Introduction . . . . .	5
<b>Part I</b>	<b>6</b>
<b>Self-Management, Planning, Federalism</b> . . . . .	6
<b>Anarchism and Marxism</b> . . . . .	7
<b>The Libertarian Economy</b> . . . . .	8
<b>False Democracy</b> . . . . .	12
<b>The Management of Social Capital</b> . . . . .	14
<b>Part II</b>	<b>19</b>
<b>The Demystification of Politics</b> . . . . .	19
<b>Planning and Self-Management</b> . . . . .	21
<b>The Totalitarian State</b> . . . . .	24
<b>Popular Self-Government</b> . . . . .	27
<b>Federations of Production and Services</b> . . . . .	28
<b>Part III</b>	<b>33</b>
<b>Information and Self-government</b> . . . . .	33
<b>Labor-Value Money</b> . . . . .	35
<b>Calculation in (LH) of an Industrial Enterprise</b> . . . . .	38
<b>The Libertarian Society</b> . . . . .	39
<b>The True Social Revolution</b> . . . . .	40
<b>Traps of Bourgeois Economics</b> . . . . .	42
<b>Liberation of the Working People</b> . . . . .	45
An Afterword by the Translator . . . . .	45



nity control and allow all citizens a voice as to how value should be determined.

## Introduction

*As part of our continuing efforts to present anarchist economic theory, we offer this translation from Abraham Guillen's book, *Economía Libertaria*. The author of over fifty books and essays, Guillen is probably best known to English readers for his book, *Philosophy of the Urban Guerilla* (New York, 1973). A veteran of the Spanish Revolution, member of the CNT and FAI, Guillen spent most of his life in exile in South America. He has worked as a journalist and economist in Argentina, Uruguay and Peru. Presently he lives in Madrid, where he teaches at the International Institute for Self-Management and Communal Action, which is part of the Autonomous University of Madrid, Spain.*

*For U.S. readers some of Guillen's terms may be confusing. His use of the term "libertarian" should not be confused with the right-wing laissez faire ideas of the so-called "Libertarian Party." Although he does refer to "markets" as part of a revolutionary society, it is clear from the context that he is speaking of a system of federalist or collectivist exchange of products at their labor value – not of capitalist markets.*

*We do not necessarily agree with everything Guillen has to say, particularly his assessment of anti-Soviet marxism. We think it is possible to make an economic critique of marxism without giving in to the temptation of ascribing its failures to original sin or the fall from grace. Despite this and other disagreements, we think this a useful contribution to anarcho-syndicalist economics.*

# Part I

*This is the first installment of Guillen's article. The second part will run next issue.*

## Self-Management, Planning, Federalism

The principles of libertarian economy were put into practice – more by intuition than by design, without grand theories – by the libertarian collectives in Spain during the revolution of 1936–39. Here the “praxis,” more than any “a priori” theory, demonstrated that an economy inspired by federalist principles and self-managed, with a self-managed market, could work well and avoid the central-planning which always leads to the totalitarian, bureaucratic State, owner of each and everything.

In this article, we are not going to introduce all the self-regulating objective economic laws, although the most important of these, the law of labor value, self-regulates the exchange of goods and services at their just value in order to fulfill the others: the law of economic equity; the law of cooperation, between the distinct integrated federations of the libertarian economy; the law of exchange equivalence. In a market liberated from the capitalists and the opprobrious tutelage of the State, they will self-regulate, almost cybernetically, the economic processes of production, exchange, distribution and consumption. I study these laws and social-economic categories more profoundly in my *Economia Autogestionara* [Self-managed Economics], particularly, and to some extent in my three other books.

creases due to automation, the amount of energy in terms of fossil fuels, electricity required, etc., increases. This means that while the labor value of many products is going down, their energy value is going up. As long as energy is cheap and abundant, this does not necessarily present a problem. However, in the future, as the southern hemisphere becomes increasingly industrialized and there is a greater demand for energy, and as fossil fuel supplies dwindle, a purely labor-based system of economic accounting would collapse. Energy would either have to be rationed, or some sort of global federation would have to set a tax on energy. Either way, the labor-exchange economy would be forced away from an unregulated market system. On the other hand, the sort of energy accounting based system proposed by some “green” economists is not adequate either, since the energy theory of value does not take into account the qualitative difference between human energy (labor) and non-human energy.

There is no such thing as a perfectly, objective theory of economic value. Each theory has its own hidden biases which will tend to skew the results of any accounting system (this includes the bourgeois scarcity-value system, which favors those who own capital and scarce resources). The best a labor theory of value can do is identify that part of a thing's (a good or service) value, which is the result of social production. The rest of a thing's value is contributed by energy, nature, the social infrastructure, and a host of other variables. In a libertarian, self-managed economy, the accounting of these non-labor costs and the distribution of these benefits, therefore needs to go beyond the individual workplaces and their labor accounts. An economic role must be played by the free municipalities (communes), who must set democratic controls over energy, environmental standards, and scarce resources, in order to make sure that those exchanges which take place do not undermine social equality or the capacity of the earth to sustain itself. Therefore, contrary to Guillen, we should insist that whatever exchange or currency system exists in the future, it provide for greater commu-

much concerned with accumulating capital through exploitation of workers, as the old “robber baron” capitalists. However, the surplus of the system is shared (although not on an equal basis) within the techno-bureaucratic class. Under these systems, legal ownership means less than one’s position in the state or corporate hierarchy. Only a system of worker self-management of their own workplaces, can eliminate this exploitation by the techno-bureaucracy.

This does not mean Guillen’s theory is without problems. His proposals for a “market without capitalists” and the establishment of “labor-money” are built open the assumption that the labor theory of value can provide the basis for a libertarian socialist economy. The labor theory of value provides a powerful argument for the elimination of capitalists and bureaucrats, since their incomes represent an unnecessary drag on the economy. However, in a self-managed economy inequalities having nothing to do with labor productivity would arise between self-managed enterprises, giving some a competitive advantage over others. For instance, the size of the enterprise, the availability of scarce raw materials, the presence or absence of strict environmental regulation by the local municipality, etc., would all come into play, and these are not always factors which are easily calculated in labor-hours.

Augustin Souchy, another anarcho-syndicalist who made extensive studies of various attempts at establishing workers self-management, observed that:

working hours as the only value determinant is unrealistic. Experience shows that the lack of raw material, rarity of quality, differences of consumer goods, highly qualified services, etc. are equally vague determinants. These factors will not change in a socialist economy.”  
*(Beware! Anarchist!, Chicago, 1992. p.42)*

One factor which is becoming increasingly important in determining production costs is energy. As the amount of labor de-

We are not going to deal, in this chapter, which is really an introduction to self-managed economics), with the development of libertarian socialism. Libertarian socialism I define as synonymous with self-managed socialism.

## **Anarchism and Marxism**

From a semantic point of view, libertarian socialism is disposed to unite according to the concept of true socialism (without bureaucracy and with liberty) all well-intentioned socialists. However, the adjective libertarian has an anarchist connotation.

On the other hand the adjective self-managed tends to suggest an even broader front of socialist ideologies, some more bureaucratic than revolutionary, which might be unified, in thought and deed, into a self-managed socialism: the broadest alliance of popular and workers’ struggle, against the technocracies and bureaucracies, both West and East, and against the bourgeois pseudo-democracies of the West.

I would contend that in spite of light shades of ideological differences, the anarchist theory of liberty, federalism and socialism coincides, if not totally then in part, with the best of revolutionary humanism. In this I would include the Marxism thrown away as scrap by the State under the form of “the dictatorship of the proletariat, in the transition from capitalism to socialism,” which showed itself to be in the U.S.S.R. the dictatorship of the Party-State bureaucracy, and was under Stalin just as cruel as nazi-fascist dictators.

So, with the State acting as the revolutionary protagonist, instead of the people self-organized in self-managed enterprises and in libertarian collectives, marxist-leninism leads, not to socialism or even less to communism. Instead it perpetuates, as in the U.S.S.R. and its “satellites,” a capitalism of the State, a worse capitalism, closer to nazi-fascism, than to true socialism.

Marxism, separated from leninism, is a theory of capitalist development, its economic laws and contradictions. It is thus a continuation of capitalist economics, since without a self-managed socialism all the rest is capitalism or neo-capitalism.

Marx, in *Capital*, his greatest work, does not say what socialism would be like, only what capitalism is like. This title merits serious study, without satanizing it like many anarchists have done without recognizing that Marx was an investigator of capitalism whose contribution to socialism is very limited. It is for us, those who live in the 20<sup>th</sup> century, to explain our prodigious, revolutionary and changing century, not by the ideologies of the 19<sup>th</sup> century which explained very well their own times, but cannot be explanations for us today. And this is not to say, in any manner, that we want to break with the past, since by knowing the past we can understand the present and go with certainty to win a future of peace, prosperity, liberty and equality for all, liberated from the bureaucracies of capitalism and the technocracies risen to State power to exploit Society.

## **The Libertarian Economy**

The libertarian economy, going beyond the marxist-leninist economic doctrine of State capitalism, rejects the State in the name of political and economic liberty. This is because the State protects the capitalists' private property and the state property of the communist bureaucrats. In this school of thought, Bakunin asserted socialism and liberty at the same time, since he could not conceive that socialism could be less free than the bourgeois democracy described by the Universal Declaration of the Rights of Man from the French Revolution of 1789–93. Thus denouncing the political bureaucracy of the “socialists of the cathedral” (the ideologues who spoke like workers, but wanted to govern like bourgeois), Bakunin exclaimed:

## **Liberation of the Working People**

In sum, the libertarian economy should liberate the worker from their old employers, either private managers or from the State as Manager, to end that the workers, by means of their Self-Management Enterprise Councils, direct the economy which they create with their labor upon the means of production associated, from the bottom up, by means of the federations of production and of social services composed in a Federative Council of the Economy; only thus could there be planning and liberty, an associative democracy of full participation of the working people, a self-managed socialist society, avoiding any form of totalitarian communism (which, as a matter of fact, is capitalism of the State).

Without economic liberty there can't be political liberty; since with capitalism there is an economic dictatorship of a plutocratic minority over the majority of working people; and with capitalism of the State, in the soviet manner, the State exploits and oppresses Society by means of the one-Party which is a bad one for the majority and a good one for the bureaucratic, oppressive and exploitive minority. The solution is: neither totalitarian communism nor capitalism but self-management, direct democracy, federalism and socialism.

## **An Afterword by the Translator**

by Jeff Stein

Abraham Guillen has given us some useful concepts for analyzing the economic systems of state-socialist and corporate capitalist countries. Although these economies are no longer dominated by individual capitalist owner-managers, they remain exploitive, class systems. According to Guillen, ownership of the means of production is now collective, spread across a stratum of “techno-bureaucrats.” These techno-bureaucrats are just as



Adding the concrete income alongside gross income (administrative “services”, commerce, banks and other social and public services), it would be seen if these take too great a percentage in the total income by having too many unproductive personal who, in order to not drain the social economy, would have to be recycled as productive personnel. Now then, in the “services” which could be considered as productive, would be included the personnel destined for Research and Development (R &D), without whose presence an economy will stagnate for lack of economic and technological progress; but the personnel of R&D should be, besides in the Institutes or Centers (which tend to be bureaucratic and technocratic), directly in the industrial enterprises, agricultural, energy, forests, mining, fishing, etc., since science and technique should be united directly to labor as immediate factors of production and not as though the ostentation of an academic title should make one a technocrat.

In sum, the net income of a country would have to be estimated, in a libertarian socialism, at costs determined in relatively stable physical and monetary units which don’t mislead, deducting the necessary investments of social capital in order to enlarge production and not simple reproduction as happens to the bourgeois economy in a crisis.

The estimate of the national and social income must be transparent: from the total of the wealth created in a year must be deducted the material consumption of people and that of self-administration (where there should not be much bureaucracy, by reason of better information) and to deduct, set aside or remove the social or national saving destined for investment in order to increase the reproduction of effective wealth, create new enterprises, design improved and more productive machines, carry on scientific investigation, automate industrial production and public services, and mechanize and electrify agriculture.

“Liberty without socialism is privilege and injustice, and socialism without liberty is slavery and brutality.”  
(Obras, vol. 1, p. 59)

For the libertarians, blind obedience to the State is an abdication of Society, since the freedom of each individual must not be limited by a ruling class, either by a class whose power is based on private property, as in the bourgeois State, or on State property, as in the despotic, bureaucratic State-both employer and police at the same time. According to libertarian thinkers, the biggest error of all revolutions rests in the absurd politics of demolishing a government in order to put another in its place which could be worse. Consequently the only true social revolution would be that which destroys the principle of authority, replacing it by self-government of the people – without political parties, without a class of professional politicians, without those who arbitrarily command and others who passively obey.

For Kropotkin, laws could be grouped in three categories: those that protect the persons of privilege, those that protect the governments, and those that protect private property, but that, in reality, disprotect the impoverished working people.

In the conventional capitalist mode of production, the bourgeois State is a committee in the service of the capitalists guaranteeing them the private ownership of the means of production and exchange and the realization; without the intervention of labor, of the surplus value usurped from the wage workers, as much in a parliamentary democracy as in a dictatorship, according to the situation. Under the statist mode of production, whose real expression is the soviet model, the State, a monopoly of the totalitarian bureaucracy, imposes state ownership; dictates wage and price policy; is employer, merchant, banker, police, making laws according to the convenience and interests of the totalitarian bureaucracy. In either case, with a conventional capitalist regime or with State capitalism, whether in the West or in the East, the worker remains

a wage worker, producer of an economic surplus for the western bourgeoisie or for the eastern bureaucrats. Thus, by changing only one government for another the workers remain oppressed and exploited, in reality, by capitalism, whether private or of the State.

The fact is that the soviet regime perpetuates capitalism, but in another form, with state ownership and bureaucratic State. It should, according to marxist-leninism, but hasn't, made socialism except semantically – purely in words, not in reality.

Thus, for example, Marx in his main doctrinal work, *Capital*, exposed the laws of development of capitalism, but not those of socialism; since *Capital* is a body of economic doctrine mostly about capitalism which contributes no well-defined socio-economic laws of socialism. On the other hand, Lenin, in *State and Revolution*, contributes no materials for the building of a socialist society, but takes from Marx the idea of the dictatorship of the proletariat as a transitional step between capitalism and socialism, in order to apply it to the soviet model, where, in time, this transition in the form of a dictatorial State becomes the permanent dictatorship of the communist bureaucracy over the wage workers, who are the producers of State surplus value, for the totalitarian “Nomenklatura.” In sum, then, socialism has not been realized anywhere, as such and as intended by the utopian and libertarian socialists of the 19<sup>th</sup> century, since the soviet model was a new capitalism of the bureaucratic State. But the fact of having prestige has enabled marxist-leninism, to a great extent, to present itself as the economic science, the dialectical philosophy, the sociology of class struggle and its solution, the materialist interpretation of history and the State form necessary for the transition from capitalism to socialism. All this body of doctrine penetrated the universities capturing the minds of many students and professors, the “intelligentsia” above all, in pre-revolutionary Russia, where leninism was established as the active political practice of marxism. In the West, marxism never really reached the workers – neither in its most simplified form, The Communist Manifesto and less still of Capital – but many pro-

Actually, the concept of gross national product (GNP), of which there is so much talk and is so little understood, counts in unstable monetary units, the total of the goods and services obtained by economic activity: agriculture, industry, services, as large integrated sectors of the national economy.

If the GNP, the way it is constituted in the bourgeois economy, were estimated in monetary units of constant purchasing power, thus deflating the official figures, it is possible that it actually diminishes instead of increasing. On the other hand, the GNP, in its bourgeois form, includes the economic participation of the unproductive “tertiary” and “quaternary” sectors, in the sense not that this should be concealed, but that the GNP shows “growth” when it may have diminished materially, in effective production. Thus, for example, in many countries which are diminishing their industrial and agricultural production during some years, but if salaries increase and the number of tertiaries in the state bureaucracy, commerce, the banks, and in social and public services grow, it is said that the GNP has grown, for example, an annual 3%, when the reality is that this macro-economic figure only represents salaries, incomes without effective work, surplus values taken, parasitic income, etc.

Libertarian socialism, creating a social economy based on truthful figures, would have to estimate the GNP in a different manner than the capitalists. It is necessary to give to the concept of social income, units which are measured or concrete and in constant money based on material output: agriculture, cattle raising, forests, fishing, energy, mining, industry, or whatever is actual production. As for the “services”, only transportation, railroads, trucking, marine and air would be included in the concrete estimate of the effective or material income, since although transportation doesn't add production, it transports it from one side to another and, in consequence, it should be included in the concrete income of one year to another.

future, in certain manner, will be anticipated by having a Federative Council of the Economy, where each federation of production or of services knows that which it has and that which it wants, in accordance with the effective demand of the self-managed market. Libertarian socialism, if it wants to distinguish itself from authoritarian soviet communism, must respect the law of the supply and demand, without falling into bourgeois liberalism, since in the self-managed market the federations of production and of social and public services act competitively. Because if the market is suppressed, and with it the law of labor-value, the law of economic competition, the law of formation of just prices in the market, it would not be possible establish a rational economy of costs and prices, necessary investments and appropriate consumption. In its place would be a centralized and bureaucratic planning which places the total-State above the oppressed, exploited Society, as happened in the USSR under a planning of economic decrees, without respect for objective economic laws.

On the other hand, libertarian socialism has to respect the pluralism of ideas, although it wouldn't provide a space for byzantine struggles. People would be self-organized in their own interest in self-managed enterprises, mutual cooperatives, local self-governments and all types of socio-economic and political forms of direct participation. Politics would be deprofessionalized, abolishing the political class and the political parties as expression of antagonistic interests, since each citizen or worker will participate in their enterprise, local self-government, federation, daily, without falling into the trap of electoralism, where they only participate for a day to elect a government worse than another.

## **Traps of Bourgeois Economics**

Libertarian socialism will have to create a new economic doctrine and a new system of estimating the national or social income.

fessors, intellectuals, ideologues adopted Marxism as reformism, "socialism of the cathedral" or an ingredient of social democracy; although in recent times the economic ideal of the "socialists of the cathedral," of the technocracy and of the bureaucracy, was not Marx but better still Keynes, who contributed the economic theory of a neo-capitalism, more a monopoly of the social-democratic political class or of the labor parties than of the bourgeoisie properly speaking.

The failing welfare-State in the West, squeezed by the abuse of inflation and of exorbitant taxes, and the State-owner in the East of the soviet bureaucracy, were established as an alternative to capitalism, as a "velvet socialism" in the West and as totalitarian communism in the East (which in reality is not communism, but a capitalism of the State: the most total of all dictatorships, without precedent in the ancient and modern world, and which has fallen into chaos from the "perestroika" of Gorbachev to the "catastroika" of Yeltsin).

It is necessary, therefore, to redefine what has semantically called itself socialism and is nothing more than State capitalism, investigating and proposing a libertarian economy, whose laws of development-economic, social, political, cultural, scientific and technological-are enunciated as a replacement and alternative to western welfare Statism and to Soviet State-ownership. For this libertarian socialism needs a little more scientific rigor and a little less utopianism, although it is necessary to take the adjective "scientific" with a grain of salt, as it has been depreciated enough by the soviets. Utopia is beautiful, but it must bring something of economy, of reality, of objectivity to the goal of libertarian socialism for it to be an alternative, at the same time, to western monopoly capitalism and to State capitalism, according to the soviet model.

## False Democracy

In our epoch the exhaustion of statist politics emerges; so it is with the social-democratic regimes under the control of the parasitical middle classes (in the west); so it is with the totalitarian bureaucracies of the one-party and State-employer; whether under the welfare-State (in the West), or the total State (in the East) and of failed nazi-fascism, the people have understood that they must organize themselves into industrial democracy (self-managed enterprises) and into federated self-government (direct democracy), overthrowing the economic power of the industrial, mercantile and financial bourgeoisie, and the political power of the radical, social-democratic, christian democratic, socialist and neoliberal petty bourgeoisie who, with their various parties, take turns in Power.

Marxism and Keynesianism have contributed equally to the development of statist economics; so it is with the marxist-leninists and petty bourgeois socialists; so it is with the technocrats and bureaucrats of every type, partisans of managed economies with the goal of controlling the national economies and the organs of the world economy, imperialist or hegemonist, like the IMF, the GATT, the U.N. Security Council, instruments of the “new world order” of ex-president Bush.

But from these techno-bureaucratic experiences, with the proliferation of well-paid functionaries, of UN-ocrats, eurocrats, comeconrats, of central planners of every type, we can deduce that when the parasitic classes are augmented at the expense of productive workers, the poorer are the working people and consumers.

The moment arrives, then, when it is necessary to vindicate the restoration of a self-managed economy, debureaucratized and debourgeoisified, liberated from both marxist-leninist totalitarianism and bureaucracy, and from western keynesian planning, which was based on the extravagant growth of taxes, monetary inflation, government budgetary deficit and full employment from above for

distribution and consumption and create new social relationships; new and more powerful productive forces; new political forms of popular direct participation; new legal institutions having as their basis the popular jury, new universities and technical schools integrated with industries, agriculture, mining, energy, fishing, the forests and other sectors; new philosophic, political, social, artistic, and cultural doctrines; new conceptions of national and social defense based more on the people in arms (than on a bureaucratic professional army, expensive and wasteful) in order to defend the society, as much inside as outside of it. It is necessary to affirm the system of popular self-defense, since without which there couldn't be a guarantee that self-management will be accepted by a professional army, the latter always having tendencies to stage a “coup” in order to take Power.

On the other hand, in order to avoid the coming to power of a one-Party-state, which is the worst and greatest single political wrong, as happened in the USSR, there will need to be created a participatory socialism. This would entail a respect for the free personality within the collective, the self-determination of the local governments within a federalism which coherently maintains a unified market, the social and national self-defense, diplomatic relations with the exterior, the socio-economic system as a relatively homogeneous regime. A federalism which keeps a national and social accounting system in order to estimate and program the authentic valuation of the national or social global income, making it possible to know where we have been and toward where we are going economically, socially, politically, scientifically and technologically.

But a new economic system, based on self-managed socialism, will have to have another way of estimating the annual economic growth on the basis of short, medium and long term plans, constructing a macro-economic picture of the national and social economy, departing from the known figures and projecting toward figures to be attained in the next trimesters, semesters, years. Thus the

The private ownership of the means of production and of exchange created capitalism as a mode of production and the bourgeoisie as dominant class.

“They were”, says Kropotkin, “the necessary condition for the development of the capitalist production; it will die with her, although some may try disguising it under form of a ‘labor bonus’. The common possession of the instruments of labor will bring necessarily the common enjoyment of the fruits of the common labor.” (The Conquest of Bread, p.28)

If upon changing the mode of production and of distribution, daily life doesn't change, including distribution, consumption, education, the political system, the legal and social, in the sense that one dominant classes are not substituted by other, then, really, nothing essentially has changed. Thus it happened in the Soviet Union, where the economic categories and the economic laws of the capitalism were hardly modified, with the result that the economic dictatorship of the bourgeoisie was replaced with the political and economic dictatorship of the bureaucracy and, in consequence, private or anonymous capitalism for the capitalism of State. A revolution like this, although it is called socialist, constitutes a great swindle to the detriment of working people, for whom in the majority of cases, it has not meant more than a change of master or of a saddle, to the unfortunate beast of burden. So instead of being the proletarian of the bourgeois, they have a new Patron, that is to say, the technocrat and the bureaucrat. In our way of thinking, the alternative to capitalism is not Marxism Leninism, but libertarian socialism.

## The True Social Revolution

For a revolution to be true, in the sense of emancipating working people from the oppression and exploitation of the dominant classes, it has to establish a new mode of production, exchange,

the bureaucrats and technocrats, and maximum unemployment below for the productive workers underneath. An aberrant economy of this kind has to lead to the total failure of the welfare-State as long as it consumes unproductively more than it produces positively, in actuality in agriculture, industry, mining and goods production.

One thing is politically and economically evident in our time; the stronger and richer is the State than the more weak and poor are its subjects. In consequence, it can be seen on the political horizon and in immediate society, as much in the West as in the East, there are two great antagonistic human groups: those that order and those that obey; those that work and live poorly and those who don't work and live well; the authoritarians, who seek to maintain their privileges, and the libertarians, who defend their rights and essential liberties. Thus we behold from the historical perspective, at the end of the twentieth century and beginning of the twenty-first, the crisis of the USA and the ex-USSR.

In regimes of the soviet-type, in which the State possesses all wealth and all power, it has created two great antagonistic classes, the totalitarian government bureaucracy and the working people forced to submit to a savage capitalism of the State. The dialectic of class struggle in bureaucratic socialist countries, by its essence, is transformed into a struggle between oppressed Society and the State oppressor, having thus an anarchist character, since it is the proletariat, paid by the State-employer, that has to overthrow the power of the totalitarian bureaucracy in order to build an economy based on self-management, de-bureaucratized, functioning through federations in production and social and public services, converging in a National Economic Council.

Since the quantification and accounting of the economy must be done federally, by agreement of all and the parts (without central planning by bureaucrats, according to central and final orders), there comes a moment in which the libertarian economy makes it scientifically possible as the best possible administration of eco-

conomic matters creating thus the conditions to abolish the State, oppressor and exploiter of men, converting to decentralized self-government. In this manner an economic federalism (production of goods and service) and an administrative federalism – one as the self-management of workplaces; the other as local, regional and national self-government – creates a self-power of direct participation of people organized in their own interest; not requiring, therefore, a political governing class, nor a bourgeoisie nor technobureaucracy, managing industry in order to usurp the economic surplus produced by the labor of others without paying, usurping by surplus-value for the bourgeoisie of the State-owner, now failing in Russia and China, but which they want to perpetuate as capitalism pure and hard in the ex-COMECON countries.

## The Management of Social Capital

The libertarian economy has to assume the increased reproduction of social capital, in such a way that the development of productive forces will not be inferior to that under private or State capitalism. Only then will anew economic regime be justified, historically, socially and politically, if it creates more well-being, a better standard of living, more production with less manual labor than under the old overthrown regime. To not do this would produce over time the conditions for a counter-revolution as long as humanity can not lose productive forces, without earning them constantly until living labor (human productivity) has enough capital (accumulated past labor) that enables one hour of automated labor to produce more than many hours of simple or rudimentary labor based upon the muscular efforts of man.

Accordingly, as workers' productivity increases, with everyone working scientifically, it half productive and half educational, with the goal of giving everyone equal time for labor and studies, equal scientific, technical and cultural preparation. In this way, all will be

man receiving according to his necessity, although he only contributes according to his unequal capacity, or in other words, that it would make possible the economic equality between the men: libertarian communism, rationally and scientifically, economically possible, without which it must be considered as a beautiful utopia.

Only a self-managed economy, rational and objective, based on scientific laws, from the commencement of the establishment of libertarian socialism, avoiding the fall into one phase or another, into either the socialism of group property, into forms of corporatism or of narrow syndicalism, but towards a condition of always placing the general interest above the particular interest of the professional or work groups.

## The Libertarian Society

On the subject of the future of a libertarian and self-managed society, Kropotkin warned and advised:

We are convinced that the mitigated individualism of the collectivist system will not exist alongside the partial communism of possession of all of the soil and of the instruments of labor. A new form of production will not maintain the old form of redistribution. A new form of production will not maintain the old form of consumption, just as it will not accommodate the old forms of political organization.

In this order of ideas, explains Kropotkin, the private ownership of the capital and of the earth are attributes of capitalism. Those conditions were consistent with the bourgeoisie as a dominant class, although the public [state] ownership of capital and of the earth is consistent with the capitalism of the soviet-State, which elevates the totalitarian bureaucracy as a new dominant class.

If the LH, the unit of labor-money, would have, for example, an purchasing power of 1 hour of average social-labor and this were equivalent, roughly speaking, to one dollar, one could establish, among others, the following calculation of economic-accounts:

## Calculation in (LH) of an Industrial Enterprise

- Costs of machinery = \$1000 = 1000 LH
- Raw materials, energy, etc. = \$50,000 = 50,000 LH
- Hours worked in production = 50,000 LH
- Total of LH = 101,000 LH
- Units produced during the period of work = 100

Dividing the total number of LH, spent in the process of production, and the total of units produced in that time of work which could be daily, monthly, or yearly, we would have an average of labor value for unit produced of 1.010 of LH or of labor-money.

Now then, as no money could be absolutely stable, since if the productivity of the labor increases, due to improvements in machines, education of the workers and more efficient methods, it would result that the LH will end up having less value of exchange, increasing its value of use, driving this economic process toward an economy of abundance where, overcoming venal value, the value of use would only remain. Consequently, having reached this stage in the economy and technology, with most of the work automated, the value of the produced goods wouldn't be based much on living labor, but almost everything would be labor of the past (accumulated capital), which would determine thereby a self-regulated production of abundance. Then the wonderful time will have arrived of overcoming finally both money and the commodity, each

capable of doing all, and with the help of the computer revolution, to abolish the traditional division of labor, so that the revolution is not overcome by classes or social estates from dividing labor into manual or intellectual.

The self-managed economy, libertarian in the greatest sense of the word, will have to completely master the basic industries-the creation of new products; the complete utilization of scientific-technological research, bringing it from the universities to the workplaces and institutes; the creation of an agro-industry that will erase the differences in cultural, economic, and technological development between city and country; the constitution of a libertarian society that will balance economics, society, ecology, population and harmonize natural resources and humans, guaranteeing all the right to work, education and leisure; the integral assimilation of the computer revolution in order to liberate (painful) manual labor from material production. Since the automation of labor, plus self-management of social capital at the same time, will create all the technical, economic, cultural and scientific conditions to attain a harmonious society, without social conflicts nor economic contradictions; then self-management plus automation equals libertarian communism.

But prior to attaining the "golden age" of self-government, of equality in education and social conditions for all, where each receives according to their needs and the economic possibilities of society, transcending social hierarchies and the antagonism between wage labor and private or State capital. Prior to this, it will be necessary to transcend political economy as a science of administration of scarce resources and distribution of goods and services according to quantity and quality of labor, abolishing at the same time the division of labor into professions or corporations, by virtue of which some consume more than others, using money and unequal incomes in order to perpetuate the inequality among people.

The spontaneous natural riches, the fruits and wild berries, the water and air to be in reach of all humans, without appropriation,

can not be distributed in the mercantile sense of the realization of the law of exchange value since they do not pass in the form of money; price and market-seeking profit, not being the objective of political economy. In libertarian communism, for humanity to attain an economy of abundance a high productivity of automated labor will have to go beyond the laws of exchange value, wages, money, merchandise, unequal incomes, the State (formed in order to impose a unequal division by classes); the political parties and the ideologies peculiar to the political alienation of a competitive society; the division of labor between managers and subordinates.

These can not be economically, politically, socially or culturally transcended, however, by bureaucratic socialism – a neo-bourgeois political economy of usufruct, which is followed by a system of distribution as unequal as capitalism.

The libertarian economy, initially, as happened in Spain during the Revolution of 1936-39, the “praxis” set itself problems that had to be resolved, totally or partially, by bypassing political ideology, creating libertarian collectives, enterprises managed directly by workers without techno-bureaucratic directors; but having to demonstrate by means of self-organized labor that the forces of production would not be wasted. Seeing in practice the human, solidaric and productive labor advantages of the libertarian collectives, the small private property owners associated with them voluntarily. On the other hand, Stalin decreed the forced collectivization of the land into kolkhozes [co-operatives] and sovkhozes [state farms], repressing those peasants who did not want to join them except by pressure of the political police.

The good from the moment it is forced ... is converted into evil. Liberty, morality, human dignity, consists precisely in that man does good, not because he is ordered to do it, but because he conceived it, desired it, and loved it. (Bakunin, Obras, Volume 1, p. 280).

functioned in the Spanish libertarian collectives during the Spanish Revolution of 1936–39. The goal would be to avoid the bureaucracy of a centrally planned economy, such as occurred in the USSR and China, where the officials decided everything and the people participated in nothing. As if that were socialism, however much they try to introduce it thus by means of a totalitarian propaganda, as if lies could be converted into truths by force of repeating them as the only truth, thanks to the state monopoly of the radio, the press, the television, the universities, the schools, so that Power regulates knowledge according to their political convenience.

In a libertarian economy, labor-money wouldn't be money in the capitalist sense such as we understand it and need it today, since it wouldn't allow the individual accumulation of capital in order to exploit the labor of other people and obtain a surplus value. Rather it would be intended to facilitate the exchange of goods and service, in a self-managed market, where these exchange at their true labor value, so that it fulfill economically the law of equal exchange in equality of condition for all the integrated branches of the social division of the labor and the law of the cooperation of those same branches or federations of production and of service. If, on the other hand, there were no free operation of the self-managed market, things would fall into economic chaos, by trying to centrally plan everything. Prices and their economic calculation, as well as the market that really forms them (without maintaining bureaucratic costs) are only possible within an indicative global programming, but which leave the day-to-day market free, so that all the enterprises are able to produce the best and most economically, about which the consumers must ultimately decide. From this method, there is an invisible hand which self-regulates the social economy, better than thousands of officials and technocrats equipped with thousands of computers who without liberty, order disorganization by being poorly informed or because of the self-interests of the totalitarian bureaucracy, who manage more like inquisitors or cruel police (as happened in the USSR and China).



goal of progressing more with self-management than under the dominance of capitalists or of bureaucrats.

The LH, as labor-money, wouldn't lead to monetary inflation like capitalist money or like the soviet ruble, which conceal by being the money of cash, the parasitical incomes of the western bourgeoisie, or of the eastern bureaucracy, inflating the growth of the gross national product (GNP), with salaries of officials or unproductive technocrats, or with dividends, interests, rents and surplus values received by the capitalists, according to the western economic model, where each day there exist a growing parasitical class at the expense of productive workers. Every project of investment would be calculated in hours of labor (LH), as well as in terms of personal and public consumption required. It would be monitored that neither would be excessive in the carrying on of a libertarian, self-managed society, of direct associative democracy, so that a part of the global economic surplus would be invested in achieving a greater automation of industrial production and of agricultural production. It would thus be possible to continue reducing the working day to a range which would allow a more leisure time, so that all the citizens could occupy their time in more relaxation and, above all, in better scientific, cultural and technological preparation.

The LH, as labor-money and as a quantification of the economy, having a stable monetary value would program the economy: to account it; to establish the costs of the goods and services; programming the integrated branches of the division of the labor and correct disharmonies between them; quantifying in the products the cost of raw, energy, amortization of the capital, value of the work, economic contributions to the local self-governments and to the national co-government, etc. All of this would function within a libertarian socialism of a self-managed market, without speculators, hoarders or merchants, in order that competition benefit the workers and the consumers, the cooperative groups and self-managed enterprises, in the manner similar to the way the market

In reality, people are neither good nor evil, but products of the societies where they live, conditioned by their economic, political, social, and cultural circumstances. Thus in societies where private or state property holds sway, each individual appears as an enemy of the other, competing with the other, oppressed by the other, limited by the other in rights and duties.

The causes of injustice, in the socio-economic sense, do not reside so much in human conscience as in the inhuman essence of societies of conflicting classes and in the State which perpetuates them throughout history, as if humanity was incapable of overcoming the prehistory of unjust society, with even less equality than primitive society from the paleolithic to the neolithic.

An economist so little suspected of being an anarchist as Adam Smith, but a sincere intellectual and friend of the truth concerning social injustice between people, having as a principal cause the governments of class, said:

Civil government ... is in reality established for the defense of those who possess something against those others who possess nothing. The International Workers Association (AIT), in the past century, was more clear about the emancipation of working people than all the later internationals where the union bureaucracies, politicians, and technocrats, allies of each other, had corrupted communist and socialist ideals; whether this corruption was, by favoring the welfare-State, more Keynesian than marxist, in the West, or the totalitarian State, the administrative socialism in the East, which produced plenty of armaments but failed to produce food.

“The three great causes of human immorality are: inequality as much political as economic and social; ignorance, that is the natural result of the former; and, finally, the necessary consequence of both, that is slavery.” (Program of the AIT).

The deeds of the political parties, of the so-called left, and the labor union organizations, with the development of monopoly cap-

italism (West) and with administrative socialism, East having fallen into the hands of political and union bureaucracies and into those of technocrats, with the words of the left and the deeds of the right – has been to confound, in our epoch, all the values of the popular revolutionary struggle, making the communist and socialist parties, and their union organizations, into transmission belts for the interests of the petty-bourgeoisie of the left which, by the means of political power, aspires to become a “new bourgeoisie.” Thus they adulate the workers, promoting to them a “socialist paradise,” in order to sacrifice them to the capitalist inferno – so it is whether under the laborist or social-democratic model, or under soviet totalitarianism.

sum: programming the economy would be simple, without need of bureaucrats, of capitalist managers or of technocrats.

When we speak of taxes we don't refer to the tribute of the western capitalist type nor to the business taxes (mainly figured as a business expense usurped from the enterprises by the State in the USSR and in the “popular republics that made up the COMECON), but to the delivery of a pre-determined quota of the economic surplus, extracted by the self-managed enterprises, transferred to the self-governments, responsible for returning those transfers to society in social and public services according to their ability: sanitation, hygiene, paving of streets, highways, roads, ports, railroads, education, public health and other responsibilities of the self-governments which would be too great to enumerate.

## **Labor-Value Money**

In this case we would attempt to strengthen the economy of the free self-managed municipality, not in the traditionally Roman [state-citizen] nor modern bureaucratic sense, but as the social and public enterprise of the citizens; as well as the industrial, agricultural, of research enterprise or certain global services which would constitute the task of the associated workers with their means of production, self-organized into Worker Councils of Self-Management and in Basic Units of Associated Labor, where the economic accounting should be automated by means of computers and take as their unit of calculation, the labor-hour (LH). It would have thus a monetary equivalence of the same value, if the money is intended to remain stable. The LH would circulate monetarily in the form of ticket which would give the right to consume reasonably, always leaving an important portion in order to invest more capital than wornout during a year, so that libertarian socialism would enlarge the social capital, with the

order of ideas, economic growth, with libertarian socialism, would be greater than with private capitalism or State capitalism, since the surplus-value wasted on the parasitic classes under capitalism would be invested instead. Consequently, it wouldn't be necessary to harshly tighten the belts of the workers, as did Stalin; instead the gross national or social income would increase annually in greater proportion than under industrialized capitalism or bureaucratic socialism (which wastes too much in armaments, in salaries of unproductive officials, and slows economic growth to no greater a pace than that of the developing capitalist countries).

By means of the application of information and of computer networks, well supplied with all types of data, the Federative Council of the Economy would have the actual information for each branch of production or of services. Therefore, the economic integration of branches of production and of service would be a positive science, which would know everything necessary in order to avoid crisis of disproportional of growth in those branches, without the production of excesses of personal, of goods not sold, or of raw materials, since it would be known, at each moment, the amount necessary to produce, to distribute or invest so that the social economy has a law of harmonious development.

For example, the central computers of the Federative Council of Economy, with informative contributions of the computer terminals in local factories, provincial and regional, would make known what was everyone's production, reserves and shipments to the self-managed market. In the case of the industry for manufacturing of paper containers, the central computer would register the number of establishments, the personnel employed in each one of them, total of work-hours, cost of the personnel in stable monetary units, electric power consumed in the process of production, value of the fuels and gas used, value of the consumed raw materials, general expenses, taxes, value of the total production, value of the employed labor, amounts destined to pay debts and for new investments. In

## Part II

*As part of our continuing efforts to present anarchist economic theory, we offer this translation from Abraham Guillen's book, *Economia Libertaria*. Because of its length, we are publishing it in three parts. The first part was in LLR #14, the conclusion will be in LLR #16.*

### The Demystification of Politics

The experience of more than half a century of "velvet socialist" [ie. social democrat], Christian democrat and liberal governments practicing Keynesian economics in the West, as well as the totalitarian communist governments of the East with centralized planning, has been that the workers remain wage slaves either way, building up surplus value for the private or State owner. They are exploited as much on one side of the world as another, whether under the governments of Olaf Palme, of Kohl or Honecker, of Thatcher or Reagan, of Gorbachev or Yeltsin.

From this it can be deduced that "state socialism" is neither socialism nor communism, but is instead the collective ownership, usufruct, of the totalitarian bureaucracy over the surplus value extracted by the State. This bureaucratic socialism is the formal critic of private capitalism, but allows it to be transformed in the West into multinational capitalism, and in the East allows capitalism to be restored. Consequently, this leaves "libertarian socialism," essentially anarchism, as the rational and necessary critic of both private capitalism and of state socialism as bourgeois socialism.

But if libertarian socialism wants to be an alternative to the bourgeois socialism of the West and the social-economic chaos of

the East, it must be able to make the beauty and seduction of anarchist utopia compatible with a realistic economic, social and scientific vision of the world, consistent with our time. It must present a social-economic program which overcomes the crises in economy, society, politics, ecology, demographics, energy, of moral and intellectual value. It must seek to harmonize natural resources and human resources in a new social-economic order in which all people have the right to labor and education, in a way that overcomes definitively the old division of manual and intellectual work.

“Is it necessary,” asked Bakunin, “to repeat the irrefutable arguments of socialism, which no bourgeois economist has yet succeeded in disproving? What is property, what is capital in their present form? For the capitalist and the property owner they mean the power and the right, guaranteed by the State, to live without working. And since neither property nor capital produces anything when not fertilized by labor, that means the power and the right to live by exploiting the work of someone else, the right to exploit the work of those who possess neither property nor capital and who are thus forced to sell their productive power to the lucky owners of one or the other.” (*Obras*. Volume III, p.191)

But let us again insist that the workers, within a self-managed economy where the means of production and exchange are socialized, without either bourgeois owners, or technocrats and bureaucrats of centralized state economic planning, would be capable of conducting the economy themselves.

Now then, a libertarian economy of the self-managed type has to be capable of producing an economic surplus greater than under private or state capitalism; of converting a large part of this surplus to the reproduction of social capital, improving the productivity of labor. Therefore the workers will achieve a higher rate of growth in productive forces than private or state capitalism. There will be, thus, better and greater production with less expense of human effort and greater and better use of automated machinery. This is because only the automation of labor makes it possible to create the

## Part III

*This is the final installment in this three-part series. Part I ran in LLR #14, Part II in LLR #15.*

### Information and Self-government

A self-managed economy will have to rationally organize the branches of industry and, within each one, integrate the small and medium enterprises with the big enterprises to constitute a unified whole. For example, in the branch of industry of domestic electronics, which seems to have no relationship with the construction industry, it may be suitable to control home heating and cooling not with individual refrigeration and individual furnaces but centrally, with the goal of saving energy. In this sense, the construction industry, to construct new housings, would build them to work in the manner of hotels, with all included services, so the worker would live similar to a present day bourgeois in a great hotel. For this to happen it would be necessary to increase the productivity of labor in the primary and secondary sectors, so that each worker in agriculture and in industry would be capable of producing for many people so that, in compensation, they would proportion him the necessary services of a sort of social hotel, as we have indicated. But for this to happen will require a great revolution in culture and technology, investing much in Research and Development.

The self-managed economy will have to invest a good portion of the national income in the production of both consumer and capital goods, particularly in its first years of operation, so that the productivity of the labor is increased to unprecedented levels. In this

conomic, demographic, political, social, scientific, technical, natural resources, etc.

A social-economic program, with continual popular participation (not indirectly through municipal, regional or national elections), must be by the means of federations in industry, agriculture, and services, integrated into a Federative Council of the Economy, in which all the federations producing goods and services must be represented. By way of example, this “Federative Council of the Economy” would have to integrate, among others, the following federations: Fruits and horticultural products; Cereals; Feed for livestock; Food industry, including imports; Hostelry and Tourism; Wine, beer, and alcoholic beverages; Oils and greases from vegetable and animals; Fishing: boats and canning; Textiles; Furs and leather; Timber and cork; Paper and graphic arts; Chemicals; Construction; Glass and ceramics; Metal machining; Steel; Non-ferrous minerals: metals and alloys; Energy: petroleum, coal, gas, electricity, and atomic energy; Information and the construction of computers, integrated micro-circuits, and semi-conductors; Electronics: numerical controlled machines; Biotechnology; Aero-space; Research and Development, uniting technology with work.

This list of industrial federations does not include all the social and public services, which would be too tedious to number but would have to be represented in the Federative Council of the Economy as well. By example, commerce, banking, sanitation, security and social security, which are enormous, would have to be reorganized, since these entail much unproductive work that would have to be reduced. The goal must be that concrete production is not exceeded by unproductive work, since this would restrain or slow real economic growth. In other words, there must be no false increase in the Gross Internal Product, which occurs when it is incremented solely by services and not in the branches of industry, in either the primary sector (agriculture, fishing, livestock, lumber, minerals, etc.) or the secondary sector (industry of diverse types).

technical basis for libertarian communism. Socialism or communism can be justified neither economically, politically nor socially as popular misery. A dominant class backlash would be justified as necessary if the workers eat all their capital without replacing it, or without increasing it more than the soviet bureaucracy or the western bourgeoisie.

Proudhon, quoted by Guerin, concerning the self-managed economic regime, said: “The classes...must merge into one and the same association of producers.” [Would self-management succeed?] “On the reply to this ...depends the whole future of the workers. If it is affirmative an entire new world will open up for humanity; if it is negative the proletariat can take it as certain....There is no hope for him in this poor world.” (Daniel Guerin, *Anarchism*, p.48)

In sum, there is no need to lament, there is a need to educate, to become the protagonist of the future; to prepare oneself to improve things and to make revolutionary changes; to understand the sciences, sociology, economy, and revolutionary strategy; since without a successful revolution, there can be no liberation of the workers, an outcome which cannot be delegated to others but must come from the exertion of their own self-powers.

## Planning and Self-Management

The planned economy has been praised by the technocrats and bureaucrats of socialism, East and West, as the rationalization and codification of national economies, with the goal of giving them a harmonious law of development, both economic and technological. According to this scheme, all the sectors of production and services will be coordinated so that none of them advances ahead or falls behind so much that it causes a crisis of disproportional development between the branches of industry, agriculture and services. However this supposed “law of harmonious development of

national economies” directed by an army of bureaucrats and technocrats has in reality only introduced alongside private capitalism the capitalism of the State, leaving the workers, as always, as dependent wage workers. In both cases the workers are wage slaves that produce surplus value for the capitalist entrepreneurs or the State-entrepreneur.

Apologizing for the planned economy, as the scientific economy par excellence which can predict the future with rigorous calculations, able to conduct national economies according to prior objectives based upon macroeconomic calculations, to guide the desired economic development with the help of “control equations” for the month, year, four-year, five-year, all the economic science which was the hallmark of central-planning, was declared as vulgar economic science. Particularly has this been the case in the Soviet Union, although now Yeltsin under the IMF has discovered capitalism, pure and simple, as a new “democratic” economy, even though it impoverishes the workers.

But after many years of centralized planning the national economies have revealed a crisis of underproduction, or under-supply of the market and a crisis of disproportional and unequal development between industry and agriculture, in the USSR and all the countries of the ruble zone. Indicative planning, as advocated in the West by the techno-bureaucratic thought of Keynes, Schumpeter, Galbraith and Burnham, was an economic doctrine, of center and left and including some of the right, taken up by the parties of the social-democrats, socialists, christian-democrats and neo-liberals. These parties mobilize the politicians of the middle class professionals, who aspire to a State-benefactor where, as the first enterprise of all, the technocrats are the directors more than the capitalists properly speaking.

By means of the welfare-State the reformist middle class, from right to left, comes robbing the usufruct of the government. Thanks to the sector of nationalized enterprises, of social security insurance, of public services, and the nationalization of many banks,

the particular and the general, would be understood perfectly by reason of complete information from computer networks which would register all the important data to accomplish at the end a perfect database. By virtue of this, everyone would know all, avoiding thus a condition in which those with knowledge have the power, as occurs in the totalitarian, bureaucratic, centrally planned countries, where the people are ignored.

The federations of production and services, dividing into natural associations, from the bottom to the top, create the democratic conditions for a planning with liberty. Unlike what happened in soviet Russia, the economic planning would not be entrusted to a dictatorship of technocrats who want to substitute themselves for the old bourgeoisie. To be employed by the total State instead of by an individual boss does not change the condition of dependency and alienation for the worker, except to make the situation worse; since this makes the law into a fraud, a law that does not limit the absolute powers of the State, which corrupts absolutely the few who govern absolutely, the few oppressors and exploiters written in the lists of the “Nomenclature.” To change, therefore, private capitalism for State capitalism from a western pseudo-democratic bourgeoisie to a totalitarian bureaucracy is a poor trade for the wage workers since they do not cease to be what they are, the producers of surplus value for the bourgeoisie or bureaucracy, for the private boss or for the State.

In consequence, as the founders of the IWA put it, “the emancipation of the workers is the task of the workers themselves.” From this point of view, working people can only emancipate themselves by the means of a libertarian socialism of self- management where “the chaos of production would not reign,” but instead there would prevail a planning with liberty, with the participation of workers and citizens at all levels of political and economic decision-making; of information, culture, science and technology; of information processing, gathering, classification, and computerization of data, eco-

Developing the doctrine of “mutual aid,” Kropotkin, who studied the behavior of many animal species, predicted that this would evolve in a future society:

Society would be composed of a multitude of associations united among themselves for everything which would require their common effort: federations of producers in all branches of production, agricultural, industrial, intellectual, artistic; communities for consumption, entrusted to provide to all everything related to housing, lighting, heating, nutrition, sanitation, etc.; federations of communities between themselves; federations of communities of production groups; groupings even wider still, which would encompass a whole country or including various countries; groupings of people dedicated to work in common for the satisfaction of their economic, intellectual, artistic needs, which are not limited by territorial boundaries. All these associated groups would combine freely their efforts by means of a reciprocal alliance (...); and a complete liberty would preside over the unfolding of new forms of production, of research and of self-organization; individual initiative, notwithstanding, would be encouraged and all tendencies towards uniformity and centralization, combatted. (*Alrededor de una vida*, p. 140)

By means of this federalism based upon libertarian socialism, the economy, the natural and human resources, the balance of natural ecosystems, the full employment of available labor, the leisure and education time at all levels of knowledge, the social-economic and cultural life of locality, district, province, region, nation or the world, can be programmed with the participation of everyone in everything, without creating a great deal of confusion. On the contrary, the local and the universal, the individual and the society,

a “bureaucratic-technocratic bourgeoisie” is created, more solid, if possible, than the old bourgeoisie. Thereafter, if their businesses register a deficit, there is no one who will cancel it, or even less keep account of credits and debts or if things go bad force the enterprise into bankruptcy. On the contrary, the abundant existence of nationalized enterprises in the West has created a whole series of directors, executives and “businessmen” with inflated salaries, regardless of whether their enterprises can show benefits greater than losses. This “bourgeoisie of the State” is shoving aside the classic bourgeoisie, since the former has political parties monopolizing the State, the nationalized banks, the machinery to print inflated money and to tax with discretion. The only beneficiary from the growing productivity of labor, growing like a foam on the waves, is not a private owning class, but those who indirectly own public property in the form of State property, as a political class.

Accordingly, indicative planning or centralized planning, which aspires to impose a balanced national economic development, has distorted the law of harmonious social division of labor. The welfare State expands the unproductive sector (middle class functionaries, bureaucrats and technocrats), while increasing the productivity of labor in industry and agriculture. This creates an aberrant economy of inflation of the unproductive population which sterilely devours the wealth of societies and nations. It can lead to a total economic crisis, of systematic nature, since in order to resolve it requires more than simply changing leaders. Instead a corrupt, contradictory and antagonistic socio-economic regime of multi-national capitalist monopolies opposed to the general interest must be replaced with universal libertarian socialism.

The economists and politicians of the middle class parties, including in their ranks the reformist union bureaucrats, the professional politicians, the phoney savants (political, economic, and technical), would submit to a social economy, as much in the East as in the West, of a dictatorship of the techno-bureaucracy as “new dominant class.” The bourgeoisie, due to the centralization

of capital in both large and small enterprises, diminishes in statistical number, according to the law of mercantile competition, liquidating in the market those capitalists who are smaller and thus equipped with less productive machines which produce at a higher cost. But, in contrast, the bureaucracy, the technocracy, the professional of all types, are augmented more by the very same thing that diminishes the bourgeoisie annihilated by economic competition, the centralization of capital in the multinationals.

## The Totalitarian State

In this sense, the State tends to convert itself into the largest of all business enterprises in the West, and as the only business in the East, that is to say, the enterprise which owns all the nationalized enterprises. And thus, under these conditions, the State which owns everything also is the master of all persons who by virtue of their political alienation see the State as God-protector, although the State as sole protector of Society takes from them by taxes, charges or low salaries more than it gives in return. Meanwhile the poor people are hoping that the State is a benefactor, and that a middle class political party will offer to save them in return for their votes. Each day things go from bad to worse, because the countless bureaucrats consume from above the capital which is needed below to maintain full employment in industry and agriculture.

Without debureaucratization and debourgeoisification there is no way out of the growing economic and social crisis which is caused by the excessive economic waste involved in the sterile consumption of the parasitic classes: the bureaucratic apparatus of the State, the superfluous institutions filled with supernumerous personnel, the administrations of enterprises which have begun to have more “white collars” than productive workers, and finally, a whole series of “tertiary” and “quaternary” services that

bourgeois or bureaucratic, conservative or revolutionary. Without self-managed socialism, social property and self-government, all systems are the same.

The salvation of humanity is collective and not individual, because the human is a social being, solidaric, with the aim of self-defense from other species since the paleolithic period. It is the class division of humanity, in the wake of private property and the State, which makes possible the exploitation of man by man, of the proletariat by the proprietor. Along these lines, Bakunin said to his friend Reichel:

“All our philosophy starts from a false premise. This is that it begins by always considering man as an individual and not, as it must, as a being who belongs to a collective.” (Oeuvres, Volume II, p.60)

On this sentiment, Proudhon agreed with Bakunin to the extent that man is a social being, needing community and solidarity:

“All that reason knows and affirms—leads us to say—that the human being, just the same as an idea, is part of a group... All that exists is in groups; all that form the group are one, and consequently, what is ...Outside the group are no more than abstractions, phantasms. By this concept, the human being in general...is from that which I am able to prove positive reality.” (Philosophie du progrès, *Obras*, Volume XX, pp. 36–38)

The human being, in reality, does not exist outside the society from which he/she has appeared as a free subject; but at the same time solidarity with others in daily life, at work, in education, in self-defense, particularly at the beginning of humanity, “mutual aid” was the basis of existence of man associated to man, even though under capitalism man is possessed by an appetite for wealth and the cult of the money-god.



real participation of the people. Thus it would be possible to abolish all class domination, whether that of the bourgeois State and its capitalist economy or that of the bureaucratic, totalitarian State and its centrally planned economy. It is necessary, therefore, to liberate oneself ideologically from parliamentary socialism, from totalitarian communism, from bourgeois democracy which is economic dictatorship, from corporatism of every type—and establishing in their place a democracy of association, self-managed and libertarian, where everyone would be equal in rights and responsibilities, with privileges for no one. Only this type of self-government is government of the people, by the people and for the people.

## **Federations of Production and Services**

The planning of economic, cultural and technological development must arise from the putting of social wealth in common and not under the domination of the State and its techno-bureaucracy. The first case involves a program of harmonizing the proportion of growth of the branches of production and services with full participation from bottom to top, based on a libertarian and federative socialism. The second, the concentration of all power in the hands of the State, leads to centralized planning from top to bottom, without popular participation, so that the workers are more objects than subjects, so many ciphers in the Gosplan, according to the soviet model.

If the worker remains separated from worker by means of private property or State property, there must be between capital and labor a power of domination over those who labor for a wage. The working people can never be emancipated within this mode. Emancipation can not be won individually but only collectively, although each may have free will. The realization of full liberty and personality for the worker requires a self-organized society without the need for State oppression, whether it is called right or left,

spend without contributing much to the social wealth. And we are not saying that this happens only in the capitalist countries, but that this affects equally badly the so-called “socialist” countries. By means of centralized bureaucratic planning of their economies, all social capital, labor, national income and economic power is placed in the hands of a techno-bureaucracy of planning, for whom workers and their products are only ciphers in five-year plans.

In this way they create social relations between those who have Power and those who suffer as wage workers not essentially different than those existing in the capitalist countries. So it is that the worker continues as the producer of surplus value, whether for the State or private businesses. Meanwhile the workers do not have the right to self-manage their own workplaces, to democratically decide its organization and the economic surplus produced, nor to elect their own workplace councils by direct and secret vote. Without these rights, centralized planning creates a bureaucracy based upon state property instead of social property, and endeavors to substitute State capitalism for private capitalism. Thus eventually it ends up by alienating into an external power outside of the wage workers, whether under the western capitalist or the soviet model.

The large western capitalist enterprise, national or multinational, when it concentrates multi-millions in capital and exploits monopolies in production and thousands of workers (for example Fiat, Siemens, I.C.I., General Motors, Unilever, Nestle, Hitachi, or nationalized industrial complexes like IRI, British Steel and INI) leads to a bureaucratic and totalitarian condition within the enterprise. The workers neither know nor elect the administrative councils of these gigantic corporations, anymore than the workers in the former USSR. The directors are forced upon them from above, just as in other ages the mandarins and satraps were designated in the regimes of Asian despotism.

For the Soviet regime to have qualified as socialist, not just semantically but in reality, it would have had as its economic basis the social ownership of the means of production and exchange,

the direct democracy of the people instead of the bureaucratic dictatorship of the single Party, the decentralization of power (economic, political and administrative) by the means of a federalism which would have assured the popular participation at all levels of decision-making, political, economic, social, cultural, informational and self-defense. In this way a self-managed, libertarian, self-organized society, would have replaced the dictatorship of the bureaucracy, in which society was regimented and watched-over by the State-employer, all-powerful permanent leaders and the political police of the KGB.

It could be argued that a vision of such nature is utopian or too good to be true, but historical experience shows that centralism cannot create more productive forces than can decentralization and federalism. Centralism is always bureaucratism and consequently consumes unproductively in the salaries of supernumerous personnel. In our epoch computer networks—if they are well programmed, if their memory is updated and constantly renewed, if they register all the fundamental data of a country, a society, an enterprise, a locality, district and region—are more efficient and cheaper for the management of the enterprise or society than the professional politicians or technocrats and bureaucrats of all types.

If the State is given too much power, as under the Soviet model or under the western welfare-State, it will tend towards state control over capital, labor, technology, science, information, industry, of social security and public services. Therefore this absolute power will create a totalitarian State, even though disguised as a parliamentary regime, symbolically under the Soviet model and rhetorically but not in practice in the West. In either case, the totalitarian bureaucracy or the pseudo-democratic political class collectively controls the business of the State as its business, but parasitically as a cancer on Society.

## Popular Self-Government

In our school of thought, economic growth, the right of work for all, economic, cultural and technological progress, are developed with fewer obstacles in a libertarian society than in a society under the totalitarian dictatorship of large capitalist monopolies or the capitalism of the State. In both cases, given the great progress realized by our society, the dictatorships of private capital or State capital can be overcome. A self-managed society can be established with social ownership of the means of production and exchange, uniting capital, labor and technology without antagonism over classes or forms of property. This would create an egalitarian society in culture, economics and technology, thanks to an economy of abundance.

It is possible to give power of self-government to the local communities, districts, provinces and regions, by means of an economic federalism and self-administration which would be integrated into a Supreme Economic Council. This would not be a Gosplan as in the former USSR, but a co-government of things by means of federations of production and services. These federations would function democratically and be self-managed, with the goal of the total process having a law of harmony of development without economic crises of disproportionality between all the branches of production and services. In other words, they would function without relative crises of underproduction or overproduction as occurs, respectively, under State capitalism or private capitalism.

For this to happen, it is necessary to have democracy and economic growth, with an increased productivity of labor. This would also require the full employment of the active population, along with the full participation of all in the decisions and the knowledge for this within reach of everyone. It is necessary to create a libertarian society, in which the elites of power and knowledge and social estates of every type, would be transcended in work, science, capital and technology, by means of effective self-management, the