

The Anarchist Library (Mirror)

Anti-Copyright



# Laying the foundations: Proudhon's contribution to anarchist economics

Anarcho

Anarcho

Laying the foundations: Proudhon's contribution to anarchist  
economics

February 9, 2012

Retrieved on 24<sup>th</sup> April 2021 from [anarchism.pageabode.com](http://anarchism.pageabode.com)

[usa.anarchistlibraries.net](http://usa.anarchistlibraries.net)

February 9, 2012



By the mid-1870s, most anarchists had embraced distribution according to *need* rather than Proudhon's according to *deed* (labour). The rationales for this move to (libertarian) communism were elegantly and convincingly expounded by Kropotkin in many works (most obviously, "**The Conquest of Bread**"). Yet in terms of the critiques of capitalism, property and wage-labour and of the positive vision of a decentralised, self-managed, associated and federated libertarian socialism the links are obvious. The only significant difference is the rejection of Proudhon's socialism based on a market in the *products* of labour in favour of one inspired by the maxim "from each according to their abilities, to each according to their needs."

It is for these reasons that Bakunin proclaimed Proudhon "the master of us all" and his own ideas simply "Proudhonism widely developed and pushed right to these, its final consequences."

## Contents

"What is Property?" . . . . .	6
"System of Economic Contradictions" . . . . .	10
"Solution of the Social Question" . . . . .	13
"General Idea of the Revolution" . . . . .	16
"The Federative Principle" . . . . .	18
Conclusion: From Proudhon to Kropotkin . . . . .	21

(“workers’ companies”) continued to play a key role in his vision of a free economy: “The revolution, in democratising us, has launched us on the paths of industrial democracy.”

## **Conclusion: From Proudhon to Kropotkin**

Anyone familiar with Proudhon’s work can quickly see the debt later anarchists owe him. His placing of anti-capitalism alongside anti-statism defined anarchism. His critique of property, his analysis of exploitation occurring in production, his rejection of wage-labour all fed into revolutionary anarchist (and Marxist) analysis of capitalism. His arguments for self-management, socialisation, possession, use-rights and socio-economic federalism are all found in the works of Bakunin, Kropotkin and other revolutionary anarchists. As he summarised in 1851:

“socialism is ... the elimination of misery, the abolition of capitalism and of wage-labour, the transformation of property, the decentralisation of government, the organisation of universal suffrage, the effective and direct sovereignty of the workers, the equilibrium of economic forces, the substitution of the contractual regime for the legal regime, etc.”

The key differences with libertarian communist theory are on means (revolution replacing reform) and on the extension of the critique of wage-*labour* into an opposition to the wages-*system*. This involved developing a stronger critique of competition and a greater awareness of the problems associated with market forces than can be found in Proudhon (who, myths notwithstanding, was well aware of the negative sides of markets and so recommended various institutional means of limiting them and their impact). It also meant raising ethical objections to distribution by labour-cost, recognising that needs are not proportional to a person’s ability to labour and that some, due to illness and age, simply cannot work at all.

to them all and that none can claim the monopoly of.” Without this, there would be “economic serfdom or wage-labour, in a word, the inequality of conditions and fortunes.” The agricultural-industrial federation “tends to approximate more and more equality” as well as “guaranteeing work and education” and “allow[ing] each worker to evolve from a mere labourer to a skilled worker or even an artist, and from a wage-earner to their own master.” He termed “this political-economic guaranteeism” and considered it both as “the highest expression of federalism” and “the strongest barrier to feudalism of the land and capital, toward which unitary powers inevitably go.”

Proudhon died in January 1865. On his deathbed, enthused by the rebirth of the labour movement, he dictated “**The Political Capacity of the Working Classes.**” He outlined the economics and politics of mutualism, his continued support for “the mutualist and federative theory of Property, the critique of [property] which I published twenty-five years ago” and reaffirmed the necessity for free access and association:

“in virtue of the principle which characterises it, the ranks of the Association are open to whomever, having recognised the spirit and the goal, asks to join; exclusion is contrary to it, and the more it grows in number the more advantages it gains. From the point of view of personnel, the mutualist association is therefore by nature unlimited, which is the opposite of all other associations... [It] admits ... everyone in the world, and tends towards universality ... one is required to contribute neither money nor other valuables ... the only condition demanded is to be faithful to the mutualist pact; – once formed, its nature is to generalise itself and to have no end.”

He, as before, attacked both capitalism and state socialism as neither expressed “the great hopes that the workers’ Democracy had placed in the idea of the association.” Instead he urged self-management and re-iterated “the importance accorded in the New Democracy to workers’ associations which are deemed to constitute economic agencies and mutual institutions.” Co-operatives

This is an introduction to Proudhon’s economic ideas and their influence on revolutionary anarchism. It is a chapter from the new book *The Accumulation of Freedom: Writings on Anarchist Economics* (AK Press [US/UK], 2012) and its blurb (in part) states: “The only crisis of capitalism is capitalism itself... *The Accumulation of Freedom* brings together economists, historians, theorists, and activists for a first-of-its-kind study of anarchist economics.” All quotes are from *Property is Theft! A Pierre-Joseph Proudhon Anthology* (AK Press [US/UK], 2011) and the chapter covers all of Proudhon’s major works in chronological order.

---

Anyone sketching the positive vision of libertarian economics would, undoubtedly, include such features as common ownership of land, socialisation of industry, workers’ self-management of production and federations of workers’ councils. Such a vision can be found in the works of such noted revolutionary anarchists as Michael Bakunin, Peter Kropotkin and Rudolf Rocker.

What may be less well known is that these ideas can be found in the works of Pierre-Joseph Proudhon (1809–65), the first person to proudly proclaim himself an anarchist and, consequently, the founder of anarchism as a named socio-economic theory: “the land is indispensable to our existence, – consequently a common thing”; “all accumulated capital being social property, no one can be its exclusive proprietor”; “democratically organised workers’ associations”; “industrial democracy”; “that vast federation of companies and societies woven into the common cloth of the democratic and social Republic”; “an *agricultural-industrial federation.*”

As with later anarchists, Proudhon rejected the twin evils of capitalism (“monopoly and what follows”) and nationalisation (“exploitation by the State”) in favour of “a solution based upon equality, – in other words, the organisation of labour, which involves

the negation of political economy and the end of property.” This insight, from 1846, is at the heart of anarchism.

First a point of clarification. The term anarchist economics contains two, related, concepts. One is the anarchist critique of capitalism, the other the suggestions for how an anarchist economy would function. Both are interrelated. What we are opposed to in capitalism will be reflected in our visions of a libertarian economy just as our hopes and dreams of a free society will inform our analysis of the current system. Both need to be understood as both are integral to each other.

This dual perspective can be found in the ideas of Proudhon. Here we will sketch both aspects of the Frenchman’s anarchist economics, showing how the critique of property fed into his positive vision of libertarian socialism and vice versa. In so doing, we will also be shedding light on a key anarchist thinker who is better known for a few quotes than for his substantial contributions to both the critique of capitalism and of our visions of anarchy.

## “What is Property?”

Proudhon’s fame and influence was secured in 1840 when he wrote “**What is Property?**” and answered “theft.” This book contains a searing critique of private property as well as sketches of a new, free, society: anarchy. Rejecting both capitalism and (authoritarian) communism, Proudhon called for a “synthesis of communism and property,” a “union” which “will give us the true form of human association.” “This third form of society,” he stated, “we will call *liberty*.”

Proudhon’s critique rested on two key concepts. Firstly, property allowed the owner to exploit its user (“property is theft”). Secondly, that property created oppressive social relationships between the two (“property is despotism”). These are interrelated, as it is the relations of oppression that property creates which al-

“Workers’ associations are the home of a new principle and model of production that must replace current corporations ... There is mutuality ... when in an industry, all the workers, instead of working for an owner who pays them and keeps their product, work for each other and thereby contribute to a common product from which they share the profit ... extend the principle of mutuality that unites the workers of each association to all the workers’ associations as a unit, and you will have created a form of civilisation that, from all points of view — political, economic, aesthetic — differs completely from previous civilisations.”

The message of 1840, one of the core concepts of anarchist economists, remained at the fore of Proudhon’s ideas and the Frenchman added another expression to the arsenal of hope within anarchist theory: “industrial democracy.”

Proudhon’s next work was his *magus opus*, 1858’s *Justice in the Revolution and in the Church*. Economic justice required that labour be “by its free nature with capital and property, from which wage-labour banished it.” This meant: “The land to those who cultivate it”; “Capital to those who use it”; “The product to the producer.” Such a self-managed economy “cannot cause a distinction of classes” and “makes society, as well as [economic] science, safe from any contradiction.”

The early 1860s saw Proudhon turn increasingly to political issues, notably the questions of federalism, centralism and nationalism. However, he always recognised the links between the economy and the political structure and so 1863’s “**The Federative Principle**” discusses economic reforms in a federal system as “political right must have the buttress of economic right.”

Building on his previous ideas for “universal association”, he argued for the necessity of an “agricultural-industrial federation” as “industries are sisters; they are parts of the same body; one cannot suffer without the others suffering because of it. I wish that they federate then, not to absorb one another and merge, but to mutually guarantee the conditions of prosperity that are common

shall participate in the gains and in the losses of the company, in proportion to his services” and “the collective force, which is a product of the community, ceases to be a source of profit to a small number of managers and speculators: it becomes the property of all the workers.” Thus there would be a new form of economic organisation based on “the co-operation of all who take part in the collective work” with “equal conditions for all members”.

Public utilities would be under the “initiative of communes and departments” with “workers companies ... carrying the works out.” This decentralisation, this “direct, sovereign initiative of localities, in arranging for public works that belong to them, is a consequence of the democratic principle and the free contract.”

This associative socialism would be universal, for there “will no longer be nationality, no longer fatherland, in the political sense of the words: they will mean only places of birth. Whatever a man’s race or colour, he is really a native of the universe; he has citizen’s rights everywhere.”

## “The Federative Principle”

With the revolution crushed, first by the onslaught of the right and then by President Louis-Napoleon’s coup d’état of December 1851, Proudhon’s work was naturally affected as there was little working class self-activity to inspire him as well as being constantly under the watchful eyes of the Emperor’s censors and police.

His first major work, published anonymously initially, was the “**Stock Exchange Speculator’s Manual**” whose title hid a subversive message – the abolition of wage-labour, the end of the capitalist company and the advocacy of producer and consumer associations. It asked how “the ownership and management of companies” instead “of remaining individual” could become “collective” so ensuring the “emancipation” of the workers and “a revolution in the relationship between labour and capital.” It concluded:

lows exploitation to happen and the appropriation of our common heritage by the few gives the rest little alternative but to agree to such domination and let the owner appropriate the fruits of their labour.

Proudhon’s genius and the power of his critique was that he took all the defences of, and apologies for, property and showed that, logically, they could be used to attack that institution.

To claims that property was a natural right, he explained that the essence of such rights was their universality and that private property ensured that this right could not be extended to all. To those who argued that property was required to secure liberty, Proudhon rightly objected that “if the liberty of man is sacred, it is equally sacred in all individuals; that, if it needs property for its objective action, that is, for its life, the appropriation of material is equally necessary for all.” To claims that labour created property, he noted that most people have no property to labour on and the product of such labour was owned by capitalists and landlords rather than the workers who created it. As for occupancy, he argued that most owners do not occupy all the property they own while those who do use and occupy it do not own it.

Proudhon showed that the defenders of property had to choose between self-interest and principle, between hypocrisy and logic. If it is right for the initial appropriation of resources to be made (by whatever preferred rationale) then, by that very same reason, it is right for others in the same and subsequent generations to abolish private property in favour of a system which respects the liberty of all rather than a few (“If the right of life is equal, the right of labour is equal, and so is the right of occupancy.”) This means that “those who do not possess today are proprietors by the same title as those who do possess; but instead of inferring therefrom that property should be shared by all, I demand, in the name of general security, its entire abolition.”

Property allows the creation of authoritarian social relationships and exploitation. For Proudhon, the notion that workers are free

when capitalism forces them to seek employment was demonstrably false. He was well aware that in such circumstances property “violates equality by the rights of exclusion and increase, and freedom by despotism.” It has “perfect identity with robbery” and the worker “has sold and surrendered his liberty” to the proprietor. Anarchy was “the absence of a master, of a sovereign” while “proprietor” was “synonymous” with “sovereign” for he “imposes his will as law, and suffers neither contradiction nor control.” Thus “property is despotism” as “each proprietor is sovereign lord within the sphere of his property” and so freedom and property were incompatible.

Hence the pressing need, if we really seek liberty for all, to abolish property and the oppressive social relationships it generates. With wage-workers and tenants, property became “the right to use [something] by his neighbour’s labour” and so resulted in “the exploitation of man by man” for to “live as a proprietor, or to consume without producing, it is necessary, then, to live upon the labour of another.” Like Marx, but long before him, Proudhon argued that workers produced more value than they received in wages:

“Whoever labours becomes a proprietor ... And when I say proprietor, I do not mean simply (as do our hypocritical economists) proprietor of his allowance, his salary, his wages, – I mean proprietor of the value he creates, and by which the master alone profits ... *The worker retains, even after he has received his wages, a natural right in the thing he has produced.*”

The capitalist also unjustly appropriates the additional value (termed “collective force”) produced by co-operative activity:

“A force of one thousand men working twenty days has been paid the same wages that one would be paid for working fifty-five years; but this force of one thousand has done in twenty days what a single man could not have accomplished, though he had laboured for a million centuries. Is the exchange an equitable one? Once more, no; when you have paid all the individual forces, the collective force still remains to be paid ... which you enjoy unjustly.”

shall pass under the control of the communal administration” and for “repairs, management, and upkeep of buildings, as well as for new constructions, the communes shall deal with bricklayers companies or building workers associations.”

Proudhon spent considerable space arguing for workers associations (while attacking centralised state-run Association). Either, he argued, the worker “will be simply the employee of the proprietor-capitalist-entrepreneur; or he will participate in ... the establishment, he will have a voice in the council, in a word, he will become an associate.” Under capitalism, “the worker is subordinated, exploited: his permanent condition is one of obedience and poverty.” Under libertarian socialism, “he resumes his dignity as a man and citizen, he may aspire to comfort, he forms a part of the producing organisation, of which he was before but the slave ... he forms a part of the sovereign power, of which he was before but the subject.” Without association people “would remain related as subordinates and superiors, and there would ensue two industrial castes of masters and wage-workers, which is repugnant to a free and democratic society.”

In short, “all workers must associate, inasmuch as collective force and division of labour exist everywhere, to however slight a degree” and so “association, due to the immorality, tyranny and theft suffered, seems to me absolutely necessary and right.” Otherwise, capitalists would continue to “plunder the bodies and souls of the wage-workers” which would be “a violation of the rights of the public, an outrage upon human dignity and personality.”

Significantly, his practical suggestions for workplace self-management map *exactly* to his previous arguments (particularly his comments from 1846). Thus “every individual employed in the association ... has an undivided share in the property of the company” as well as “the right to fill any position” for “all positions are elective, and the by-laws subject to the approval of the members.” Wages would be equal to output as “each member



work, is hired by [the capitalist], who gives him employment and takes his product” and his wages fail to equal the price of the products he produces. “In mutualist society”, however, “the two functions” of worker and capitalist “become equal and inseparable in the person of every worker” and so he “alone profits by his products” and the “surplus” he creates.

## “General Idea of the Revolution”

Proudhon’s hectic activity during the revolution saw him vilified by the right and imprisoned on spurious charges. In prison he wrote another classic of libertarian politics, 1851’s “**General Idea of the Revolution in the Nineteenth Century.**” This was considered by Proudhon as a constructive summary for social change, the positive complement to the critiques of 1846.

Its aim was modest: “Capitalist and landlord exploitation stopped everywhere, wage labour abolished, equal and just exchange guaranteed.” As would be expected, “the organisation of credit, the deprivation of the power of increase of money” was a focal point of his book but it was just *one* part of a series of reforms which included “the limitation of property” and “the establishment of workers companies.” Proudhon, Marxist myths notwithstanding, did not aim *just* to abolish interest, he aimed to abolish the extraction of surplus from the workers in *all* its forms.

Socialisation still played a key part of his vision of a free society and Proudhon made various suggestions on how to achieve it. Rental payments “shall be carried over to the account of the purchase” of the resource used and once the property “has been entirely paid for, it shall revert immediately to the commune.” In the case of housing, such payments would result in “a proportional undivided share in the house he lives in, and in all buildings erected for rental, and serving as a habitation for citizens.” Thus land and housing would become socialised as the property “thus paid for

Property meant “another shall perform the labour while [the proprietor] receives the product.” So the “free worker produces ten; for me, thinks the proprietor, he will produce twelve” and so to “satisfy property, the worker must first produce beyond his needs.” Little wonder “property is theft!”

His classic work did not limit itself to critique and gave a few sketches of an anarchist economy. Property would be socialised as the “land cannot be appropriated” and “all capital, whether material or mental, being the result of collective labour, is, in consequence, collective property.” People “are proprietors of their products — not one is proprietor of the means of production.” Thus “right to product is exclusive” while “the right to means is common.” Workers’ control would prevail as managers “must be chosen from the workers by the workers themselves, and must fulfil the conditions of eligibility. It is the same with all public functions, whether of administration or instruction.” So whether on the land or in industry, Proudhon’s aim was to create a society of “possessors without masters”

The following year saw Proudhon pen a second *memoir* (“**Letter to M. Blanqui**”) in which he clarified certain issues raised in the first *memoir* and answered his critics. He again argued for socialised property and use rights for “wealth, *produced by the activity of all*, is by the very fact of its creation *collective* wealth, the use of which, like that of the land, may be divided, but which as property remains *undivided.*” Proudhon aimed to “reduce” property “to the right of possession” and “organise industry, associate workers” in order to “apply on a large scale the principle of collective production.” He called this “non-appropriation of the instruments of production” the “destruction of property.” Thus use rights replace property-rights with common ownership ensuring individuals and groups controlled the product of their labour, the labour itself and as the means of production used. In short: “I preach emancipation to the proletarians; association to the workers.”

## “System of Economic Contradictions”

The next major work by Proudhon was 1846’s two volume “**System of Economic Contradictions.**” It was this work which first saw his use of the term *mutualism* to describe his libertarian socialism. This term was not invented by him but by workers in Lyons during the 1830s. Proudhon stayed there in 1843 and was deeply influenced by the workers’ ideas and practice.

This book is best known for Marx’s 1847 reply “**The Poverty of Philosophy.**” While Marx does make a few valid points against Proudhon, his distortions, selective quoting, quote tampering and other intellectually dishonest practices drain it of most of its value. Suffice to say, reading Proudhon’s work quickly shows a radically different thinker than the one readers of Marx would expect.

It must be stressed, given the prevalent myths begat by Marx to the otherwise, that Proudhon supported large-scale industry. Indeed, he explicitly rejected a return to small-scale production as “retrograde” and “impossible.” He also supported workers’ associations, unsurprisingly once you understand that Proudhon locates exploitation within capitalism firmly in production as a consequence of wage-labour. As this analysis informs his vision for an anarchist economy, it is worth discussing – particularly as, ironically, Proudhon was the first to expound many of the key concepts of Marxist economics.

*First*, Proudhon stressed that labour did not have a value but what it created did and so produces value only as *active* labour engaged in the production process:

“Labour is said to have value, not as merchandise itself, but in view of the values supposed to be contained in it potentially. The value of labour is a figurative expression, an anticipation of effect from cause ... it becomes a reality through its product.”

*Second*, consequently, when workers are hired there is no guarantee that the value of the goods produced equals their wage. Un-

of abolishing property”! Only partially, though, as credit has not been republicanised via a mutual bank to achieve the organisation of labour.

For all his talk of “the organisation of credit”, the socialisation of property and organisation of labour remained his goals with the mutual bank seen as a means to achieve that end. In December 1849 he irately denied that he sought the “individual ownership and non-organisation of the instruments of labour” stating categorically that he had “never penned nor uttered any such thing” and “have argued the opposite a hundred times over.” He “den[ied] all kinds of proprietary domain” and so did “precisely because I believe in an order wherein the instruments of labour will cease to be appropriated and instead become shared.” The previous year he had publicly presented this vision in a manifesto:

“Under the law of association, transmission of wealth does not apply to the instruments of labour, so cannot become a cause of inequality ... We are socialists ... under universal association, ownership of the land and of the instruments of labour is *social* ownership ... We want the mines, canals, railways handed over to democratically organised workers’ associations ... We want these associations to be models for agriculture, industry and trade, the pioneering core of that vast federation of companies and societies woven into the common cloth of the democratic and social Republic.”

As in the Paris Commune of 1871, this “organising [of] the workers’ mutual solidarity” would be based on elected delegates whom the voters can “recall and dismiss” for the “imperative mandate and permanent revocability are the most immediate and incontestable consequences of the electoral principle.” Like the Commune, any assembly would “exercise executive power, just the way it exercises legislative power through its joint deliberations and votes”, through “organisation of its committees”.

All through the revolutionary period we see the interplay between critique and vision, with each informing the other. Under capitalism “a worker, without property, without capital, without

“labour associations” which have grasped “spontaneously” that the “organisation of credit and organisation of labour amount to one and the same.” By organising both, the workers “would soon have wrested alienated capital back again, through their organisation and competition.” Mutual banks would support “all efforts of associations of workers, and organisations of workers” to ensure that “all the workshops are owned by the nation, even though they remain and must always remain free.” Workers’ control would “make every citizen simultaneously, equally and to the same extent capitalist, worker and expert or artist”, this being “the first principle of the new economy, a principle full of hope and of consolation for the worker ... but a principle full of terror for the parasite and for the tools of parasitism, who see reduced to naught their celebrated formula: *Capital, labour, talent!*”

Proudhon took care to base his arguments not on abstract ideology but on the actual practices he saw around him. He was well aware that banks issued credit and so increased the money supply in response to market demand. As such, he was an early exponent of the endogenous theory of the money supply. He recognised that a money economy, one with an extensive banking and credit system, operates in a fundamentally different way than the barter economy assumed by most economics. He saw that income from property violated the axiom that products exchanged for products and that interest reflected no sacrifice which required payment as the rich person “lends it ... precisely because the loan is not a deprivation to him; he lends it because he has no use for it himself, being sufficiently provided with capital without it.” For both economic and ethical reasons we “must destroy the royalty of gold; we must republicanise specie, by making every product of labour ready money.”

It must be stressed that in today’s economies neither credit nor money is backed by gold. So Proudhon has been vindicated when he mocked bourgeois political economy for arguing that “the idea of abolishing specie is supremely absurd, as absurd as the thought

der capitalism wages *cannot* equal product as the proprietor secures a profit by controlling both product *and* labour:

“Do you know what it is to be a wage-worker? It is to labour under a master, watchful for his prejudices even more than for his orders ... It is to have no mind of your own ... to know no stimulus save your daily bread and the fear of losing your job.

“The wage-worker is a man to whom the property owner who hires him says: What you have to make is none of your business; you do not control it.”

*Third*, this hierarchical relationship allowed exploitation to occur:

“the worker ... create[s], on top of his subsistence, a capital always greater. Under the regime of property, the surplus of labour, essentially collective, passes entirely, like the revenue, to the proprietor: now, between that disguised appropriation and the fraudulent usurpation of a communal good, where is the difference?”

“The consequence of that usurpation is that the worker, whose share of the collective product is constantly confiscated by the entrepreneur, is always on his uppers, while the capitalist is always in profit ... political economy, that upholds and advocates that regime, is the theory of theft.”

In short, the capitalist firm “with its hierarchical organisation” means that workers had “parted with their liberty” and “have sold their arms” to a boss who controls them, appropriates the product of their labour and, consequently, the “collective force” and “surplus of labour” they create. This produced the economic contradictions Proudhon analysed. Thus, for example, the introduction of machinery within capitalism “promised us an increase of wealth” but it also produced “an increase of poverty” as well as bringing “us slavery” and deepening “the abyss which separates the class that commands and enjoys from the class that obeys and suffers.” Such contradictions could only be resolved by abolishing the system that creates them.

His analysis of how exploitation occurred in production and the oppressive nature of the capitalist workplace feeds directly into Proudhon's arguments for workers' associations and socialisation ("to unfold the system of economic contradictions is to lay the foundations of universal association"). As "all labour must leave a surplus, all wages [must] be equal to product" and "[b]y virtue of the principle of collective force, workers are the equals and associates of their leaders." The association of the future would be based on free access ("should allow access to all who might present themselves") and self-management ("to straightway enjoy the rights and prerogatives of associates and even managers"). Hence "it is necessary to destroy or modify the predominance of capital over labour, to change the relations between employer and worker, to solve, in a word, the antinomy of division and that of machinery; it is necessary to ORGANISE LABOUR." Here we see how critique feeds directly into the vision of a free economy.

This argument was rooted in Proudhon's awareness that societies change and develop. He denounced "the radical vice of political economy" of "affirming as a definitive state a transitory condition, – namely, the division of society into patricians and *proletaires*." The "period through which we are now passing" was "distinguished by a special characteristic: WAGE-LABOUR." Just as capitalism had replaced feudalism, so capitalism and its system of property rights would be replaced by an economy based on *associated* labour and socialised property: mutualism.

These two volumes were primarily a work of critique, with positive visions few and far between. What there is shows a keen understanding of the necessity to transform the relations of production, to seek a solution *at the point of production* to the exploitation and oppression of capitalism. However, the work's focus was destructive and not constructive – he explicitly stated that he would "reserve" discussion on the organisation of labour "for the time when, the theory of economic contradictions being finished, we shall have found in their general equation the programme of asso-

ciation, which we shall then publish in contrast with the practice and conceptions of our predecessors." The February revolution of 1848 forced him to do just that.

## **"Solution of the Social Question"**

Proudhon considered his work of the 1840s as essentially critique, although tantalising glimpses of his vision of libertarian socialism do come through. The February revolution of 1848 saw him develop his positive theories on anarchist economics and politics as he sought to influence it towards libertarian ends or, as his first work after the revolution put it, to formulate the **"Solution of the Social Question."** For, as he correctly predicted, "either property will overrule the Republic or the Republic will overrule property."

He stressed that to be permanent the revolution had to move from just political changes to economic transformation. He urged that "a provisional committee be set up to orchestrate exchange, credit and commerce between workers" and this would "liaise with similar committees" across France in order that "a body representative of the proletariat be formed ... in opposition to the bourgeoisie's representation." And so "a new society [would] be founded in the heart of the old society", created only "from below" as "the organisation of labour must not emanate from the powers-that-be; it ought to be SPONTANEOUS."

This would be achieved by means of a "Bank of the People". Its aim was "to organise credit democratically" and this "organisation of credit" was considered as the means to achieve the organisation of labour, with socialised credit producing socialised property. Thus "the Exchange Bank is the organisation of labour's greatest asset" and allowed "the new form of society to be defined and created among the workers." Significantly he linked his ideas to the working-class self-activity going on around him, pointing to those workers who "have organised credit among themselves" and the