Understanding Mutualism 101

Miscellaneous Notes #2

Blazing Truth

June 20th, 2012

> Q. The biggest reason I'm not a mutualist is because I disagree with the labor theory of value and I don't consider private (absentee) property to be coercive.

These are usually the two biggest worries that outsiders (e.g. non-socialists) worry about. It's great to zero-in on these, as that's half the battle. I will address the concerns (1) and (2) with the aim of showing that they are not truly concerns at all; rather, they stem from a misunderstanding of some of the concepts at hand. From an anarcho-capitalist perspective, it is very reasonable for these to be the biggest sticking points. In fact, they were the two biggest logical obstacles I had to overcome in my transition to mutualism. Without further ado:

> Q. One miner, Carl, uses a pickaxe to mine one unit of ore. It takes him 20 hours. Another miner, Fred, unable to find a pickaxe, mines a unit of ore using a crude metal stake. It's less efficient than using a pick-axe, so it takes him 40 hours. If we consider that one unit of ore, once smelted, can produce 10 steel ladders, then the 'value' of both Carl & Fred's units of ore to someone who makes ladders, is the same. Is it right to say that under the labor theory of value, Fred's unit of ore, is worth twice as much as Carls, despite both units of ore being equivalent in utility?

This kind of statement resembles a serious misunderstanding of the labour theory of value. I caught myself saying the same things earlier on in my philosophical journey. Before one can show where this analysis goes wrong in that example, one needs to present the mutualist interpretation of the Labour Theory of Value.

It's important to note that this is one possible mutualist interpretation, since many other interpretations exist (namely that of Smith, Ricardo, Mill, or most famously Marx) and they are sometimes slightly different from each other in detail and in meaning. Regardless, the main idea is best summarized by individual anarchist Benjamin Tucker when he stated: "the natural wage of labour is its product".

For a more technical definition, let us defer to that of David Ricardo:

> "The value of a commodity, or the quantity of any other commodity for which it will exchange, depends on the relative quantity of labour which is necessary for its production, and not as the greater or less compensation which is paid for that labour."

Now, let us take this and apply it to the example. It is not, as was suggested, that Fred's unit of ore is worth twice as much as Carl's unit of ore. It is that the natural wage of Fred's labour is his product: 10 steel ladders. And it is that the natural wage of Carl's labour is his product: 10 steel ladders. And no less.

What's being referred to in the example doesn't even make sense from the more controversial Marxian interpretation of the LTV, in the language of use-values and exchange-values. By this perspective, let us say that the average number of hours taken to produce 10 steel ladders is 15. In other words, the "socially necessary labour time" for 10 steel ladders is 15 hours.

> If the average productivity is that of a worker who produces a commodity in one hour, while a less skilled worker produces the same commodity in four hours, then in these four hours the less skilled worker will have only contributed one hour's worth of value in terms of socially necessary labour time. Each hour worked by the unskilled worker will only produce a quarter of the social value produced by the average worker.

And so, we find that the initial interpretation of the LTV is misguided because the concept of "desert" is evoked — which plays no role in any interpretation of the LTV insofar as I am aware. It is not true that, in virtue of doing less labour, Fred is entitled to the same as Carl. For surely (and the questioner is correct in saying this) that would be absurd.

I don't understand where American/vulgar libertarians get the concept of "desert" from when approaching leftists. They far talk more about entitlements than leftists do. Perhaps it comes from party Democrats and some democratic socialists? I'm not sure, because even most major liberal-leaning political philosophy does without the concept of desert (Rawls' Theory of Justice, Ronald Dworkin's envy theory, Sen/Nussbaum's capabilities approach, etc.)

The point that most mutualists will make is that either:

1. The LTV/STV debate is uninteresting, irrelevant, or a distraction because these are intended to be models *describing* how the economy actually works, not prescriptions for how it ought to work. As a side, I'm afraid that most Libertarians see the LTV as some kind of evil socialist tool, and that the rhetoric against it is especially undue considering how influenced the marginalist tradition (esp. Bohm-Bawerk and to a lesser extent Rothbard) is by Smith, Ricardo, Mill, Dobbs, Marshall, %c. Regardless, the point for these mutualists is not to perfect their economic model which is based on this (largely Keynesian) economy, but to create another where the description looks different — consider a different economy where people co-operate together which described by a, let's try to imagine, theory of reciprocal value (RVT ?) instead. I am not one of these mutualists; however, their take-away point that "we spend too much time debating this" and "theories of value are mere descriptions of present economies" are useful to keep in mind.

2. Or, that the LTV and STV are not mutually exclusive descriptions of the economy. Namely, that they both are valid, just looked at from different perspectives. The STV, of course,

> would apply to trade at the moment of the exchange whereby supply is inelastic. As such, it is akin to taking a "snapshot" of the state of economic affairs at the time of trade. On the other hand, the LTV takes supply to be elastic and describes the social economy as an organic whole. In this sense, it is more encompassing than the STV. Yet, at the same time, the LTV only applies to reproducible commodities and not, say, aging bottles of wine or old works of art or signed baseball cards. In that sense, it is less encompassing than the STV. And so, mutualists like Kevin Carson because he does a very good job at showing this explicitly, and points out the limitations of each and shows how the STV can take up where the LTV fails, and vise versa.

Now, why is the LTV important for mutualists? In other words: What does it mean for the natural wage of labour to be its product? It means that the workers are paid the full value of their labour — their product — and no less. In real life, in the wage system, a worker is not paid 10 steel ladders for their work. If the market price of a steel ladder is $5, then the worker who produces 10 of them earns its equivalent in money-price, to wit, $50. This follows from what was said: Fred produces 10 steel ladders, and because he produced them then they are his ladders. Same with Carl.

But what happens with a capitalist mode of production (for surely, the example with Carl described is not what is meant by capitalist mode of production)? Instead of being paid $50 for their labour (e.g. the full value), they will be paid far less than that. Where does the rest go? It goes to surplus-value paid to the capitalist (in turn: this resembles "unpaid labour" done by the worker, according to a kind of Nozickian analysis) — which is a necessary condition for profit. Marx uses this to describe a rate of exploitation.

Exploitation, if one recalls, is a technical term which means that the worker is not being paid the full value of his or her labour. If Fred or Carl, despite the hours they work, are not paid the full product of their labour (10 steel ladders) and instead are given less than that (say, the equivalent of 7 steel ladders) they are being exploited. If they are paid less than $50 for their work (say, $35), then they are being exploited by definition. There is a reason, of course, that the word has a negative connotation.

And so we're left with one final concern, which is summarized as:

> issues about the definition of ownership.

Let's take a look.

> For example, say you have built from scratch, and are occupying and using (owning) a homestead. Do you not have the right to knock the homestead down, and instead turn the land (your land) into farmland?

Yes. By mutualist standards, one is the possessor of land just as one is the possessor of a computer as personal property. Land is to be considered like personal property (which is essentially private property without absentee ownership or rent-seeking) if one occupies and uses it.

> Do you not have the right to erect a fence around your land, to deliminate your land's borders and prevent trespassers from damaging your property or person? If not, why not?

Certainly.

> And if so, then do you agree with the statement that "as the owner of the land, you are free to do with it what you please (provided it doesn't damage others or their property)".

It's difficult to agree with this statement, and allow an explanation as to why. The terminology used is shaky at best. The reason is because of the ambiguity of the word "ownership" and "free". Mutualist ownership[1] is based on Proudhonian possession — occupancy and use. And freedom[1] goes loosely by the idea of avoiding "right of increase" and is tied in with the notion of "rough equity of bargaining power" (to use Adam Smith's term) so that the "higgling of the market" (also his term) can take place on these grounds. If the statement is "as the owner[1] of the land, one are free[1] to do with it what he or she pleases." then, yes a mutualist would likely agree whole heartedly.

Unfortunately, this is not what is meant by that statement. Oftentimes "whatever you please" is a dressed up euphonism for rent-seeking. If one means ownership[2] which includes absentee ownership, and freedom[2] which includes, say, exploitation (recall its established definition), then there are grounds for disagreement. So, the point about freedom[1] or freedom[2] depends on the previous discussion about the full value of labour, and so one can proceed to address absentee ownership now.

> If you have the right to do with it what you please, why can't you say "I alone, can be the exclusive owner of this land" and give yourself absentee ownership rights?

To be the exclusive owner[1] of the land means, in mutualist interpretation, to be the one who is occupying and using the land. If one is to become a landlord and rent out land to a tenet, then one are no longer the exclusive owner, since the landlord is no longer in possession of the land — the tenet is. The tenet is now the exclusive owner[1] of the land, because the tenet is the one occupying and using it.

To be the exclusive owner[2] of the land is not coherent to the mutualist to begin with, and this will send us back to our conversation of self-ownership. What is it in homesteading that gives the right to exclusive ownership[2] for all of eternity? Nothing, to be sure, as it's a social heuristic or normative tool. And so exclusive ownership[2] rests on a contradiction: to be the exclusive owner[2] requires consent from the community, and simultaneously to be the exclusive owner[2] excludes consent from the community.

This is the reason why I wrote an article on Rothbard's contract fetishism, as he needs to manufacture the enigma of consent for absolute property without explicitly defining what is consent. For if he did define it specifically, he would undermine the institution of absolute private property he sought to establish. One could perhaps say: "Private property? I didn't agree to this! I don't respect this!" like Spooner and the State.

So we find that Rothbard needed to emphasize that absolute property is somehow most "natural to Man" as a grounding justification and he used one of many interpretations of self-ownership in order to do this. So, I'd like to take this conversation back to the heart of deontological self-ownership and I will do so in my next post.

> Q. Can somebody come along and legitimately take the ore that they've mined? Isn't this analogous to the exploitative theft of their labour?

With respect to *land*, these specifics of occupancy and use would be set forth by the community. In some communities, the answer is yes. In other communities, the answer is no. Reasonable guidelines for "time and extent" of occupancy and use would likely be voted upon. These kind of concerns are ridiculous to the mutualist in the same way as the question "What constitutes the mixing of labour?" Can I merely just walk across the land to own it absolutely? Can I drop some dye in the ocean and claim the whole thing for myself? Can I put a fence around it? etc. likely are to the Lockean.

Note that mutualists are concerned first and foremost with land, and not so much personal property which does not take the primary form of a means of production. This question is about personal property that is movable, *per se*. My vote would be for "Yes, that's definitely exploitative." Even anarcho-communists will say that's an undesirable move, and would probably forbid it as a community. There is no big difference here between anarcho-capitalists, mutualists, and anarcho-communists on this notion. Perhaps one would find out more in terms of contrast if they asked about squatters (which only anarcho-capitalists forbid).

> Q. I think that mutualism is fascinating as a "middle ground" between socialism and anarcho-capitalism.

It's not to be thought of as a middle ground between the two, because mutualism is firmly anti-capitalist, and fully socialist. In that regard, mutualists often have great sympathies for anarcho-communists despite their many, many disagreements.

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