

# Capitalism does not equal the market

Iain Mckay

April 16, 2009

First, some good news! My suggestion of a A Pierre-Joseph Proudhon Reader has been agreed to by AK Press. So, if you want to see an anthology of Proudhon published in 2010 then please get in touch – even if it is only to recommend bits of Proudhon you like best. If you fancy translating material from French, I would be interested in hearing from you – Proudhon's writings on the 1848 revolution really need to be in English (for example). Contact details as in the Proudhon blog post linked to above.

Second, I've been asked to speak on **anarchist economics** at the 21st birthday conference of Radical Routes. Radical Routes is co-op of housing co-ops, worker co-ops and social centres. The conference is entitled *"Practical Economics: radical alternatives to a failed economic system"* and will be held on the 23rd of May, at Conway Hall (Red Lion Square) in London. As most readers of this blog should be aware, I've been keen to stress the formation of co-operatives as a practical solution to the current economic crisis, particularly when workers occupy their workplaces, kick the bosses out and transform them.

As I'm currently revising section I of An Anarchist FAQ (AFAQ), being asked to present a general overview of the economics of an anarchist society will help focus my attention somewhat! And as I've been thinking about this subject for a few months now, I think I'm in a good position to go do a talk about that subject. I'll need to sketch the anarchist critique of capitalism as well, as our ideas on a free society are obviously related to what we hate about the current system.

Which feeds into Proudhon, as I'll start with the most "obvious" anarchist economy, the mutualist one of co-operatives operating in a market, complemented by an agro-industrial federation, a federation of communes and a mutual bank. From there, onto communist-anarchism (via collectivist-anarchism) – a decentralised economic system based on horizontal links between production units, complemented by an agro-industrial federation and a federation of communes. It is strange to see the likes of von Hayek and von Mises praised for predicting that central planning would not work, given that both Bakunin and Kropotkin both argued decades previously that a centralised economic system would not work very well – precisely because it ignored local knowledge and could not take into account the diverse needs of society. But that is beside the point, somewhat.

Ah, but is mutualism socialist? Of course it is! As noted in AFAQ, in section G.1.1 Marx, Engels, Bakunin and Kropotkin acknowledged Proudhon as being a socialist. And as noted in

section G.1.2, there is a difference between property and possession, or property and capital (to use Marxist terminology). Here are some relevant quotes from Marx and Engels:

*"The historical conditions of [Capital's] existence are by no means given with the mere circulation of money and commodities. It arises only when the owner of the means of production and subsistence finds the free worker available on the market, as the seller of his own labour-power."* [Marx, **Capital**, vol. 1, p. 264]

*"Political economy confuses, on principle, two very different kinds of private property, one of which rests on the labour of the producer himself, and the other on the exploitation of the labour of others. It forgets that the latter is not only the direct antithesis of the former, but grows on the former's tomb and nowhere else . . . the capitalist regime constantly comes up against the obstacle presented by the producer, who, as owner of his own conditions of labour, employs that labour to enrich himself instead of the capitalist. The contradiction of these two diametrically opposed economic systems has its practical manifestation here in the struggle between them."* (Marx, **Capital**, vol. 1, p. 931)

*"the means of production and subsistence, while they remain the property of the immediate producer, are not capital. They only become capital under circumstances in which they serve at the same time as means of exploitation of, and domination over, the worker."* (Marx, **Capital**, vol. 1, p. 938)

*"Let us suppose the workers are themselves in possession of their respective means of production and exchange their commodities with one another. These commodities would not be products of capital."* (Marx, **Capital**, vol. 3, p. 276)

*"The object of production — to produce commodities — **does not import** to the instrument the character of capital . . . The production of commodities is one of the preconditions for the existence of capital . . . as long as the producer sells only **what he himself** produces, he is not a capitalist; he becomes so only from the moment he makes use of his instrument **to exploit the wage labour of others.**"* (Engels, **Marx-Engels Collected Works**, pp. 179-80)

The similarities with Proudhon's analysis is obvious. In fact, Engels and Marx were simply repeating Proudhon's distinction between property and possession, although they narrowed it somewhat to focus exclusively on the means of production (and so ignoring rented housing and such like, which is property in Proudhon's sense but not capital in Marx's sense). Perhaps unsurprisingly, Marx and Engels tended to ignore the similarities between their ideas and Proudhon's — probably because he was considered a rival and, awkwardly, Proudhon had stated many of

these shared ideas first (such as exploitation being rooted in the workplace and that capitalism would be replaced by a socialist society based on associations).

*"Mutuality, reciprocity exists," Proudhon argued, "when all the workers in an industry, instead of working for an **entrepreneur** who pays them and keeps their products, work for one another and thus collaborate in the making of a common product whose profits they share amongst themselves. Extend the principle of reciprocity as uniting the work of every group, to the Workers' Societies as units, and you have created a form of civilisation which from all points of view — political, economic and aesthetic — is radically different from all earlier civilisations."* [quoted by Martin Buber, **Paths in Utopia**, pp. 29-30]

As mutualism eliminates wage labour by self-management and free access to the means of production (socialisation), its use of markets and prices (both of which pre-date capitalism) does not mean it is not socialist. Yes, it is not communism but socialism was never just communism. And even with communism, there are differences in position with libertarian communism being fundamentally different from the social democratic vision (the differences being rooted in terms of whether you see communism as being fundamentally about free access, and so individual freedom, or central planning overcoming the "anarchy" of the market, and so developing the means of production to new, higher, levels — needless to say, there is a bit of both in Marx).

And it would be remiss of me not to mention the influence of Proudhon in the Paris Commune and its vision of a socialism rooted in co-operatives. That this influence is not better known is down to two things. Firstly, Proudhon's actual ideas are, to a large degree, not well known (hence the pressing need for the Reader!). Secondly, Marxists have tended to downplay the obvious links with Proudhon's ideas, ideals which they also have a tendency to misrepresent. To quote section H.3.14 of AFAQ:

Moreover, the aims of the Paris workers were at odds with the vision of the **Communist Manifesto** and in line with anarchism – most obviously Proudhon's demands for workers associations to replace wage labour and what he called, in his **Principle of Federation**, an *"agro-industrial federation."* Thus the Commune's idea of co-operative production was a clear expression of what Proudhon explicitly called *"industrial democracy,"* a *"reorganisation of industry, under the jurisdiction of all those who compose it."* [quoted by K. Steven Vincent, **Pierre-Joseph Proudhon and the Rise of French Republican Socialism**, p. 225] . . .

Marx, to his credit, supported these libertarian visions when applied in practice by the Paris workers during the Commune and promptly revised his ideas. This fact has been obscured somewhat by Engels historical revisionism in this matter. In his 1891 introduction to Marx's *"The Civil War in France"*, Engels painted a picture of Proudhon being opposed to association (except for large-scale industry) and stressed that *"to combine all these associations in one great union" was "the direct opposite of the Proudhon doctrine"* and so *"the Commune was the grave of the Proudhon doctrine."* [Selected Works, p. 256] However, as noted, this is nonsense. The forming of workers' associations and their federation was a key aspect of Proudhon's ideas and so the Communards were obviously acting in his spirit.

All in all, it is somewhat ironic, therefore, to see the self-proclaimed opponents of capitalism (particularly Leninists) agree with its proponents that capitalism equals the market (and vice versa). After all, it is not very Marxist! This focus on the market, as David Schweickart suggests, is no accident:

*"The identification of capitalism with the market is a pernicious error of both conservative defenders of **laissez-faire** [capitalism] and most left opponents . . . If one looks at the works of the major apologists for capitalism . . . one finds the focus of the apology always on the virtues of the market and on the vices of central planning. Rhetorically this is an effective strategy, for it is much easier to defend the market than to defend the other two defining institutions of capitalism. Proponents of capitalism know well that it is better to keep attention toward the market and away from wage labour or private ownership of the means of production."* [ "Market Socialism: A Defense", pp. 7-22, **Market Socialism: the debate among socialists**, Bertell Ollman (ed.), p. 11]

It would be tempting to call such a system of market co-operatives "*market anarchism*" in the same way that Schweickart's calls his similar system market socialism, but that would be unwise. This is because "anarcho"-capitalists have appropriated that term in a rebranding exercise for their own ideology. Thus we find proprietarians asserting that "market anarchism" was "*inaugurated in 1849 by the Belgium economist Gustave de Molinari*" and that it "*is a less controversial designation*" than "anarcho"-capitalism. [Roderick T. Long and Tibor R. Machan, "Preface", **Anarchism/minarchism**, p. vii] Long states that Molinari was "*the founder of market anarchism*". [ "*Market Anarchism as Constitutionalism*", pp. 133-151, **Op. Cit.**, p. 141] Significantly, Molinari never called himself an anarchist nor associated himself in any way with the movement — which means, I think, making him the "founder" of an anarchist school of thought extremely problematic! Or so you would think... Similarly, to link Molinari and Tucker as Long does means ignoring the substantial differences on property they had (Tucker following Proudhon, to a large degree). Best, I think, to call it **mutualism**, as Proudhon did — that would make it extremely difficult for the proprietor right to appropriate it.

Please note, I'm not making any comments (for or against) the notion of a libertarian socialism based on a market of self-managed co-operatives. I'm just pointing out that such a system is not capitalist as markets do not equal capitalism (as can be seen from the awkward fact that markets pre-date capitalism by thousands of years). I remain a communist-anarchist and my position is (basically) the same as Malatesta's (of whom I am a great fan — if you have not read anything by him, do yourself a favour and do so!). Markets, even non-capitalist ones, have problems with them and that is why, rightly, most anarchists are communists. Although, it is fair to say that Proudhon was aware of some of them as "*[h]owever impeccable in its basic logic the federal principle may be. . . it will not survive if economic factors tend persistently to dissolve it. In other words, political right requires to be buttressed by economic right*" and "*in an economic context, confederation may be intended to provide reciprocal security in commerce and industry. . . The purpose of such specific federal arrangements is to protect the citizens. . . from capitalist and financial exploitation. . . in their aggregate they form . . . an **agro-industrial federation***". [ **The Principle of Federation**, p. 67 and p. 70]

Finally, I've come across an unpublished article by Murray Rothbard from the 1950s in which he concludes that his ideology ("anarcho"-capitalism) cannot be considered as anarchist! Which is what almost all anarchists have concluded when they come across it. I plan to post a AFAQ blog on the article, but for the time being here is an exclusive extract from the introduction of volume 2 of AFAQ (due out in 2010):

Finally, volume 1 spent some time explaining why "anarcho"-capitalism is not a form of anarchism, which is fundamentally a (libertarian) socialist theory and movement. Ironically, a sadly unpublished article from the 1950s by the founder of that ideology, Murray Rothbard, has come to light which came to the same conclusion (entitled somewhat inaccurately, given the history of anarchist use of libertarian, "**Are Libertarians 'Anarchists'?**"). Ignoring the errors, distortions and inventions about anarchism, this essay came to the following (correct!) conclusion: "*We must therefore conclude that we are not anarchists, and that those who call us anarchists are not on firm etymological ground, and are being completely unhistorical.*" This was applicable to both the "*dominant anarchists*" (like Kropotkin and Bakunin) as well as individualist anarchists like Tucker, considered by Rothbard "*the best of them*", as both had "*socialistic elements in their doctrines.*" He suggests that there were thinkers "*in that Golden Age of liberalism*" who had ideas "*similar*" to his ideology, but these, significantly, "*never referred to themselves as anarchists*" probably because "*all the anarchist groups*" (including the individualists) "*possessed socialistic economic doctrines in common.*"

I should that someone has referenced this article in the Wikipedia entry on libertarianism, with the usual degree of accuracy for content you expect from proprietarians! At least that entry now acknowledges that libertarian was first used by communist-anarchists! Progress, of a kind, I suppose...

Until I blog again, be seeing you!

The Anarchist Library (Mirror)  
Anti-Copyright



Iain Mckay  
Capitalism does not equal the market  
April 16, 2009

[anarchism.pageabode.com](http://anarchism.pageabode.com) , Archive: [web.archive.org](http://web.archive.org)

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