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Notes on Anarchist Economics

Iain McKay

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Anarchism is generally not associated with economics. There is no “anarchist” school of economics as there are “Marxist,” “Keynesian” and so on ones. This does not mean there are no anarchist texts on economics. Proudhon springs to mind here, with his numerous works on the subject – the three volumes on property (most famous being the first, *What is Property?*) and the two volumes of *System of Economic Contradictions* (of which, only the first has been translated) – as does Kropotkin, with his *Fields, Factories and Workshops*. However, in spite of various important works, there is no well-established body of work which can be called anarchist economics.

There are various reasons for this. Partly, it is due to the typical isolation of the English-speaking movement: many works which could be used to create an anarchist economics have never been translated into English. Partly, it is due to an undeserved sense of inferiority: too many anarchists have followed Marxists by taking Marx’s *The Poverty of Philosophy* as an accurate account and honest critique of Proudhon’s ideas (it is neither, as I show in “The Poverty of (Marx’s) Philosophy,” *Anarcho-Syndicalist Review* 70). Partly, it is due to anarchists being – in the main – working-class people

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who often do not have the time or resources to do the necessary research – and more often, rightly, prefer to *change* the world than *interpret* it, particularly given we wish to end the exploitation and oppression we are subject to sooner rather than later.

What would anarchist economics be? There are two different – if somewhat interrelated – possibilities.

First, and least important, would be the economics of an anarchist society. As such a society does not exist, this explains why it is the least important. Adam Smith did not speculate about markets in theory, he described them by observing their workings (I write “markets” rather than “capitalism” as capitalism – wage labor – was not extensive when he was writing and so he was describing an economy marked by substantial self-employed artisans and farmers – an ideal which appealed to Smith). So, in this sense, any anarchist economics would develop as an actual anarchist society develops. Attempts to produce in detail *now* how a libertarian socialist economy would function are misplaced. All that systems like Parecon can show is that certain notions (such as detailed planning) cannot and will not work – even if its advocates do not seem to recognize this.

So all we can do is sketch general principles – self-management, socio-economic federalism, etc. – and discuss how *tendencies* within capitalism show their validity. This is important, as anarchists do not abstractly compare the grim reality of capitalism to ideal visions. Rather, as Proudhon stressed (and Kropotkin praised him for), we need to analyze capitalism to understand it and to explore its *tendencies* – including those tendencies which point beyond it.

Which brings us to the other, more relevant, form of anarchist economics, which would be the analysis and critique of capitalism. The two are interrelated, for what we oppose in capitalism would not exist within an anarchist economy. So, for example, Proudhon’s analysis of exploitation as occurring in production – because workers have sold their liberty to the boss who keeps the

“collective force” and “surplus of labor” they create – points logically to workers’ cooperatives (self-management) as the basis of a free economy. Unsurprisingly, he and subsequent anarchists opposed *associated* labor to wage-labor.

Here we do have much to build on. Proudhon’s analysis of exploitation predates Marx’s nearly identical one by two decades – ironically in 1847 Marx mocked the Frenchman for advocating what he later came to advocate in 1867 (see my “Proudhon’s Constituted Value and the Myth of Labour Notes,” *Anarchist Studies* 25:1). Other insights, including methodological ones, can be drawn from his and Kropotkin’s contributions – although much of it may need to be translated first.

This does not mean we cannot usefully draw upon other schools. Marx, for all his flaws, provided genuine insights into the workings of capitalism. Keynes may have sought to save capitalism from itself, but to do so he had to *understand* how it works and so is worth reading. The post-Keynesian school, likewise, has a substantial amount of work which would be of use in constructing an anarchist economics. (Steve Keen, author of the excellent *Debunking Economics*, is a post-Keynesian.) Those schools that have been developed – often explicitly so – to defend capitalism (such as neo-classicalism) have little to offer, except perhaps as examples of what not to do.

Which points to another key aspect of any anarchist economics: an understanding of the flaws of other schools – particularly the mainstream neo-classical school. It should help us see when we are being lied to or when certain conclusions are based on preposterous assumptions or models. The same applies to Marxist economics, which all too often woefully mixes up empirical reality and explanatory categories. As such, it would play a key role in intellectual self-defense.

The key issue, though, is not to confuse understanding how capitalism works from a libertarian perspective, an anarchist economics, with the economics of an anarchy. So an anarchist

economics in this sense is still in its early days – even after over 150 years! – but there is a foundation there which can be usefully built upon. The real question is, how do we start? As Kropotkin suggests, by basing our analysis of empirical evidence rather than the abstract model building of neoclassical economics. We need to root our understanding of capitalism in the reality of capitalism – and our struggles against it.

This is no trivial task – but one which would be of benefit.