

Liberal-Anarchism

... or “The Theory of Libertarian Social Democracy”

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Liberalism, properly understood, is not merely a justification for free markets or negative liberty. It is, at root, a philosophy of emancipation. Likewise, anarchism is not chaos, but the pursuit of a voluntary and non-dominating social order. When joined together and viewed through a dialectical libertarian lens, these traditions give birth to what I call *liberal-anarchism*.

The Dialectical Libertarian Method

Liberal-anarchism rests on the logic of dialectical libertarianism. This is not a rigid ideological formula but a context-sensitive methodology. Rather than judging every policy or institution by whether it is “formally libertarian,” dialectical libertarianism asks whether it is functionally emancipatory in the specific social context. For example, anti-discrimination laws may restrict the formal liberty of a business owner, but in a society structured by historical domination, such laws are functionally libertarian because they reduce coercion and expand real freedom for marginalized people.

This method allows us to see that not all government interventions are oppressive. Indeed, some interventions — such as a land value tax or a social dividend — can dismantle monopolistic privileges and empower individuals. In a society where the playing field is rigged by historical concentrations of power and wealth, liberty demands more than non-interference; it demands active reconstruction.

Liberalism Reclaimed

Liberal-anarchism embraces liberalism in its fullest historical arc. It draws upon the classical liberalism of Adam Smith and John Locke, which emphasized individual freedom and private initiative, but also upon the political liberalism of John Rawls and the economic pragmatism of John Maynard Keynes. These thinkers shared an understanding that liberty cannot thrive amid domination, whether by the state or the market.

Classical liberals such as Adam Smith and John Locke advocated for land value taxation as a way to limit the power of rentiers and promote widespread economic prosperity. John Rawls argues that a just (fair) society would be one with widespread distribution of property ownership (i.e. property-owning democracy), rather than traditional capitalism. Furthermore, Rawls contributed the idea that predistribution — designing institutions to prevent inequality from emerging in the first place — is more effective than redistributing wealth after disparities have formed. Meanwhile, John Maynard Keynes acknowledged the inherent instability of *actually existing markets* and emphasized the need for thoughtful regulation to maintain full employment and support human well-being.

In this sense, liberal-anarchism offers conditional support for liberal democracy and market systems, while rejecting capitalism in its current oligarchic manifestation. It supports property-owning democracy — not plutocracy — and seeks to replace the state’s monopoly on coercion with democratic institutions rooted in consent and accountability.

Anarchism as Radical Liberalism

Anarchism, in the liberal-anarchist framework, is not the rejection of order but the rejection of domination. Inspired by Pierre-Joseph Proudhon, Fred Foldvary, and the broader mutualist and geo-libertarian traditions, liberal-anarchism envisions a society where law and order emerge from voluntary institutions: democratic confederations, mutual aid associations, community courts, and competitive arbitration systems.

Such a society would not eliminate markets or contracts but would instead reshape the underlying distribution of economic power through Georgist and distributist policies. Rather than allowing markets to be dominated by hierarchical corporations, landlords, and monopolists, it would promote widespread ownership of productive assets — ensuring that participation in the market reflects genuine autonomy and opportunity. In this way, liberal-anarchism converges with distributist ideals by promoting decentralized governance, fair distribution of property, and institutions designed to dismantle structural inequalities. This approach leads to a more efficient and self-regulating market, reducing the need for constant intervention. The result would be a genuinely free market with widespread ownership of productive property. This would be quite unlike the current system, where wealth and power are concentrated in “too-big-to-fail” industries and where government bailouts become the norm during economic downturns.

From Welfare State to Voluntary Commonwealth

While liberal-anarchism is a long-term vision, it sees the social-democratic welfare state as a stepping stone. As I argue in *Libertarian Social Democracy*, models such as James Meade’s liberal-socialism offer the most feasible route toward a truly free society. Meade’s mixed economy — combining widely distributed private property, socialized enterprises, and a universal social dividend — preserves the benefits of markets while minimizing coercive hierarchies. Democratic socialism (or social democracy) can be a path towards truly free markets. This is not socialism as centralized state planning, but as a federation of democratically governed institutions.

Toward a Post-Statist Liberalism

Liberal-anarchism invites us to reimagine freedom not as isolation or license, but as non-domination and mutual respect. It does not dogmatically oppose governance, but insists that all authority must justify itself to those subject to it. Where authority fails that test, liberal-anarchism offers a roadmap for its peaceful dissolution.

The future is not a return to laissez-faire, nor a leap into bureaucratic socialism, but a synthesis of liberal values and anarchist practices. By dialectically engaging with both traditions, we can create a society that is truly libertarian, genuinely democratic, and radically free.

Social-Democratic Anarchism: The Spontaneous Order of Freedom

Contrary to the assumptions of many left-anarchists and utopians, the natural trajectory of libertarian or anarchist communities is not toward communal ownership of all property or the

abolition of markets. Rather, when given the freedom to self-organize, such communities tend to generate a patchwork of liberal institutions rooted in reciprocity, voluntary association, and functional efficiency. This is the central insight of what may be called *social-democratic anarchism* — the idea that a free society will tend toward liberal or social-democratic, not communist, outcomes.

Anarchism, when realized outside the shadow of imposed ideologies, does not mean the rejection of economic coordination mechanisms like prices or contracts. Nor does it entail a uniform economic structure. Instead, it implies a plurality of arrangements where diverse communities adopt pragmatic systems suited to their values and needs. As I argue in *Libertarian Social Democracy*, this freedom frequently yields institutions that resemble those advocated by liberal theorists — albeit now grounded in consent and freed from the coercive apparatus of the state.

Competing Currencies and Voluntary Exchange

One striking example is the emergence of *competing currencies*. In a genuinely anarchist society, where no central authority monopolizes legal tender, communities are likely to experiment with diverse forms of money: local currencies, labor notes (like the Ithaca HOUR), mutual credit systems, blockchain-based tokens, etc. These currencies arise not from top-down planning, but from the bottom-up logic of trust, speculation, and market coordination. Rather than chaos, the result is a polycentric financial system, closer to Friedrich Hayek’s vision of denationalized money than to Marxist money abolition or statist central banking.

This illustrates how market mechanisms, far from being antithetical to anarchism, can be tools of liberty when severed from monopolistic enforcement.

Mutual Insurance and Cooperative Welfare

Healthcare is another area where spontaneous order favors social-democratic forms. While some anarchist purists might resist the idea of social insurance, real-world libertarian experiments reveal the effectiveness of such schemes: mutual aid societies, fraternal benefit associations, guilds, and cooperatives have long provided healthcare, disability insurance, and pensions without state involvement. These institutions flourish not through profit-maximization but through solidarity, risk-sharing, and community governance.

Such mutualist models embody the very spirit of democratic socialism — but a democratic socialism that is decentralized, pluralistic, and non-statist. They offer a libertarian alternative to both for-profit healthcare and bureaucratic welfare, proving that egalitarian outcomes need not rely on coercion.

Land Value Tax and Economic Justice

Perhaps most subversively, genuinely free communities often converge on *land value taxation* — a core insight shared by classical liberals like Adam Smith and Henry George. When people recognize that land is a finite, non-produced resource, they see the justice of sharing its unearned value. Unlike income or sales taxes, land value taxes do not penalize productivity but instead reclaim public value created by community presence and infrastructure.

A land value tax functions as a decentralized form of predistribution: it prevents oligarchic land hoarding, funds public goods, and promotes efficient land use — all without violating property rights in the Lockean sense. In an anarchist framework, such a tax would be collected not by a centralized state but by voluntarily constituted local communities or commons management organizations.

In this way, *liberal-anarchism* (or libertarian social democracy) reveals the falsity of the binary between markets and socialism, liberty and equality. It shows that when people are truly free, they do not regress to atomized individualism or rigid collectivism. They build flexible, humane institutions that blend economic freedom with social protection — an emergent order that is both liberal and democratic, both anarchist and socially-minded.

Dialectical Libertarianism, again

From the dialectical libertarian standpoint, anarchists ought not reject liberal and social-democratic institutions outright but should, instead, recognize them as pragmatic approximations of a freer society within the constraints of our present reality. Institutions like welfare, social insurance, and public education — though administered by the state — often serve to reduce domination, mitigate coercion, and expand the real opportunities available to individuals. They are not ends in themselves, but transitional structures that move society incrementally closer to the libertarian ideal: a world in which all people have the material means to participate fully in voluntary, non-hierarchical arrangements. To reject these institutions purely on formalist grounds is a terrible mistake. If our goal is a society of flourishing, self-governing individuals and communities, then the institutions that most effectively level the playing field — however imperfect — deserve our qualified support. A liberal-anarchist, therefore, will fight for liberal and social-democratic policies in the short run, while also dreaming of a future in which all coercive institutions are replaced by voluntary ones.

The only things that could conceivably, in my opinion, justify the existence of a state are the provision of universal healthcare and universal basic income. I'm thoroughly convinced that a system of free banking, competitive police and courts, and militias could adequately replace government with a stateless order. The only thing that could, potentially, make having a government worth it is if the government would provide welfare measures that a free (anarchist) society would fail to provide. At the moment, I am not convinced that a stateless order would not more adequately and surely provide people with access to healthcare and basic income. It seems likely that voluntary communities would agree upon mutual insurance schemes for healthcare and rent-sharing schemes for basic income provision. The only reason I have ever supported the existence of the state is because I thought a state more likely to provide certain welfare measures. If I was mistaken on this, and I currently believe that I was, then there is no real justification for the state. The state in its capacity as a potential provider of welfare seems to always be dwarfed by the state as an instrument of unjustifiable violence and coercion. It seems to frequently do more evil than good. Insofar as states exist, as a dialectical libertarian, I would argue that we should push for them to provide universal basic income. If states cannot at least guarantee a basic standard of welfare that ensures no one falls through the cracks, then their legitimacy deserves to be fundamentally challenged.

P. S.

The example of the Spanish anarchists during the Spanish Civil War lends credence to my theory of social-democratic anarchism. Rather than the abolition of money, a system of alternative currencies arose in anarchist controlled areas.

“When talking about the Spanish Revolution, the confusion stems from the failure to stipulate that “abolishing money” refers to the official national money of Spain as distinct from the local money issued by the collectives. Only the local use of this national currency was abolished or, most often, in varying degrees curtailed. (The value of goods and the balancing of accounts was still calculated in terms of the peseta.) It would be more correct to say that the libertarian collectives in each locality (to assure just and equitable sharing of goods and services, and prevent hoarding and speculation) worked out their own systems of exchange. They issued their own local money in the form of vouchers, tokens, rationing booklets, certificates, coupons, etc., which carried no interest and were not negotiable outside of the issuing collective.”

—Sam Dolgoff, *The Anarchist Collectives: Workers’ Self-Management in the Spanish Revolution, 1936–1939*

The American anarchist Josiah Warren had created “labor notes” as an alternative currency at the Cincinnati Time Store. The intentional communities of New Harmony, Indiana, and Modern Times, Long Island, also experimented with Warren’s alternative currency system. The geo-libertarian communities of Arden, Ardentown, and Ardencroft all experimented with alternative financial institutions, such as the Arden Building and Loan Association and the Raiffeisen Gild. These geo-libertarian communities also funded public works through the collection of land-rent. Some municipalities under the control of the Spanish anarchists during the Spanish Civil War also implemented distributist and Georgist type policies, such as dividing large estates and municipalizing land rent.

“The first step toward socialization was frequently the dividing up of large estates (as in the Segorbe and Granollers districts and a number of Aragon villages). In certain other cases the first step was to force the municipalities to grant immediate reforms (municipalization of land-rent and of medicine in Elda, Benicarlo, Castellone, Alcaniz, Caspé, etc.).”

—Gaston Leval in *The Anarchist Collectives: Workers’ Self-Management in the Spanish Revolution, 1936–1939* edited by Sam Dolgoff

The anarchists also provided universal healthcare in the area that they controlled.

“The socialization of health services was one of the greatest achievements of the revolution...”

“The Health Workers’ Union was founded in September, 1936. ...all health workers, from porters to doctors and administrators, were organized into the one big union of health workers...”

“Five months after the Revolution, 8,000 health workers joined the union (excluding the

masseurs and physical therapists for whom we have no figures). The UGT also organized a health union, but numerically very much inferior to ours — 100 doctors to our 1,020 doctors. Here is a partial list: 1,020 doctors, 3,206 nurses, 133 dentists, 330 midwives, 203 practitioners (student doctors), 180 pharmacists and 66 apprentice pharmacists, 153 herbalists, 353 sterilizers, 71 radiologists, and 200 veterinaries....

“Our comrades laid the foundations of a new health system... The new medical service embraced all of Catalonia....

“Distributed throughout Catalonia were twenty-seven towns with a total of thirty-six health centers conducting services so thoroughly that every village, every hamlet, every isolated peasant in the mountains, every woman, every child, anywhere, received adequate, up-to-date medical care.”

—Gaston Leval in *The Anarchist Collectives: Workers’ Self-Management in the Spanish Revolution, 1936–1939* edited by Sam Dolgoff

Though the Spanish anarchists theoretically wanted libertarian communism, they ended up, in practice, implementing something more like a libertarian social democracy.

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