Markets Freed from Capitalism.

From *Markets Not Capitalism*, ch. IV.

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LET'S TALK ABOUT THE STRUCTURE AND mechanisms of state capitalism. I mean how, in everyday economic life, the *political structure* of corporate privilege tends to produce, and sustain, the *material conditions* of the bosses' economy — how, to use Gary Chartier's threefold distinction,[1] capitalism$_2$ promotes capitalism$_3$ — and how freed markets would abolish the one and run the other into the ground. Most of my remarks here will be broadly historical and economic in character—although necessarily of a sketchy or programmatic sort, given the size of the topic and the constraints of the space. So consider this a guide to directions for inquiry and discussion; an attempt to show you briefly where key landmarks of the free market anti-capitalist analysis are at, rather than an attempt at a full guided tour. I think it important to at least sketch out the map because the chief obstacle that free market anti-capitalists confront in explaining our position is not so much a matter of correcting particular mistakes in political principles, or economic analysis — although there *are* particular mistakes we hope to address and correct. It is more a matter of convincing our conversation partners to make a sort of *aspect-shift*, to adopt a new point of view from which to see the political-economic *gestalt*.

The need for this shift is pressing because — with apologies to Shulamith Firestone[2] — the political economy of state capitalism is so deep as to be invisible. Or it may appear to be a superficial set of interventions, a problem that can be solved by a few legal reforms, or perhaps the elimination of bail-outs and the occasional export subsidy, while preserving more or less intact the basic recognizable patterns of capitalistic business as usual. The free market anti-capitalist holds there is something deeper, and more pervasive, at stake than the sort of surface level policy debates to which

1 Gary Chartier, "Advocates of Freed Markets Should Oppose Capitalism," in *Markets Not Capitalism*, ch. IX.

2 See Shulamith Firestone, *The Dialectic of Sex: The Case for Feminist Revolution* (New York: Farrar 2003) 3.

pro-capitalist libertarians too often limit their discussions. A fully freed market means the liberation of vital command posts in the economy, reclaiming them from points of state control to nexuses of market and social entrepreneurship — transformations from which a market would emerge that would look profoundly different from anything we have now. That so profound a change cannot easily fit into traditional categories of thought, *e.g.* "libertarian" or "left-wing," "laissez-faire" or "socialist," "entrepreneurial" or "anti-capitalist," is not because these categories do not apply but because they are not big enough: radically free markets burst through them. If there were another word more all-embracing than *revolutionary*, we would use it.

TWO MEANINGS OF "MARKETS."

In order to get clear on the topic in a conversation about "Free Market Anti-Capitalism," the obvious points where clarification may be needed are going to be the meaning of *capitalism*, the meaning of *markets*, and the meaning of *freedom* in the market context. Left-libertarians and market anarchists have spent a lot of time, and raised a lot of controversy talking about the *first* topic — whether "capitalism" is really a good name for the sort of thing that we want, the importance of distinguishing markets from actually-existing capitalism, and the possibility of disentangling multiple senses of "capitalism." There's been a lot of argument about that, but for the moment I would like to pass that question by, in order to focus on the less frequently discussed side of our distinction — not the meaning of "capitalism," but the different strands of meaning within the term *"market."* The meaning of the term is obviously central to any free *market* economics; but I would argue that there are at least *two* distinct senses in which the term is commonly used:

- ***Markets as free exchange:*** when libertarians talk about markets, or especially about "*the* market," singular, we often mean to pick out the *sum of all voluntary exchanges*[3] — any economic order based,

3 Pro-capitalist economists have often suggested such a broad understanding of "markets," even if they have not fully understood, or were not willing to fully draw out, its implications. For example, Murray Rothbard, "Toward a Reconstruction of Utility and Welfare Economics" (Ludwig von Mises Institute, 2002) <http://mises.org/rothbard/toward.pdf> (March 13, 2011) writes that "The free market is the name for the array of *all the voluntary exchanges that take place in the world*" (29-9). Ludwig von Mises, *Human Action: A Treatise on Economic Principles*, scholars ed. (Auburn, AL Mises 1998), writes that "There is in the operation of the market no compulsion and coercion. . . . Each man [*sic*] is free; nobody is subject to a despot. Of his [*sic*] own accord the individual integrates himself [*sic*] into the cooperative system. . . . The market is not a place, a thing or a collective entity. The market is a process, actuated by the interplay of the actions of the various individuals cooperating under the division of labor"

to the extent that it is based, on principles of personal ownership of property, consensual exchange, free association, and the freedom to engage in peaceful competition and entrepreneurial discovery.

- ***Markets as the cash nexus:*** but we often also use the term in a different sense — to refer to a particular *form* of acquiring and exchanging property — that is, to refer to commerce and *quid pro quo* exchanges, relatively impersonal social relationships on a paying basis, typically mediated by currency or by financial instruments denominated in units of currency.

These two senses are interrelated. When they take place within the context of a system of *free exchange*, the social relationships based on the *cash nexus* — producing, buying, and selling at market prices, saving money for future use, investing money in productive enterprises, and the like have all positive, even essential, role in a flourishing free society. I do not intend to argue that these will disappear in a society of equal freedom; but I do intend to argue that they may not look like what you expect them to look like, if your picture of commercial relationships is taken from commerce under the conditions of corporate capitalism. Commerce under capitalism does have many of the exploitative and alienating features that critics on the Left accuse "private enterprise" or "market society" of having. But not because of the enterprise, or because of the market. The problem with commerce under capitalism is *capitalism*, and without it, *both* freed-market exchange and cash-nexus commerce will take on a wholly different character.

To see how they might come together, we must first attend to how they come apart. However often they may be linked in fact, free exchange and the cash nexus are distinguishable in concept. Markets in the first sense (the sum of all voluntary exchanges) *include* the cash nexus — but also *much more than* the cash nexus. If a "freed market" is the sum of all voluntary exchanges, then family sharing takes place within a freed market; charity is part of a freed market; gifts are part of a freed market; informal exchange and barter are all part of a freed market. Similarly, while markets-as-free-exchange may include "capitalistic" arrangements — so long as they are consensual — they also encompass far more than that. There is nothing in a freed market that *prohibits* wage labor, rent, corporate jobs, or corporate insurance. But a freed market also encompasses alternative arrangements — including many that clearly have nothing to do with employer-employee relationships or corporate management, and which fit awkwardly, at best,

(158).

with *any* conventional meaning of the term "capitalism:" worker ownership and consumer co-ops are part of the market; grassroots mutual aid associations and community free clinics are part of the market; so are voluntary labor unions, consensual communes, narrower or broader experiments with gift economies, and countless other alternatives to the prevailing corporate-capitalist *status quo*. To focus on the specific act of *exchange* may even be a bit misleading; it might be more suggestive, and less misleading, to describe a fully freed market, in this sense, as **the space of maximal consensually-sustained social experimentation**.

The question, then, is whether, when people are free to experiment with any and every peaceful means of making a living, the sort of mutualistic alternatives that I've mentioned might take on an increased role in the economy, or whether the prevailing capitalistic forms would continue to predominate as they currently do. To be sure, the capitalistic arrangements predominate *now* — most of the viable ways to make a living are capitalist jobs; most people either rent their home from a landlord or "own" it only so long as they keep up with monthly bills to a bank; large, centralized management predominates in companies and corporations predominate in providing credit, insurance, health care, and virtually all capital and consumer goods. Productive enterprises are almost all commercial enterprises, commercial enterprises are predominantly large-scale, centralized corporate enterprises, and corporate enterprises are controlled by a select, relatively small, socially privileged class of managers and financiers. Inequalities in wealth and income are vast, and the vast inequalities have profound social effects.

But of course the fact that capitalistic arrangements predominate *now* is no reason to conclude that "the market has spoken," or that capitalistic concentrations of wealth are a basic tendency of free-market exchange. It might be a reason to think that *if* the predominance of capitalistic arrangements were the product of revealed preferences in a free market; but since we don't at present *have* a free market, it will, at the very least, take some further investigation—in order to determine whether those capitalistic alternatives prevail *in spite of* the unfreedom of actually-existing markets, or if they prevail, in part, *because* of that unfreedom.

THE CASH NEXUS.

First, let us take this lesson and apply it to *the market as cash nexus*. The cash nexus does not exhaust the forms of voluntary exchange and economic experimentation that might emerge within a freed market. But, more than that, a cash nexus may exist, and may be expansive and important to economic life, *whether or not it* operates under conditions of genuine individual freedom. Markets in our first, voluntary-exchange sense exist where people really are free to produce and exchange — "free market," in the voluntary-exchange sense of "market," is really a tautology, and where there is no free exchange, there is no market order. But a "market" in the cash-nexus sense may be either free or unfree; cash exchanges are still cash exchanges, whether they are regulated, restricted, subsidized, taxed, mandated, or otherwise constrained by government action.

Any discussion of the cash nexus in the real world — of the everyday "market institutions," economic relationships, and financial arrangements that we have to deal with in this governmental economy — needs to take account not only of the ways in which government *limits* or *prohibits* market activity, but also the ways in which government, rather than erasing markets, *creates* new ***rigged markets*** **—** points of exchange, cash nexuses which would be smaller, or less important, or radically different in character, or simply would not exist at all, but for the intervention of the state. Libertarians often speak of market exchange and government allocation as cleanly separate spheres, as if they were two balloons, set one next to the other, in a closed box, so that when you blow one of them up, the other has to shrink to the same extent. That's true enough about *markets as social experimentation*— to the extent you put in political processes, you take out voluntary relationships. But the relationship between *cash-nexus exchange* and government allocation is really more like two plants growing next to each other. When one gets bigger, it may overshadow the other, and stunt its growth. But they also climb each other, shape each other, and each may even cause some parts of the other plant to grow far more than if they had not had the support.

Market anarchists must be clear, when we speak about the growth of "markets" and their role in social life, whether we are referring to *markets as free exchange*, or *markets as a cash nexus*. Both have a valuable role to play, but the kind of value they offer, and the conditions and context within which they have that value, depends on which we mean. For a principled anti-statist, the growth of "markets" as *spaces for consensual social experimentation* is always a liberating development — but these social experiments may be mediated by the cash-nexus, or may be mediated by entirely different social relationships, and may look nothing like conventional business or commerce. The growth of "markets" as cash-nexus exchanges, on the other hand, may be liberating *or* violating, and its value must depend entirely on the context within which it arises — whether those relationships come about through the free interplay of social forces, or through the direct or indirect ripple-effects of government force and coercive creation of rigged markets. Forms of interaction that are positive and productive in the context of free exchange easily become instruments of alienation and exploitation when coercive government forces them on unwilling participants, or shoves them into areas of our lives where we don't need or want them.

CAPITALISM AND BUSINESS AS USUAL.

When market anarchists carefully distinguish the broad meaning of "markets" (as *voluntary social experimentation*) and the narrow meaning, and connotations, of "markets" *as the cash nexus*, this underlines the need to look not only at the ways in which *voluntary* exchange may be confined or erased, but also the ways in which *cash* exchange — and the sorts of human relationships and social mediation that go along with it — may be locked out *or* locked in — held back from people *or* foisted on them.

For anti-capitalist market anarchists, there are at least three specific mechanisms we might mention that shove people into rigged markets — mechanisms that are especially pervasive and especially important to the overall structure of actually-existing markets — mechanisms by which incumbent big businesses, and capitalistic arrangements broadly, benefit from rigged markets, at the expense of workers, consumers, taxpayers, and mutualistic alternatives to the statist quo. These three are:

1. ***Government monopolies and cartels:*** in which government penalties directly suppress competition or erect effective barriers to entry against newcomers or substitute goods and services;
2. ***Regressive redistribution:*** in which property is directly seized from ordinary workers by government expropriation, and transferred to economically powerful beneficiaries, in the form of tax-funded subsidies and corporate welfare, taxpayer-backed sweetheart loans, the widespread use of eminent domain to seize property from small owners and transfer it to big commercial developers,[4] &c.; and

4 For the most famous recent case of such "eminent domain abuse," see *Kelo* v. *New London*, 545 U.S. 469 (2005). City government used eminent domain to condemn and seize the houses of Susette Kelo and many other small homeowners in New London, Connecticut, to hand the real estate over to a wealthy private developer. The developer intended to bulldoze the houses and replace them with "developments" for his own profit and for the benefit of the Fortune 500 drug company Pfizer Inc. The Court backed the city government, holding they could take any home, and transfer it to any private party, so long as a government-sponsored "economic

3. ***Captive markets:*** in which demand for a good is created, or artificially ratcheted up, by government coercion — which can mean a direct mandate with penalties inflicted on those who do not buy in; or a situation in which market actors are driven into a market on artificially disadvantageous terms as an indirect (perhaps even unintended) ripple-effect of prior government interventions.

As an easy example of a directly-imposed captive market, consider the demand for corporate car insurance. When state governments mandate that every driver to purchase and maintain car insurance from bureaucratically-approved insurance companies, they necessarily shrink the scope of voluntary exchange, but they also dramatically *bulk up* a *particular, fetishized form* of cash exchange — by creating a new bill that everyone is forced to pay, and a select class of incumbent companies with easy access to a steady stream of customers, many of whom might not pay for their "services" but for the threat of fines and arrest. The space of social experimentation contracts, but the cash nexus fattens on what government has killed.

As an example of an *indirectly*-imposed captive market, consider the demand for professionally-certified accountants. CPAs perform a useful service, but it's a service that far fewer people, and indeed far fewer businesses, would need, except for the fact that they need help coping with the documentation and paperwork requirements that government tax codes impose. A CPA is essentially someone trained in dealing with financial complexity, but finances are much more complex than they would be in a free society precisely because of government taxation and the bizarre requirements and perverse incentives tend to make things much more complex than they would otherwise be. Although government has no special interest in benefiting the bottom line of CPAs, it is nevertheless the case that CPAs are able to get far more business, and at a far higher rate, than they would in a market without income tax, payroll tax, capital gains tax, property tax, sales tax, use tax, and the myriad other taxes that demand specialized expertise in accounting and interpretation of legal requirements.

With these three mechanisms in sight, a quick way to gloss the free-

development" plan indicated that it would increase government's tax revenues. *Kelo* drew widespread attention to the issue, but similar seizures and transfers, mostly targeted against the neighborhoods of racial minorities, immigrants, and the urban poor, had been widely practiced for decades, under the heading of "Urban Renewal." Cf. Mindy Fullilove, *Root Shock: How Tearing Up City Neighborhoods Hurts America and What We Can Do About It* (New York: Random 2005), and Dick M. Carpenter and John K. Ross, *Victimizing the Vulnerable: The Demographics of Eminent Domain Abuse* (Arlington, VA: Institute for Justice 2007).

market anti-capitalist thesis is this: we hold that many of the recognizable patterns of capitalist economics result from the fact that certain key markets — importantly, the labor market, housing rental market, insurance and financial markets, and other key markets are rigged markets. And in particular, that they are often indirectly-created captive markets, and that the extent to which these needs are met through through conventionally commercial relationships under the heading of the cash nexus — rather than being met through other, possibly radically different sorts of social relationships, like co-ops, homesteading, sweat equity, informal exchange, loosely reciprocal gift economies, grassroots mutual aid networks, and other mutualistic alternatives — has little to do with people's underlying desires or preferences, and a great deal to do with the constraints placed on the expression of those desires or preferences. Commercial relationships and the cash nexus grow fat because working-class folks in need of houses or jobs are driven into a market where they are systematically stripped of resources and alternatives, where they are constantly faced by artificially high costs, and where they are generally constrained to negotiate with incumbent market players who have been placed in an artificially advantageous position over them through continuous, repeated and pervasive government interventions in the incumbents' favor.[5]

TUCKER'S BIG FOUR & THE MANY MONOPOLIES.

It may be unusual for claims like this to be associated with advocates for the market freedom. "Free-market economics" is generally assumed to be the province of "pro-business" politicians and the economic Right. It is usually state liberals, Progressives, Social Democrats and economic radicals who are expected to argue that people in their roles as workers, tenants, or consumers are shoved into alienating relationships and exploitative transactions — that they are systematically deprived of more humane alternatives and suffer because they are left to bargain, at a tremendous disadvantage, with bosses, banks, landlords, and big, faceless corporations. But while I agree that this is a radical — indeed, a *socialistic* position — I deny that there is anything reactionary, Right-wing, or "pro-business" about the ideal of freed markets. Indeed, it is freed market relationships which provide the most incisive, vibrant, and fruitful basis for socialist ideals of economic justice, worker emancipation, and grassroots solidarity. Anti-capitalist claims

5 See also Charles W. Johnson, "Scratching By: How Government Creates Poverty As We Know It," *The Freeman: Ideas on Liberty* 57.10 (Dec. 2007): 33-8 (Foundation for Economic Education, 2007) <http://www.thefreemanonline.org/featured/scratching-by-how-government-creates-poverty-as-we-know-it/> (Jan. 2, 2010).

like the ones I have just made may be rarely heard among vulgar "free enterprise" apologists now, but they are hardly unusual in the long view of libertarian history.

Before the mid-20th century, when American libertarians entangled themselves in conservative coalitions against the New Deal and Soviet Communism, "free market" thinkers largely saw themselves as liberals or radicals, not as conservatives. Libertarian writers, from Smith to Bastiat to Spencer, had little interest in tailoring their politics to conservative or "pro-business" measurements. They frequently identified capitalists, and their protectionist policies, as among the most dangerous enemies of free exchange and property rights. The most radical among them were the mutualists and individualist Anarchists, among them Benjamin Tucker, Dyer Lum, Victor Yarros, and Voltairine de Cleyre. Tucker, the individualist editor of *Liberty*, wrote in 1888[6] that his Anarchism called for "Absolute Free Trade . . . *laissez faire* the universal rule;" but all the while he described this doctrine of complete *laissez faire* and free competition a form of *"Anarchistic socialism."* For Tucker, of course, "socialism" could not mean government ownership of the means of production (that was "State Socialism," which Tucker opposed root and branch); what he meant, rather, was *workers' control over the conditions of their labor* — opposition to actually-existing economic inequalities, capitalist labor relations, and the exploitative practices of big businesses supported by state privilege. For Tucker, the surest way to dismantle capitalist privilege was to knock through the political privileges which shield it, and to expose it, unprotected, to the full range of competing enterprises — including mutualistic enterprise of, for, and by freed workers — that genuinely freed exchange would allow.

In order to make clear what those privileges were and how they rigged markets in favor of capitalistic big business, Tucker identified and analyzed of four great areas where government intervention artificially created or encouraged "class monopolies" — concentrating wealth and access to factors of production into the hands of a politically-select class insulated from competition, and prohibiting workers from organizing mutualistic alternatives. The Big Four monopolies Tucker identified as central to the Gilded Age economy were:[7]

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6 Benjamin R. Tucker, "State Socialism and Anarchism: How Far They Agree and herein They Differ," in *Markets Not Capitalism*, ch. II; also available in the Market Anarchy Zine Series as MA # 12, "Free-Market Anti-Capitalism?"

7 Tucker (1888). For a contemporary discussion, see also Part 2 of Kevin Carson's *Studies in Mutualist Political Economy* (Charleston, SC: BookSurge 2007).

1. ***The Land Monopoly:*** government concentration of ownership of land and natural resources through the enforcement of legally-fabricated land titles (such as preferential land grants to politically-connected speculators, or literally feudal land claims in Europe).

   Since Tucker, the land monopoly, already key to the Gilded Age economy, has radically expanded—with the frequent nationalization of mineral and fossil fuel resources throughout, and the emergence of local zoning codes, complex housing construction codes, land-use restrictions, "Urban Renewal," for-profit eminent domain and municipal "development" rackets, and a host of local policies intended to keep real estate prices high and permanently rising. In a freed market, land ownership would be based entirely on labor-based homesteading and consensual transfer, rather than on military conquest, titles of nobility, sweetheart "development" deals, or eminent domain seizures, and land would tend (*ceteris paribus*) to be more widely distributed, with more small individual ownership, dramatically less expensive, with more ownership free and clear, and could as easily be based on "sweat equity" and the homesteading of unused land, without the need for any commercial cash exchange.[8]

2. ***The Money Monopoly:*** government control over the money supply, artificially limiting the issue of money and credit to a government-approved banking cartel. Tucker saw this not only as a source of monopoly profits for the incumbent banks, but also the source of the concentration of capital (and hence economic ownership) in the hands of a select business class: credit and access to capital were artificially restricted to those large, established businesses which the large, established banks preferred to deal with, while government-imposed specie requirements, capitalization requirements, and penalties on the circulation of alternative currencies, suppressed competition from mutual credit associations, labor notes, land banks, and other means by which workers might be able to pool their own resources and access credit on more advantageous terms than those offered by commercial banks.

8 See also Charles Johnson, "Scratching By," in *Markets Not Capitalism*, ch. XLI; along with Charles Johnson, "Urban Homesteading," *Rad Geek People's Daily* (n.p., Nov. 16, 2007) <http://radgeek.com/gt/2007/11/16/urban_homesteading> (March 13, 2011); Charles Johnson, "Enclosure Comes to Los Angeles" (n.p., June 15, 2006)

<http://radgeek.com/gt/2006/06/14/enclosure_comes> (March 13, 2011).

Tucker, in 1888, was writing about the Money Monopoly before the Federal Reserve or the conversion to a pure fiat currency, before the SEC, FDIC, TARP, Fannie, Freddie, IMF, World Bank, banking holidays, bailouts, "Too Big To Fail," and the myriad other means by which government has insulated big bankers and financiers from market consequences, often at direct taxpayer expense, and erected regulatory barriers to entry which insulate politically-approved business models from market competition. Perhaps just as importantly, in light of recent political debates, is the extent to which regulation and industry cartelization has also turned *insurance*, as well as credit, savings and investment, into a new arm of the money monopoly, with government-rigged markets directly mandating the purchase of corporate car insurance and corporate health insurance, and crowding out or shutting down the non-corporate, grassroots forms of mutual aid that could provide alternative means for securing against catastrophic expenses.

3. ***The Patent Monopoly:*** government grants of monopoly privileges to patent-holders and copyright holders. Tucker argued that patents and copyrights did not represent a legitimate private property claim for their holders, since it did not protect any tangible property that the patent-holder could be deprived of, but rather prohibited other market actors from peacefully using their own tangible property to offer a good or service that imitated or duplicated the product being offered by the holder of the so-called "Intellectual Property."

    These prohibitions, enforced with the explicit purpose of suppressing market competition and ratcheting up prices, in order to secure a long period of monopoly profits for the IP-holder, have only dramatically escalated since Tucker's day, as the growth in the media industry, the technology industry, and scientific innovation have made politically-granted control over the *information economy* a linchpin of corporate power, with monopoly profits on "IP" now constituting more or less the entire business model of Fortune 500 companies like General Electric, Pfizer, Microsoft, or Disney. These IP monopolists have insisted on the need for nearly-unlimited government power, extending to every corner of the globe, to insulate their privileged assets from peaceful free market competition, and as a result of their legislative influence, typical copyright terms have doubled or quadrupled in length, legal sanctions have only gotten harsher, and, to crown all, mandates for massive, internationally-synchronized expansions in copyright and patent protections are now standard features embedded in neoliberal "free trade" agreements such as NAFTA, CAFTA, and KORUS FTA.

4. ***The Protectionist Monopoly:*** Tucker identified the protectionist tariff as a "monopoly," in the sense that it artificially protected politically-favored domestic producers from foreign competition: the tax on imports was explicitly intended to make goods more expensive for consumers when they came from the other side of a government border, thus allowing domestic producers stay in business while selling their wares at higher prices and lower quality than they could in the face of unfettered competition. Besides protecting the bottom line of domestic capitalists, protectionist monopoly also inflicted artificially high costs of living on the working class, due to the ratcheting up of the costs of consumer goods.

   Of the Big Four, the Protectionist Monopoly has seen the most reconfiguration and realignment since Tucker's day; with the rise of Multi-National Corporations and political pressure in favor of neoliberal "free trade" agreements,[9] the tariff has declined noticeably in political and economic importance since the 1880s. However, tariffs remain a distorting force within limited domains (for example, the United States and European countries still maintain high tariffs on many imported agricultural goods). Moreover, the specific *mechanism* of import *tariffs* was much less important, for Tucker's purposes, than the overarching aim of *protecting connected incumbents from foreign competition.* In the 1880s, that meant the protectionist tariff. In the 2010s, it means a vast and complicated network of import tariffs on incoming foreign goods, *export subsidies* to

9 These agreements do not actually represent "free trade;" they represent a *shift* in coercive trade barriers, not a reduction in them. While they reduce tariff rates in some industries, neoliberal "free trade" agreements typically include massive, coordinated *increases* in patent and copyright monopolies. They also are typically accompanied by the large-scale use of government-to-government loans, government land seizures, government-financed infrastructure "development" projects, and government-granted monopolies to privateering multinational corporations, carried out through multi-government alliances such as the International Monetary Fund and the World Bank. See Joe Peacott, "Free Trade *is* Fair Trade," in *Markets Not Capitalism*, ch. XXIX; Kevin Carson, "Free Market Reforms and the Reduction of Statism," in *Markets Not Capitalism*, ch. XXVIII; and Charles Johnson, "'Two Words on 'Privatization,'" in *Markets Not Capitalism*, ch. XXX. See also Shawn Wilbur, "Whatever Happened to (the Discourse on) Neoliberalism?," *Two Gun Mutualism & the Golden Rule* (n.p., Oct. 3, 2008) <http://libertarian-labyrinth.blogspot.com/2008/10/what-ever-happened-to-discourse-on.html > (March 13, 2011).

> outgoing domestic goods, the political manipulation of fiat currency exchange rates, and other methods for political control of the balance of international trade.

As I've tried to indicate, Tucker's Big Four remain pervasive, and at least three of those four have in fact dramatically expanded their scope and invasiveness since Tucker originally described them. But besides the expansion, and intensification, of Tucker's Four, the past century has seen the proliferation and metastatic spread of government regulatory bodies intended to re-structure markets and monitor and regiment economic transactions. If we were to try to make a similar list of all the major ways in which local, state, federal and foreign governments now intervene to protect incumbent interests and place barriers to entry against potential competitors, there's no knowing how many monopolies we'd be dealing in; but I think that there are at least five new major monopolies, in addition to Tucker's original four, and a sixth structural factor, which are worthy of special notice for their pervasiveness and importance to the overall structure of the state-regulated economy.

First, the **agribusiness monopoly:** since the New Deal, an extensive system of government cartels, USDA regulatory burdens, subsidies to *artificially increase* prices for sale in American markets, more subsidies to *artificially lower* prices for export to foreign markets, surplus buy-up programs,[10] irrigation projects, Farm-to-Market road building projects, government technical support for more mechanized and capital-intensive forms of farming, along with many other similar measures, have all converged to ratchet up food prices for consumers, to make importing and exporting produce over tremendous distances artificially attractive, to distort agricultural production towards the vegetable and animal products that can most successfully attract subsidies and government support projects, to favor large-scale monocrop cultivation over smaller-scale farming, and generally to concentrate agriculture into factory farming and industrialized agribusiness.

Second, there is the **security monopoly:** government has always exercised a monopoly on force within its territory, but since the 1880s, government has massively expanded the size of standing military forces, paramilitary police forces, and "security" and "intelligence" agencies. The past century has, thus, seen the creation of a gigantic industry full of monopsonistic rig-

10 In particular, the USDA's massive buy-up programs for school lunches and the military, which keep prices high and profoundly skew the agricultural markets, by encouraging the overproduction of, and providing a guaranteed captive market-of-last-resort for, low-grade meat, potatoes, dairy, and other factory-farmed commodity cash crops.

ged markets, catering to the needs of government “security” forces and with an flourishing ecosystem of nominally “private” companies that subsist largely or entirely on tax-funded government contracts — contracts which, because they are tax funded, are coercively financed by captive workers, but controlled by government legislators and agencies. In addition to companies like Lockheed-Martin, General Dynamics, Raytheon, DynCorp, Blackwater / Xe Services, and the rest of the “military industrial complex,” the security monopoly also includes the growing number of companies, such as Taser,[11] American Science & Engineering,[12] or Wackenhut / GEO Group,[13] which cater primarily to government police forces and other “Homeland Security” agencies. War taxes, police taxes or prison taxes represent a massive diversion of blood, sweat, tears and toil from peaceful workers into a parallel, violent economy controlled by government contracts and politically-connected corporations.

Third, we must account for the **infrastructure monopoly:** that is, federal, state, or local government monopolization, tax subsidies, and allocation of access to transportation infrastructure. Government builds roads and rails and airports, with extensive tax subsidies and resources allocated to government infrastructure on the basis of political pull. In addition, government cartelizes and heavily regulates local mass transit and long-distance travel, with policies tightly restricting competition and entry into taxi, bus, rail, subway, shipping, and airline transportation. These subsidies to particular forms of long-distance transportation and long-haul freight shipping provide monopoly profits to the cartelized providers. They also provide a tax-supported business opportunity for agribusiness and for big-box retailers like Wal-Mart, whose business models are enabled by, and dependent on, government subsidies to road-building and maintenance, and the resulting artificially low costs of long-haul trucking.

Fourth, there is the **communications monopoly**: just as government control of transportation and physical infrastructure has benefited incumbent, centralized corporations in retail and distribution, incumbent telecommunications and media companies (from Viacom to AT&T to Comcast) have been able to build empires in part because access to broadcast bandwidth has been restricted and politically allocated through the FCC, while

11 Manufacturer of widely-used mobile electrical torture devices for government police forces.

12 Manufacturer of widely-used “backscatter” sexual assault devices for the Transportation Security Administration.

13 Manufacturer of widely-used tax-funded corporate-run prisons for several state governments.

access to cable, telephone, and fiber-optic bandwidth has been tightly controlled and restricted through monopoly concessions on laying cable and fiber, which local governments' have generally granted as a monopoly to one established company for each major transmission medium.

Fifth, we might add **regulatory protectionism:** the proliferation of commercial regulations, government bureaucracy and red tape, business license fees, byzantine tax codes, government-enforced professional licensure cartels and fees (for everything from taxi-driving to hair braiding to interior design)[14] — all of which, cumulatively, tend to benefit established businesses at the expense of new upstarts, to protect those who can afford the fees and lawyers and accountants necessary to meet the requirements from competition by those who cannot, and generally to the poor out of entrepreneurial opportunities, independent professions and more autonomous alternatives to conventional wage labor.

In addition to these five new monopolies, we might also mention the structural effects of **mass criminalization, incarceration, and deportation** of socially or economically marginalized people. Activist libertarians have often condemned, on a moral or political level, the government's War on Drugs, or Border Apartheid, or other government efforts to criminalize the poor and subject them to imprisonment for victimless crimes. As well they should — these government "wars" are nothing more than massive violence and cruelty directed against innocent people. But there has not yet been enough recognition of the *structural, economic* by-products of government policies which confine, dispossess, terrorize, and stigmatize minorities, immigrants, and the poor generally. These policies lock one out of every three African-American men in a cage, often for years at a time, take away years of their working life, expose their homes, cars and money to police forfeiture proceedings, subject them to humiliating, sub-minimum wage prison labor (often outsourced to politically-connected corporations), and permanently stigmatize them as they try to reenter the labor market and civil society. These polices which constantly threaten undocumented immigrants with the threat of arrest, imprisonment, and exile from their homes and livelihoods, cutting them off from nearly all opportunities outside of immediate cash wages and exhausting under-the-table manual labor; locking away opportunities for education behind proof-of-residency requirements; and putting them constantly at the mercy of bosses, coworkers, landlords and neighbors who can threaten to turn them in and have them deported for retaliation,

14 See Johnson, "Scratching By."

leverage, or simply for the sake of employee turnover. Such a massive system of government violence, dispossession, and constraint on livelihoods is sure to have massive impacts on the conditions under which many poor and legally-vulnerable people enter into labor markets, housing markets, and all other areas of economic life.

WHAT ABOUT THEM POOR OL' BOSSES? WHAT ABOUT GAINS FROM TRADE & ECONOMIES OF SCALE?

I've spent a fair amount of time discussing the general thesis that the cash-nexus is artificially expanded, and forcibly deformed, into the patterns of actually-existing capitalism, by means of government privilege to big players; and discussing the many monopolies (once the Big Four; now the Big Ten, at least) that provide some of the most pervasive and intense points of force that dispossess working people, favor big, centralized forms of business, and coercively favor capitalistic, formalized, commercialized uses of resources over non-commercialized alternatives.[15] One of the objections which may have occurred to you by now is that government intervention in the economy goes in *more than one direction*. It may be true that the monopolies Tucker and I have named tend to benefit entrenched players and conventionally capitalistic arrangements. But what about government regulations that benefit poor people (such as government welfare schemes), small players (such as, say, Small Business Administration loans), or which are supposed to regulate and control the business practices of large-scale, concentrated forms of enterprise (such as health-and-safety regulations or antitrust legislation)?

But, first, this kind of response seems to suggest an unjustified faith in the efficacy of government regulation and welfare state programs to achieve their stated ends. In fact, as I've already suggested, much of the "progressive" regulatory structure, supposedly aimed at curbing big business, has mainly served to *cartelize* big business, and to create large fixed costs which tend to drive out potential competitors from the rigged markets in which they have entrenched themselves. Historical work by Gabriel Kolko[16] and Butler Shaffer[17] has, I think, convincingly shown that these regulatory

15 For more on the last point, see Charles Johnson, "Three Notes for the Critics of the Critics of Apologists for Wal-Mart," *Rad Geek People's Daily* (n.p., April 25, 2009) <http://radgeek.com/gt/2009/04/25/three_notes/> (June 16, 2010).

16 Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History*, 1900-1916 (New York: Free 1963)

17 Butler Shaffer, *In Restraint of Trade: The Business Campaign against Competition, 1918-*

measures mainly served to rigidify the positions of existing market incumbents, and to bail out failing cartelists, so as to prevent freedom from "disrupting" a well-regulated market. Nor was this, generally, an accident; these measures were, most often, passed at the behest of the incumbent companies which hoped to see their competitors squashed by the compliance costs. There are good apriori reasons — from the public choice analysis of the incentives faced by politically-appointed regulators — to believe that such regulatory efforts will *always* be highly prone to capture by the concentrated interests of market incumbents, to be wielded against the dispersed interests of consumers, workers, and would-be start-up competitors.

Second, it is important to keep in mind questions of priority and scale. While I object to SBA loans, OSHA, antitrust legislation, social welfare programs, and other government interventions as much as any other free marketeer, I think that in this age of trillion-dollar bank bailouts it ought to be clear that, even if government is putting its finger on both sides of the scale, one finger is pushing down a lot harder than the other.[18]

You may also be concerned that I have had so little to say, so far, about some of the conventional explanations that free market economists have offered for the efficiency and scalability of capitalistic arrangements — arguments based, for example, on the division of labor, or on economies of scale, or the gains from trade. But *I am not denying* the value of either the division of labor, or gains from trade; I am suggesting that labor and trade might be organized along different lines than they are currently organized, in alternative forms of specialization and trade such as co-ops, worker-managed firms, or independent contracting, with comparatively less centralization of decision-making, less hierarchy, less management, and, in many cases, more trade and entrepreneurial independence among the workers involved. Centralized, capitalistic forms of organization are only one sort of cash nexus among many others. And the cash nexus itself is only one way of facilitating a division of labor and a mutually-beneficial exchange can take place; returning to the broader sense of "markets" as a space of social experimentation, there are all kinds of other social experiments, not necessarily based on *quid pro quo* exchanges or on cash media, that provide places for

1938 (Lewisburg, PA: Bucknell UP 1997).

18 A few years back, I received a $600 check from the United States Department of the Treasury, during the tax rebate program, supposedly for the sake of economic recovery. At about the same time, AIG received an $85,000,000,000 check from the United States Department of the Treasury, also supposedly for the sake of economy recovery. But it would strain credulity to say that this means that bail-out capitalism is subsidizing the little guy *just like* how it subsidizes entrenched corporate players.

people to meet, work and swap. If the Big Ten and the Many Monopolies prove anything, it is that there are numerous areas of life in which people are not choosing to divide their labor or make trades through the medium of corporate commerce. There are many areas of life where they would rather not be spending much or any money at all, but are shoved into doing so, and shoved into doing so with a boss, landlord, or faceless corporation, when a freed market would allow them to divide their labor in other ways, trade for other things, or trade for what they need by means other than an invoice and cash on the barrelhead.

It is also common to point to economies of scale as an economic reason for believing that large, centralized corporations, industrial agribusiness, *et cetera* would survive even without the government subsidies and monopolies they currently enjoy, so long as they had a market arena to compete in. But while I'd hardly deny the importance of economies of scale, I think it is important to remember that economies of scale represent a trade-off between gains and losses. There are *dis*economies of scale, just as there are economies of scale — as scale increases, so do the costs of communication and management within the larger workforce, the costs of maintaining heavier equipment, the difficulty of accounting and efficiently allocating resources as more transactions are internalized within the firm, and the difficulty of re-gearing such a large mechanism to respond to new challenges from new competitors and changing market conditions.[19]

The question is not whether or not there are economies of scale; there are, and there is also a point at which the economies of scale are outweighed by the diseconomies. The question is where that point is; and whether, in a free market, the equilibrium point would tend to shift towards smaller scales, or towards larger scales. When government monopolies and rigged markets artificially encourage large, consolidated, bureaucratic forms of organization — organizations which can better afford the high fixed costs imposed by regulatory requirements, can better lobby for subsidies, can better capture regulatory bodies and use them to advance their own interests, etc. — that shifts the balance by forcing up the rewards of scale. When the same measures punish small competitors in favor of market incumbents, and especially when it punishes informal, small-scale community or personal uses of scarce resources, in favor of formalized commercial uses, government forcibly pushes the diseconomies of scale down, by suppressing competitors who might eat the eggs of the political-economic dinosaurs. In both

19 For a detailed discussion of the diseconomies of scale, see Kevin A. Carson, "Economic Calculation in the Corporate Commonwealth," in *Markets Not Capitalism*, ch. XXII.

cases, the most pervasive and far-reaching forms of government economic intervention tend to deform economic life towards formalization, commercialization, consolidation, hyperthyroidal scale and the complex hierarchy that's needed to manage it. Not because these things are naturally demanded by economies of scale, but rather because they grow out of control when the costs of scale are socialized and the competitive pressures and alternatives burned out by government monopoly.

IS THIS ALL JUST A SEMANTIC DEBATE?

When market anarchists come out for "free markets," but against "capitalism," when they suggest that it's important not to use the term "capitalism" to describe the system that we are for, and fit out their position with the rhetorical and social identity of the radical Left, conventionally pro-capitalist libertarians often charge that the market anarchists are just playing with words, or trying to "change the vocabulary of our [*sic*] message" in a misguided "ploy" to "appeal to people who do not share our [*sic*] economic views."[20] There is not much to say to that, except to ask just who wrote this "message" we are supposed to be sharing with the economic Right, and to point out that the use of "capitalism," in any case, really is more complicated than that. There are several meanings attached to the word, which have coexisted historically. Those meanings are often conflated and confused with each other, and capitalism$_1$, the peculiar technical use of the term by "pro-capitalist" libertarians to refer strictly to free markets — free markets in the very broadest sense, markets as spaces of unbounded social experimentation) is only one historical use among many, neither the original use[21] nor the use that's most commonly used today.[22] Free market anti-capitalists aren't trying to change anything; we're using the word

20 Jackson Reeves, letter to Walter Block, qtd. Walter Block and Jackson Reeves, "'Capitalism' Yesterday, 'Capitalism' Today, 'Capitalism' Tomorrow, 'Capitalism' Forever," *LewRockwell.Com* <http://lewrockwell.com/block/block154.html> (June 16, 2010). The letter was in response to some recent anti-capitalist sentiments aired by Sheldon Richman.

21 "Capitalism," or "*capitalisme*," first appears as a term used to describe a political-economy *system* of production in French radical literature of the mid-19th century; prior to that the term was simply used to refer to the line of work that capitalists were in—that is, making money by lending money at interest, by investing in other people's businesses, or by personally owning capital and hiring labor to work it. The original uses of the term had nothing in particular to do with free markets in the factors of production. Louis Blanc, in *Organisation du Travail*, defined "capitalisme" as "the appropriation of capital by some to the exclusion of others," and when Proudhon, who was in favor of free markets, wrote of "capitalisme" in *La Guerre et la Paix*, he defined it as an "Economic and social regime in which capital, the source of income, does not generally belong to those who make it work through their labour." Depending on the details of what one means by "appropriation" and "exclusion," Blanc's usage may refer to capitalism$_2$ or capitalism$_3$. Proudhon's definition is clearly a reference to capitalism$_3$.

"capitalism" in a perfectly traditional and reasonable sense, straight out of ordinary language, when we use it to describe the political privileges we're against (capitalism$_2$) and the nasty structural consequences of those privileges (capitalism$_3$).

But the worry at this point may be whether it's even worth it to fight over that particular patch of ground. To be sure, equivocal uses and conflation of terms is a bad thing — it's important to distinguish the different meanings of "capitalism," to be clear on what we mean, and to get clear what our interlocutors mean, when we use the term. But once you've done the distinguishing, is it worth spending any great effort on arguing about the label "capitalism," rather than just breaking out the subscripts where necessary and moving on? If the argument about "capitalism" has helped draw out some of the economic and historical points that I've been concentrating on in these remarks, then that may be of some genuine use to libertarian dialogue. But once those points are drawn out, aren't *they* the important thing, not the terminological dispute? And aren't they something that nominally pro-"capitalist" libertarians would also immediately object to, if asked? All libertarians, even nominally pro-"capitalist" libertarians, oppose corporate welfare, government monopolies, regulatory cartels, and markets rigged in favor of big business. So why worry so much about the terminology?

I certainly sympathize with the impulse; if I have to choose between debates about the word "capitalism" and debates over the state-corporatist interventions I've been discussing, I think the latter is always going to be a lot more important. When we try to understand what other people say about markets or capitalism, considerations of charity absolutely call for this kind of approach — when a libertarian writer praises "capitalism," *meaning freed markets*, or when a libertarian writer *condemns "capitalism,"* meaning corporatist privilege or boss economies, then the best thing to do is just take them on their own terms and interpret their argument accordingly.

But there's a lot to argue about here that's not just about labels, and it's not always clear that that's something that "we all" readily agree on. What about when it's not clear that the writer has really consistently held onto the distinction between free markets and actually-existing capitalism?[23] What

22 Michael Moore's recent film, *Capitalism: A Love Story*, is not about free markets; it's about the bail-outs.

23 For examples, see the critical discussion in Roderick Long, "Corporations Versus the Market; or, Whip Conflation Now," in *Markets Not Capitalism*, ch. XX; Kevin Carson, "Vulgar Libertarianism, Neoliberalism, and Corporate Welfare: A Compendium of Posts," *Mutualist Blog: Free Market Anti-Capitalism* (n.p., Sep. 9, 2006)

about when we're not just talking about single positions on isolated policy proposals, but talking about the bigger picture of how it all works — not just the individual pieces but the gestalt picture that they form when fitted together? When, that is, it really starts to matter not only how a writer would answer a list of questions if asked, but also *which questions she thinks to ask in the first place* — which features of the situation immediately come to mind for analysis and criticism, and which features are kept left as afterthoughts? This raises the question of *paradigm cases*, of what sorts of examples we take as typical, or characteristic, or especially illustrative of what freed markets would be and how they would work.

When we're looking at the broader picture, at how political and economic structures play off of each other, we're talking about a structure that has a foreground and a background — more important and less important features. And one of the important questions is not just what may be encompassed by the *verbal definitions* given for our terminology, but also what sorts of *paradigm cases* for markets and voluntary society the terminology might suggest, and whether the cases it suggests really are good paradigm cases — whether they reveal something important about free societies, or whether they conceal or obscure it. Identifying a free market position with "capitalism" — even if you are absolutely clear that you just mean capitalism$_1$, theoretically including all kinds of market exchange and voluntary social experimentation outside the cash nexus — offers a particular *picture* of what's important about and characteristic of a free society, and that picture tends to obscure a lot more than it reveals.

When we *picture* freed-market activity, what does it look like? Is our model something that looks a lot like business as usual, with a few changes here and there around the edges? Or something radically different, or radically *beyond* anything that currently prevails in this rigidified, monopolized market? Do we conceive of and explain markets on the model of a *commercial strip mall:* sanitized, centralized, regimented, officious, and dominated by a few powerful proprietors and their short list of favored partners, to whom everyone else relates as either an employee or a consumer? Or do we instead look at the revolutionary potential of truly free markets to *make things messy* — how markets, without the pervasive control of state licensure requirements, regulation, inspections, paperwork, taxes, "fees," and the rest, so often look more like traditional image of a bazaar: decentralized, diverse,

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<http://mutualist.blogspot.com/2006/09/vulgar-libertarianism-neoliberalism.html> (March 13, 2011); Charles Johnson, "El pueblo unido jamás será vencido!" *Rad Geek People's Daily* (n.p., March 23, 2005) <http://radgeek.com/gt/2005/03/23/el_pueblo> (March 13, 2011); etc.

informal, flexible, pervaded by haggling, a gathering for *social* intercourse just as much as stereotypical commerce, and all of it kept together by the spontaneous order of countless small-time independent operators, who quickly and easily shift between the roles of customer, merchant, leisure-seeker, independent laborer, and more besides?[24]

When "markets" are associated with a term like "capitalism," which is *historically* so closely attached to workplace hierarchy and big business, and a term which is so *linguistically* connected with the business of professional capitalists (that is, people in the business of renting out accumulated capital), this naturally influences the kind of examples that come to mind, fetishizing the business of professionalized capitalists at the expense of more informal and simply non-commercial forms of ownership, experimentation and exchange. It tends to rig the understanding of "markets" towards an exclusive focus on the cash nexus; and it tends to rig the understanding of *the cash nexus* towards an exclusive focus on the most comfortably capitalistic — hierarchical, centralized, formalized and "businesslike" — sorts of enterprises, as if these were so many features of the natural landscape in a market, rather than the visible results of concerted government force.

Freeing the freed market from the banner of "capitalism," on the other hand, and identifying markets with the *opposition* to mercantile privilege, to the expropriation of labor, and to the resulting concentrations of wealth in the hands of a select class, brings a whole new set of considerations and examples into the foreground. These new paradigm cases for "free markets" are deeply important if they encourage a wider and richer conception of what's in a market, a conception which doesn't just *theoretically* include mutualistic alternatives and social experimentation outside the cash nexus (as some sort of bare possibility or marginal phenomenon), but actually *encourages* us to envision "markets" pervaded by these forms of free association and exchange, to see how non-capitalist and non-commercial experimentation might take on a prominent, even *explosive* role in an economy freed from the rigged markets and many monopolies of state-supported corporate capitalism.

The free market anti-capitalist holds that it's precisely *because* of those rigged markets that we have the strip mall rather than the bazaar, and precisely because we have the strip mall rather than the bazaar that so many working-class folks find themselves on the skids, trapped in precarious

24 The images of the strip mall and the bazaar are taken from my concluding paragraph in "Scratching By." Those images were inspired by and modified from Eric Raymond's use of "The Cathedral and the Bazaar" to explain and defend hacker culture and open-source software.

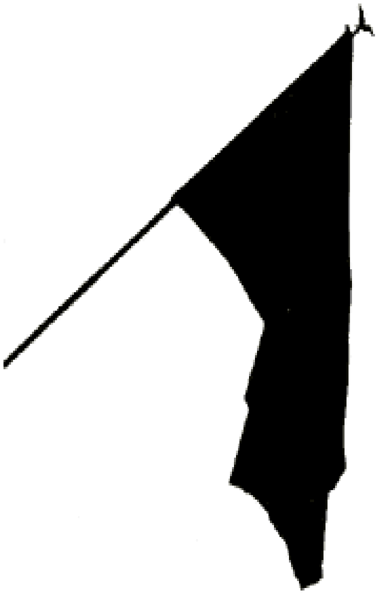
arrangements, at the mercy of bosses, landlords, bill-collectors and insurance adjusters, reeling from sky-high medical bills or endless rent and debt, confronted by faceless corporations, hypercommercialized society, and a cold, desperate struggle to scrape by in a highly rigidified capitalists' market.

Since this cruel predicament is so central to how most people experience "the market" in everyday life, it's vital for market anarchists to clearly mark out the different, positive, disruptive possibilities markets offer for a liberated civil society. The social problem is not the fact of *market exchange* but rather the *deformation* of market exchange by hierarchy and political privilege. We must show what commerce might look like without capitalism, and what markets might look like when commercial dealings are only one kind of dealing among many, chosen where they the most positive and pleasant way to take care of things, not where they are foisted on us by grim necessity. Our words must be revolutionary words; and our banners must not be banners that bury radical alternatives underneath conservatism and privilege. They must be banners that honestly and bravely hold out the promise of radical social and economic transformation.

CHARLES JOHNSON

2010–2011

MARKET ANARCHY



. . . what we always meant by socialism wasn't something you forced on people, it was people organizing themselves as they pleased into co-ops, collectives, communes, unions. . . . And if socialism really is better, more efficient than capitalism, then it can bloody well ***compete*** *with capitalism. So we decided, forget all the statist shit and the violence: the best place for socialism is the closest to a free market you can get!*

Market anarchists believe in market exchange, not economic privilege. We believe in free markets, not capitalism. We are *anarchists* because we believe in a fully *free, consensual society* — order achieved not through political government, but free agreements and voluntary cooperation on a basis of equality. We are *market* anarchists because we recognize free market exchange, characterized by individual ownership, voluntary contracts, free competition, and entrepreneurial experimentation, as a medium for peacefully anarchic social order. But the markets we envision are nothing like the privilege-riddled markets we see around us under government and capitalism.

Mutualists believe that most present inequalities come not from the results of market forces but from the perversion of these forces. A market is, after all, only a system of voluntary exchange. The state has stepped in and granted preferential treatment to certain individuals and groups. This created the vast inequalities that we see. Even if the market were to give rise to certain problems, these could be offset by voluntary associations such as guilds, trade unions, community groups and co-operatives.

Agorism is revolutionary market anarchism. In a market anarchist society, the positive functions of law and security will be provided by market institutions, not political institutions. Agorists recognize, therefore, that those institutions cannot develop through political reform. Instead, they will come about as a result of market processes. As government is banditry, revolution culminates in the suppression of government by market providers of security and law. Market demand for such service providers is what will lead to their emergence. Development of that demand will come from economic growth in the sector of the economy that explicitly shuns state involvement (and therefore can not turn to the state in its role as monopoly provider of security and law). That sector of the economy is the counter-economy – black and grey markets.

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