

# The Trouble With Socialist Anarchism

*Written by Per Bylund.*

The new movie “V for Vendetta” has provoked public discussion of the meaning of anarchism. Murray Rothbard was an advocate of the stateless society, but he was never accepted by the anarchist movement and is still considered more a “capitalist lackey” than anarchist thinker. Indeed, anarcho-capitalism has always been considered an oxymoron by the self-proclaimed “true” anarchists.

Part of the reason is a general inability to understand different uses and definitions of words in the classical socialist and liberal traditions. Socialists refer to “capitalism” as the system in which the state hands out and protects capitalists’ privileges — and therefore oppression of labor workers. They don’t see that capitalism, in the classical liberal tradition, means rather a free market based on free people, i.e., voluntary exchanges of value between free individuals.

A deeper and more interesting reason is anarchism’s socialist roots. As shown in, e.g., the Anarchist FAQ, most — if not all — historical anarchist thinkers were proud to announce their ideas belonged to the progressive socialist tradition. The “founding father” of anarchism, Pierre-Joseph Proudhon, was socialist; American 19th century individualist anarchists often claimed to be socialists; and the Russian communist anarchists Mikhail Bakunin and Peter Kropotkin were obviously socialists.

There were however a few anarchists who were not explicit socialists, but they were few and relatively unknown if at all accepted as anarchists. The German egoist Max Stirner somehow managed to become generally accepted as an anarchist even though he never claimed to be a socialist. (He never claimed to be an anarchist, either).

It would be futile to claim the anarchist tradition is not originally and mostly socialist and that is not the point of this essay. I do not refute socialism’s importance to anarchism in theory nor in practice, but I will show how the definition of “socialism” is too rigid and statist, as opposed to what anarchists generally claim, and it seems to be based on an unfortunate misunderstanding of man and the market. The main problem is the socialist anarchists’ refusal to think anew when new facts have been revealed.

Peter Kropotkin, the famous late 19th- and early 20th-century Russian communist anarchist, stated that there are essentially two kinds of socialism: statist socialism and anarchism. The difference between the two is that statist socialism wishes to take control of the state and use it to enforce socialism, whereas [socialist] anarchism wishes to abolish the state and thereby the oppressive capitalist economic system. Kropotkin’s distinction

solves quite a few inherent contradictions and problems in statist socialism, such as enforcing equality through letting a few rule the many via the state.

But some of the problems persist in the anarchist version of socialism. The problems arise due to the fact that socialists generally tend to have a static view of society, which makes them totally ignorant of how things change over time. Socialists would probably not admit this is the case, since they do know that things have been changing through the course of history (Karl Marx said so) and that things never seem to stay the same. But still they argue as if “*ceteris paribus*” is the divine principle of reality, and it is not.

Socialism does not allow for a time component (or, it is deemed unimportant and therefore omitted) in the analysis of the world or the economy. Things are generally thought to be as they are even though they were not the same in history and that they need to be changed in the future. In a socialist world people are equal and should stay equal; the individual choices of actors in the free marketplace (yes, socialist anarchists do talk about the market) do not change this fact. In this socialist view of the world there is simply no understanding whatsoever for that characteristic of the market that Ludwig von Mises called *time preference*.

This important piece of information about how the market works (that is, how *people* function) means a person usually prefers having a value now to having the same value some time in the future. This has nothing to do with earning interest on investments, but is rather a natural part of what it means to be a rational being (one would do better with a certain amount of food now than with that same amount food a week from now). Without knowledge about this (or even without time preference per se), calculating what “will be” on the market would be a whole lot easier (but totally wrong).

But time preference is not a part of the socialist perception of the world or economics. Understanding this fact makes it a lot easier to understand the socialist demand for teleological equality, i.e., equality as a measure of justice applicable both before and [especially] after interactions and exchanges have taken place in the market place. If the world and economy would be perpetually static and thus no values are ever created, then economic equality is theoretically possible. (It is perhaps even fair.)

But this is not the case, and thus the socialist analysis is wrong. This weakness, which we can call *time ignorance*, persists in the anarchist version of socialism.

### **Socialist Time Ignorance**

Kropotkin defines this kind of socialism as “an effort to abolish the exploitation of Labour by Capital,”[1] and Benjamin Tucker says “the bottom claim of Socialism [is] that labour should be put in possession of its own.”[2] Well, that doesn’t sound that bad. Another way of saying the same thing would be that every individual has a natural right to that which he

produces, and that it is a violation of his natural rights to forcefully remove this product of his labor from his hands.

Whether you call it natural rights or not, this is the essence and common theoretical basis for how value is generated in both classical liberalism and Marxism. Whenever an individual invests his time, skill, and effort into trying to achieve a value, he creates value and is as its creator the rightful owner of that value. It is hard to argue the individual is not the rightful owner of his labor; John Locke even went so far as to call labor the “unquestionable property of the labourer.” If the individual doing the work does not own his labor, then who does?

The difference between classical socialism and liberalism is not in the definition of ownership or how it arises, but in its meaning. Pierre-Joseph Proudhon, even though he is famous for stating “property is theft” (meaning property privileges causing exploitative conditions), also stated that “property is freedom” in the sense that man is only free when he is the sole owner of that which is in his possession and that which he creates. What he was referring to is wage labor being exploitation of the labor worker by the privileged capitalist.

To understand this view, we need to remember time preference is not applicable (or not allowed). From the socialist perspective, any difference in value between input and output is either fraud or theft (to use libertarian terminology). If you invest labor (input) to achieve a value of \$100 and receive pay (output) of \$95 dollars you are being oppressed.

This is part of why capitalism, using the socialist definition, is oppressive. Whoever “offers” a job (i.e., the capitalist) makes a profit simply because the value of the workers’ invested labor is greater than what they receive in pay. (The reason they can do this, socialists claim, is because of state-enforced property privileges indirectly forcing labor workers into wage slavery.)

Another way of saying this is that surplus value is released for the managers and owners of industry through paying labor workers only part of their labor input. In this static view of how the world works under the capitalist economic system, employment sure is usury and “wage slavery.” I can’t argue with that, and I will not argue with the identification of many historical and contemporary employment schemes being *de facto* usury due to privileges handed out to capitalists by the political class.

The analysis, however, is fundamentally wrong, and it is so simply because socialists don’t understand time preference. It is of value (but not necessarily monetary value) to many a worker frequently to receive a fixed amount of pay for invested labor instead of taking the risks of producing, marketing, and selling a product in the market place (even if the enterprise is not carried out individually but in cooperation with other workers).

It is also true in reverse: the “capitalist” values money now more than money later; thus, profits at a later time need to be greater than labor costs now to “break even.” The point here is that if a worker would voluntarily choose between multiple different alternatives there is reason to believe employment is sometimes (or, in perhaps often) an attractive choice.

The reason this is so, is because of division of labor, risks in the market place, and so on. But it is primarily because of time preference, meaning a worker might value a fixed wage now and at predetermined intervals *more* than investing his labor now and gain the full value later. The laborer could therefore be in equilibrium when investing labor generating \$100 worth of products a month from now even if he is paid only \$95 now.

To some people less money now than more money later is indeed usury, but that is only a fact that strengthens the theory of time preference as put forth by Austrian economists. People have different perceptions of value and do value different things at different times, and therefore one individual may very well find employment is to his benefit while other individuals cannot for the world accept such terms. And the same individuals might think very differently at a different point in time.

### **Values are Subjective**

This necessarily brings us to another important point that is closely related to the nature of time preference, and that is the identification of values as *subjective*. Monetary values are objective in the sense that \$1 is always \$1 (or, in other words,  $1=1$  or “A is A”), but receiving the amount of \$1 could mean a lot to one individual and at the same time mean close to nothing to another. Of course, socialist anarchists and even statist socialists understand the relativity of values, e.g., that \$1 to a poor person means a lot more than it ever would to a wealthy person (even though it is still only \$1). That’s why socialists often claim rich people have nothing to fear from taxes (even large sums don’t mean much to them) whereas poor people can gain “a lot.”

But relative value in this sense means only that the individual assessment of the value of \$1 is relative to how many dollars he or she already has (or can easily get). This is different from the identification of values as subjective.

A subjective value does not necessarily mean a certain amount of money is compared to another amount. Values are subjective in the sense that something of value means you consider yourself being better off with it than without it. This has nothing to do with amounts of monetary units or comparing apples with apples; subjective value is the individual assessment of something as compared with the same individual’s assessment of the alternatives. Values are subjective in the sense that the individual alone makes the assessment and makes it according to his or her individual preferential hierarchy. Thus,

subjective value does not depend on what is being valued, but rather on how it is perceived!

Therefore, a laborer's analysis of whether employment is beneficial does not only involve the monetary value of invested labor and received payment, but also everything else he values. Employment could be of great value to a risk averse individual, since the risk of losing money is very low, whereas the same deal for someone else, who perhaps gets a kick out of taking risk, is nothing but outright slavery. People are different.

This brings us to a third and last important point that follows directly from the fact that values are subjective: there are only individuals. Even though cultural and social identities tend to make people think in the same direction, they are still not the same and they do think differently. Socialists in general obviously fail to realize this.

As has been shown in the example of employment versus no employment, individuals value things differently. Some individuals would accept wage labor and be fully satisfied with it (and even find it the best available alternative), while others cannot find employment to their benefit at all. Individuals are uniquely different, and that means they do have different preferences.

This is one of the main reasons state policies are always oppressive and never can work satisfactorily: they provide *one* system or solution for *one* kind of people, and that has to cause problems when applied on a population such as the 300 million unique individuals living in the United States.

### **Anarchism: A World of Sovereigns**

The fact that "there are only individuals" is also a great argument for anarchism. There cannot be a single system forced on any two individuals without it fitting one individual better than the other, and thus such a system would create legal inequalities (and therefore be oppressive). Also, since there are only individuals there is no reason to believe some individuals should have the power to rule other individuals. If there are only individuals, all of them should be sovereign self-owners and enjoy an equal full right to their selves.

But this fact means also that people are different and that some people will value certain things while other people value completely different things. Some people will have high time preference for certain values, while others will have low time preference. Some people will be able to use their time and skill to create a lot of value to others (assessed subjectively), while others create value only recognized by a few. And individual choices will always be individual choices, the decisions made depending on the individual's subjective assessment of values he chooses to identify.

Socialism, as commonly defined by the socialists (of both anarchist and statist varieties), fails to realize this fact and therefore categorically dismisses market solutions, functions, and institutions that arise voluntarily and spontaneously. It might be true that socialists themselves would never accept wage labor, but many others would perhaps happily accept employment as being beneficial to them individually or collectively.

The same is true with the famous Marxian credo, usually advocated also by socialist anarchists, that the laborer is free only when he has taken ownership of the means of production. But how can we say a certain kind of profession or “class” shares the exact same values? That necessarily presupposes an extreme class consciousness, where individuals no longer exist. If “class consciousness” is instead interpreted rather as a sense of class belonging and unity in certain values, time preference and subjectivity of values would still apply!

A free-market anarchist can embrace many of the socialist-anarchist goals, such as equality in the right to self, one’s labor, and any fruits thereof. We can support the socialist anarchist goal to abolish the state as an inherently evil institution forcing individuals to relinquish that which is theirs by natural right. But we also see the shortcomings of socialism as currently defined; time preference is a fundamental piece of information on how people, and therefore the market and society, function.

It is not unlikely some people will choose to accumulate wealth (to whatever degree possible without the existence of state privileges) while others will eagerly spend what they earn on entertainment or engage in conspicuous consumption. The choice should be the individual’s and there is no way we can say it is “right” or “wrong” — it is for the individual to decide. Because of time preference it is not possible to dismiss totally the notion that inequalities might arise in the free marketplace.[3] Individuals will act in accordance with their perception of what is most beneficial to them and the people, gods, or artifacts important to them. Some value monetary wealth while others value health, leisure, family, a nice house, or fast cars. People will choose differently depending on their situation and their preferences, and even if they start off in a state of egalitarianism some choices will be better (with respect to something, e.g., amount of monetary assets) and some poorer.

Thus, if we truly believe in the individual as a self-owner and sovereign we shouldn’t claim to know what he or she will (or should) choose, and we cannot say what he or she will *not* choose. In a society of only free individuals, all of them will be equal in their right to self and thus we cannot tell people they cannot trade their labor in the future for value now. They will do what they perceive to be in their interest, and I will do what I perceive to be in mine, and what is in our interests personally or mutually is for us to decide individually.

This is the reason one cannot say employment and capital accumulation vanishes when the state is abolished. Indeed, the opposite is true. This is also the reason Murray Rothbard

truly was an anarchist, even though he did not accept the illusion of a world without time preference.

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[1] *Evolution and Environment*, p. 81

[2] *The Anarchist Reader*, p. 144

[3] In a free market, it is however less likely than in a state system, since no one can gain coercively enforced privileges at the expense of others.

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