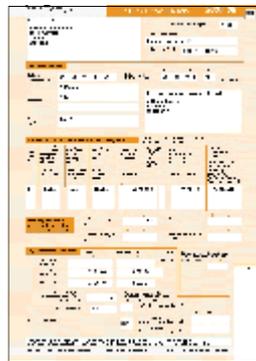


A CRITIQUE OF A CRITIQUE: AN EXAMINATION OF KEVIN CARSON'S *CONTRACT FEUDALISM*

Paul Marks



Paul Marks is a researcher and commentator with a background in teaching (both at school and university level) and the security industry. He is a regular contributor to the *Samizdata* blog (www.samizdata.net), focusing on economics, history, politics and philosophy. In May 2007 he was elected as a Conservative member for the Brambleside ward of Kettering Borough Council (www.kettering.gov.uk).

Economic Notes No. 107
ISBN 9781856377515
ISSN 0267-7164

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Libertarian Alliance

For Life, Liberty, and Property

Suite 35
2 Lansdowne Row
Mayfair
London
W1J 6HL

Telephone: 0870 242 1712
Email: admin@libertarian.co.uk
Website: www.libertarian.co.uk

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At the 2006 Libertarian Alliance/Libertarian International annual conference I received a buff coloured folder, when I finally got around to reading the contents of the folder (on the train going home) I found, amongst other things, a pamphlet by Mr Kevin Carson, *Contract Feudalism: A Critique of Employer Power over Employees* (Economic Notes No. 105, Libertarian Alliance, London, 2006), the following is what I thought of it.

On the front cover of the pamphlet were the words "Liberty, Equality, Cooperation" and a symbol the letter "A" is a circle. The symbol is, historically, the sign of compulsory communal anarchists, the people who want to rename the state "the people" or "the community" but still want a collective power to order individuals about. As for the words "cooperation" and "equality", liberty allows people to cooperate or not as they so choose (they must accept the consequences of their choice).

If people choose to cooperate by some people accepting wages from other people that is one way to cooperate, it in no way violates the nonaggression principle. And if people choose to cooperate by being members of a cooperative (such as the John Lewis Partnership) that is another way to cooperate which also in no way violates the nonaggression principle.

Whether employer-employee firms or cooperatives prosper more will be decided by the market - i.e. by the prices and quality of goods that they offer and the choices of customers (the choices of customers are all the term "market forces" actually means).

As for the word "equality" this can mean equality under the law (the real law—the non aggression principle) in which case a person who is starving to death is the equal of a billionaire, or it may mean material equality—i.e. equality of income or wealth.

If "equality" means equality of income or wealth this may mean either mean people voluntarily choosing to join an egalitarian community (whether religious, as with monks and nuns, or secular) in which case we can expect at most about 5% of the population in such communities (the percentage of the Jewish population of Israel in various forms of communal communities at the height of these highly subsidized and favoured communities), or it may mean some form of compulsion—as the symbol of the letter "A" in a circle would suggest. It is this compulsion (the desire to loot the property of the owners of the means of production and prevent by violence individuals owning the means of production in future) which is the reason why the symbol of a letter "A" in a circle should not appear on a Libertarian Alliance publication—it has historically been a symbol of evil. True anarchists (i.e. people who do not wish to rename the State "the people" or whatever, but wish to get rid of it altogether) have, as far as I know, no symbol.

As for the contents of the pamphlet: The word "feudalism" is used a lot, but it is not clearly defined anywhere. Normally when people talk of "feudalism" they do not mean the feudal system of government (a system that, for example, existed on the island of Sark until this year—when the mega rich Barclay twins and their friends in the British government and the European powers-that-be insisted that democracy and "human rights" be introduced), they mean serfdom.

Serfdom, keeping people from birth to the land or other place of employment by the threat of violence goes back (at least—actually it occurred in many societies before this) to the Roman Empire. The Emperor Diocletian (a man of peasant origins himself) ordered (to make the collection of tax less difficult) that all peasants remain on the land that they were born on, and he and later Emperors ordered that most people in the towns keep to the occupations of their fathers—both orders (like Diocletian's price controls) were backed by threats of violence.

Although the Roman Empire collapsed the idea of serfdom did not die with it. Some have claimed that after the Norman Conquest as many as 1 in 3 English people (or even more) were reduced to the level of serfdom, although this institution went into decline after the Black Death. As for compelling people, by the threat of violence, to undertake the occupations of their fathers—there were statutes past in England as late as the time of Elizabeth the First (although "Good Queen Bess" had no great administrative structure to enforce her statutes).

What all of this has got to do with agreeing to work for a someone in return for wages Mr Carson does not explain. I suppose that if a factory worker or household servant (or whatever) signed a contract to work for a certain amount of time and then did not turn up for work they could be sued for breach of contract—but, in practice, employers tend to take not turning up for work as simply a de facto resignation.

It is when a lot of money has been paid in advance for work that has either not been done or has been done very badly that be sue. For example, if someone paid to have a diamond cut and it was not cut (or was cut wrong) they might sue, but if someone said "come and work in my factory for X amount of money" and the person did not turn up or came for a while and then stopped coming the employer would take that as a de facto resignation (although a rude one—as the person had not bothered to say that he had resigned).

Of course some governments do not allow an employer to hire a new worker to replace someone who has decided not to turn up for work (this is a matter of the concept of a "strike") and many governments do not allow an employer to clear people who are obstructing the entrance to their place of business (the military term "picket" is used in relation to this). But I do not see how these weird regulations are the fault of the employer.

The regulations are created by people who are under the delusion that there is or should be something called a "balance of power" between the buyer and seller of a good or service, and that if there is not a contract is "unfair". Some (by no means all) of the Schoolmen of the Middle Ages held that a "just" price or wage might be somehow different from a free one, because of such "unfairness" (see the first volume of Rothbard's history of economic thought for the many Schoolmen who did NOT fall into this error). "But Mr X will starve to death unless Mr Y employs him"—first of all Mr X will NOT starve to death, and secondly it would make no difference, in economic principle, if he was going to starve to death - there would still be no economic case for a regulation (not that Mr Carson supports government regulations—he has other ideas in mind).

Overall I am led to conclude that Mr Carson's use of the term "contract feudalism" does not mean anything—he is just using the word "feudalism" as a "boo word" and trying to transfer the dislike people have for the word "feudalism" with serfdom (although in some feudal lands there was no serfdom) to a dislike of the practice of some people paying other people money to work for them—either on their farms, or factories or homes, or whatever.

However, Mr Carson does make other claims. For example, he claims that governments sometimes subsidise business enterprises either directly or indirectly (for example building roads is a subsidy for auto companies like G.M.)—this is true, but in no way relevant. Say company X gets a million Dollars from the taxpayer, very wicked, but this in no way gives the employees of company X any rights over the company—all it gives them is the duty (like that of all other citizens) to demand that the subsidy to company X be stopped (even if it means lower wages or unemployment for them).

On page 6 of his pamphlet Mr Carson "land and capital" are "artificially scarce". This was my first real indication of what he "was on about". Neither land nor capital are "artificially scarce"—they are just scarce (period). There are billions of people and only a certain amount of land and machinery. True, industrial capital can be increased over time, and it is even possible that the amount of land will be increased (say by the use of the seas, or by the settlement of outer space), but the idea that land and capital are only scarce compared to the billions of people on the Earth because of either wicked governments or wicked employers (or both) is false.

Also on page 6 of pamphlet Mr Carson quotes Benjamin Tucker as saying that if the government allowed anyone to set up a bank, interest rates would fall to "less than three fourths of one per cent" (this is somehow connected with the "labour cost").

In reality interest rates are determined by time preference i.e. the price that people will charge to lend out some of their income (rather than spend it or hoard it)—the price they will charge for not having this money for a certain period of time (and the risk, in the case of default, that they will never get it back).

Other people borrow the money, either for consumption or for investment. And depending on how long they want the money for and what the chances are they will pay it back they pay various rates of interest.

Banks (and other financial institutions) are middle men in these transactions. Of course banks and other such do try and lend out more money than really exists (via fractional reserve games) and governments support them in this (seeking the old dream of investment being greater than real savings—i.e. the dream of "lower interest rates"), but this just leads to the boom-bust cycle which is not exactly good for the economy (see Murray Rothbard's *The Panic of 1819* and *America's Great Depression*, or Ludwig Von Mises' *Theory of Money and Credit* or *Human Action* —along with many other works by these and other writers).

The idea that if only one did not need a license to lend out money interest rates would fall to some very low level is false. In fact "false" is to mild a word, it is (to use a word supported by the Yale university philosopher Harry Frankfurt) "bullshit".

Of course, as a libertarian, I support people being allowed to use as money anything they choose to use (and support contracts being honoured). If people choose gold (of a certain purity) fine, ditto silver or any other commodity—even bits of paper with designs on. If that is what people agree to use in a particular contract (as in "I agree to give you X number of pairs of shoes of a certain type in return for Y number of bits of paper with certain designs printed on them") that is fine. But none of this alters the fact that (silly, and eventually destructive, games aside) interest rates are a matter

of the time preference of savers and borrowers (no more to do with "three fourths of one per cent" or "labour cost" than they are to do with the tooth fairy).

On page 4 of his pamphlet Mr Carson quotes from Albert Nock. Mr Nock does not mention any real industrialists (at least not in the quote given) there is no mention of (say) Mr Wedgewood or Mr Arkwright, instead Mr Nock mentions Mr Bounderby, Mr Gradgrind and Mr Plugson—all of whom were characters from Dickens (not real people). I suppose this is done to generate hatred of factory owners and their "starvation wages" (which were, in fact, higher than general wages had ever before been in history and saved the rising population from real starvation—even almost 60 years ago this was known, see T.S. Ashton's *The Industrial Revolution* (1948)).

Mr Nock also mentions that the land in England was stolen from the peasants. This may be true (although the story is a bit more complicated than that as even in Anglo Saxon England a lot of land belonged to big landowners rather than peasants), but it does rather miss the point.

Take the example of Norway—a nation of several million people, just over the North Sea from England. In Norway the land was never stolen from the peasants nor were they ever reduced to serfdom. This did not alter the fact that over time (and with an expanding population) most people became employees of industrial and service enterprises (and, of course, there had always been farm labourers, domestic servants and many other employees). Indeed wages in 19th century Norway were *lower* than those in England or the United States.

I think that the centre of Mr Carson's pamphlet is to be found on page 5, where he quotes Claire Wolfe.

First we are told that the Luddites who smashed machines "may not have understood why they needed to do what they did". Of course they did not "need to do it", hand loom weavers had benefited from a bottle neck when spinning got mechanized and weaving was not (before that they were poor) when weaving got mechanized most of the hand loom weavers got out competed (apart from a few who carried on specialised trades—mostly for wealthy customers). This was not a plot by nasty industrialists (anymore than the mechanization of spinning had been)—cheaper prices attracted the customers (most of whom were poor) so the handloom weavers lost out. Should the poor have forced to carry on paying higher prices just to benefit the hand loom weavers?

As for workers in general smashing up machines, the only way this might lead to an increase in wages is if so many attackers are (quite rightly) killed by people defending their property that a labour shortage results. More likely the smashing is going to lead to a fall in wages (due to the damage done to the economy) over what they otherwise would have been.

Overall wages over the long term can not be increased by smashing machines, any more than they can be "strikes" (with employers being prevented from hiring other people), "pickets" (obstruction) or minimum wage statutes or other regulations. Such actions can only make overall wages and conditions lower than they otherwise would have been - as well as increasing unemployment (over what it would have been). This is basic economics which is taught by such works as Ludwig Von Mises' *Human Action*, Murray Rothbard's *Man, Economy and State* or even works such as Henry Hazliit's *Economics in One Lesson* (although the *The Strike-Threat System* by that old enemy of the colour bar in South Africa, W.H. Hutt, is well worth a look).

Claire Wolfe goes on to say (with Mr Carson's clear support in the rest of his pamphlet) that "Jobs suck. Corporate employment

sucks. A life crammed into 9-to-5 boxes sucks”.

Well yes. I would be the last one to dispute that it “sucks”—life “sucks”. It “sucks” even for those “noble savages” the hunter-gather bands that Prince Charles goes to see and praises to the skies (before heading back to his Palace). It even “sucks” for Prince Charles and other people of great inherited wealth—they still age (in body and mind) and go through all the pain and humiliation that this means. And if they live long enough they get to see all their closest friends (as well as their parents and other relatives—sometimes even their own children) die.

As for people who are born without wealth and can think of no way of making a lot of money, their lives tend to be even worse than the lives of people who are either born with a lot of money or who think of way of earning a lot. This is all true—and in no way relevant.

There is no hope in life and, if the atheists are correct no hope after it either. This is true (but yet again) in no way relevant. So life is shit—so what? Unless the claim is that if only it was not for the nasty owners of the means of production life would be less shit—but this claim is false, indeed action against the owners of the means of production will make life even more shit than it is now.

If Mr Carson wants a life that “sucks” less, well he could think of a way to earn a lot of money, or marry a rich person (or whatever). Or, of course, he could kill himself. (The great way out for those who do not wish to tolerate the shitiness of life anymore —as long as they can find the courage for the misnamed “cowards way out”.) As long as he does not violate the nonaggression principle I wish Mr Carson luck in his efforts to make his and other people’s lives “suck” less. However, I believe him to be operating under a basic error.

This error is that life is “naturally good” (or words to that effect) and that if it “sucks” it must be someone’s fault. Perhaps those nasty owners of the means of production who keep us (say) as “wage slaves” or in a state of “contract feudalism”.

The trouble with this is that it is nonsense. Life is not naturally good, it is naturally shit. Nasty, brutish and short (to quote Hobbes, although I oppose Thomas Hobbes on most matters), and if one manages to survive for a few decades one has the experience of physical and mental decay. Some people decay quicker than others, but all people (even the richest) decay and undergo (if they live long enough) all the other pains and humiliations that make up “life”. Certainly life is not all bad—but the idea that the bad in it can be reduced by some plot against the owners of the means of production is false.

Indeed (as argued above) “false” is much too mild a word for the ideas expressed in Mr Carson’s pamphlet. The whole work is part of that legion of works that offer false hope to suffering people. “Hit these people [in this case the owners of the means of production] and you and your loved ones will suffer less”, “follow my cunning scheme and interest rates will be virtually nothing and both land and capital will no longer be scarce”, “life is naturally good - and it is only because of the evil *them* than it sucks, hit *them* and all will be well”.

Let us say that, for example, in 1874 government in Britain had been abolished. Let us also assume that the claims of anarchists (real anarchists—not compulsory communal anarchists who wish to rename the state not get rid of it) that chaos would not have resulted are correct.

What would have happened? Well people would have been a bit better off—but not much (as government only amounted to a few per cent of output in 1874 and there were few nonaggression princi-

ple violating regulations).

Most people were poor in 1874 not because of some wickedness of employers, or even because of big government—they were poor because that was the level of economic development (no great “artificial scarcity”). And this was also true in the United States—in spite of the dreams of Tucker, and (rather later) Nock.

Today getting rid of government (as long as it did not result in chaos) would improve matters much more (as government is much bigger now than it was in 1874—so the gap between what our lives are and what they could be is much bigger), indeed even radically reducing government would greatly improve life (because government is now vast and its taxes, spending and regulations extend into almost every aspect of civil society). However, life would still be imperfect—it would still “suck”.

It might be bearable for some of us (I suspect that I would have a job I could live with—rather than not have one, which is my present situation). But I am sure that Mr Carson would still be able to find things to complain about.

“To buy my own space ship, I have to work on this bloody base on Mars for a whole year—and it sucks”.

This is not really an argument about economics. Mr Carson is a man who compares life as it is to what he would like it to be in an ideal utopia—real life does not measure up, so some group of people must be to blame. Like many people before him Mr Carson has chosen employers.

“Some employers even demand that their employees do not express opinions that they do not like—otherwise they fire you and you have to go and work for less money”. Err yes, and Mr Carson’s point is?

What you say, how you dress and so on are part of the “conditions of employment”. Some employers offer you better conditions (for example they do not care what you say outside work), but less money—and some employers offer a lot of money, but want you to be a “credit to the enterprise” and not (for example) go around calling black people “niggers” (even when you are not at work).

Some people are lucky and find employers who offer them a lot of money and do not care how they dress or what they say (at least when they are not at work). Or they manage to be self employed.

However, self employment is a hard life for many people (it depends on what sort of people they are, and many other factors—for example your *customers* may demand that you do not call people niggers, or they may demand that you do). And even if there were no government taxes and regulations that hit self employed folk hard (and I admit there are many) it would still be a hard life - a life that most people would not choose.

Good luck to Mr Carson if he seeks to be fully self-employed (in any enterprise that does not violate the non aggression principle) and good luck to him in opposing any taxes and regulations that make it harder for people to be self employed.

But please do not let him think that it is just these taxes and regulations that lead to most people working for wages.