

## non serviam #9

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and The Individualist Alternative (serial: 9)

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Editor's Word

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The saga continues ... The chapter Ken Knudson's article today, "Capitalism:

Freedom Perverted" is probably the most challenging chapter to the readers of Non Serviam, and I have no doubt that many will wish to comment. Such comments do, unless they are themselves articles, belong on the list, nonserv. As Ken Knudson is presently on vacation, it might take some time before he replies.

Happy reading, and I look forward to a good discussion.

# A Critique of Communism and The Individualist Alternative

Ken Knudson  
(serial: 9)

CAPITALISM:  
FREEDOM PERVERTED

*Permit me to issue and control the money of  
a nation and I care not who makes its laws.*

—Meyer A. Rothschild

Roosevelt, in blaming the depression of the 'thirties on "heedless self-interest," played a cheap political trick for which the world has been suffering ever since. The great crash of 1929, far from being created by "free enterprise," was created by government interference in the free market. The Federal Reserve Board had been artificially controlling interest rates since 1913. The tax structure of the country was set up in such a way as to encourage ridiculously risky speculation in the stock market. "Protective tariffs" destroyed anything that vaguely resembled a free market. Immigration barriers prevented the

free flow of the labour market. Anti-trust laws threatened prosecution for charging less than the competition ("intent to monopolise") and for charging the same as the competition ("price fixing"), but graciously permitted charging more than the competition (commonly called "going out of business.") With all these legislative restraints and controls, Roosevelt still had the gall to blame the depression on the "free" market economy. But what was his answer to the "ruthlessness" of freedom? This is what he had to say on taking office in 1933:

"If we are to go forward, we must move as a trained and loyal army willing to sacrifice to the good of a common discipline, because without such discipline no progress is made, no leadership becomes effective. We are, I know, ready and willing to submit our lives and property to such discipline

because it makes possible a leadership which aims at a larger good." [82]

We've been on that Keynesian road ever since. The "larger good" has become larger and larger until today the only cure the politicians come up with for the economy's ills is more of the same poison which made it sick in the first place. The rationale for such a policy was expressed by G. D. H. Cole in 1933:

"If once a departure is made from the classical method of letting all the factors [of the economy] alone –and we have seen enough of that method [have we?] to be thoroughly dissatisfied with it– it becomes necessary to control ALL the factors...for interference with one, while the others are left unregulated, is certain to result in a fatal lack of balance in the working of the economic system.." [83] (My emphasis)

Many people, on hearing the individualist critique of governmental control of the economy, jump to the erroneous conclusion that we believe in capitalism. I'm sorry to say that some anarchists –who should know better– share this common fallacy. In a letter to "Freedom" a few months ago I tried to clear up this myth. Replying to an article by one of its editors, I had this to say:

"First let me look at the term `anarcho-capitalist.' This, it seems to me, is just an attempt to slander the individualist-anarchists by using a supercharged word like `capitalist' in much the same way as the word `anarchy' is popularly used to mean chaos and disorder. No one to my knowledge accepts the anarcho-capitalist label,<sup>1</sup> just as no one

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<sup>1</sup> I have since been informed that "the term `anarcho- capitalist' is now in use in the

up to the time of Proudhon's memoir on property in 1840 accepted the anarchist label. But, unlike Proudhon who could call himself an anarchist by stripping the word of its derogatory connotation and looking at its real MEANING, no one can logically call himself an anarcho-capitalist for the simple reason that it's a contradiction in terms: anarchists seek the abolition of the state while capitalism is inherently dependent upon the state. Without the state, capitalism would inevitably fall, for capitalism rests on the pillars of government privilege. Because of government a privileged minority can monopolise land, limit credit, restrict exchange, give idle capital the power to increase, and, through interest, rent, profit, and taxes, rob industrious labour of its products." [84]

Now most anarchists when they attack capitalism strike it where it is strongest: in its advocacy of freedom. And how paradoxical that is. Here we have the anarchists, champions of freedom PAR EXCELLENCE, complaining about freedom! How ridiculous, it seems to me, to find anarchists attacking Mr. Heath for withdrawing government subsidies from museums and children's milk programmes. When anarchists start screaming for free museums, free milk, free subways, free medical care, free education, etc., etc., they only show their ignorance of what freedom really is. All these "free" goodies which

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USA - particularly amongst those who contribute to the Los Angeles publication `Libertarian Connection'." It seems to me that people accepting such a label must do so primarily for its shock value. Very few people like capitalists these days, and those who do certainly don't like anarchists. What better term could you find to offend everyone?

governments so graciously shower upon their subjects ultimately come from the recipients themselves - in the form of taxes. Governments are very clever at concealing just how large this sum actually is. They speak of a billion pounds here and a few hundred million dollars there. But what does a figure like \$229,232,000,000.00 (Nixon's proposed budget) actually mean to the taxpayer? Virtually nothing. It's just a long string of numbers preceded by a dollar sign. People have no conception of numbers that size. But let me try to shed some light on this figure by breaking it down into a number the individual taxpayer can't help but understand: the average annual cost per family. This is a number governments NEVER talk about - for if they did, there would be a revolt which would make the storming of the Bastille look like a Sunday school picnic. Here's how to calculate it: you take the government's annual budget and divide it by the population of the country; then you multiply the result by the average size of family (4.5 seems a reasonable number). Doing this for the American case cited, we come to \$4,800 (i.e. 2000 pounds per family per year!).<sup>2</sup> And that is just the FEDERAL tax bite. State and local taxes (which primarily pay for America's "free" education and "free" public highways) have yet to be considered. I leave it as an exercise to the British reader to see why their "welfare state" also prefers to mask budgetary figures by using astronomical numbers.

One thing should be clear from this example: nothing is for nothing. But the Santa Claus myth dies hard, even –or

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<sup>2</sup> I am usually quite conservative in my use of exclamation marks. When I used this example in a recent letter to "Freedom", the editors saw fit to insert one where I had not. In keeping with their precedent, I will do likewise.

should I say especially?— among anarchists. The only encouraging sign to the contrary I have found in the anarchist press of late was when Ian Sutherland complained in the columns of "Freedom": "I object, strongly, to having a large section of my `product', my contribution to society, forcibly removed from me by a paternalistic state to dispense to a fool with 10 kids." [85] Unfortunately, I suspect that Mr Sutherland would only replace the "paternalistic state" by the "paternalistic commune" - and in so doing would still end up supporting those 10 kids. My suspicions were nourished by what he said in the very next paragraph about "laissez faire" anarchists: "perhaps they should join the Powellites." Perhaps Mr Sutherland should learn what laissez faire means.

Laissez faire is a term coined by the French physiocrats during the eighteenth century. John Stuart Mill brought it into popular English usage with the publication in 1848 of his "Principles of Political Economy," where he examined the arguments for and against government intervention in the economy. The "con" side of the argument he called laissez faire. "The principle of `laissez faire' in economics calls for perfect freedom in production; distribution of the returns (or profit) to the factors of production according to the productivity of each; and finally, markets in which prices are determined by the free interplay of forces that satisfy buyers and sellers." [86] I find it difficult to see how any advocate of freedom could possibly object to a doctrine like this one. Unfortunately, what happened in the 19th century was that a handful of capitalists, who were anything but believers in freedom, picked up this nice sounding catch phrase and decided to "improve" upon it. These "improvements" left them with the freedom to exploit labour but took away labour's freedom to exploit capital. These capitalists, in perverting the original meaning of laissez

faire, struck a blow against freedom from which it still suffers to this day. The capitalist who advocates laissez faire is a hypocrite. If he really believed in freedom, he could not possibly condone the greatest invader of freedom known to man: government. The capitalist necessarily relies on government to protect his privileged RIGHTS. Let us look at the foremost advocate of capitalism today, Ayn Rand. Her book "Capitalism: The Unknown Ideal" has two appendices. The first is on "Man's Rights" where she says, "INDIVIDUAL RIGHTS ARE THE MEANS OF SUBORDINATING SOCIETY TO MORAL LAW." [87] (Her emphasis) Once again we are back to "rights" and "morals" which Stirner so strongly warned us about. And where does this lead us? Directly to Appendix Two, "The Nature of Government," where she says that government is "necessary" because "men need an institution charged with the task of protecting [you guessed it] their rights." [88] Let's see what some of these precious rights are:

I. Chapter 11 of Miss Rand's book is devoted to a defence of patent and copyright laws. In it she calls upon government to "certify the origination of an idea and protect its owner's exclusive right to use and disposal." [89] Realising the absurdity of PERPETUAL property in ideas ("consider what would happen if, in producing an automobile, we had to pay royalties to the descendants of all the inventors involved, starting with the inventor of the wheel and on up." [90]), she goes into considerable mental acrobatics to justify intellectual property for a LIMITED time. But by so doing, she only succeeds in arousing our suspicion of her motives, for it seems strange that a mere lapse of time should negate something so precious as a man's "right" to his property. Admitting that "a

patented invention often tends to hamper or restrict further research and development in a given area of science [91], our champion of the unhampered economy nevertheless manages to justify governmental "protection" to secure the inventor's "rights." As for copyrights, our millionaire author thinks "the most rational" length of time for this governmental protection would be "for the lifetime of the author and fifty years thereafter." [92] How does she justify all this? The way she justifies most of her inane arguments - by quoting herself: "Why should Rearden be the only one permitted to manufacture Rearden Metal?" [93] Why indeed?

II. Capitalists are fond of proclaiming the "rights" of private property. One of their favourite property rights is the right to own land without actually occupying it. The only way this can possibly be done is, once again, by government protection of legal pieces of paper called "titles" and "deeds." Without these scraps of paper, vast stretches of vacant land would be open to those who could use them and exorbitant rent could no longer be extracted from the non-owning user as tribute to the non-using owner.

There is much talk these days of a "population explosion." It is claimed that land is becoming more and more scarce and that by the year such and such there will be 38.2 people per square inch of land. But just how scarce is land? If all the world's land were divided up equally, every individual would have more than ten acres apiece. Even "crowded" islands like Britain and Japan have more than an acre per person on average. [94] When you consider how few people actually own any of this land, these figures seem incredible. It's no wonder then that the absentee landlord

is a strong believer in property rights. Without them his vulnerable land might actually be used to the advantage of the user.

III. Capitalists have always been great believers in the sovereign "rights" of nations. Ayn Rand, for example, thinks it perfectly consistent with her brand of freedom that the United States government should tax the people within its borders to support an army which costs tens of billions of dollars each year. It is true that Miss Rand opposes the war in Vietnam. But why? Because "IT DOES NOT SERVE ANY NATIONAL INTEREST OF THE UNITED STATES." [95] (Her emphasis) So we see that our advocate of "limited government" wouldn't go so far as to limit its strongest arm: the military. Eighty billion dollars a year for national "defence" doesn't seem to phase her in the least - in fact, she would like to add on a few billion more to make "an army career comparable to the standards of the civilian labour market." [96]

As every anarchist knows, a frontier is nothing more than an imaginary line drawn by a group of men with vested interests on their side of the line. That "nations" should exist is an absurdity. That a highwayman (in the uniform of a customs official) should rob people as they cross these imaginary lines and turn back others who haven't the proper pieces of paper is an obscenity too indecent to relate here - there may be children reading. But if there are children reading, perhaps they can enlighten their elders about the obvious - as they did when the emperor went out in his "new" clothes. The nationalists of the world are strutting about without a stitch of reason on. Can only a child see this?

IV. The cruelest "right" –and the one least understood today– is the exclusive right of governments to issue money. There was a time about a hundred years ago when nearly everyone was aware of the currency question. For several decades in the United States it was THE political issue. Whole political parties formed around it (e.g. the Greenback and Populist parties). William Jennings Bryan, the three-time Democratic candidate for the presidency, rose to fame with his "easy money" speeches; next to Lincoln's Gettysburg address, his "cross of gold" speech is probably the best-known public oration of 19th century America. Yet today virtually everyone accepts the currency question as settled. Governments issue the money people use and they never give it a second thought - it's just there, like the sun and the moon.

The capitalist is vitally interested in the government's exclusive right to issue money. The capitalist is, by definition, the holder of capital; and the government, by making only a certain type of capital (namely gold) the legal basis of all money, gives to the capitalist a monopoly power to compel all holders of property other than the kind thus privileged, as well as all non-proprietors, to pay tribute to the capitalist for the use of a circulating medium and instrument of credit which is absolutely necessary to carry out commerce and reap the benefits of the division of labour. A crude example of how this system works is given by the Angolan "native tax." The Portuguese whites in Angola found it difficult to get black labour for their coffee plantations, so they struck upon a rather ingenious scheme: tax the natives and the natives, having to pay their tax in MONEY, would be forced to sell their labour to the only people who

could give it to them - the whiteman.  
[97]

The same thing goes on today on a more sophisticated level in our more "civilised" societies. The worker needs money to carry out the business of everyday life. He needs food, he needs housing, he needs clothing. To get these things he needs MONEY. And to get money he has to sell the only thing he's got: his labour. Since he MUST sell his labour, he is put into a very bad bargaining position with the buyers of labour: the capitalists. This is how the capitalist grows rich. He buys labour in a cheap market and sells his products back to the worker in a dear one. This is what Marx called the "surplus value theory" of labour. His analysis (at least here) was right; his solution to the problem was wrong.

The way Marx saw out of this trap was to abolish money. The worker would then get the equivalent of his labour by pooling his products with other workers and taking out what he needed. I've already exposed the weak points of this theory. What is the individualist alternative?

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- [88] Ibid., p. 331.
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- [91] Ibid., pp. 132-3.
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- [93] Ibid., p. 134.
- [94] "Geographical Summaries: Area and Population," Encyclopaedia Britannica Atlas," 1965, p. 199.
- [95] Rand, op. cit., p. 224.
- [96] Ibid., p. 229.
- [97] Douglas Marchant, "Angola," "Anarchy 112," June, 1970, p. 184.

POSITIVISM, n: A philosophy that denies our knowledge of the Real and affirms our ignorance of the Apparent. Its longest exponent is Comte, its broadest Mill and its thickest Spencer.

"The Devil's Dictionary", Ambrose Bierce