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Towards a resilient economic system

Current systems of economic production are implicated in militarism in various ways:

- arms production and the arms trade;
- regimented working conditions which mesh well with regimented life in the military;
- competition between states for economic superiority which is linked to military competition;
- economic exploitation (especially of Third World peoples) which is backed by military might.

The dominant economic system in the world can be called state-regulated monopoly capitalism. There is struggle for domination of markets by large private corporations, with strong intervention by governments. This general type of system has shown its compatibility with the warfare state, whether in the form of liberal democratic states, authoritarian states, fascist states or even socialist states (the latter called state capitalism by some). Is such an economic system the best basis for social defence?

Intuitively the answer must be “no.” This becomes more obvious by listing a number of the basic structural features of state-regulated monopoly capitalism and seeing how resilient they are likely to be in the face of external aggressors or internal takeovers.

- Production of goods—especially production by the largest firms—is centralised in large facilities. An extensive distribution system is required.

- Labour skills are highly specialised.
- Competition is a key driving force. Firms compete for markets and profits. Individual capitalists compete for ownership of stocks, real estate, etc. Workers compete for jobs and high wages.
- The system is founded on the assumption of *scarcity*, namely that there is never enough for everyone. This applies even though the productive capacity of the system may be great enough to provide for all people's essential needs.
- There is enormous economic inequality. This is a consequence of the above features. Wealth and income are allocated to people according to their property and their jobs, which are unequally distributed. (An important mechanism of allocation is credentials, which permit only a minority to become lawyers, doctors, engineers, etc.) The result is dire poverty for some and immense wealth for others.

It doesn't take long to figure out that every one of these features makes a society more vulnerable to being taken over. Centralisation of production makes factories and facilities easier to capture or destroy. Labour specialisation makes it easier to control key areas, since workers with crucial skills can be made to cooperate through either threats or bribes. Competition and the scarcity principle divide the population and make it harder for people to cooperate against an aggressor. Finally, inequality also divides the population. A usurper, through a clever policy of carrots and sticks, can cause different groups to blame and confront each other. In essence, the usual capitalist economic system is vulnerable to a policy of divide and rule.

When examining the most frequently quoted cases of nonviolent struggle relevant to social defence—such as the Kapp Putsch, the Ruhr 1923, the Algerian Generals' Revolt and Czechoslovakia 1968—it seems that capitalists, whether small businesses or large corporations, seldom have played a leading role. Why not? Is it because they hope to continue their operations under any alternative regime?

The one great advantage of capitalism is the market, a system that works somewhat independently of state control. The market can provide many of people's needs—even if in a distorted, unequal fashion—in the face of a hostile takeover of the state. The so-called underground or black economy, namely a market between

individuals that is hidden from state regulation, is the best example of this.

The limitation of the market, from the point of view of social defence, is its dependence on the state for survival. This may sound strange, considering the many passionate defenders of the market who decry government intervention. The reality is that government intervention is necessary to sustain the market. The question is not whether or not to have government regulation, but what sort of government regulation to have.

Without regulation, the capitalist market is highly unstable and inefficient. Governments act to provide education and training for future workers, build infrastructure such as roads and communications networks, regulate the money supply, stop the sale of dangerous products, and foster “structural adjustment” in stagnant industries. All this sounds pretty reasonable.

The market depends on the state in a more fundamental way, too. It protects the system of property and economic inequality. An owner may possess dozens of houses which are rented to the rich or even left vacant while others are homeless. The state—through its agents, the police—will protect the owner from any challenge to this property. Similarly, farms and factories are commonly owned by absentee capitalists, while the workers develop no equity in the enterprise through their years of labour. Copyright and patents are systems to protect ownership of information, once again protected by the state.

The system of private property is accepted by most people in day-to-day dealings. The police are readily called to catch thieves, even when the poor steal food from the rich. But occasionally there is a radical challenge to property, such as from a radical workers’ struggle. In such cases the military may be called in to break a strike. In many countries, a military coup is the mechanism used against popular challenges to the privileged classes.

If capitalism is such a poor basis for social defence, what about socialism? If this means state socialism, namely Soviet-type societies, it is obvious that they exhibit even greater weaknesses. The state is more powerful and the entire society is more vulnerable to takeover. (Some would argue that these societies are already “taken over,” and that social defence to defend state socialism is self-contradictory.) It is necessary to look in different directions.

Egalitarian economics

Let's begin with the general characteristics of an economic system that would effectively sustain a social defence effort. It's valuable here to think of radical changes from the present system. But the aim is not to dream up a utopia that becomes a prerequisite for social defence. Rather, specifying features of a radically different economic system provides a way of thinking about *directions* for initiatives now. Here are some prime features.

- Local provision of goods and services. This makes it hard for any group to exercise central control via the economy.

- Low dependence on highly specialised labour. This makes it hard for any group to exercise central control via coercion or cooption of a small group of skilled workers.

- Cooperation. People would share knowledge, skills, labour and goods to maximise economic well-being. With a cooperative economy, it becomes much harder for any group to divide and rule.

- Collective provision. This means that goods and services are provided to groups so that anyone can partake, rather than on the basis of provision to individuals according to their ability to pay. Public libraries, roads and public parks are examples of collective provision. This could be greatly expanded to areas such as telecommunications, equipment for building and agriculture, and even food. Collective provision reduces the possibilities for divide and rule, assuming that the control of the provision is local and decentralised.

- Rough equality. The principle of distribution should be "from each according to their ability, to each according to their needs." Ability or privilege or power should not be a basis for claiming greater material wealth. The incentive for participation in the economic system should be satisfaction and solidarity, not survival and status. In such an egalitarian economy, people are much more likely to work together against any threats.

To top off this list of features which are so contrary to the conventional capitalist economy, it is necessary to note that in this alternative system it would be a great liability to have a state. Why? Because the state exercises a centralised intervention into the economy. It would be a prime candidate for being taken over and used to exercise central control over the population. Because

the state survives by extracting resources from the economy (most obviously through taxation), it must maintain surveillance over people and their transactions.

The power to tax and, just as importantly, to monitor people and organisations to be able to tax, is ideally placed for oppressive central control—precisely because it is a form of central control already. (Many would say it is inherently oppressive.) An economic system that is to be as resistant as possible to attack and takeover would be one without this apparatus for central control.

This system of local production, cooperation and equality sounds pretty utopian. Is it possible? There is not the space here to go through all the arguments, but it is worth mentioning a few.

Such a system is quite compatible with “human nature,” if there is such a thing. All the evidence shows that people are quite capable of cooperation. In fact, if anything is “unnatural,” it is competition.¹

Related to this, there would not be any great difficulty in motivating people to work without competition and inequality. There is plenty of evidence that people work the hardest when tasks provide an inherent satisfaction and when what they do serves the welfare of others.

Who would do the dirty work? In a cooperative society, what is now considered “dirty work” would have less stigma. The problem could be removed by such work being equally respected or more highly rewarded or automated away.²

Finally, if some people didn’t want to work, then so what? Today’s economy is one of surplus production. Massive quantities of food and material goods are produced by a small fraction of the population, while many others are unemployed or sitting in high-paid time-wasting jobs.

The objection to an egalitarian economy on the basis of “human nature” is very similar to an objection to social defence, namely

¹ Alfie Kohn, *No Contest: The Case against Competition* (Boston: Houghton Mifflin, 1986). For a critique of the psychological assumptions of conventional economics, see Mark A. Lutz and Kenneth Lux, *The Challenge of Humanistic Economics* (Menlo Park, CA: Benjamin-Cummings, 1979).

² Vernon Richards (ed.), *Why Work? Arguments for the Leisure Society* (London: Freedom Press, 1983).

that people don't want to defend themselves. The military and the centrally regulated economy each depend on people leaving key functions to others. Defence is left to the professionals, the military and state security managers; the economy is left to corporate and government decision-making.

Of course, this turns things back to front. People aren't involved in defence because the military has monopolised the function. There are severe penalties against those who challenge the military monopoly. Similarly, people aren't involved in cooperative local production because it is marginalised or repressed. The government intervenes to tax, builds infrastructure to subsidise conventional businesses, and smashes attempts by workers to take control of production themselves.

The difficult question about an egalitarian economy is not psychology but mechanism. How is the decision-making about economic production and distribution to be carried out? We know the present system: a combination of the market and manipulation by government and large corporations. What is the alternative? What I'll do here is outline some of the mechanisms proposed for an egalitarian economy.

Markets. Some opponents of the state still believe in markets, but markets administered by communities rather than by governments. There are several models here.³ One is to maintain a market in goods and services but get rid of the market in labour. The market would be used to allocate resources where they are most needed. Individuals would have work if they wanted it, but in any case would be guaranteed a satisfactory standard of living, largely through collective provision.

Another market model is a local money system, which would undermine centralised control. Yet another approach is barter. For example, under the LETS system, a record of "credits" produced and consumed is maintained in a local register; this operates like an extension of baby-sitting networks in which parents build up or lose credits.

³ For a principled position founded on no state, the market and nonviolence, see *The Voluntaryist* (PO Box 1275, Gramling SC 29348, USA).

Then there is “universal capitalism,” an undermining of capitalist inequality by making everyone an owner of capital.⁴

Cooperative arrangements. Economic activity, in this model, would proceed on the basis of voluntary agreements between one individual and another, or one group and another. For example, a furniture manufacturer needing inputs of timber would negotiate with timber producers to obtain suitable quantities or a person needing help in constructing a house would make arrangements with friends and neighbours .

But what is the mechanism of exchange? Well, that’s what is difficult to grasp about cooperative arrangements: the economic system operates independently of exchange. People would work because it provides them with satisfaction and because it is expected of a person as a member of the community. (This is similar to parents, who care for their children even though they aren’t paid for it.)

People would reap the benefits of the economy simply by being members of the community. But instead of a government providing a welfare payment to everyone, the provision of goods and services would be arranged by the community.

To say that the economy will work by “cooperative arrangements” is rather vague. There are some existing models on a limited scale, including cooperatives (in food, banking, crafts) and self-management at the shop-floor level. It is fair to say, nevertheless, that the operations of a cooperative economy at a large-scale remain to be worked out.

Gandhian economics. There is a well-developed literature on Gandhian economics.⁵ The Gandhian model is built around local, village-level self-reliance. The following assumptions are involved:

- community self-reliance and mutual cooperation;
- bread labour (voluntary physical labour in the service of others);

⁴ Louis O. Kelso and Patricia Hetter, *Two-factor Theory: The Economics of Reality* (New York: Vintage, 1967).

⁵ Amritananda Das, *Foundations of Gandhian Economics* (Bombay: Allied Publishers, 1979).

- non-possession (no ownership of things not personally needed);
- trusteeship (goods and skills are used for the benefit of all);
- non-exploitation (reduction of privilege);
- equality.

Clearly, Gandhian economics is at fundamental variance with conventional capitalist economics.

Demarchy. It's possible to extend the concept of demarchy to economics.⁶ For example, any development in a local area would have to be approved by a trustee body, whose members are selected randomly from volunteers. The trustees could take into account the goods and services produced, efficiency, environmental impact and compatibility with social values. (Needless to say, the decisions could be quite different from the usual priorities given to profit and managerial control.)

This idea of trustees is compatible with several models for the organisation of work. Those proposing developments could be either profit-making companies or self-managing groups.

Applied to land, this idea of trustees is similar to proposals by Henry George.⁷ But the idea can also be applied more widely. Randomly selected groups could also be responsible for controlling the supply of money, systems of payment for work done and so forth. The details of such a system remain to be worked out.

Implications for social defence

Which of these models is most compatible with social defence? My preliminary answer is that they all look pretty good in this regard compared to state-regulated monopoly capitalism. Each of the models fosters local control, local skills and local solidarity. Most of them do without the state. As well, there are other possible alternatives with these characteristics.

The real test will be the test of practice. Which models can actually work and provide a satisfying quality of life? Which of them will be undermined by competitiveness and new systems of

⁶ John Burnheim, *Is Democracy Possible? The Alternative to Electoral Politics* (London: Polity Press, 1985), chapter 4.

⁷ See, for example, *Green Revolution* (School of Living, R.D.1 Box 185A, Cochranville PA 19330, USA).

privilege? Which of them can best resist attacks by groups favouring economic systems built on centralisation and inequality? Which of them provides goals that can be turned into effective campaigns today?⁸ I don't think the evidence to answer such questions is yet available. In the meantime, moves towards egalitarian economies can only help increase the capacity for nonviolent resistance to central control.

⁸ Pierre Guillet de Monthoux, *Action and Existence: Anarchism for Business Administration* (Chichester: Wiley, 1983), in a delightful discourse, gives insightful comments about the economics of a transition to libertarian socialism.