The Voluntaryist

Whole Number 88 *"If one takes care of the means, the end will take care of itself."* **October 1997**

"By Their Bootstraps": Voluntaryism and the Cooperative Movement

By Carl Watner

In my recent article on arbitration I quoted from WHAT IS MUTUALISM? (1927). Mutualism, as defined by Clarence Lee Swartz, is "a social system based on equal freedom, reciprocity and the sovereignty of the individual over himself, his affairs, and his products; realized through individual initiative, free contract, cooperation, competition, and voluntary association for defense against the invasive and for the protection of life, liberty, and property of the non-invasive." In voluntaryism (the doctrine that relations among people should be by mutual consent or not at all) we find a close parallel to mutualism. Both advocate a totally free market based on uncompromised property rights. Consequently, individuals may organize their business affairs in any peaceful way—from the extreme individualism of the lone mountain shepherd to the extreme collectivism of the Israeli kibbutz; from the single independent craftsman to the factory with hundreds of employees; from the peddler who distributes his own products, to the cooperative with millions of members. The key to the existence of each and every form of business enterprise is that they be voluntary. As Swartz adds, "All forms of economic life will be represented [in the mutualistic society], in so far as they can stand up under the *free* competition of other forms."

After reading Swartz's chapter on "Voluntary Economic Organizations—The Cooperatives," I investigated some of his references and explored the topic, examining the history, format, and principles of the cooperative movement. Cooperation is literally coextensive with human society, and evidence of business cooperation and cooperatives can be found thousands of years ago (in the burial benefit associations and craftsmen's societies of the ancient Greeks and Romans). The working definition of a cooperative is a business which distributes its net profit to its owners/customers. The modern cooperative movement began in Manchester, England with the formation of the twenty member Rochdale Society in 1844. From that small starting point, cooperatives have evolved into large-scale modern businesses such as super markets, apartment buildings, hospitals, farm supplies, grain elevators, and even insurance companies. The International Cooperative Alliance, formed in 1895, today represents over 200 national cooperative organizations with more than 70 million members from 92 different countries. In the United States over a 100 million people belong to some 47,000 cooperatives. Cooperatives have a substantial impact on the American economy. Nearly 30% of American agricultural produce is marketed through farm cooperatives, such as Sunkist, Sun-Maid, Land O'Lakes, and Diamond Walnut Growers. At least 20 American cooperatives have annual sales in excess of $1 billion, and over 50 million Americans do business with insurance companies owned by or closely affiliated with cooperatives.

Cooperatives are attractive to people all over the world because cooperatives allow them to achieve what they could not accomplish alone. As one author has put it, "Cooperation is mutual aid applied to and through modern techniques of business organization." (Watkins, p. 2) (It is worth noting, as Murray Rothbard pointed out in MAN, ECONOMY AND STATE, how strange it is that cooperatives have succeeded in arrogating themselves the label 'cooperatives'. All other forms of business ownership—partnerships, joint-stock companies, and corporations—"are all cooperative institutions" that rest on the cooperation of the owners in pooling their resources in an attempt to earn a profit.) Self-help enterprises are based on four principles: 1) open and voluntary membership; 2) democratic control (usually one vote per co-op member regardless of patronage or investment; 3) distribution of the co-op's surplus earnings to the members in proportion to their patronage; and 4) limited interest on capital invested in the co-op.

Although many supporters of cooperatives have been socialists and communists who believed that cooperatives would eliminate the profit motive, cooperatives actually extend the possibility of profit to more and more people. They have been described as the "epitome of the capitalist ideal" because the primary basis of every cooperative is the private property of those who form it. Cooperation "contains the spirit and essence of private enterprise, namely, the power to start and stop a business." The cooperative itself seeks to retain no profit for itself, but each owner hopes to earn a profit, or at least generate a savings, by participating in the co-op. "The cooperative is a tool to bring economic and/or social welfare to the individual members, without dissolving their individuality in the colorless conglomerate of the collective." (Valko, p. 6)

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"By Their Bootstraps"

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The first successful modern cooperative, the Rochdale Society of Equitable Pioneers, was founded by Charles Howarth and friends in 1844 in England. Its immediate purpose was to have a store where members could buy their foodstuffs, such as flour, butter, sugar, and oatmeal, but its long range goals were more ambitious, and included plans for a cooperative community and temperance hotel. Howarth's idea was that the profits made from sales should be divided quarterly among those who made purchases at the store, on the basis of the amount they had spent there. First, however, they agreed that the profits coming due to them should remain in the hands of the store's directors (whom they elected) until each had accumulated 5 pounds which enabled them to purchase one share in the cooperative. As George Jacob Holyoake explained it,

> This sum they would not have to pay out of their pockets, for the good reason that they had not, and were never likely to have, the money. The store would thus save their shares for them, and they would become shareholders without it costing them anything; so that if all went wrong they lost nothing; and if they stuck, like sensible men to the store, they might save in the same way another 5 pounds, which they could draw out as they pleased. Thus, ... the store ultimately obtained 100 pounds of capital from each twenty members. For this capital they paid an interest of five per cent, as an encouragement to members to adhere to the store and save. Of course, before any store could commence by which members could make profits in this way, some of the more enterprising promoters must subscribe some capital in small sums or otherwise with which to obtain the first stock [of the store]. This capital in Rochdale was mostly raised by weekly subscriptions of twopence. For every pound so subscribed an interest of five per cent was payable, if the day of profit ever came. In order that there might be as much profit as possible to divide among the purchasers, as a means of attracting more members, interest was always kept down at five per cent; .... The merit of this scheme was that it tended to create capital among men who had none, and allured purchasers to the store by the prospect of a quarterly dividend of profits upon their outlay. [pp. 35-36]

The Society quickly became a financial success, and the Rochdale store was imitated far and wide. Its main contribution to the cooperative movement was "the specification of the philosophical principles that must be applied in an economic cooperative organization." (Craig, p. 33) These included the idea of democratic control by the members; open and unlimited membership of all those who could benefit from the cooperative; limited rate of interest on capi-

> The strength of cooperation rests on the fact that it is free and not coercive. If it possess greatness, beauty, and strength, they abide in its freedom. The existence of the state depends on coercion. As the world stands today, one must be a citizen of some state. He cannot escape. He may go up in a balloon or seek a desert isle, but some government will find him and claim him as its citizen. And it may coerce him into doing things he does not want to do. If he is one of those unusual people who does not believe in killing human beings, it may put a gun in his hand and send him forth to shoot other men as guiltless as himself. It may shoot him because he refuses to commit some great crime. Governments do all the great sins. There is no brutality to which governments do not stoop. Governments do crimes which wicked men shrink from doing.
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> Cooperation differs from the state in that it does not have to put people in jail for sedition nor hang them for trying to overthrow it. If the members of a cooperative society disagree with it or wish to overthrow it, they are free to do so. And they should be. It survives only upon its merit.
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> The state requires its citizen to say, "I love my country," whether it is lovable or not, whether he loves it or not. The cooperative society must deserve the loyalty of its members or it perishes. The state keeps its citizens by force; the cooperative society keeps its members by esteem, by justice, and by service.
>
> The conflict between these two principles—the political state and the free individual—is now going on and can be seen in every part of the world. The differences between an organization built out of the old political, privilege-protecting state and one created anew for economic supply upon a voluntary basis are inescapable.
>
> —James Warbasse, COOPERATIVE DEMOCRACY, p. 142.

tal invested; distribution of the cooperative's profits among its members in proportion to their purchases; cash trading (as opposed to extension of credit to purchasers); offering only first-rate and high quality products for sale; education of the members in cooperative philosophy; and, in the event of the dissolution of the co-op, the distribution of any surplus (after payment of its debts) to a charitable public purpose.

The very fact that cooperatives are voluntarily organized for the benefit of their owners/customers means that there is no single formula which fits all. What have become known as the Rochdale principles were embraced in the "Laws and Objects of the Rochdale Society of Equitable Pioneers," signed on October 24, 1844 and amended in 1845 and 1854. Over the years various other statements of cooperative principles have been prepared. The International Cooperative Alliance (ICA) finalized a report in 1937 which recognized seven different principles, "but concluded that only four of these could be universally applied to all forms of cooperatives." These four were voluntary membership, democratic control, patronage distribution, and limited interest on capital. Other authors like James Warbasse and Ewell Roy have amended this list, and even the ICA has periodically revised its own list of principles. Perhaps the key difference between the cooperative and every other form of business organization is that a cooperative operates at cost and earns no profit for itself or its investors. Whatever profits it generates as a business are distributed to its owners on a pro-rata basis according to their patronage.

By embracing this idea, people have formed many different kinds of cooperatives. Various examples come to mind: FTD (the Florists' Transworld Delivery Association) and AP (Associated Press) were both originally organized as cooperatives. AP was begun in New York City in 1848 by a few leading newspapers in order to pool their resources for the gathering of domestic and international news. FTD was organized in Rochester, New York in 1910 by twenty-two florists who desired to utilize the services of out-of-town stores to serve their customers. Sunkist Growers, Inc. today, is a cooperative composed of some 6500 grower-members of citrus fruit in Arizona and California, that began as the California Fruit Growers Exchange in 1893. The Sunkist trademark was first registered in 1909, and since that time it has become the 45th most recognized brand name in the United States and the 47th most recognized in the world.

Cooperatives are not strictly an American phenomenon. One of the most famous international cooperatives was founded in Japan in 1975. Today, Coop Kanagawa has sales in excess of $1 billion, nearly 300,000 women members, two warehouses, three production factories, a food testing laboratory, 54 supermarkets, and 93 small shops. At least two leading figures in the cooperative movement worked and operated abroad. Hermann Schulze-Delitzsch (1808-1883), a German lawyer, was responsible for the organization of more than 1900 credit cooperatives. Similar to what we know today as credit unions, these self-help banks offered financial assistance to small businessmen and craftsmen. Schulze-Delitzsch's basic economic beliefs concerning cooperatives were: "1) that patrons should control and capitalize their cooperatives; 2) that cooperatives should accept no charity [government or otherwise]; and 3) that co-op growth should proceed slowly through self-help." (Roy, p. 66)

> The philosophy of libertarianism is based upon the theory that all forms of government rest upon violence and are therefore harmful as well as unnecessary. It demands the absence of government in the political and coercive sense. It is opposed to the authority based on force. Much of all this is a negative philosophy. It lacks a constructive plan for the organization of society. It needs alliance with some positive building method to make it complete.
>
> Its opportunity is to connect with the cooperative way of social organization to get a positive impulse. Then men may forget their grudge against the state. When they have created something better than the state, the state will cease to be a source of concern to them. If they would reduce the power of the state, the best way is to do a constructive piece of work that will make the state less necessary.
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> The cooperative movement offers a philosophy based on liberty unrestricted by man-made law. It is the philosophy of a society regulated by voluntary agreement instead of by political government. It is the one movement directing the world away from the expansion of the political state.
>
> —James Warbasse, COOPERATIVE DEMOCRACY, pp. 117-118.

A Nova Scotian priest, Father M. M. Coady (1882-1959), was active in the adult education movement where he shared with his students and parishioners his enthusiasm for cooperatives. Numerous co-ops were formed and the result became known as the Antigonish Movement, named after his diocese. Some of Father Coady's favorite expressions were: "The people should become masters of their own destiny;" "Group action through cooperatives is the only way in which the people can still adhere to the principles of free enterprise while building a good society for themselves;" and "Go home and find your lobster," (meaning, tackle the problem nearest you).

Although there are many notable Americans in the cooperative movement, perhaps the most recognizable is Murray Lincoln (1892-1966) who was ac-

tive in the Ohio Farm Bureau Federation, which eventually became the Nationwide Insurance Company in 1955. He has been described as "one of the giants of the people's self-help movement in the United States," whose "life's work was based on the principle that 'all people have the right to control their own money and institutions and they can best do it through the cooperative movement'." (Roy, p. 76) Lincoln was also president of the Cooperative League of the United States (today succeeded by the National Cooperative Business Association of Washington D.C.) for more than twenty years, and his activities in both farming circles and the insurance industry illustrate the affinity between cooperative organizations and both these business sectors.

Since the nature of all insurance is essentially mutual aid, it is not surprising to find that fire insurance was one of the first cooperative ventures in this country. Benjamin Franklin's 1752 Philadelphia Contributorship for the Insurance of Houses from Loss by Fire was a mutual (cooperative) insurance company owned and operated by its policyholders. During the 1820s the idea of cooperative fire insurance spread among American farmers, and by the time of the Civil War one of the largest was known as the Farmers Mutual Insurance Company. Beginning in the early 1870s, the National Grange Movement, a farm organization, became active in setting up local co-op buying and selling clubs for its members. The immediate and practical advantages to the farmers who joined these co-ops were cheaper prices, patronage refunds, better service, and higher quality products. The Grange co-op movement peaked around 1877, but not before starting over 30,000 cooperatives with a membership of 2,500,000. For example, in 1881 the Farmers Protective Association of Iowa brought about a lowering of the price of wire fencing by arranging for the manufacture of barbed wire at a factory where no patent royalty was paid.

> The private ownership of property is an inherent quality of the cooperative movement. In cooperation, the people organize themselves not into a state but into a free society in which they are free to be members or not. Each member puts into the society something of his own. He is given a certificate of ownership which indicates the value of the property he has put in. This property, with that of all the other members, is united to carry on the functions of the society. It never even becomes communistic property. It is a union of private properties, put into a pool for a mutual purpose of more advantageous administration. The member puts into the society what it requires, or what he can; but outside of the society, and independent of it, he may still own more private property.
>
> —James Warbasse, COOPERATIVE DEMOCRACY, p. 135.

Rural cooperatives also played an important part in the provision of telephone service to outlying farmers. The first rural telephone associations began in the early 1890s on a cooperative basis. Farmers and farm hands furnished and set poles, crossarms, and strung wire for their co-ops. "By 1920 there were some 20,000 telephone mutuals and cooperatives serving about a half million farmers."

Another cooperative effort spearheaded by farmers was the pooling and marketing of their grains. The largest and best known of these efforts was the Saskatchewan Wheat Pool which began in the early 1920s in western Canada. The basic concept of the cooperative wheat pool was that each farmer sold his production to a central wheat board (usually a voluntary organization, but sometimes a government-mandated one). The board paid each farmer the same price per bushel for the same grade of wheat, and was responsible for marketing the wheat to millers in Canada and elsewhere. Costs of the marketing organization were deducted from the average price paid to the farmer. Privately owned grain elevators often opposed farmers marketing their own products because there no longer was a need for their services. The spirit of the farm cooperative movement is best captured by two quotes. The first is the remark of a Canadian wheat farmer during the struggle to establish the Saskatchewan Wheat Pool: "Big companies can't beat the little people if the little people join together. They're not little when they get together." The second is a slogan seen painted on the side of a feed mill in the United States: "Farmers have paid for many mills, but this one they really own!"

Southern States Cooperative of Richmond, Virginia is an example of a successful cooperative farm organization. Begun in 1923, by 150 farmers as the Virginia Seed Service, Southern States has evolved into a co-op with over 385,000 members in Virginia, Maryland, Delaware, Kentucky, West Virginia, and North Carolina. It purchases, processes, manufactures and markets feed, seeds, fuels, and farm, home and garden supplies through a network of over 500 local dealers. It owns and operates nine modern feed mills, six fertilizer plants, four warehouses, two petroleum terminals, and, in conjunction with other large farmer's co-ops, has its own research farms and test laboratories. It has joined other regional farm cooperatives in the United States, Canada, and Europe to form "interregional organizations" such as Universal Cooperatives (trademark UNICO), a cooperative owned by other cooperatives, to manufacture, import, purchase, and distribute many types of home and farm supplies, such as agricultural chemicals, paint, tires, and livestock equipment. CF Industries Inc. is another such business owned by Southern States and other farm supply co-ops in the United States and Canada. "From a modest beginning in 1946, CF has added mines, plants, and

storage facilities to become North America's largest commercial fertilizer distributor."

The success of cooperative ventures, like those noted above, has often generated intense opposition among its commercial competitors. Much of the antagonism toward cooperatives revolves around their relationships to government, and how the government applies its commercial laws and regulations to cooperatives. For example, would cooperatives be permitted to incorporate themselves (like regular investor-owned business corporations) in order to offer its owners the protection of limited liability for its debts? In England, incorporation was not permitted until the passage of the Industrial and Provident Societies Act of June 15, 1852, which was the first piece of cooperative legislation in any country in the world. It was not until the Act was amended in 1862 that limited liability was extended to cooperative shareholders, and British cooperatives were able to own shares in other cooperative enterprises. In the United States, under the Sherman Antitrust Act of 1890 and various Supreme Court Decisions, it was illegal for farmers to organize co-ops to market their produce. Between 1890 and 1920, directors and officers of selling cooperatives in at least five states were indicted for violating the provisions of their state antitrust laws. In Pennsylvania, dairy farmers were actually arrested for organizing with their neighbors to sell their milk under a collective marketing scheme. "Under the provisions of the various antitrust laws of the United States and the common law of Britain, early efforts of such farmers to compete more favorably by joint action in the marketing of their products was not within the scope of permissible legal action."

Eventually, the United States federal government changed its position regarding cooperative activity, realizing that "a movement which would propagate habits of thrift among working people and educate them in management of their own affairs was [an] effective antidote against discontent." (Watkins, pp. 12-13) Although the legality of joint purchasing efforts by farmers was never in question, it was not until the passage of the federal Clayton Act of 1914 that non-stock, non-profit cooperatives were exempted from inclusion under the Sherman Act. With the passage of the federal income tax law of 1913, other questions were generated as to how to treat cooperative profits. Eventually, cooperatives were exempted from federal income taxes on the amounts they paid out or credited in patronage refunds. The refunds could be held and used by the co-op itself, but still deducted from gross income, under the tax laws. This privileged treatment "was justified on the basis that cooperatives were not organized for profit, but for service to the members; therefore they had no profits in the strict sense." Individual co-op members, however, were liable for taxes on patronage refunds, regardless of whether it was received in cash, merchandise, as a credit memo, or share in the co-op.

Federal legislation during the 1920s and 1930s both legalized and politically promoted other forms of cooperative activity. These included the Capper-Volstead Act of 1922, the Cooperative Marketing Act of 1926, and the establishment of the Federal Farm Board in 1929, and the Rural Electrification Administration in 1935. With increasing government support of farm co-ops during the 1920s, Aaron Sapiro, a national organizer of farm cooperatives, warned of "the dangers of government aid to agriculture as a substitute for cooperative, self-help programs." In 1926, he asserted that "the stultification of cooperative programs has been caused primarily by the deflection of the farmer's interest into political channels." (Roy, p. 132) Sapiro's comments reflect the fact that there has always been a tension in the cooperative field between those who advocate State support of cooperative activities and "those cooperators who believe that the true basis of cooperation was self-help and voluntary mutual aid." (Watkins, pp. 71-72)

This debate has existed at least since the late 1860s. Elisee Reclus, the famous French geographer, anarchist, and cooperator warned that the principles of cooperation "and that of ordinary politics [were] absolutely contrary to each other." (Watkins, p. 14) After World War I, one of the main issues facing the International Cooperative Alliance was whether or not it should recognize cooperatives organized by the new Bolshevik state in Russia. Since political neutrality, and voluntary membership were part of the ICA's rules, communist control of cooperatives was perceived as a serious difficulty. With the coming of the New Economic Policy, Russian cooperatives were allowed to join the ICA, but under Stalin, when the consumer co-ops in Russia were integrated into the state bureaucracy, they were no longer allowed to affiliate themselves with the International Alliance.

The existence of the ICA reflects what one supporter of the cooperative movement has labelled as "The Law of Indefinite Extendability." John Craig describes this as "the concept that consumer cooperation has within it the possibility of limitless extension." (p. 55) W. P. Watkins, the historian of the International Cooperative Alliance, has pointed out that "whatever direction economic and social evolution may take, cooperative organization tends naturally toward internationalism because association or unity is Cooperation's first principle. The attempt to solve common problems by combined action is the essence of Cooperation." He adds:

> [The] natural line of evolution is from the association in cooperative societies of individual men and women, through the combination of cooperative societies in federations, to the establishment by federations of national scope of international institutions for mutual sup-

port and collaboration in the promotion of common interests. This, greatly simplified, is the pattern to which the structure of the International Cooperative Movement tends, by logical consistency but even more by practical necessity... to conform. [p. 1]

Cooperation is one of the world's most peaceful and most constructive methods of social change. It "seeks no plunder, causes no disturbance, gives no trouble, contemplates no violence." (Roy, p. 41) Since it depends on individual choice it relies on economic evolution rather than political revolution to bring about improvement in the world. Each individual retains his own sovereignty. He decides whether to join a co-op or not; and if he becomes a member, he decides how much to patronize it. The co-op does not make these decisions for him. The cooperator may invest in non-cooperative enterprises and continues to dispose of and enjoy his income as he sees fit. As Holyoake put it, the original Rochdale cooperators did not believe that the rich should be forced to give up their wealth to the poor; but rather

> that the poor should be placed in such a situation as could enable them to create *new wealth* for themselves. The instinct of cooperation is self-help. Only men of independent spirit are attracted to it. The intention of the cooperator has always been never to depend upon parliamentary consideration for any help.... [I]t asks no aid from the State; it petitions no gift from individuals; it disturbs no interests; it attacks nobody's fortune; it attempts no confiscation ...; but stands apart, works apart, clears its own ground, gathers its own harvest .... [S]elf-help in the people includes all the conditions of progress. Cooperation means self-help and self-dependence. [pp. 453-455]

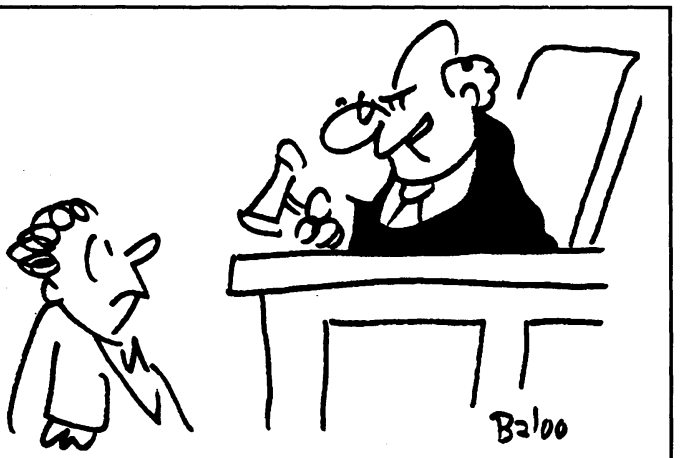
Author's Addendum:

After this article was typeset, I found two free market authors who took the position that "From its very beginnings, the cooperative movement was primarily a political movement," that received lavish "privileges, especially tax exemption and cheap credit" from their respective governments. [See "Observations on the Cooperative Movement," in Ludwig von Mises, MONEY, METHOD, AND THE MARKET PROCESS, Norwell: Kluwer Academic Publishers, 1990; pp. 258 and 260.] In criticizing the Rural Electrification Administration co-ops, Albert Bellerue states that the system of cooperative communal "ownership" upon which they are allegedly based is not private property ownership, but rather socialized, government control. [See "REA Co-ops, a Compulsory-Political System; RAMPART JOURNAL OF INDIVIDUALIST THOUGHT, Winter 1966, p. 38.]

Some of Mises' other comments are representative of his generally negative outlook on cooperatives:

> [T]here is no record of any important innovation which owes its introduction to the cooperatives. [p. 240]
>
> The cooperative doctrine's fundamental error is the misconstruction of the role played by the distributors and retailers. [p. 259; Mises' point is that these middlemen serve a definite purpose serving the consumers; otherwise manufacturers themselves would have eliminated their role and marketed direct to the customer.]
>
> There is no American whose daily life would not be less comfortable if private business had been prevented from accomplishing all that it has brought about in the last hundred years. But the great majority of the nation would not be in any respect worse off if there had never been cooperatives. [p. 266]
>
> The fathers of the cooperative idea and the founders of the first cooperatives were committed to the erroneous belief that cooperatives could serve the public at lower costs than private business. However, a century of cooperative experience has exploded this assumption as utterly delusive. [p. 272]

In recent personal correspondence with Albert Bellerue, he has pointed out that cooperatives and homeowner's associations (which were mentioned on p. 6 of the June 1996 issue with respect to Columbia, MD) both smack of voluntary communalism. He emphasizes that such communalism, even though it is voluntary, tends to destroy personal property rights because it integrates one's prior private holdings into the common mass, which then becomes subject to majority rule. Bellerue suggests that THE VOLUNTARYIST should support voluntary individualism, not voluntary communalism, and that we should recognize "the joining of any collective that might trespass upon individual rights does not fit voluntaryism." Even though I have generally been enthusiastic in my support of cooperatives, I think these issues should be raised. So let it be said, THE VOL-



"Of course, I'm finding for the State, Mr. Smith—who the hell do you think pays my salary?"

UNTARYIST stands for private property and not voluntary communal property, but this is not to deny the right of the individual to (mis)use, hold, give away, or communalize his or her rightfully owned property in any way he/she wishes. ▽

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Who Are the Realists?

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panies in the 1840s that were put out of business only by special acts of Congress.

Wooldridge also provides examples of successful private businesses engaged in minting coins, building and owning roads, providing education to poor children in urban ghettos, and even arbitrating disputes and dispensing justice in private courts. All of these businesses were able to compete successfully with the government despite the legislative roadblocks put in their way deliberately to discourage them.

We do not have to resort to theoretical arguments to prove that the state is unnecessary. There are historical examples of societies that functioned quite well without a state. The people of Ireland had a society for 1000 years without a state.

Two points that people often bring up are that man is not perfect, and there will always be crime. They assume that anarchists overlook these basic facts. This is particularly annoying to individual-rights-based anarchists, because our anarchism is fundamentally an anti-crime philosophy. The primary reason we oppose the state is that the state is a criminal organization. It is precisely because we are aware of man's moral weaknesses that we want to make the powerful machinery of the state unavailable to evil men.

Individual-rights-based anarchism, rather than being opposed to all law, maintains that there are objective, eternal, and universally valid principles of law. Anarchists use the natural law to judge the legitimacy of the various man-made laws. It is the statist, not the anarchist, who denies natural law and imposes an artificial, temporal, inconsistent, and often arbitrary set of "laws" on society. Any system of so-called "law" that opposes voluntary associations is opposed to the real laws of society.

Anarchism can be thought of as a philosophy of law and order. Like most other legal philosophies, anarchism is opposed to private crimes such as murder, kidnapping, rape, assault, and robbery. However, anarchists differ from other people by continuing to oppose these activities even when they are engaged in by authorized agents of the state. Anarchists judge all actions by the same principles, whether the perpetrator is acting in behalf of the state or as a private citizen. It doesn't matter whether he wears a badge, or dog tags, or lives in the White House: a criminal is a criminal.

The amount of money stolen by private individuals each year is tiny compared to the amount confiscated by the state. The number of private murders committed by civilians does not approach the number of innocent people murdered by agents of the state. According to R. J. Rummel's book DEATH BY GOVERNMENT, in the 20th century, states have murdered 169,198,000 of their subjects. If we add the military combatants who died in wars, the total is 203,000,000 people.

Anarchists are accused of being utopian or unrealistic because they do not believe in the theories, fictions, and myths used to justify the state, all of which are attempts to obscure or deny the historical evidence that the state has its origin in conquest and confiscation and that it maintains its existence by violence. The people who deny the facts, the statists, are the unrealistic ones.

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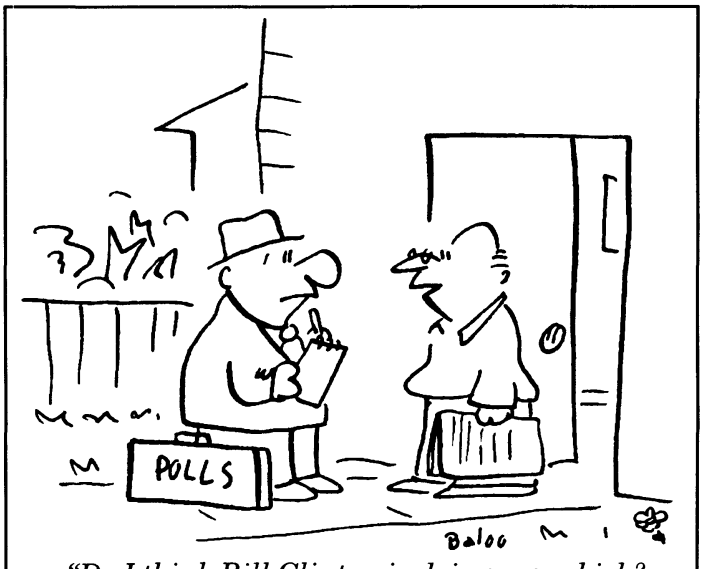

"Do I think Bill Clinton is doing a good job?... What exactly is he supposed to be doing?"

Who Are the Realists?

By Roy Halliday

When people first hear an anarchist calling for abolition of the state, they think of all the valuable services that the state provides, and they come to the state's defense, because they want those services to be continued. They may readily agree with the anarchist when he says taxes are too high, wars are evil, there are too many restrictive laws, and the government has taken away too much of our freedom. But they assume that abolition would entail foregoing all the valuable government services, and that is too high a price to pay for the additional freedom. They do not ask, "Who will systematically steal our wages? Who will start wars and conscript our young men to fight in them? Who will deprive us of our freedom after the state is abolished?," because they would like to do without these government services as much as the anarchist would. Instead, they criticize the anarchist for overlooking the positive contributions of the state. They think that the anarchist has not thought through the consequences of his position.

After a moment's consideration, the average person believes he has discovered insurmountable objections that the anarchist has not thought of. The average person then tries to show the holes in the anarchist position by asking a series of questions about practical matters. The dialog goes like this:

"If we abolish the state, who would collect the garbage, deliver the mail, and educate our children?"

"Garbagemen, mailmen, and teachers of course."

"Yes, but who would pay for it?"

"People who want their garbage collected, mail delivered, or children educated."

"Yes, but who would pay for the people who want these services and don't have the money?"

"Friends, neighbors, relatives, charitable organizations, or nobody."

"Can't you see that the government has to provide these services?"

"No."

Sooner or later the average person comes to the conclusion that the anarchist is hopelessly blind to the obvious need for the state and goes away shaking his head. What the average person doesn't realize is that the services he is concerned about have been provided privately in the past and could be provided privately again if the state didn't prevent it.

The state jealously guards its coercive monopoly of the services it provides. Many attempts have been made to replace or circumvent the government by free-market alternatives only to be driven underground. In UNCLE SAM THE MONOPOLY MAN, William Wooldridge provides historical examples of commercially successful private mail delivery com-

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