

Chapter 13: The Collectivist Wages System

First, Kropotkin complains about those wanting to abolish capitalism wanting to keep representative government and the wages system. Describes parliamentary government as middle-class, and therefore holding “sway over the workers.” He says representative government is “condemned to die.” He says the wage system is similarly condemned, and that it makes no sense to maintain the wage system or any similar system once private property has been abolished.

Kropotkin’s assessment of representative government is largely nonsensical. He imagines it as a way for the middle class to maintain their status and control over the workers, and adds that a population with too diverse of interests cannot operate a representative government. This is illuminating because it ignores all attempts (however flawed) at limited government—people who disagree on much can still band together and leave some of their interests to a limited parliament. The fact that parliaments often become unaccountable and unrepresentative groups of self-seeking elites is not *necessarily* a reflection on those who originally elected them.

It is also illuminating because it hints that even Kropotkin believes that the standard of living will decline to that of impoverished European workers if his plans are implemented.

A better argument against representative government comes from Hoppe in *Democracy: The God that Failed*. (<https://hanshoppe.com/democracy/>) High time preference and the logical difficulty in limiting a coercive system once the legal/moral acceptability of some coercion is accepted by the general public.

The solution is to eliminate the acceptability of coercion, not to turn it into the whole basis of your system, as expropriation does.

Moving on, the wage system is a very different thing. Kropotkin is making a false equivalency here, and whether it is in good or bad faith is an open question. (Although it’s worth remembering that he is a communist.)

The wage system is an attempt (however flawed) to do two things: 1) provide to workers their discounted marginal value products and 2) allow market competition to expand the number of choices for a worker with any given skill set. Abolishing the wage system will generally result in a dearth of workers for difficult or unpleasant jobs.

Kropotkin argues that labour-notes will result in owners of property renting their property to others for the exchange of labour-notes, effectively re-instituting private property.

This is, of course, a good thing. Savings, investment, and more options for the worker than would exist otherwise.

Kropotkin notes that labour-notes simply convert money values into set times of labor. He notes Marx’s distinction between qualified and simple work, the concept of compensating differentials, and competing proposals to allow workers’ organizations to collectivize large jobs and distribute labour-notes per their discretion. He notes the contradiction in proclaiming the end of private property, only to immediately move to debates about who gets what.

Kropotkin is essentially covering his eyes and trying to ignore economic facts instead of facing them. Scarcity is a real thing, and it requires that limited goods be provided for use by specified individuals. There is no way for “society” to eat an apple, or even a hundred, or a thousand. Individuals must eat those apples, and “first come, first served” is a recipe for disaster.

He is technically correct that ending private property and providing remuneration for labor is contradictory, however, the problem lies with the former, and not the latter.

It’s also worth noting that it isn’t just skill that affects the value of labor. The amount of capital involved in the labor matters. The public’s desire for the products of the labor matters. The goods that go into the production matter. Inventories and demand elasticities matter. Substitute goods matter.

Prices (including the prices for labor) help direct entrepreneurs as to what goods should be produced and using what resources. Without prices, the people can only hope that production is useful, and directed at their needs. There is no way to prevent pathological results, say, everyone from producing toothbrushes and only toothbrushes.

For more, see Mises, “Economic Calculation in the Socialist Commonwealth:”

<https://mises.org/library/book/economic-calculation-socialist-commonwealth>

His arguments apply to any system that seeks to eliminate or obscure the establishment of prices, whether the state claims ownership of capital goods or not.

Kropotkin goes on railing against differentiating between different kinds or values of labor, making some rather strange arguments about someone having the “right” to a higher wage, and others. He throws around a lot of arbitrary numbers but notes, again, technically correctly, that these numbers would all be subject to change. He appears to be ignorant of the marginal value revolution but not ignorant of the issues with a labor theory of value.

I find it endlessly hilarious when communists show off their ignorance of advances in economic understanding as if it is a badge of honor. Three independent economists solved this contradiction twenty years before he wrote this book, and yet he remains ignorant of them.

You would think that a system based on something as clearly flawed as the labor theory of value would encourage them to keep an eye out for innovations, but instead they treat the labor theory of value as fact and extrapolate aggressive nonsense out of it.

He then mis-characterizes the end of feudalism in France and Russia, saying that, before emancipation, the land was considered to belong to the serfs, and afterward the nobility.

I don’t believe anyone was under the impression that the serfs owned the land before so-called “emancipation.” Even if they were, it was clear that such “ownership” of the land was at the pleasure of the ruling class and their organized armies. Ask yourself: what happened to serfs who refused to pay their taxes?

Kropotkin next goes on to discuss the idea of “to each according to his deeds,” noting that sometimes it is difficult to discern the productivity of labor, giving the example of a boy who controls a mine elevator.

This is, of course, what markets are for. Different jobs require different types of labor, but often there is some substitutability—a market allows various employers to bid for the appropriate laborers and helps to determine whether or not a worker with given skills should be employed in certain fields. Some fields cannot justify competitive wages, and therefore must find other ways to get the job done. The fact that something might be difficult to appraise is not an excuse for giving up on appraising everything.

Kropotkin falls back on his idea of making everything available to everyone.

Of course, what this actually means is expropriating everything to communes, and then having those communes kick out anyone they don't like. It is merely a transfer of useful tools to useless organizations.

“Bread, shelter, ease for all” who are members of communes in good standing—and take everything from those who are not!

This is a formula for universal poverty and waste.

Also, recall that Kropotkin never explains why communes have some minimum size over the single individual. Along with this deficiency, the endorsement of expropriation basically ensures that an anarcho-communist society would be a war of universal plunder, to borrow from Bastiat.

Final point: Kropotkin says that “Poverty... was the primary cause of wealth.”

This is of course completely backwards. There was a hell of a lot more poverty in the past than there was today. Relative wealth was achieved by force of arms and expropriation of properly homesteaded property from its original owners. It was only when private property began to have a reasonable level of security that productivity expanded significantly beyond subsistence.

Remember: The labor theory of value is false. Marxian exploitation theory is, too.