

STORIA ECONOMICA

A N N O X X I V (2 0 2 1) - n. 1-2



Edizioni Scientifiche Italiane

Direttore responsabile: LUIGI DE MATTEO

Comitato di Direzione: ANDREA CAFARELLI, GIOVANNI CECCARELLI, DANIELA CICCOLELLA, ALIDA CLEMENTE, FRANCESCO DANDOLO, LUIGI DE MATTEO, GIOVANNI FARESE, ANDREA GIUNTINI, ALBERTO GUENZI, AMEDEO LEPORE, STEFANO MAGAGNOLI, GIUSEPPE MORICOLA, ANGELA ORLANDI, PAOLO PECORARI, GIAN LUCA PODESTÀ, MARIO RIZZO, GAETANO SABATINI

La Rivista, fondata da Luigi De Rosa nel 1998, si propone di favorire la diffusione e la crescita della Storia economica e di valorizzarne, rendendolo più visibile, l'apporto al più generale campo degli studi storici ed economici. Di qui, pur nella varietà di approcci e di orientamenti culturali di chi l'ha costituita e vi contribuisce, la sua aspirazione a collocarsi nel solco della più solida tradizione storiografica della disciplina senza rinunciare ad allargarne gli orizzonti metodologici e tematici.

Comitato scientifico: Frediano Bof (Università di Udine), Giorgio Borelli (Università di Verona), Aldo Carera (Università Cattolica del Sacro Cuore di Milano), Francesco D'Esposito (Università G. d'Annunzio di Chieti-Pescara), Marco Doria (Università di Genova), Giulio Fenicia (Università di Bari Aldo Moro), Luciana Frangioni (Università di Campobasso), Paolo Frascani (Università di Napoli "L'Orientale"), Maurizio Gangemi (Università di Bari Aldo Moro), Germano Maifreda (Università di Milano), Daniela Manetti (Università di Pisa), Paola Massa (Università di Genova), Giampiero Nigro (Università di Firenze), Nicola Ostuni (Università Magna Græcia di Catanzaro), Paola Pierucci (Università G. d'Annunzio di Chieti-Pescara), Giovanni Vigo (Università di Pavia), Giovanni Zalin (Università di Verona)

Storia economica effettua il referaggio anonimo e indipendente.

Direttore responsabile: Luigi De Matteo, e-mail: ldematteo@alice.it.

Direzione: e-mail: direzione@storiaeconomica.it.

Redazione: Storia economica c/o Daniela Ciccolella, CNR-ISMED, Via Cardinale G. Sanfelice 8, 80134 Napoli.

Gli articoli, le ricerche, le rassegne, le recensioni, e tutti gli altri scritti, se firmati, esprimono esclusivamente l'opinione degli autori.

Amministrazione: Edizioni Scientifiche Italiane, via Chiatamone 7, 80121 Napoli – tel. 081/7645443 pbx e fax 081/7646477 – Internet: www.edizioniesi.it; e-mail: periodici@edizioniesi.it

Registrazione presso il Tribunale di Napoli al n. 4970 del 23 giugno 1998.

Responsabile: Luigi De Matteo.

Copyright by Edizioni Scientifiche Italiane – Napoli.

Periodico esonerato da B.A.M. art. 4, 1° comma, n. 6, d.P.R. 627 del 6 ottobre 1978

SOMMARIO

ANNO XXIV (2021) - n. 1-2

ISTANTANEE DALLA STORIA ECONOMICA. TEMI DI STORIA E STORIOGRAFIA a cura di Luigi De Matteo

<i>Premessa</i> di Luigi De Matteo	»	7
MARIA PAOLA ZANOBONI, <i>Cuffie, veli e gorgiere in un inventario milanese d'inizio Cinquecento</i>	»	13
ANGELA ORLANDI, <i>La gestione di un portafoglio titoli nella contabilità cinquecentesca</i>	»	45
ALDO MONTAUDO, <i>Vendita su documenti e costi di transazione nel commercio internazionale dell'olio del Mezzogiorno (1651-1681)</i>	»	73
GIOVANNI CECCARELLI, <i>Oltre la storia delle assicurazioni: rischio e incertezza in età preindustriale</i>	»	107
GERARDO CRINGOLI, <i>Questione agraria e controrivoluzione in Francia. Il caso della Vandea</i>	»	125
STEFANIA ECCHIA, MAGDALENA MODRZEJEWSKA, <i>Josiah Warren's anarchist path between individualism and equitable commerce</i>	»	147
ROBERTO ROSSI, <i>Tra rendita e profitto: produzione e commercio dello zolfo in Sicilia nell'Ottocento</i>	»	177
GIAMPIERO NIGRO, <i>Le premesse della formazione di un distretto industriale. Prato nell'Ottocento</i>	»	203
ANDREA GIUNTINI, <i>Le Esposizioni Universali e l'economia nell'epoca della prima globalizzazione. Un panorama della storiografia italiana</i>	»	219

MARIA CARMELA SCHISANI, <i>Banche dati e nuove metodologie nella Storia economica. Il database IFESMez e l'analisi delle reti sociali per lo studio del sistema socio-economico del Mezzogiorno (1800-1913)</i>	» 239
GIULIO FENICIA, <i>Consumo di alcolici ed etilismo nell'Italia monarchica</i>	» 263
MANUEL VAQUERO PIÑEIRO, <i>Processi di globalizzazione e tendenze protezionistiche. L'industria dell'olio di semi in Italia dall'Unità alla seconda guerra mondiale</i>	» 309
MARCO DORIA, <i>Intrecci tra storia globale e storia marittima. Il porto di Genova in età contemporanea</i>	» 339
ANDREA LEONARDI, <i>La politica turistica italiana nel secondo dopoguerra: il riavvio dei flussi internazionali e il ruolo dell'ERP</i>	» 367
GIUSEPPE MORICOLA, <i>Vulnerabile e resiliente: il piccolo commercio in Italia (1920-1980)</i>	» 391
STEFANO PALERMO, <i>Il Mezzogiorno nella stagnazione italiana dell'ultimo ventennio. Appunti per una lettura diacronica e di lungo periodo</i>	» 413
SIMONE SELVA, <i>Cinquant'anni dopo: il sistema monetario di Bretton Woods in prospettiva storica</i>	» 441
LUCIANO MAFFI, <i>La breve, ma promettente storia dell'agroecologia</i>	» 463
GIUSEPPE CONTI, <i>Il mito delle origini di una moneta senza credito e senza istituzioni. Note per una genealogia alternativa</i>	» 485

JOSIAH WARREN'S ANARCHIST PATH BETWEEN INDIVIDUALISM AND EQUITABLE COMMERCE

The paper analyzes Josiah Warren's anarchist thinking and experiments, framing them in the transitional era at the turn of the American Civil War, when Jeffersonian democracy based on an agrarian-populist model was about to be supplanted by Hamilton's industrialist program. Warren's work aspired to a society in which the individualistic spirit of those who believed in free-market competition could be reconciled with the socialist ideal eager to affirm a form of *equitable commerce* (labor for labor exchange) without any interference from the State.

American anarchism, socialism, individualism, equitable commerce, free market

L'articolo analizza il pensiero e gli esperimenti anarchici di Josiah Warren, inquadrandoli nell'epoca di transizione a cavallo della guerra civile americana, quando la democrazia jeffersoniana, fondata su un modello agrario-populista, stava per essere soppiantata dal programma industrialista di Hamilton. L'opera di Warren aspirava a una società in cui lo spirito individualistico di coloro che credevano nella concorrenza del libero mercato potesse essere riconciliato con l'ideale socialista volto ad affermare una forma di commercio equo senza alcuna interferenza da parte dello Stato.

Anarchismo americano, socialismo, individualismo, commercio equo, libero mercato

Introduction

Warren is considered the first American anarchist. He has always tried to translate his thinking into practice throughout his life, maintaining the same entrepreneurial spirit that marked the beginnings of his career. Born in Boston in 1798, he moved to Cincinnati in the Midwest frontier of Ohio, where he became a successful inventor and entrepreneur. His first innovation was a lamp devised to burn lard instead of the much costlier tallow and

to produce which he opened a successful factory. Afterward, impressed by Owen's public speech in 1824, Warren began to study his theory of social reform and finally decided to sell the lamp factory and join with his family the Owenist community in New Harmony (Indiana). After becoming disillusioned with the collectivist life model in Owen's community, Warren became an ardent supporter of individualism.

His individualism was so far-reaching that it led de facto to anarchism, for it was irreconcilable with any limitations on the individual that would not be voluntarily accepted by the person.

His next invention, the printing press, which he popularized in the 1830s and patented in 1846, brought him wealth and recognition and allowed him greater freedom of expression. Since then, Warren self-published his writings in magazines and pamphlets in small circulation (which are now either dispersed or lost). Following the motto «every man his own printer», he was able to reach the broadest possible audience, at little cost, without the threat of censorship from the public press¹. Warren's 1833 *Peaceful Revolutionist* is often described as the first anarchist periodical. His most significant treatise *Equitable Commerce*², first published in 1846, represents a systematic attempt to analyze the principal institutions around which a stateless society, based on private property, must be organized to produce an order consistent with "equity" or social justice. The principal goal of an individualist community must be that of securing the laborer his just reward. For this purpose, he proposed a system of labor for labor exchange in which the cost of production was the limit of price, and this cost was measured in terms of time. Warren was the first to test the practical applicability of the Adam Smith inspired theory of value based on labor, considered as a moral and economic principle. For Warren, in fact, «the sovereignty of the individual»³

¹ J. WARREN, *Introduction to a New Printing Apparatus Adapted to the Wants and Capacities of Private Citizens*, J. Warren, Trenton (OH) 1836; M. STERN, *Every Man His Own Printer: The Typographical Experiments of Josiah Warren*, «Printing History», II (1980), 2, pp. 1-20.

² J. WARREN, *Equitable Commerce: A New Development of Principles as Substitutes for Laws and Governments, for the Harmonious Adjustment and Regulation of the Pecuniary, Intellectual, and Moral Intercourse of Mankind Proposed as Elements of New Society*, J. Warren, New Harmony (IN) 1846.

³ John Stuart Mill admitted he had borrowed the phrase "the sovereignty of the individual" from Warren, praised as a remarkable American, *Collected Works of*

and the *equitable commerce* are two faces of the same medal, both to be exercised at their own cost⁴.

Starting in 1827, Warren attempted to implement his socio-economic principles in practice by opening stores called *Time Store*, to test how effectively enable the individual to receive a just reward for his labor, achieving the ideals of equality without in any way infringing a person's freedom or property. For this purpose, within his stores, Warren used a new medium of exchange that was to replace paper money, namely the labor notes, theorized for the first time by Owen.

In the meantime, he established his experimental individualistic communities of *Spring Hill*, "Equity", and "Utopia" – all three located in Ohio. The last one, called *Modern Times* in New York, was established with the help of his chief disciple, Stephen Pearl Andrews, with whom championed racial⁵ and gender equal-

John Stuart Mill, ed. by J.M. Robson and J. Stillinger, 1, *Autobiography and Literary Essay*, University of Toronto Press, Toronto 1981, p. 260.

⁴ Individual freedom means that each individual can be the only legitimate sovereign of his person and property, but only at his own cost, responsibly assuming the cost of his or her choice without making it the burden on others. Similarly, the price of a good must reflect the cost of producing that good, i.e., the time taken to produce it. Consequently, the producer cannot burden the parties involved in the exchange process by demanding a profit. To each according to the cost he incurred to produce that good.

⁵ Although sympathetic with the abolitionist movement (the strong belief in personal inviolability and right to one's production made the defense of slavery untenable), Warren opted for a non-committal stand in the slavery question, refusing to take an active part in the struggle unless it was extended to a wholesale attack on the "wage slavery"; furthermore, while he sided with Southern States in the name of their secession's right, he also accused them of inconsistency because it followed that the slaves had the same right to "secede" from their owners. J.J. MARTIN, *Men against the State: The Expositors of Individualist Anarchism in America 1827-1908*, Ralph Myles, Colorado Springs 1970, pp. 81-82; J. WARREN, «Periodical Letter on the principles and progress of the equity movement», II, 3, March 1856, p. 40; *ibid.*, II, 4, July 1856, pp. 50-51; *ibid.*, 2nd Series, I, 7, January 1858, p. 104. Unlike Warren, Andrews was an active abolitionist. He developed a scheme to abolish slavery in the Texas Republic with British involvement. He tried to free the State of Texas by raising money to buy off all its slaves, but the war with Mexico intervened to stop his plans, see P. MARSHALL, *Demanding the Impossible. History of Anarchism*, Harper Perennial, London 2008, p. 387. To explain the work of Warren, Andrews wrote a book in two volumes, (S.P. ANDREWS, *The Science of Society*, 1, *The True Constitution of Government in the Sovereignty of the Individual as the Final Development of Protestantism, Democracy, and Socialism*, and 2, *Cost the Limit of Price. A Scientific Measure of Honesty In Trade, As One of the Fundamental Principles in*

ity⁶, together fighting against labor discrimination and exploitation of women and children. When he lived in Modern Time, he published, in 1852, *Practical Details in Equitable Commerce*⁷ as well as *The Principle of Equivalents: A Subject of Immediate and Serious Interest to Both Sexes and All Classes of All Nations*. He also issued and edited *Periodical Letter*⁸, from 1854 to 1858, where he was editor and main contributor of articles. When he moved out from Modern Times and returned to Boston, he started to work on his most important book, published in 1863: *True Civilization*⁹, a book that encompassed and quoted his earlier writings. Warren promoted individualism and labor for labor exchange until his death in Boston, in 1874.

The historical context

Between the Early Republic and the Civil War, American development was the product of two different socio-economic programs, neither of which took over the other. The first program, supported by Jefferson and Jackson, proposed an egalitarian and agricultural-type economic development based on the comparative advantages enjoyed by the country thanks to its large endowment of land and resources. The program saw the spread of small peasant ownership and the growth of a class of farmers as the pillar of American democratic development, considering freedom and independent land ownership

The Solution of The Social Problem, W.J. Baner, New York 1851), that the American anarchist Benjamin Tucker considered the most important political and economic work ever printed in the English language in defense of anarchistic principles, B.R. TUCKER, *A Light Extinguished*, «Liberty, not the Daughter but the Mother of Order», IV, 4, 19 June 1886, p. 4.

⁶ J. WARREN, *The Principle of Equivalents: A Subject of Immediate and Serious Interest to Both Sexes and All Classes of All Nations*, J. Warren, Long Island (NY) 1861.

⁷ J. WARREN, *Practical Details in Equitable Commerce*, Fowlers and Wells, New York 1952.

⁸ J. WARREN, «Periodical Letter on the principles and progress of the equity movement», J. Warren, Long Island (NY), nos. 1-8, 1854-1855; Boston, nos. 1-9, 1856-1858.

⁹ J. WARREN, *True Civilization: An Immediate Necessity and the Last Ground of Hope for Mankind. Being the Results and Conclusions of Thirty-Nine Years' Laborious Study and Experiments in Civilization as It Is, and in Different Enterprises for Reconstruction*, J. Warren, Boston 1863.

as interconnected¹⁰. Jefferson and Jackson guided the Democratic-Republicans who wanted a federal government with powers strictly limited to what the Constitution affirmed and aimed for greater autonomy for states and local governments.

The second program, supported by Hamilton and the federalist party, sponsored industrialization to achieve economic independence from England after the political one. A series of legislative interventions focused on protectionism, stable monetary policy, development of central financial institutions, and transport infrastructure formed the cornerstones of this program. Hamilton championed a centralized federal government capable of maintaining internal national unity, overcoming State and local parochialism, and fostering political as well as economic interests of the United States in the international arena¹¹.

However, as Richard Sylla wrote, «the federal system would not allow either a pure Hamiltonian or a pure Jeffersonian approach to government to prevail. Checks and balances pervaded the entire system, not just its federal component»¹². Intergovernmental competition within the three federalism's layers – State, city, and town – created an environment of experimentation that bolstered and was one of the keys to rapid American economic development¹³.

The federalists, however, clashed with the distrust of the rural class, traditionally linked to positions of decentralization both at the state and local level, and animated by an anti-capitalist and anti-industrial spirit, contrary to the subordination of the interests of the countryside to those of the city.

In this context, Warren's labor for labor exchange experiments spread between 1827 and 1854, alongside anarchic cooperatives based on individualistic principles and private property¹⁴. Warren's anarchism reflected his Jeffersonian agrarianism while the value attached

¹⁰ P.A. TONINELLI, *Nascita di una nazione. Lo sviluppo economico degli Stati Uniti, 1780-1914*, Il Mulino, Bologna 1993, pp. 144-146.

¹¹ R. SYLLA, *Experimental Federalism: The Economics of American Government, 1789-1914*, in *The Cambridge Economic History of the United States*, II, ed. by S.L. Engerman and R.E. Gallman, Cambridge University Press, Cambridge 2008, pp. 483-542, p. 490.

¹² *Ibid.*, p. 491.

¹³ *Ibid.*, p. 492.

¹⁴ R. WUNDERLICH, *Low Living and High Thinking at Modern Times*, New York, Syracuse University Press, New York 1992, pp. 19-22 and 32-33.

to work was grounded in the Puritan tradition¹⁵. During the Civil War, Warren still tried to advocate for *equitable commerce* but, after 1869, he didn't establish any new communities. The Civil War did not end *equitable commerce*, but the intellectual climate has changed and made Americans less receptive to the new utopian ideas. Furthermore, the social and economic development in the Midwest did no longer provide room for testing utopian ideas.

From today's perspective, practicing *equitable commerce* can be perceived as an eccentric and, to some extent, back-warded idea. Still, Warren's utopian vision was part of a comprehensive and nationwide attempt to redefine the Early Republican ideology and adapt it to the challenges of American capitalism. This utopia must be investigated as a response to the shortcomings of early rapid industrialization, changes in the banking sector, and the earliest attempt to establish a monetary policy.

Equitable commerce was practiced inside the social and economic environment of the Early Republic (c. 1776-1861), characterized by a flexible governmental organization. At the beginning of the 19th century, the role assumed by the Government in American economic growth took place through legislative and administrative measures limited to some spheres of economic activity, in the first place, the organization of the expansion towards the West, the distribution of the frontier lands, the military defense of the settlers.

The land system based on the family farm – idealized by Thomas Jefferson and Walt Whitman – which emerged during the nineteenth century, especially in the North and Middle West, was the only way to overcome the shortage of manpower in the countryside that for a long time represented the primary conditioning of the US economy. The high level of self-consumption and self-sufficiency present in the medium-small family property guaranteed security against market uncertainty, hunger, and unemployment.

Although Jefferson claimed that there was enough land in America

¹⁵ W.O. REICHERT, *Partisans of Freedom: A Study in American Anarchism*, Bowling Green University Popular Press, Bowling Green 1976, p. 9; J.A. HENRETTA, *The 'Market' in the Early Republic*, «Journal of the Early Republic», 18 (1998), 2, pp. 289-304; ID., *Families and Farms: Mentality in Pre-Industrial America*, «The William and Mary Quarterly», 35 (1987), 1, pp. 3-35; ID., *The Origins of American Capitalism: Collected Essays*, Northwestern University Press, Boston 1991; A. KULIKOFF, *The American Revolution, Capitalism, and the Formation of the Yeoman Classes*, in *Beyond the American Revolution: Explorations in the History of American Radicalism*, ed. by A.F. Young, Northern Illinois University Press, DeKalb (IL) 1993, pp. 80-122.

for thousands of generations¹⁶, the constraint of limited resources was always present because the large availability of land did not automatically translate into growth¹⁷. There was, in fact, the problem of making the lands economically accessible and, for this purpose, enormous inputs of labor and capital were needed: fencing, clearing, deforestation, cultivation, construction of canals navigable and railway lines, mechanization.

In the phase of the great colonization of the West, considerable tracts of land were ceded free of charge by the Federal Government to individual states and transport companies to build canals and railways (in lots that the same companies were then authorized to sell to private individuals to collect the funds necessary for construction). Other tracts of lands were ceded by the Government (with the Homestead Act of 1862 and the Timber Culture Act of 1873) to those who could demonstrate that they had worked the land for five years or that they had reforested at least a quarter of the surface¹⁸.

Unfortunately, the institutions of slavery and indentured servitude had their roots in the peculiar factor endowment of the United States: land abundance and labor scarcity. Land abundance made slave labor and manufacturing labor more valuable. In the first case, land abundance was to the slaveowners' advantage; in the second case, land abundance, by giving workers a job option in the farming sector, was to the detriment of the manufacturers seeking to hire a free workforce. Hence the resistance of the Northern States to the liberalization of western land distribution policies and the support to the liberalization of the immigration policies, in hopes to hire a cheap

¹⁶ R. HIGGS, *The transformation of the American Economy, 1865-1914*, J. Wiley & Sons, New York 1971, p. 26.

¹⁷ F.J. TURNER, *The Frontier in American History*, Henry Holt, New York 1920, pp. 1-38.

¹⁸ A. FISHLOW, *American Railroads and the Transformation of the Ante-Bellum Economy*, Harvard University Press, Cambridge (MA) 1966, p. 420. Private individuals were granted lots of 160 acres, which is the average size that a peasant family could exploit. Even before the free allotment of the land, however, the purchase expenditure in federal auctions never represented a heavy burden: it was around two dollars per acre when a skilled worker could earn even more already in the 1820s. The price of land increased instead if the object of the purchase was not federal land, but land granted to railway companies and whose price, in the 1850s-1860s, could vary between \$ 10 and \$ 30 per acre in the most fertile regions of the Midwest. The same was true for the land that had already undergone improvements. See TONINELLI, *Nascita di una nazione*, pp. 53-63 and 102-103.

labor force among the new immigrants¹⁹. The utopian anarchists, like Warren, inspired by the Jeffersonian anti-federalism, were strongly opposed to any monopoly in the sale of land by the State.

Regarding the financial sector, American banks' development was also characterized by the struggle between federalist and anti-federalist forces²⁰. From 1790, states and private banks issued their own currency to supply capital in a young nation without a national currency. This currency was backed by the banks' hard money on deposit and was only used locally where the community trusted the Bank and its operators. The rise of commercial banking saw increased opportunities for entrepreneurs to borrow capital. At the same time, the first Secretary of the Treasury, Alexander Hamilton, proposed the creation of the First Bank of the United States in 1791 and increased tariffs to encourage industrial development. Still, Thomas Jefferson and James Madison opposed Hamilton's economic policies. The Bank, jointly owned by the Federal Government and private stockholders, served as the Bank for the Federal Government, becoming a source for loans, and, at the same time, it operated as a commercial bank in competition with state banks since it was allowed to have branches in multiple states. The Bank's policy of returning the depositor's state banknotes to the state-chartered banks for redemption in specie has been credited with helping to eliminate unsound banking, but de facto hampered the state banks' ability to issue notes and maintain adequate reserves²¹. State banks sought to evade or resist any threat to the profitability of their local enterprises, including the regulatory influence of a government bank limiting easy credit. Hence, when the First Bank of the United States' charter came up for renewal in 1811, state banks opposed the renewal legislation, and it did not pass. The antifederal republicans, expression of the interests of the rural world, feared that a bank acting under federal charter would be the spokesperson above all for the forces of urban, industrial, and commercial capitalism. Moreover, they feared that it would soon conquer a monopoly position to the detriment of the banks that acted under state authorization and represented the interests of small agrarian capitalism. Consequently, during the Anglo-American War of 1812-

¹⁹ SYLLA, *Experimental Federalism*, p. 496.

²⁰ B. HAMMOND, *Banks and Politics in America from the Revolution to the Civil War*, Princeton University Press, Princeton 1957.

²¹ H. ROCKOFF, *Banking and Finance, 1789-1914*, in *The Cambridge Economic History of the United States*, p. 647.

1815, the American Government turned to the private banks for loans, encouraging a proliferation of paper money and suspension of specie payments in most of the country.

The huge demand for American agricultural commodities after the Napoleonic Wars and the immigration towards western territories had been soaring the prices for agricultural goods, determining a speculative agrarian land boom encouraged by liberal terms for government public land sales. The inflationary bubble grew from 1815 to 1818, obscuring the general deflationary trends in world prices. The Second Bank of the United States, founded in 1816, itself deeply enmeshed in these inflationary practices, sought to compensate for its laxness in regulating the state bank credit market by initiating a sharp curtailment in loans by its western branches, beginning in 1818. Failing to provide gold species from their reserves when presented with their own banknotes for redemption by the Second Bank of the United States, the state-chartered banks began foreclosing on the heavily mortgaged farms and business properties they had financed.

In conjunction with a sudden recovery in European agricultural production in 1817, the ensuing financial panic led to widespread bankruptcies and mass unemployment. Consequently, the private banking explosion during the Anglo-American War ended in the Panic of 1819. The resulting recession had a fundamental role in reshaping America's social, economic, and intellectual landscape in the 1820s. It has been shocking for inhabitants mainly because the collapse occurred after a period of great prosperity and economic development²². The financial disaster of 1819, considered the first widespread and durable financial crisis in the United States, provoked a deep popular distrust of paper money and a resentment against banking and business enterprise, along with a general belief that federal government economic policy was fundamentally flawed. With the collapse of banking institutions, lack of credit, and lack of reliable currency, inhabitants tried to find their own solution and created parallel systems, and it is among these, that we find the *equitable commerce's* experience of Warren²³.

²² Several economic analyses explore the importance of the panic of 1819. Still, one of the most interesting is that which studies the cultural impact on the success ethic in the early American republic and on the stigma of failure, see S. KIDD, "To be harassed by my Creditors is worse than Death": Cultural Implications of the Panic of 1819, «Maryland Historical Magazine», 95 (2000), 2, pp. 161-191.

²³ There is vast literature about the early stage of the discussion related to paper

A second financial crisis, in 1837, followed a drastic drop in the cotton sales and a collapsing land bubble, after several years (from mid-1834 to mid-1836) of a sharp rise in the prices of land, cotton, and slaves that have fueled investments in infrastructure improvements. Many planters could not pay back their loans, putting many banks' solvency at risk. The crisis originated from the veto placed on the early renewal of the federal authorities to operate the Second National Bank by President Jackson in 1832. This veto was followed by the withdrawal of federal deposits from the Bank itself and their transfer to a small number of state-owned banks linked to the interests of the Democratic party, who made an essentially speculative use of them. The Federal Government switched to collecting its own revenue in metal currency to stabilize the situation and curb speculation in public lands. The consequent contraction of circulation precipitated the crisis into a long recessive phase opened by the East Coast banks' suspension of the convertibility of 1837, which led to the Treasury's autonomous management of government funds. With the separation between the financial activities of the Federal Government and the banking system, all forms of control over the activity of states in banking and monetary matters fell. In some states, a free banking policy was inaugurated: the only requirement for opening a bank

money, especially in the context of the First Bank of America and the Federalist vision of the currency policy. See, A.H. BROWNING, *The Panic of 1819: The First Great Depression*, University of Missouri Press, Columbia (MO) 2019; H. BODENHORN, *A History of Banking in Antebellum America: Financial Markets and Economic Development in an Era of Nation-Building*, Cambridge University Press, Cambridge 2000; J.A. RIESMAN, *Money, Credit, and Federalist Political Economy, in Beyond Confederation: Origins of the Constitution and American National Identity*, ed. by R.R. Beeman, S. Botein and E.C. Carter, University of North Carolina Press, Chapel Hill 1987, pp. 128-161; J.A. REISMAN, *Republican Revisions: Political Economy in New York after the Panic of 1819*, in *New York and the Rise of American Capitalism*, ed. by W. Pencak and C.E. Wright, New York Historical Society, Albany (NY) 1989, pp. 1-44; *The Economy of Early America: The Revolutionary Period, 1763-1790*, ed. by R. Hoffman, University Press of Virginia, Charlottesville 1988; D.R. MCCOY, *The Elusive Republic: Political Economy in Jeffersonian America*, University of North Carolina Press, Chapel Hill 1980; P.A. GILJE, *The Rise of Capitalism in the Early Republic*, «Journal of the Early Republic», 16 (1996), 2, pp. 159-181; D.S. DUPRE, *The panic of 1819 and the political economy of sectionalism*, in *The Economy of Early America: Historical Perspectives & New Directions*, ed. by C.D. Matson, Pennsylvania State University Press, University Park (PA) 2006, pp. 263-293. On the panic of 1837 and 1857, see, respectively, P. TEMIN, *The Jacksonian Economy*, Norton, New York 1969, and ID., *The Panic of 1857*, «Intermountain Economic Review», 6 (1975), pp. 1-12.

was to have the initial capital, not being obliged to obtain a charter. Each Bank could thus issue its own notes often without the backing of any metal reserve, a practice that was abundantly used before the discoveries of California gold deposits. Nevertheless, notes issued by a free bank had to be backed by government bonds, generally but not always bonds issued by the State where the Bank operated²⁴.

The crisis of 1857, after the great boom of 1850, sprang from the failure of the Ohio Life Insurance and Trust Company that also operated as a banking firm. This failure led to a vicious cycle of forced liquidations and to a reduction of credit by the New York banks while the public continued to withdraw species. Prices and output fell together with the public confidence in the banking system, and unemployment spread in northern cities²⁵.

The development of labor for labor cooperatives followed the trend of the panic of 1819, 1837, and 1857. Like Warren, those who advocated labor for labor exchange were more willing to replace paper money with labor notes. They believed that this new form would be more reliable, resistant to devaluation, and provide more freedom and independence to the individuals as far as, in labor exchange arrangements, any individual could issue labor notes without interference and regulation of the federal power.

The Time Store and labor notes experiment

In 1825, Warren sold the factory where he had been profitably manufacturing his lard-burning lamps and moved his family to the Owenite colony of New Harmony (Indiana)²⁶. Owen's cooperative experiment in New Harmony was based on a communal form of ownership since he thought the individual's good would be identical to the good of the community. Observing the malfunctions evident in the Owenite colony, Warren believed that collectivism and common property were the main reasons behind the community's failure. He became convinced that implementing a communistic property system would not correct the unjust distribution of private property. It was necessary that the social community preserve individual sovereignty without submerging the

²⁴ ROCKOFF, *Banking and Finance*, p. 650.

²⁵ *Ibid.*, p. 667.

²⁶ W. BAILIE, *Josiah Warren, The First American Anarchist*, Small, Maynard & Company, Boston 1906, p. 4.

individual within a communistic structure. However, at the same time, he did not want to abandon the Owenite egalitarian idea. As he wrote: «The Sovereignty of everyone over his own person and property and other interests, demands that we should determine what are the rightful claims of everyone to property»²⁷ and the conclusion was that people were entitled to «the whole product or results of his/her own labor»²⁸. As a result, he advocated for a system of private property based on individual rights in which to accomplish the securing for an individual the full reward of his labor and the equal distribution of commodities. This system could only be realized for Warren if commodities and services were exchanged equally on a labor-for-labor basis according to the Labor Theory of Value and to the principle that cost was the limit of price. With «cost», Warren referred not to monetary price paid but to the labor needed to produce an item and measured in time. The product of labor was valued by the time employed in the production process rather than by a price based on supply and demand or utility²⁹.

According to Warren, in the current economy, the value of a product reflects only the rarity and urgency of consumer demand, so the producers try to extract the maximum price regardless of what the commodity initially costs to produce it in terms of labor. This was the source of the various non-labor incomes such as interest and profit and the root of what Warren called «the civilized cannibalism»³⁰. Cost only furnishes the lower limit of market price but not its upper limit, and herein lies the primary source of economic injustice and impoverishment in modern society. Labor cost should instead become both the upper and lower limit of price and hence the determinant of price. This would guarantee an ‘exchange of equivalents’ between market

²⁷ WARREN, «Periodical Letter on the principles and progress of the equity movement», 1, 2, Aug. 1854, p. 23.

²⁸ WARREN, *Practical Details in Equitable Commerce*, pp. 13-14. Warren was one of the first, if not the first person who publicly shared his view about the reasons for the failure of Owen’s community experiment. He wrote, in 1827, in *Western Tiller*, a local newspaper published in Cincinnati, under a pen name “By a Member Late of New Harmony”, several critical articles where he presented his dissatisfaction with the experiment.

²⁹ Warren described the theory on which his social experiment was based in 1827, in the collection of articles published in *Western Tiller*.

³⁰ WARREN, *Practical Details in Equitable Commerce*, pp. 10 and 39; E.M. SCHUSTER, *Native American Anarchism: A study of Left-Wing Anarchist Individualism*, Da Capo Press, New York 1970, p. 100; T. YUKI, *Socialism, Markets, and the Critique of Money: The Theory of ‘labor Notes’*, Palgrave, Cham 2021, p. 110.

participants and, at the same time, ensure the proper distribution of property among its rightful owners³¹.

So, after the disappointing Owenite experiment, Josiah Warren opened his first Cooperative Magazine, or *Time Store*, as he also called his experimental shop, in Cincinnati, Ohio, on May 18th, 1827. The store operated for almost three years. It was the first scientific experiment in a cooperative economy in modern American history and the first attempt to test in practice the viability of the labor theory of value³².

Warren invested 300\$ into purchasing a variety of needed goods for the shop and «stuck up the bills of purchase so that all customers could see what every article cost; and a notice saying that seven percent would be added to pay contingent expenses»³³. But Warren didn't add any profit to this basic price since he declined to mix up the «profit of the keeper along with the prices of the goods»³⁴. As Moss observed, Warren's compensation was regardless of the size of the orders as far as he expected to be paid by the customer only an equivalent amount of the time he spent making each transaction. To redeem it, the customer would sign over a «labor note» promising to pay Warren, on-demand, an equivalent amount of time in his own labor. Thus, if the customer was a house painter and the transaction took ten minutes of Warren's time to complete, the customer would promise to supply ten minutes of his time as a painter³⁵. The store

³¹ L. MOSS, *Private property anarchism: an American variant*, in *Anarchy, State and Public Choice*, ed. by E. Stringham, Edward Elgar Publishing, Northampton 2005, p. 126.

³² WARREN, *Practical Details in Equitable Commerce*, p. 14; *A Documentary History of American Industrial Society*, ed. by J.R. Commons, 5, The Arthur H. Clark Company, Cleveland (OH) 1910, pp. 78-79; J. DORFMAN, *The Economic Mind in American Civilization*, II, Augustus M. Kelley, New York 1966, pp. 671-674; G. CHARTIER, C.V. SCHOELANDT, *Routledge Handbook of Anarchy and Anarchist Thought*, Routledge, Taylor & Francis Group, London 2021, pp. 111-115; G. CHARTIER, *Markets Not Capitalism: Individualist Anarchism against Bosses, Inequality, Corporate Power, and Structural Poverty*, Autonomedia, New York 2012, pp. 4-5. Warren's writings offer no direct reference to the thought of any of the classical economists. Warren's idea about Labor Theory of Value and labor notes might owe to discussion with Owen.

³³ J. WARREN, «The Quarterly Letter: Devoted Mainly to Showing the Practical Applications and Progress of "equity"», 1, 1, October 1867, p. 6. This percentage varied in later experiments from 4 to 7% and included shipping and overhead's expenses. *The Quarterly Letter* was a newspaper published by Warren in 1867, in Boston.

³⁴ *Ibid.*

³⁵ MOSS, *Private property anarchism*, pp. 126-127. On the details of the Cincinnati Time Store, see MARTIN, *Men against the State*, pp. 11-25.

became called Time Store just because a clock visibly hung on the wall determining the time shopkeeper took to procure his work and how much he was supposed to be compensated accordingly³⁶.

The Time Store allowed Warren to test in practice a system in which people could use, as means of payment, certificates called labor notes indicating how many hours of their work they could exchange at local time store for goods that took the same amount of time to produce. This new circulating medium should substitute for the currency controlled by the State and the banks. The system of labor notes played an essential part in enhancing equality. Time was the measurement of equality, where one hour of work was exchanged for another participant's hour of work. The time dedicated to producing a commodity became visible and was clearly put on the labor notes, preventing speculation and injustice. One essential element that contributed to the success of Warren's experiment was its total transparency to quantify in terms of time the just reward of labor³⁷.

So, Time store was ruled by a

single and simple principle, all exchanges of articles and personal services are made, so that he who employs five or ten hours of his time, in the service of another, receives five- or ten-hours labor of the other in return. The estimates of the time cost of articles having been obtained from those whose business it is to produce them are always exposed to view. It may be readily ascertained at what rate any article will be given and received. He who deposits an article, which by our estimate costs ten hours labor, receives any other articles, which, together with the labor of the storekeeper in receiving and delivering them, costs ten hours, or, if the person making the deposit does not wish at that time, to draw out any article, he receives a *Labor Note* for the amount; with this note he will draw out articles, or obtain the labor of the keeper, whenever he may wish to do so³⁸.

³⁶ WARREN, «The Quarterly Letter: Devoted Mainly to Showing the Practical Applications and Progress of "equity"», 1, 1, October 1867, p. 6.

³⁷ WARREN, *Equitable Commerce*, p. 48.

³⁸ J. WARREN, *Plan of the Cincinnati Labour for Labour Store*, «Mechanics' Free Press», 1, 31, Aug. 9, 1828, p. 1. Mechanics' Free Press was a local newspaper, published in Philadelphia, promoting the early labor movement. It has been pointed out that in the Time Store there should be not one but two clocks measuring two different temporal levels: the first one is the store's keeper time spent in the actual exchange (selecting the commodity, preparing it for sale, ringing up the price, exchanging currency, and so on) and for which he needs to be paid for with an equal amount of labor on the part of the customer; the second one reflecting labor required for the production of the object to be exchanged by the customer, see R. GEROUX, *Alternative Currency, Warren's "Time Store" and Arendtian Labor*, in *A New Social*

Despite Warren's contempt for the paper money, as far as in the conventional economy it represented a precious commodity rather than a certain amount of labor, he was compelled to resort to a partial dependence upon paper money himself to make a start for his business. Accordingly, those articles that were purchased with money had also been sold for money. Warren observed:

At present many articles are bought with money – these are delivered out for the same amount of money which the keeper paid for them, and he is rewarded for his labor with an equal amount of the labor of him who receives them, which is deducted from the note before mentioned. There are some articles, one part of which at present is procured with money, and the other has been deposited upon the new principle. That part for which money was paid, is paid for in money, and the other part is paid for in an equal amount of labor. We do not exchange labor for money, or money for labor, excepting cases of necessity³⁹.

In any case, Warren promoted a currency reform so that the social community could adopt equitable money in the form of labor notes in which labor was the new unit of account rather than gold or silver, without having to rely on banks and bankers anymore. As Moss observed, within Warren's small anarchist community based on individualist principles, a signature on the bottom would be enough to guarantee the authenticity of the bargain⁴⁰.

It must be said that these notes cannot fairly be compared with ordinary banknotes; they were not issued for profit or on a calculation of probable demands for payment, but simply to effect the exchange of two supposed equivalents both existing at the time of exchange. Overissue was impossible, for the goods might be said to go with the notes, as with bills of lading. In theory, they were always convertible. If depreciation occurred, it was because of the spread of disbelief in the possibility of carrying out the conditions of the scheme, not from the nature of the case owing to an issue beyond the needs of the public⁴¹.

In other words, «despite the fact that such notes might present no danger of depreciation, the promise to furnish a specified amount of time in some occupation over sustained periods of time was predi-

Question: Capitalism, Socialism and Utopia, ed. by C. Harison, Cambridge Scholars Publishing, Newcastle upon Tyne 2015, p. 131.

³⁹ WARREN, *Plan of Cincinnati*, p. 1; WARREN, *Practical Details*, p. 15.

⁴⁰ MOSS, *Private property anarchism*, p. 127.

⁴¹ *Dictionary of Political Economy*, ed. by R. Palgrave, Macmillan and Co. Limited, London 1917, II, pp. 522-523.

cated upon the physical ability and willingness to perform when the note was presented»⁴². *Labor Note* is but a promise to pay, at some future time, if the drawer happened to live long enough, never got sick, and was perfectly honest.

Of course, seeking labor notes as the medium of exchange could happen only in situations of the financial crisis and deep distrust toward traditional financial institutions, such as those that occurred following the financial panics of 1819, 1837, and 1857⁴³. Hence, Warren's experiment must be viewed against the backdrop of distress occasioned by the panic and controversy over the rechartering of the United States Banks, the notorious corruption associated with the wild cat banks, and the intensified shortage of credit⁴⁴. With the Time Store's experiment, Warren aimed to implement his ideal of an *equitable commerce*, in response to the malfunctions of the early American capitalism, developing cooperation between the participants in the exchange and eliminating profit-taking.

Warren's point of view on mechanization and apprenticeship system

The resignation from the profit was also visible in Warren's attitude toward the land and patent question. He believed that natural resources should be open and available for everyone. If a person put his labor and time into the land's enhancement, he was entitled to compensation for this work but not to a profit as far as any amount of compensation above the input time and labor would be perceived as the surplus-value and condemned. The same attitude Warren presented towards his inventions. He patented all his inventions – the lamp and various printing presses – but only to receive the equitable return of time, labor, and materials he invested into their creation, not to profit above the amount he invested⁴⁵. Although the British

⁴² MARTIN, *Men against the State*, p. 43.

⁴³ J. PICKERING, *The Working Man's Political Economy, Founded upon the Principle Immutable Justice, and the Inalienable Rights of Man; Designed for the Promotion of National Reform*, Thomas Varney, Cincinnati 1847, pp. 170 and 172. The distrust of the paper money and the central banking institution at Warren's time and the trust that people placed in alternative currencies after the first American financial crisis reflects the current interest in cryptocurrencies accompanied by the suspicion of central banks.

⁴⁴ MARTIN, *Men against the State*, p. 42.

⁴⁵ As Martin observed, the position Warren took concerning machinery antic-

patent system influenced the United States system, American property rights on technological innovations were defined differently. In Britain, originally, patent rights were monopolies, awarded as royal privileges for the benefit of the Crown Treasury. Instead, in the United States, the patents were considered the natural property right of the inventor for the long-term benefit of the American economy and society thanks to a democratic process of technological knowledge's diffusion⁴⁶.

Being an inventor himself, Warren was in favor of the mechanization process. As he wrote,

if one person should not have sufficient surplus means to procure machinery for a certain business, all will have an equal interest in assisting in establishing it, provided that each is satisfied that he will have its products at cost; but if there is no limit to their price, then they can have no such co-operating interest. The wear of the machinery and all contingent expenses, together with the labor of attendance, would constitute this cost. The owner of the machinery would receive nothing from the mere ownership of it; but as it wore away, he would receive in proportion, till at last, when it was worn out, he would have received back the whole of his original investment, and an equivalent for his labor in lending his capital and receiving it back again. Upon this principle, the benefits of the labor-saving powers of the machinery are equally dispersed through the whole community, but no one portion is benefited at the cost of another⁴⁷.

The paradox of Warren's system is that even if you could produce things faster thanks to innovations in the mechanization of the production process, or thanks to skills training, you would be paid less and no more for your products. Furthermore, even if you aimed to produce more through mechanization, this was not required inside

ipated Henry George: both didn't consider machinery as a separate factor of production but merely as a combination of raw materials and labor for its production. See MARTIN, *Men against the State*, p. 53.

⁴⁶ S.L. ENGERMAN, K.L. SOKOLOFF, *Technology and Industrialization, 1790-1914*, in *The Cambridge Economic History of the United States*, pp. 395-398.

⁴⁷ WARREN, *Equitable Commerce*, p. 63. In the community of Equity, located in Tuscarawas, Ohio, a steam sawmill was erected and operated on a mutual basis, serving the purpose of lumber's supply for the construction of houses at a low price compared to the rates in the surroundings. All capital to be invested in the mill was obtained through voluntary contribution, without return in the form of interest, see, MARTIN, *Men against the State*, p. 36. No practical account has been preserved on how the approximate labor cost of a product resulting from the applied efforts of several persons was tabulated. For sure, Warren's approach cannot be reconciled with the complexities of the assembly line production.

the system because what was not demanded was not produced. As far as the needs of the community were publicly known – anyone who needed a good or a service put a notice in the Time Store – the system had no incentive to overproduce: the supply was regulated on the demand.

That being the case, what should have been the incentive to mechanization inside this system?

The first answer is that mechanization enhances cooperation and equitable exchange among the members of the community. Even if the machinery owner doesn't receive a profit, he, in any case, receives an equivalent for his labor, sharing this compensation with the workers that contributed to the making of the machinery. Furthermore, he brings a social benefaction to his community since he makes the new products available to consumers in terms of cost of production.

The second answer to the question is that the workers' labor burden is reduced in proportion to the introduction of machinery: the workers reduce the labor performed by hand, but (cost being made the limit of price) not thereby reducing its reward; and the workday is also shortened⁴⁸. Basically, the purpose of the machinery introduction in this system would not be to increase efficiency and productivity in a strictly economic sense but create an environment in which individuals would have an incentive to cooperate, would receive more just rewards due to *equitable commerce*, and, at the same time, could have more free time for self-development.

Given that the cost-basis economy required the production of all goods at the lowest possible labor cost, this might be accomplished not only by introducing labor-saving machines but also by the employment of each in the activity a person could do best, and therefore cheapest, from the point of view of labor time involved⁴⁹. This requires complete freedom for the worker to experiment with a plurality of jobs⁵⁰. In the *Free Enquirer* Warren said that the freedom of access to craftsmen's techniques would result in a type of society in which

⁴⁸ Warren imagined a future workday of two or three hours and the social sharing of the benefits of machine production. WARREN, *Equitable Commerce*, pp. 11-12, 17, 40-42 and 45.

⁴⁹ MARTIN, *Men against the State*, p. 21.

⁵⁰ From this point of view, Warren has no fear that mechanization would increase unemployment in specific fields, since the freedom of experimentation in the working sector would lead the displaced workers to other jobs not yet fully mechanized.

the harshness of the competitive processes would be immeasurably softened⁵¹.

The competition was not eliminated in Warren's free-market individualistic system, even if it was limited. Some people got benefits and other losses according to the principle that the price of goods was not fixed but flexible, based on negotiation on the average time needed to produce them. As Warren stated,

public opinion of the group of cooperators would establish a price for each article of commerce based on the average number of hours expended in its production, with the attempt constantly being made to reduce this estimate as proficiency in production increased. Thus, he argued, if the labor price of a pair of shoes was estimated by his hypothetical community at ten hours, and one shoemaker succeeded in making a pair in six hours which compared with the average in quality, he would thus receive ten hours of labor on his behalf for his six. In like manner, the less skillful shoemaker who was able to produce a pair in no less than twelve hours would thus be forced to exchange twelve hours for ten⁵².

In this case, the worker should be encouraged to develop skills in other trades or occupations that permit him to maintain his position equitable within the group. This formed the basis of Warren's attack upon the apprentice system, accused of producing monopolies of skills and an unnatural kind of competition⁵³. He condemned the apprenticeship system not only because it caused unemployment but also because it artificially restricted the jobs for children and women who were either underpaid compared to adult men engaged in similar activities or were directed to generally unwanted occupations⁵⁴.

Inside his communities (particularly in Tuscarawas, founded in 1833), Warren experimented with vocational training for children, seeking to convert young people into productive community members at an early age as possible. His scope was to avoid exploiting young people, placing them upon their own resources, assuring them a full return of their efforts, and giving them full responsibility for

⁵¹ J. WARREN, *Reply to "E.C."*, «Free Enquirer», II, August 14, 1830, p. 332; MARTIN, *Men against the State*, p. 26. *Free Enquirer* was a local newspaper, published in New York, from 1828 until 1830s and edited by Fanny Wright and Robert Dave Owen, son of Robert Owen.

⁵² J. WARREN, *Equal Exchange for Labor*, «Free Enquirer», II, July 24, 1830, p. 308; MARTIN, *Men against the State*, p. 27.

⁵³ B.N. HALL, *The economic ideas of Josiah Warren, first American anarchist*, «History of Political Economy», 6 (1974), 1, pp. 95-108.

⁵⁴ WARREN, *Practical Details*, pp. 27 and 29.

their own activities⁵⁵. It held that children should be paid on the same level as adults for producing comparable quantity and quality. This would encourage self-dependence and would increase the desire for instruction. In Warren's philosophy of education, schools should make children acquainted with the techniques of making a living and provide them with cultural bases. This school system would also enable children to pay for their education by their labor. Consequently, any child could be admitted to Warren's school⁵⁶.

To support his view, Warren presented numerous examples. Among them is the case of T.P., a boy who was just 14 years old and who has had only twelve hours' instruction, for which he paid his instructor twelve hours of his labor to learn how to produce a pair of shoes.

These shoes look, while on his feet, the same as those made by common workmen; and I cannot discover, in this position, any deficiency, either in appearance or workmanship. They appear to promise to do him as much service as if he had given some one seven years of his life for the same instruction! This is a fact of great value, in view of showing that persons who want shoes or who want employment from any cause need not necessarily remain destitute. This same boy continued to make shoes several months, which were put into the store and sold out at full common prices on his account⁵⁷.

Warren proved that the long apprenticeship is pointless, keeps young people in a state of dependency, and prevents them from gaining independence⁵⁸.

While the advantages of this system were indisputable, its limitations are also evident. In the case of a more complex production system and articles that needed highly skilled workers, as it happened in the urban and industrialized context, a short apprenticeship would not have functioned efficiently. It could only be conceived in small

⁵⁵ MARTIN, *Men against the State*, p. 29. Warren placed his own children upon a labor exchange basis within the family and his son told his father «never let him have his breakfast until he had earned it». WARREN, *Equitable Commerce*, pp. 79-81.

⁵⁶ As Martin observed, this philosophy was compatible with a frontier environment not yet complicated by the problem of widespread use of more sophisticated, capital-intensive, labor-saving machinery and the ever-widening pools of unemployed which featured the swings of the business cycles of the following century, MARTIN, *Men against the State*, p. 35.

⁵⁷ WARREN, *Practical Details*, pp. 26-27.

⁵⁸ *Ibid.*, p. 108. Warren set up a training school in Spring Hill, Ohio, where he taught young children apprentice-type professions in only two weeks.

farming communities that tend to be self-sufficient, such as those on the Mid-West frontier⁵⁹.

The second Time Store and the innovations in the equitable commerce

A second Time Store was opened in New Harmony on March 22nd, 1842, in the exact location as Robert Owen's settlement, which terminated fifteen years before. Warren returned to Indiana to found another store because many people he had lived with there remained. Warren advertised his second store by issuing a *Gazette of Equitable Commerce* that also presented the evolution of his theory. At the time of the second Time Store, to evaluate labor value, the time principle remained the main factor. Still, Warren added the element of repugnance because, if labor were to be exchanged just hour for hour, the more pleasant occupations would become relatively overcrowded. In contrast, the less pleasant (albeit necessary) ones would become neglected. Furthermore, the most repugnant labor was also the most poorly paid, and this was considered by Warren as an injustice as far as the most undesirable jobs should command the highest reward⁶⁰.

Warren contested Owen's idea of an equal labor exchange based just on an *hour for hour* exchange and claimed that an equivalent amount of labor exchange must discriminate between different kinds of labor, some being more repugnant and harder than others. The idea of cost should embrace this difference and include the element of repugnance⁶¹. Labor cannot be uniformly evaluated in terms of time because the labor burdens on workers differently. Therefore, fair exchange in *equitable commerce* doesn't consider a simple equal amount of time but the same amount of labor cost defined by «labor cost x labor discomfort»⁶².

⁵⁹ In any case, the element of mobility and flexibility remained a feature of the American workforce even in the subsequent context of the strong specialization of the industrial and urban economy.

⁶⁰ WARREN, *Equitable Commerce*, p. 52.

⁶¹ WARREN, *Practical Details*, p. 14; S.P. Andrews, who in the 1850s became the most adherent promoter of Warren's ideas, suggested to consider three elements: intensity (the amount of repugnance overcome), time and the training period for skill formation, ANDREWS, *The Science of Society*, 2, *Cost the Limit of Price*, pp. 70-98; ID., *The Labor Dollar*, B.R. Tucker pub., Boston 1888, pp. 8-14; SCHUSTER, *Native American Anarchism*, p. 110.

⁶² YUKI, *Socialism, Markets, and the Critique of Money*, pp. 112-113.

Moreover, Owen observed that, since the unit of measurement of labor was time and the labor time of each person was self-reported on the labor notes, the suspicion of false declaration could arise. Questioning the labor notes trustworthiness, Owen entrusted the estimation of how much time was dedicated to producing some goods to collective bodies or trained inspectors who assigned average labor hours needed in their opinions to produce commodities. Therefore, Owen warned that:

As one person will take more time than another to perfect the same kind of article, the time required by a workman possessing an average degree of skill and industry, should be the principle by which the calculation should be made. This mode of conducting business will introduce principles of justice and equity in all transactions between man and man; it will actually destroy every motive to trick, deceit, and chicanery⁶³.

Unlike Owen, Warren asserted that repugnance was a subjective element, and different individuals would probably have felt different levels of repugnance at the same labor activities. Therefore, the only person qualified to determine how repugnant certain labor is, was the man who performs it. In Warren's individualistic system, everyone sets their own price for their labor since there are no collective bodies to estimate the average labor time⁶⁴.

Of course, Warren argued common consent would establish a set of viable norms, but, eventually, competition will be the great regulatory force, keeping everyone honest. So, for example, if A estimates his cost of making a certain kind of coat at fifty hours and B sets his at thirty (the quality of craft being the same), A will get no business while B will satisfy the whole demand. A has either given a dishonest estimate or is in the wrong trade⁶⁵.

This again illustrates the importance to Warren of the mobility of labor. Suppose A is not suited for making coats. In that case, he must be able to shift quickly to another line of employment, avoiding the lengthy apprenticeships of the state-created apprentice laws typical of

⁶³ R. OWEN, *Address of Mr. Owen to the Agriculturists, Mechanics, And Manufacturers, Both Masters And Operatives, of Great Britain And Ireland*, Richard Taylor, London 1827, pp. 5-6.

⁶⁴ J. WARREN, *True Civilization: A Subject of Vital and Serious Interest to All People: But Most Immediately to the Men and Women of Labor and Sorrow*, J. Warren, Boston 1869, p. 108.

⁶⁵ WARREN, *Equitable Commerce*, p. 85.

Warren's day. In other words, A must be willing and able to acquire a new profession quickly. Warren feels that there is a strong incentive for everyone to move into that profession for which he is best suited so that his estimate of the cost or price of the labor will not differ significantly from his competitors. Long apprenticeships stand directly in the way of this mobility of labor, and it is the mobility of labor, along with competition, that ensures that no one will be paid below «equivalent» for his labor⁶⁶.

In the mid-1840s, Warren started to look for a more quantifiable measurement unit to back his labor note as well as for an alternative form of payment. In his *Equitable Commerce*, he proposed the idea of using Indian corn⁶⁷. This might owe to Adam Smith's suggestion to use 'corn' as an invariable measure, but there is no evidence indicating that Warren was familiar with Smith's discussion.

The implementation of corn, according to Warren, served just two purposes: to compare more easily the prices of various labor and to increase the flexibility of the system, allowing to obtain a different form of payment than a specific kind of labor. Warren wrote:

as it is necessary to measure and compare the price of this with other labor, we use, as before mentioned, one common idea as a rule of comparison – having ascertained that corn costs, in a certain location, on an average, two minutes labor for each pound, then, if the carpenter considers his labor equally costly with that of raising corn, he signifies it by attaching the number of pounds of corn which would be the product of ten hours – thus: Due to bearer, ten hour's labor in carpenter work, or three hundred pounds of corn. This addition to the note, enables us not only to compare one labor with another but it gives the signer of it an alternative in case it is not convenient for him to give his labor on demand⁶⁸.

According to Warren, everyone could calculate the correlation between his labor time and the amount of goods produced merely setting up an equation between his labor time and a bushel of corn; and each issuer of a labor note could promise to redeem his note with either his own labor or in so many bushels of Indian corn. This option

⁶⁶ HALL, *The economic ideas of Josiah Warren*, pp. 95-108.

⁶⁷ WARREN, *Equitable Commerce*, p. 116.

⁶⁸ *Ibid.*, p. 77. In the 1860s, Warren wrote further on this subject and explained that the main reason for selecting Indian corn was its uniformity quality which meant that its labor content was reasonably stable, and the intensity of effort needed to produce it was known to all. MOSS, *Private property anarchism*, p. 128.

increased the system's stability since each issuer of labor notes could switch to the payment in corn when he was either unwilling or unable to perform specific work for the bearer of the note 'on-demand'⁶⁹.

Therefore, the conversion rate between the labor time and the amount of corn was individualized: «after ascertaining how many pounds of corn is the average product of an hour's labor, say it is ten pounds, then any labor, which the performer of it considers as costly as corn-raising, would be rated at ten pounds per hour. If only half as costly, only five pounds, etc.»⁷⁰. This allowed anyone to become his own banker and ended the state monopoly in issuing money. According to Owen, limiting the number of banks of issue, the State had made money artificially scarce to command a price in the market. Instead, the labor notes were privately issued credit, implemented in local communities, promoting social justice and fair wage system and exchange⁷¹. Basically, the Time store worked as a sort of labor bank inside the local cooperative economy⁷².

The Second Time Store closed in March 1844, after Warren proudly demonstrated it was a success. Undoubtedly, participants of this labor exchange experiment had to be ideologically motivated, but also economic motivation was a great incentive for them to participate in this project. Observation of prices on the various products provided by Warren proves that they were sold below the market price. Because goods sold out of the store could not be sold above their cost, prices in the Time Store in some cases were 2/3 lower than the regular price in other stores⁷³. Warren explained that the competition of his system was different from the competition of the present commercial system. In the latter, the competition was destructive, for the producer, eager to maximize his profits, buys inputs as cheaply as possible and thus turns out cheap, shoddy products⁷⁴. Under *equitable commerce*, there

⁶⁹ WARREN, *True Civilization: A Subject of Vital and Serious Interest*, p. 117.

⁷⁰ WARREN, *True Civilization: An Immediate Necessity*, pp. 84-85.

⁷¹ N. DODD, *Utopianism and the Future of Money*, in *Re-imagining Economic Sociology*, ed. by P. Aspers and N. Dodd, Oxford University Press, Oxford 2015, p. 81.

⁷² C. SARTWELL, *The practical Anarchist. Writings of Josiah Warren*, Fordham University Press, New York 2011, p. 18.

⁷³ WARREN, *True Civilization: An Immediate Necessity*, pp. 106-107. Though some researchers claim that Time Store became the most popular retail business in the city, there is a lack of primary sources to support Warren's self-proclaimed success story, K. REXROTH, *Communalism: From Its Origins to the Twentieth Century*, Seabury Press, New York 1974, p. 237.

⁷⁴ WARREN, *True Civilization: A Subject of Vital and Serious Interest*, p. 72; Id.,

was no incentive to turn out inferior goods or to drive competitors out of business. There must be just enough competitors to supply the demand for the goods they produce; no fewer than this number to gouge out artificially high prices, no more than this number to mutually destroy each other by cutthroat competition. The competition was rendered harmless⁷⁵.

In Warren's system, the competition was considered the great leveler of prices to the labor cost of production. The reason why all prices don't fall to labor cost, leaving room to rent and profit, was found in the one-sidedness of competition: it was allowed in supplying labor to reduce wages while not in supplying capital to reduce rent and profit⁷⁶. As we have previously observed, Warren, though opposed to socializing the ownership of capital, aimed nevertheless to socialize its effects by making its use beneficial to all instead of a means of impoverishing the many to enrich the few, by subjecting capital to the natural law of competition, thus bringing the price of its own use down to cost⁷⁷.

Warren was also interested in establishing communities to implement the equitable and anarchist ideal. However, we must observe that Warren merely wanted to create alternative communities where men could ignore the state without overthrowing the existing society⁷⁸. Warren's ultimate scope was to demonstrate the possibility of economic survival of small self-sufficient, and decentralized communities based on *equitable commerce* within the structure of the state, ignoring all institutions of the latter passively when they were not founded to respect individual sovereignty and voluntary cooperation⁷⁹. The monetary reform would have formed the basis of the community building, and the labor notes would have acted as an internal currency that could be used solely within the community⁸⁰.

In 1851, at Long Island (New York), Warren founded Modern Times, the last anarchist community where he tested his economic theories in practice. Nudists and polyamorists flocked to the commu-

True Civilization: An Immediate Necessity, pp. 100-101.

⁷⁵ HALL, *The economic ideas of Josiah Warren*, p. 101.

⁷⁶ CHARTIER, *Markets Not Capitalism*, pp. 26-27.

⁷⁷ *Ibid.*, pp. 27-28.

⁷⁸ B. DOHERTY, *Radicals for Capitalism. A history of the Modern American Libertarian Movement*, Public Affairs, New York 2007, p. 39.

⁷⁹ MARTIN, *Men against the State*, p. 38.

⁸⁰ YUKI, *Socialism, Markets, and the Critique of Money*, p. 85.

nity that, contrary to the intentions of Warren, became famous not as a land of the free but as a land of the peculiar⁸¹. The community survived the Panic of 1857 because its labor note was not tied to gold but eventually, in the 1860s (Warren had already moved to the Boston area in 1862), it broke down. The reason was that after the Civil War, the price of land went up, and the community's members sold it for a higher price. In the end, the desire for profit was stronger than a dream of equity⁸².

Conclusions

Many elements in Warren's theory of *equitable commerce* make his individualistic anarchism enticing. Contrary to Owen, Warren conceived his system embedded in a free market economy, not against it. It is hard to determine whether Warren's choice depended either on his entrepreneurial experience or his disillusionment with the communal ownership in New Harmony.

At the same time, however, Warren did not want to give up Owen's equitable ideals and cooperative living. Still, his ideal society should have preserved the sovereignty of every individual inviolate. Warren's final purpose was to reconcile individualism and socialism, providing individuals both protection of their private property and a just reward for their labor since every individual has the right to the product of their labor⁸³. Time Stores demonstrated the practicality of his ideas on *equitable commerce*, at least inside the communities that he founded where labor notes replaced conventional money.

Warren's project rested on five pillars: individual sovereign theory, labor cost theory, labor notes, private property, and the free market. He resolved the problem of a just reward for labor and the injustice of the exchange, putting the families living in his utopian communities in a reciprocating society where all goods were exchanged, throughout labor notes, at their cost of production, thus eradicating profit and interest. The result was that nobody languished in poverty⁸⁴ with-

⁸¹ DOHERTY, *Radicals for Capitalism*, p. 41.

⁸² WUNDERLICH, *Low Living and High Thinking at Modern Times*, pp. 161-183.

⁸³ For his focus on property as the key to human freedom, Warren has been called the American Proudhon, SCHUSTER, *Native American Anarchism*, pp. 92-106.

⁸⁴ In response to a question regarding the communities he founded, Warren stated

out giving up private property and a fair competition that led every worker to find a job in the sector where he could be most productive.

As already shown, the historical context should not be overlooked in analyzing Warren's experiment since it took shape in a unique situation: the moment of U.S. transition toward the modern economy and the response to the new challenges that capitalism has brought; the westward expansion creating space for testing new forms of social and economic organization, including first secular utopias (Owenites, Fourierists); the debate over the federal banks about the role of state regulation in money issuing and the first severe economic crises in American history – the panic of 1819, 1837 and 1857. These historical events had a crucial impact on Warren's project to practice his theory of *equitable commerce*.

Warren's ideas on *equitable commerce* found their roots in the Lockean property rights theory. According to Locke, property rights emerge from mixing a person's labor with natural resources to increase their value. From this theoretical perspective comes Warren's objection to the land monopoly by the state as contrary to the natural law. Occupancy and use should be the only condition of holding land, hence the illegitimacy of state-created titles on the frontier's territory.

The same Lockean approach allows Warren to accept patenting his invention while refusing any compensation above the input in terms of time and labor used in the innovation process. Although opposed to capital collectivization, Warren claimed the machinery's owner should be not worried about receiving a profit from his invention but just interested in sharing its social benefits.

The Warren's individualistic thinking also emerges when he considers the problem of evaluating the labor cost. He was not rigidly attached to an evaluation based on a pure time measurement consistent with the average labor hours. He added the subjective element of repugnance, allowing each person to individually determine and self-report the value of labor on the labor notes. There was little room for dishonest practices since competition among workers would have been the regulatory force. Hence, the importance Warren attached to the mobility of labor, that let each worker move into the profession for which he was best suited, and his attack on the long apprenticeship system.

«if we do not secure homes to the homeless, we work to no purpose», WARREN, *Equitable Commerce*, p. 64.

In Warren's theory, the cost-basis economy demanded lowering the cost of production, either by using mechanization or selecting the most suitable activity that could be rewarding for the person performing it. Mechanization and labor mobility lowered work's burden, de facto lowering the time needed to produce goods and their price. He fostered a system of short vocational training that allowed a fast transition from one profession to another, provided more opportunities for the child and female workforce, and guaranteed more equitable reward for labor, independently of sex or age.

Furthermore, although Warren did not write openly about breaking the state monopoly to issue currency, indirectly, he supported this idea as far as he allowed a possibility for everyone to issue his labor notes and to be a banker for himself, especially in times of financial crisis.

Therefore, Warren believed that his system offered a solution to what other thinkers had been able to identify as the problem.

Theorists have told us that society is fumed for supplying human wants and for the security of person and property: but the way society has conducted its affairs has not only left most of these wants unsupplied, but it has created more insecurity of person and property and committed more crime against both than it has prevented. In addition to this, it has taken away or destroyed the natural and legitimate liberty of man, the most inestimable blessing of human existence – it has built up barriers between him & the proceeds of his labor & other resources upon which his existence depends. [...] We have the whole work to commence anew. We have, not only to work out the original objects of the association, but we have to build up and restart the natural liberty of the individual and to work out the reward of labor and the free access to all other legitimate means of self-preservation, all of which "inalienable" rights society has so monstrously mutilated⁸⁵.

In his groundbreaking project, Warren's system offers a reconciliation of two notions usually juxtaposed: liberty and equality, allowing to keep individuals' liberty, property, and sovereignty unfringed while obtaining an equitable world. Even if rooted in individualism, Warren's system of *equitable commerce* did not prevent people from cooperating and seeking the just reward for their labor, condemning fierce competition while allowing individuals to flourish and find the most fulfilling profession in a free market context. As McElroy pointed out, «individualist-anarchism [...] revolved around two themes: the sovereignty of the individual, sometimes expressed in terms of

⁸⁵ J. WARREN, «Gazette of Equitable Commerce», 1 (1842), 2, p. 2.

self-ownership; and the labor theory of value, often expressed as “cost the limit of price”. The sovereignty of the individual refers to the absolute moral jurisdiction of each person over their own body. The labor theory of value, which claimed that all wealth was created by labor and usually implied that it, therefore, belonged to the laborer, was considered to be a direct extension of self-ownership»⁸⁶.

Warren's thought and practice influenced the economic philosophy of Joseph Proudhon and the two famous American individualist anarchists, Benjamin Tucker and Lysander Spooner. However, with the onset of World War I, the school of individualistic anarchism that started with Warren was almost forgotten. It was not until the middle of the 20th century that a revival of interest in Warren's anarchism began within left-wing American libertarianism.

STEFANIA ECCHIA

University of Salerno

MAGDALENA MODRZEJEWSKA

Jagiellonian University

⁸⁶ W. McELROY, *Benjamin Tucker and Liberty: bibliographical Essay*, «Literature of Liberty», 4 (1981), 3, p. 9.