"Ludwig Buechner – César De Paepe – André Murat – Louis Müller – R. L. Garbe, [*On the Cooperative Movement*]." *Workers Unite!: The International 150 Years Later*. Ed. Marcello Musto. New York: Bloomsbury Academic, 2014. 148–151. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781501302367.0035>>.

Downloaded from Bloomsbury Collections, www.bloomsburycollections.com, 26 April 2023, 09:41 UTC.

Copyright © Marcello Musto, 2014. You may share this work for non-commercial purposes only, provided you give attribution to the copyright holder and the publisher, and provide a link to the Creative Commons licence.

Ludwig Buechner – César De Paepe – André Murat – Louis Müller – R. L. Garbe, [*On the Cooperative Movement*]³²

The efforts that the associations are making today for the emancipation of the working class can be summed up in what has been called the *cooperative movement*. In its various manifestations, however – so-called mutual credit society,³³ consumer cooperative, production cooperative – the cooperative movement still recognizes the old principle of the productivity of capital, that is, the right of capital to dip into the fruits of labour, and practises it on a wide scale.

Thus, in credit societies, [...] the funds first produce an interest, then dividends proportional to what each associate member has put in. But since that contribution is unequal, the inevitable result is that those who put in the most will not take long to enrich themselves [...], and that they will all eventually improve their situation a little at the expense of the mass of proletarians, from whom the payment of the interest and dividends will be levied in the last instance.

³² This text is an excerpt from one of the reports set out in note 10. Probably the fruit of a collective effort, the report here reproduced was produced by a committee, whose topic was the emancipation of the fourth estate, mutualism, and workers' solidarity. Its members were: Ludwig Buechner [1824–99], well known philosopher and physiologist originary from Darmstadt; César De Paepe (see note 22); André Murat [1833–93], among the founder of the Mechanics' syndical chamber of Paris and a delegate to all the Congresses of the IWMA (except that of The Hague in 1872); Louis Müller, shoemaker and member of the Stuttgart's section, he was a delegate also at the Congress of Geneva (1866); and R. L. Garbe [unk.], plumber of Paris. Published in L1867, the complete may be found in PI, I: 201–5.

³³ Mutual savings and credit societies represented one of the key solutions advanced by mutualists in order to establish socialism. They were created in accordance with Pierre-Joseph Proudhon's idea of the People's Bank. This political demand was preponderant among French and Belgian internationalists until 1869.

In consumer cooperatives, either associates buy goods in order to make a profit by reselling them to members of the public, or they allocate the goods they buy among themselves alone. In the first case, a collective intermediary simply replaces the individual trader. In the second case, two situations are possible: either the cooperatives are restricted to a few men, having no influence on the situation of the masses, and therefore only improve the lot of a few; or the cooperatives spread to the masses, and then their ultimate effect is zero because they soon lead to a lowering of wages proportional to the fall in prices of consumption articles, since the competition among workers, the excess of supply over demand for manpower in present-day society, means that for most workers the wage always tends to decline to the minimum required to obtain strict necessities.

In production cooperatives, profits are usually allocated between capital and labour. [...] The share of capital is made up as follows: first an interest fixed in advance, then a dividend proportional to the volume of business and each contribution to the capital. Since this contribution generally varies – one associate's share due to labour may be ten against a share of one (or even 0) due to capital, while another associate's *labour share* may be one against the *capital share* of 20 (e.g., 5 as interest and 15 as dividend) – those associates whose capital share gets larger and larger soon find it possible to live on the revenue, and that is indeed what has happened in many associations.

In other cases there is no labour share at all in the allocation, and once wages and interest have been paid out the profits are distributed in proportion to the number of shares or, more generally, in proportion to each associate's capital stake in the enterprise, with the same result as in the foregoing. Moreover, most production associations consist of a few privileged workers who systematically detach themselves from their colleagues; they are not willing to spread and take in entire trades, so that there is already a division of the proletariat.

To conclude this critique, we should add that, apart from the inequalities we have just noted in the internal organization of these three kinds of association, the fundamental vice of these cooperatives lies in the way they behave towards the rest of society: that is, instead of exchanging services and products at *cost price*, they all intend to make profits, to increase their share capital, to swell their coffers; and the more an association increases its capital and profits in

this way, the more bourgeois economists encourage it, and the more people with limited views go into raptures. But those profits do not fall from the skies like manna from the Lord; they must be extracted from someone, and that someone is the public. And the section of the public who live off profits, interest, farm rents and housing rent are careful to make good by leaning on labour, so that in the end these associations levy their profits from the mass of proletarians outside them. Such profits therefore represent a new exploitation of labour, in addition to the old bourgeois exploitation. If such associations keep spreading, the result must be: on the one hand, the creation of a new class consisting of members who share the profits among themselves; and on the other hand, the creation of another class consisting of those from whom the profits are levied, one more wretched than ever because more exploited. Hence there is a real tendency for a new privileged *fourth estate* to be constituted alongside the *third estate* or bourgeoisie. [...]

The question Congress posed to us was twofold.

1. The question speaks of a fourth estate between the third estate or bourgeoisie and the proletariat (which therefore becomes the fifth estate);
2. It asks whether this fifth estate is not even more wretched than before.

To avoid the outcome spoken of in the second part of the question, it is enough that the credit, consumption and production associations, instead of making profits out of the mass of proletarians, should not make profits and therefore not impoverish the proletariat. For this to be the case, however, these associations must be based upon the principle of mutuality; their members must practise among themselves a reciprocity of lending, discounting, insurance, guarantees, services and products, by exchanging all products and services for what they are worth, that is, for what they cost in labour and expenses, or, more clearly still, in producer's consumption costs and the costs of tools and raw materials.

As to the first part of the question, we should make it clear that even if the existing associations were all based on the reciprocity principle their members would experience an improvement in their lot through application of that principle and would therefore still constitute, not a new exploiting class (since they would not extract a tribute from anyone's labour), but a new intermediate class between the capitalist bourgeoisie and the vast plebs outside

those associations – in short, a fourth estate that has a fifth estate beneath it. Consequently, to guard against the formation of such a fourth and fifth estate, we think that it is not enough to practise even the purest principles of justice in isolation, at a restricted level among particular groups or in a few corners of society, but that it is absolutely necessary to employ general measures that apply straightaway to the whole of society and whose action is immediately felt throughout the social collective. [...]

It is always good to see workers group together and seek to improve their lot by their own practical efforts, even if they should make mistakes along the way. In this respect, the cooperative movement is in our view the great school at which the worker is initiated into economic matters; it is the most powerful lever of social progress.