

# *The Cooperative Movement*

*An Infantile Disorder  
And an Old-Age Disease*

*By Olive M. Johnson*



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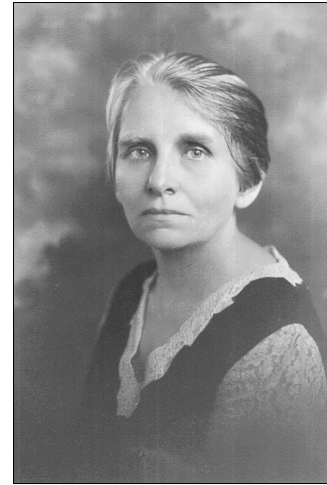
The more important leaders of the Proletariat, in its councils, and the press, fall one after another victims of the courts, and ever more questionable figures step to the front. *It partly throws itself upon doctrinaire experiments, “cooperative banking” and “labor exchange” schemes; in other words, it goes into movements, in which it gives up the task of revolutionizing the old world with its own large collective weapons and on the contrary, seeks to bring about its emancipation, behind the back of society, in private ways, within the narrow bounds of its own class conditions, and, consequently, inevitably fails.*

—KARL MARX (*The Eighteenth Brumaire of Louis Bonaparte*).

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AND AN OLD-AGE DISEASE

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OLIVE M. JOHNSON (1872–1954)

## ***Introductory.***

At times one might have hoped, though of course in vain, that in the United States, because of its highly developed machine production, its freedom from rudimentary social organs of past civilizations, and the clean-cut division in industry between the capitalist class and the working class, the labor movement would be able to escape some of the convulsions which the labor movement of Europe has been forced to suffer, to its detriment and temporary defeat. As a rule all such convulsions are the manifestations of unclear, undefined and ill-directed social unrest. One of the most deceptive, hence perhaps the most dangerous, of all these manifestations is the so-called cooperative movement. At the present juncture it appears to have portions of the labor movement in this country in its grip.

## ***Atavism or Abortion.***

The cooperative movement presents itself, in our day, in two shapes not always entirely distinct: (1) as a consumers' organization; (2) as a "protective union" of producers. The former is a pure atavism, i.e., a tendency to revert to social types peculiar to ages that have long since passed away. It is a reversion to ancient communism, to the state of society when all the products of the community were placed in a common storehouse and when the community kitchen furnished the necessities of life to all. This kind of cooperation, either by joining the products

directly or by common purchase from a common treasury, has appeared and reappeared at every new stage of social convulsion throughout the ages. In the period immediately before the birth of Christ, the misery of the poor under the Roman Empire had driven them to band together and to put their scanty earnings into a common treasury, and from this to purchase their necessities of life in common on a large scale. The history of early Christianity is closely interlaced with the story of this kind of cooperation and communism. And again and again during the Middle Ages similar movements sprang up with modifications characteristic of the day and age. In modern Europe the cooperative movement has flourished, more or less, for half a century, either as a kind of auxiliary to the labor movement, or as a more or less pure middle class reform movement for the reduction of the cost of living.

In instances where cooperation appears purely, or nearly so, as an auxiliary to the labor movement, often including the production as well as the distribution of commodities, it is an infantile disorder as well as an atavism. It mirrors the old while it foreshadows the new system—production in common through the collective ownership of all the means of production in the Industrial Republic. In either case it is, of course, a mere caricature of either prehistoric communism or Socialist collectivism.

### ***As an Old-Age Disease.***

In one form the cooperative movement of our time is primarily an old-age disease. Capitalism is tottering on the brink of the grave. All classes of people are more or less disgusted with present conditions, for one reason or another. If nothing else is the matter there is the perpetual uncertainty of things. Many a man and woman who lived high yesterday may face a severe struggle for existence today. Then there are, for the moment, added to the ordinary troubles of existence, those which are directly the results of the war; there is what is known as profiteering and the low value of the dollar, combining to cause what is designated as "the high cost of living." The present vogue of cooperatives in America is nearly entirely a reaction to these causes. Wages, salaries, and even many "incomes," do not suffice to purchase the necessities nor even the ordinary comforts of life. That capitalism, in its fundamentals, is based upon the robbery of all who work is so carefully disguised

by the private ownership of the means of production that the non-Socialist eye has trouble to detect it; but what is plain to all is that the dollar does not buy as much as it ought to buy, as it did buy once upon a time. The problem, therefore, takes the shape of making silver and gold into India-rubber, that is, into expanding the purchasing power of the dollar. With “true profoundness” a group here and there hits upon the schemes of the pre-Christianity protective societies, namely, of putting its money into a common fund and purchasing the necessities of life in common and wholesale, naturally with modern capitalist modifications. These attempts at beating the “profiteer” and at crowding out the middleman are as useless as would be the attempt of curing an internal putrefaction by putting court plaster on the pimples which appear on the skin. As a social system capitalism has outlived its usefulness; it is rotten to the core. Profiteering and the depreciation of the dollar are mere surface eruptions. The disease is old age and senility, and utterly senile are those who seek to cure the trouble and to save the patient by cooperative schemes; and equally futile, as we shall see, is the labor of those so-called Socialists who imagine it possible to slide easily from capitalism into Socialism by the cooperative route.

### ***As an Infantile Disorder.***

On the other hand, the cooperative movement distinctly within the ranks of the workers, as in the labor organizations, is nearly always a manifestation of infantile disorder. The workers are poor and remain poor; they are exploited and cannot fail to recognize the fact; they become disgruntled and finally cast about for remedies. The breezes of the Social Revolution are sharp and powerful enough to penetrate the thick walls of ignorance and conservatism which enclose the pure and simple and even the “radicalized” labor organizations. Collectivism, Socialist cooperation, is the very essence of this revolutionary breeze. But the unionist barely gets a sniff of it, and that sniff is polluted by the stagnant conservatism of the present American labor movement. The results are continuous outbreaks of cooperative fever, now here, now there, generally administered to by charlatans and social quacks, to the everlasting sorrow of the dupes. The continual appearance and reappearance of these outbreaks would seem to belie the theory that an organism becomes immune by the injection of disease germs, or that men become wise by experience. Perhaps it is due, however, to the fact so admirably presented by that true American business

genius, the late, lamented P.T. Barnum, that “there is a sucker born every minute.”

### ***“Russian Influence.”***

At the present moment, however, it is not only middle class interest and working class ignorance that are contributing to the “popularity” of the cooperatives; it is muddleheaded radicalism as well. A certain class of half-baked “radicals” or “communists,” lacking imagination and originality as well as a sound understanding of Socialist economics and historic development, possessing on the other hand the strongly imitative powers of children and simians, are faithfully trying to ape every act or institution that has been applied, endorsed, or taken advantage of by the Soviet Government of Russia.

In respect to industrial and social development, Russia was at the outbreak of the World War the most backward of all civilized countries. Not only had it failed to develop industrially at the pace of Western Europe, but it retained many primitive institutions. Among these were frequent remains of early communism. Capitalism and the labor movement—and on its heels the Western European cooperatives (particularly the English “Rochdale principles”)—entered Russia at about the same time. Finding there a soil and a psychology favorable to cooperation, and at the same time an infantile labor movement and a most puny capitalism, it is no wonder that the cooperative organizations of Russia in a few decades developed and took proportions unknown in any other country. At the time of the Bolshevik Revolution there existed in Russia some 80,000 cooperative societies, with more than 30,000,000 members, mostly for the distribution of the products of small farmers and producers. In a country so undeveloped industrially as Russia, and in a state of war and revolution at that, these cooperatives could not fail to constitute an important economic and social factor. As they had been organized within the old order to promote the interest of their members under the old order, they were soon found to be rather violently anti-Bolshevik in character and activities. Hence it took several special decrees to bring them into working harmony with the Soviet Government. But after finally having been brought into a position where they would serve as an instrument for production and distribution subordinate to the government, the cooperatives, in lieu of other powerful economic or industrial organizations, have been made to serve as a step in the Socialist reconstruction of

society in Russia. Cooperative organizations are apparently being favored and encouraged for the industrial development of certain regions or branches of industry, such organizations receiving large concessions from the government.

American labor radicals, whether hatched by the A.F. of L. rebel unions, or having dropped from some wing or tail-feather of the Socialist party, with its fifty-seven varieties of freak “socialism,” or having just come out of the eggs laid by any old party in 1917 or thereabouts, have naturally become purblind from the rays of the rising revolutionary sun of Russia. They quote the Russian leaders in season and out of season, and consider it inevitable to retrace in America every step taken in Russia. The Russians are using cooperatives to reorganize industry as a first step toward Socialism or Communism, naturally “we” must have cooperatives too, regardless of how different the conditions may be which confront the Socialist movement and the future Socialist reconstruction in this country. In fact, conditions, historic and industrial development, play no part in controlling the actions and reasoning of this class of half-baked radicals. They know nothing about such factors and accordingly can make no effort to understand them. Like simians they merely imitate. Russia has cooperatives; we must have cooperatives, or go to eternal perdition! This craze of affecting Russian fashions has much to do with the fact that the cooperation game can be worked to the limit at this time in organizations where there exists a strong Russian sentiment, as for example in the Amalgamated Clothing Workers of America, which organization, though having in its ranks workers who are among the worst exploited, has even gone so far as to start a cooperative bank.

### ***Striking at the High Cost of Living.***

The desire for a better living and better things in general is inherent in the human race. That desire in the long run makes for progress. It appears self-evident that the more and better things one can purchase for the daily or weekly income—this remaining stationary—the better one can live. To increase the purchasing power of the dollar, or as it is commonly called to reduce the cost of living, would seem like one sure and certain step of improving the general living conditions of every one, not the least of the workers. The bare perception of the tremendous amount of waste in connection with the distribution of commodities



after they have once left the factory is enough to raise any sane person's ire. There are the advertisements and the drummers, an inestimable amount of retail stores and distributing agencies, burning of light and fuel, supporting sales people and running delivery trucks and wagons which crisscross each other every day.

All this—say the cooperative promoters—the poor consumer has to pay for. Let us do away with such waste and stupidity by combining, putting our money into a common treasury to purchase the necessities of life ourselves and to distribute them to ourselves without the aid of the middleman. Result, we get a third more for our dollar or we get a part of \*all our dollars back at the end of the year.

Let us assume for the moment that the basis from which this reasoning started—namely, that we would be unquestionably better off by getting more for our dollar—is correct. We will return to that basis later on, for the moment we assume it to be sound. With the assumption that the basis is sound, the cooperative starts out to reduce the cost of living by reducing the cost of commodities by entering into competition with the capitalist distributing agencies. To put money into a common treasury and to purchase in common directly from the manufacturer or wholesaler may sound very easy, but the instant it is attempted on a large scale the path of cooperation is beset with a thousand difficulties. Leaving aside Russia, which never was, and certainly is not now, a truly capitalist country, the cooperative movement in every capitalist country has had to struggle against untold difficulties. From time to time producers, threatened by merchant guilds, have refused to sell to the cooperatives. Again, the producer having sold, the railroads have delayed delivery or in other ways hampered the movement. Because of these and many other difficulties, the only countries where the cooperatives have acquired a measure of success are countries small in area, like England (not to be confused with Great Britain), Belgium and Denmark. There, either because the connection between producer and consumer is immediate and close or because few industries have yet reached the status of trustification, the cooperatives have in a measure prospered. The cooperative store could purchase directly from the cooperative dairy or other farmers' cooperatives, and delivery could generally be made in truck wagons. In other cases, if a producer or wholesaler made objection or was unreasonable in the sale or delivery of a certain article, a small factory was easily purchased and cooperative production was made to supplement cooperative distribution.

However, when attempts are made to transplant the cooperatives to a country

so thoroughly developed industrially and commercially as is the United States of America, a country where 100 corporations control one-seventh of the total property value of the entire nation, where about a dozen men hold the controlling interest in the controlling wealth, where 95 per cent of the business ventures, every year, result in failure, in such a country the workmen or middle class cooperatives will find themselves caught in a cleft stick from the beginning. In the first place it will require tremendous capital to launch the venture at all. Secondly, as buyers and shippers they will find themselves totally at the mercy of large capital. It may refuse to sell to the cooperatives altogether—this has already happened; it may sell on its own conditions as it does to many small dealers, dictating the price. The railroads and shipping agencies may blockade the goods purchased by the cooperatives—this has frequently happened.

But there are other stumbling blocks in the path of the American cooperatives. As purchasing and sales agencies they must compete in the market with the privately controlled agencies. The great department store corporations, being usually on the “inside” of the producing corporations, have ways and means of purchasing cheaply which the cooperatives will never find out. And who can believe that the American woman is to be cheated out of her greatest joy and adventure in life, the hunting of the bargain counter! Cooperative shopping is altogether too tame for the fling of today! And who is going to be forced to use the cooperative brand of soap and soup, flour, salt and sugar, jell-o, shoes and gingham, when fifty other brands (even though made in the same factories) beckon alluringly from every street car or wall poster, newspaper advertisement or each competitive store display-window?

There is, moreover, another challenger, even more formidable than the department store, standing ready to beat down any attempt at cooperative distribution in America, namely, the corporation chain stores. The one drawback with the department store is that it is necessarily located at the center. It requires a day off to go shopping. Hence small “neighborhood” competitors always had a chance to exist. But the corporation stores, the so-called chain stores, have invaded the suburbs and the villages. Groceries, candy, drugs, clothing, shoes, flowers, etc., etc., are thus dispensed to the public directly by the makers and producers. Even a “non-profit bearing” agency stands no chance buying from these same manufacturers, and distributing in competition with the chain stores.

***The Crux of the Matter.***

But so far we have discussed surface indications only. Let us now turn to the basis of the argument, viz., that “we will be better off by getting more for our dollar.”

We have before us a prospectus of the “Community Wholesale Purchasing Corporation” of New York, “an organization formed to reduce “The High Cost of Living,”” of which, by the way, the now notorious Mr. Robert P. Brindell, president of the New York Building Trades Council (now of Sing Sing) is, or at least was, when the corporation was formed a few years ago, the first vice president. This prospectus, trying to lure us to buy shares in the corporation, contains, among the glowing praises of cooperation, a sketch of the cooperative movement of England, the “most comprehensive institution of its kind.” It tells how this, the so-called Rochdale movement, has grown from a small beginning of twenty-eight men with a capital of \$140, to an organization in 1919 embracing three million persons, with a capital of \$300,000,000, operating some 1,400 retail stores, fifty factories, as well as banks, insurance companies, etc., employing nearly 150,000 workers. All this being true—and if it is also true, as the prospectus certainly would have us believe, that this movement has been highly instrumental in reducing, and keeping reduced, the cost of living of the English worker—then it is certainly a far better argument against cooperation than for it. Cheapness, indeed! If anything is characteristic of the English working class it is cheapness, and the cheapest of all about it is its wages!

The worker under capitalism is a slave—A WAGE SLAVE. This means that his labor power, i.e., his ability to work and to create wealth, is sold by him from day to day or week to week for a price which is termed his wages. This wage, this price, is regulated by supply and demand, but in the long run it represents or equals the value of the labor power, i.e., the amount necessary to reproduce the worker’s ability to labor and produce. Let us put this into simpler terms. Just the same as potatoes, shoestrings and talking machines, though their individual prices may vary from time to time, in the long run and on an average sell at their respective values, so the wages of the worker in the long run and on the average amount to just enough to give him the food, clothing and shelter, necessary to live from day to day, to keep himself in working trim as long as he lives or is needed at his work; and furthermore each generation of wages slaves must receive enough to raise a new

generation of wage slaves to take its place when the present generation passes out of the labor market. Now, if a machine is invented that cuts in half the amount of labor necessary to produce potatoes, shoestrings or talking machines, the market price of these commodities will in due time and inevitably fall. So with labor. If any machine is invented—a cooperative or what not—which can efficiently and permanently reduce the cost of reproducing the laborer from day to day and generation to generation, it will absolutely and unquestionably play a part in reducing and keeping down the wages of the working class. Thus we see that the cooperatives under capitalism, could they be truly effective in reducing the cost of living, would be like a razor in the hand of a child merely serve to wound the wielder. A general fall of wages would inevitably follow a general extension of the cooperatives if they were actually successful in lowering the cost of living of the working class in general.

But while the cooperatives are not general, only group movements, as at best they can be in this country, far from being working class in spirit they are decidedly anti-working class. Even should it be true, which no doubt it is in a superficial sense, that groups of cooperating workers have been benefited economically by the cheapness of commodities resulting from cooperative purchasing, this benefit is derived directly at the expense of the rest of the workers. By setting a standard of cheap living the cooperatives are an influence in keeping wages low and while the cooperating group may be able to recoup itself—and perhaps a little more—by the cheapness of its necessities of life, the rest of the workers, under cheap wage conditions are suffering in the same ratio as the smaller groups benefit. The larger and more effective the cooperatives, the more evil they would work to the workers as a whole, if we could imagine them general, a general reduction of wages would follow.

Looked upon from still another angle the cooperatives are a positive menace to the working class as a whole. The foremost excuse for the existence of cooperatives is that they do away with commercial parasitism. Surely, the present system of distribution is ludicrous and an utter waste of human energy. But for all that, while the system lasts, thousands of workers live by it. If and where the cooperatives are effective, therefore, the first result is or would be to throw workers out of employment; the more effective the cooperative the more unemployed. Under capitalism the army of unemployed is the most efficient club the capitalists possess

to beat down the wages of the workers. If the cooperatives were extended over the country, a reduction of wages could not fail to be the direct result of the increase of the army of unemployed.

Hence we see that the inner spirit, the very soul of the cooperative, is in every respect anti-working class. Any possible benefit can be a group benefit only, and even as such it is only temporary at the best. And, moreover, as such poor benefits tend to foster the group spirit of strife instead of the class spirit of solidarity, the cooperatives are anti-working class even in external manifestations.

### ***Cooperative Production.***

The cooperative society for production of commodities differs in several particulars from the cooperative distributing agency. As an attempt to solve the labor or social problem it is, however, just as futile. A number of such undertakings have been started in connection with the cooperative sales agencies in order to supply them with commodities; others have been launched as independent ventures.

A group of workers perceive that they are robbed by their employers out of a portion of the wealth they produce. They desire to free themselves from this robbery by self-employment, but they have progressed so far as to recognize that the day of individual self-employment passed with the introduction of machine production. Cooperative labor is the order of the day. So this group of workers conceive that by putting their savings together they can purchase the machines they know so well how to operate, and by employing themselves collectively they can, or ought to, get the profit themselves which the capitalist employers now squeeze out of them. In other words, they scent the possibility of harvesting the “full fruit of their labor,” which undoubtedly they have heard some Socialist agitator talk about, and they—like “shrewd” and “practical” men that they imagine themselves to be—mean to get “the full product” without any of that Socialist nonsense of “revolution” and “upsetting everything.” So they launch their little venture of “practical socialism.” The only and the great trouble with this kind of “socialism” is that its very heartbeats depend on competition, successful competition in the market, with the goods produced by the exploiters of labor, the gigantic corporations and trusts. The trouble too with our “little group of practical men” is that before they entered into their practical venture they neglected to look up the business statistics. Had they

done so they “would have learned that 95 per cent of the businesses which are started each year go down in ignoble failure. Were there further statistics available, we would learn also that at least nine hundred and ninety-nine out of every thousand of the numerous cooperative ventures which have been launched since the day of the grand old Brook Farm at Roxbury, Mass., have also departed on their sad but inevitable road to oblivion. But they rise again and again, struggle for a while only, either to fall into the hands of a few sharpers, to die a lingering death, or to be absorbed by their own step-brother, the avowedly commercial corporation.

It is one of the sad features of capitalism that the hope to get rich springs eternal in the wage slave’s breast. Were it not for this he might turn sooner and with more vigor to the subject of his emancipation from wage slavery.

### ***“Stabilizer of Labor.”***

But it is not only as a dupes’ movement that the cooperatives bear investigation and exposure; it is as a dupers’ movement as well. One familiar scheme, particularly in small towns, mining camps and the like, is to introduce some form of cooperative or “profit sharing” as a “stabilizer of labor.” Mr. Hymal Davis, Federal Commissioner of Conciliation, who is said to have been connected with industrial disturbances as a conciliator for thirty-five years, in appearing before the United States Senate Committee on Reconstruction, in September, 1920, stated that in mining camps and the like the cooperative stores “in which the workers may share in the profits” was one of the very best “stabilizers of labor,” and it has a tendency to aid in reducing the “expensive labor turnover.” Profit-sharing stores, banks and the like were said to be the very best possible strike preventive. A man with an “interest” in a “store” or “bank,” no matter how vapory that interest is, is less ready to strike for fear of impairing his “interest,” nor is he so ready to move about.

The cooperative home-building plans are perhaps the most effective of all such schemes to stabilize labor. No matter how few are the dollars a man has “sunk” into a business or home which he considers his own, it is enough to anchor him for life in the community where that business or home exists, and it is enough to make a coward of him in any industrial struggle, which he fears will deprive him of his interest. The phantom of property, as well as real property, makes a coward of a man. The workers cannot guard too carefully against the snare and delusion set for

them by cooperatives or profit-sharing schemes.

### ***Stamping Ground for Fakers.***

Among other things, the cooperative movement furnishes an inviting pasture for fakers. The clover in the pure and simple unions is growing thinner—at least even if it is fairly thick there is not always enough to go around. The fakers are growing hungrier and more numerous. Some spread out into politics, either in one or the other of the old parties or, as of late, they attempt to launch a labor party. But politics are not attractive to all; some, after having been business agents for a while and having had numerous opportunities for “hand shakes” with industrial directors, get a strong hankering toward business. To become business manager or director of a large commercial agency or industrial workshop, or a bank, measures up fairly well with their new-fledged ambitions. What lies nearer to hand than that their union dupes, who have always furnished the shekels, should supply the faker the wherewithal for the new enterprise. The cooperative is the thing!

The Community Wholesale Purchasing Corporation has already been referred to. In a covering letter sent out along with the prospectus we are told that:

“For the past four months track walkers, and rail layers, the poorest paid of railway workers, have been fighting the cost of living in the only practical way that will bring results. The Union is composed of 300,000 men who have practically demonstrated that organization and cooperation, to obtain the fullest strength of their vast purchasing power, is the only safe and sane way to reduce the High Cost of Living. They have invested \$3,000,000 in plants which axe run on a cooperative basis and they are opening retail stores in various sections of the country where they and their families can be supplied with food and clothing. This vast work has been entrusted to the officials, of the Union, Grand President Allen Barker, and O.C. Trask, Assistant Grand President.”

This same “Asst. Grand President,” Mr. Trask, we find, by the prospectus, to be the President of the Community Wholesale Purchasing Corporation, as well as a member of its board of directors. As already mentioned, Mr. Robert P. Brindell, the convicted grafter and bribe extorter, figured in the prospectus as first vice-president. The rest of the directors were preachers, professors, community

councilors, and the like hard “workers” of the workers. No track walkers or rail layers were anywhere in sight. But they, and others like them, were naturally expected to furnish the dough. The scheme is, or was—for we have heard nothing of it since—a rather gigantic one, quite worthy of the worthy Mr. Brindell. The plan is, or was, to promote among any group of workers anywhere in the country the organization of a cooperative society. Any group could form such a society by issuing 2,000 shares at \$5 each. This amount is then deposited with the Community Wholesale Purchasing Corporation and the society contracts to buy all its goods from the corporation. Besides this a million of 6 per cent preferred shares were to be sold to the general public; \$3,000,000 more were already said to be at hand, mostly received from track walkers and rail layers. We have used this organization as an illustration, for one reason, because we have the document in hand; for another, because it is typical of all the rest, though it may be a little more outspoken and bolder in its speculations than some of the rest.

Everywhere the unions are the favorite stamping ground for cooperative schemes. Cigarmakers, shoemakers, knitters, soap workers, clothing workers, laundry workers, hat and cap makers, etc., etc., from time to time, now here, now there, are, or have been, starting cooperative factories, always sooner or later with the same disastrous results. One out of two things is bound to happen; either the enterprise meets sure and sudden failure, or else it develops into a full-fledged capitalist concern, by the stock passing into the hands of a few stockholders, usually the “directors.” The history of the cooperative movement in the United States presents a long and dismal tale of the union suckers having furnished juicy morsels for a few ambitious and shrewd “promoters.”

How easy it must in reality be to catch suckers for such schemes, many of which are out and out frauds, may be seen by their manner of soliciting funds. I have before me another “prospectus” together with a subscription card for a \$10 share of stock. The “prospectus” and card give an East Side New York address, but neither contains the name of a single responsible party. It is called “Organized Labor Cooperative Store” and any member of a labor organization is invited to bite. The store, so we are told, is to be opened as soon as \$10,000 have been subscribed and sent to the address given. By the mass of such material received at the office of the *Weekly People*—and the “enterprise” must at least pay well enough to get out the printed matter—it must indeed be true that “there is a sucker born every



minute,” and we are almost forced to believe that suckers are immortal.

That a concern for developing talent for “lying about Socialism”—Robert Minor’s apt phrase describing, the S.P.—like the Rand School—the Socialist party’s “intellectual” auxiliary—should take advantage of the cooperative craze was almost certain. This so-called school for labor naturally goes in for supplying leaders to the Socialist party and the unions. The more jobs in sight for “graduates” the better attended will the Rand School classes be. The cooperative enterprises, just now springing up like mushrooms in the various unions, offer a good bait with which the Rand School may cover the hook with which to catch youths ambitious to become labor leaders or business managers “in humanity’s interest.” In a prospectus of the “school,” citing the fact that such unions as the International Association of Machinists, the Brotherhood of Locomotive Engineers and the Amalgamated Clothing Workers are starting banks, we read:

“The courses on cooperation offered by the school are particularly timely for labor organizations now entering the cooperative field on a large scale. Trade unions are beginning to realize that cooperative banks are the first thing needed by workers who wish to participate in the rapidly growing cooperative movement.

“The courses in cooperation at the Rand School offer the necessary training for workers who wish to enter the cooperative field.”

### ***Stock-Marketing Schemes.***

Ninety-nine per cent of Americans seem to be Get-rich-quick Wallingfords in embryo, at least they have a Wallingford mentality. They live in continual hope of becoming millionaires even though their path leads straight to Potter’s Field. This habitual chase after will-o-the wisps makes them easy prey to any charlatan happening along.

I have before me one of the numerous “textbooks” on investment, “which teaches the ‘knack’ of making money and how to become richer quickly and honestly.” This book flays Wall Street and the banking interests in proper populist, greenback and S.P. “socialistic” terms. The rich are robbers, to be sure! But the poor are poor and getting poorer because they are ignorant of how to make money quickly and more quickly. The way to do it is to invest, which is the true term for cooperation with your fellow workers, and this kind of cooperation, i.e.,

cooperation which makes your money “work” for you together with other poor men’s money, that is the real solution of the problems which cause sorrow and trouble and poverty!! I select a few phrases from this book (*Making Money Make Money*, by H.L. Barber<sup>1</sup>) just to show how closely the purely stock-marketing schemes are related to the so-called cooperative enterprises:

“The capitalist builds a paper mill which pays stockholders several hundred per cent dividends annually.

**“WHY CAN’T LABOR BUILD THAT MILL? WHY CAN’T LABOR TAKE THE SURPLUS ITS OWN EFFORT CREATES?”**

“Nothing prevents labor reaping its own reward, except labor itself.

“Labor must cease to regard capital as its supporter and master—labor must realize that it is the father of capital—labor must realize that all the things the world produces owe their origin TO labor, and labor must then see that IT gets what capital is now getting.

“Nothing prevents labor reaping its own reward, except labor itself.  
“Labor must incorporate its efforts.

“It must cease buying bonds, short term notes, and Wall Street speculative paper, and it must invest in COMMON STOCK of democratic corporations that take the dollars of the people and set them to work in basic industries, and then give those people back all their dollars earn, less only actual running expenses.

“Labor must study the tactics of its opponent, ‘capital,’ and adopt them to its own aggrandizement. Capitalistic cliques form corporations and sell the preferred stocks and bonds, retaining the common stock and control.

“Labor must form its own corporations, or support its own corporations, retaining the common stock and control. . . .

“Labor is a sleeping giant, unaware of its own terrific strength, fleeced by weaklings who govern brawn with brain; labor aimlessly fights something it doesn’t understand—a phantom of the dark, as it were, that is sucking its health and happiness.

“This knowledge places in labor’s hands the weapon that will bring its ghostly opponent down—the lamp that will give it light. Let labor own its own industries, and that means, eventually, all industries.

“Such an ORGANIZATION of labor is utopian in a large sense a thing that may happen after we are dead and gone; BUT ORGANIZATION IS NOT REQUIRED. [Caps ours.] Invest your labor in democratic corporations issuing common stock alone, and you have the key to a problem that has baffled the world for centuries.

“If the billions now in the savings banks were invested in industries that LABOR OWNED (they are now invested in industries that CAPITAL

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<sup>1</sup> [Published by A.J. Munson & Co., Chicago, 1916]

OWNS) the millions in dividends now going to a few would be going to the many—the standards of living would be raised, and good cheer and happiness would be the birthright of all.

“Revolution, anarchy, socialism, interference with the material affairs of life are unnecessary if labor will but capitalize its own birthright and distribute among themselves the wealth that this country annually yields. This labor can do right here and now by supporting young and legitimate private corporations under conditions where labor will reap the full fruits of the ripened opportunity.”

Here we see essentially the same idea as is employed in the cooperative movement; a little bolder, a little more daring, less disguised, but basically the same, picking the workers’ pockets, making them believe that there is a possibility of freedom from wage slavery without overthrowing the present system, capitalism, the system under which wage slavery is inevitable.

### ***Cooperative No Aid to Socialist Agitation.***

Among the defenses put up for the cooperative movement is one more absurd, perhaps, than all the rest. It is that the cooperatives are a direct aid to the Socialist and Labor movement, primarily as Socialist propaganda and secondarily in financing propaganda work. Nothing was ever further from the truth, or at least, if there is any truth in it, this is so modified and specified that little but falsehood remains.

Substantial donations may be, and indeed at times have been, made by cooperative societies for Socialist campaigns and propaganda. This is particularly true in European countries where the cooperatives are distinctly “socialistic.” But when such cooperation between the cooperatives and Socialist organizations takes place, something else is also bound to happen, is continually happening. The cooperatives being essentially business institutions, organized to operate under capitalism, soon become infected with a capitalist business sense and the Socialist leaders who have gone in for cooperative work gradually become more and more considerate, more and more ready to conform to the rules of capitalism, more and more “practical,” and less and less revolutionary. This spirit they bring with them to the Socialist organization or union, and gradually the entire organization is apt to become inoculated with it. It won’t do to offend the large and powerful cooperatives, particularly at times when the political movement is preparing to call on them for

campaign donations.

Cooperative organizations have been known to donate generously to strikes, but as a whole the cooperative movement soon becomes conservative and opposed to strikes and struggles. Strikes, in a general sense, are bad for business, and cooperative business is no exception. When the union itself supports the cooperative, it is nearly certain to be disastrous to its fighting spirit. It has already been shown that capitalists in certain mining regions take advantage of this and “encourage” the workers in various cooperative enterprises so as to discourage strikes and other reasons for quitting work which might necessitate leaving town and losing the share in a cooperative business. At the time of the great I.W.W. (W.I.I.U.) strikes in the New Jersey silk and cotton mills, there existed in one of the Jersey towns an Italian weavers’ union which ran a cooperative spaghetti factory. All of the mill workers of this town were ready to enter into the fight for better conditions, even the Italian rank and file of the “spaghetti” union, but the leaders fought tooth and nail, even attempted to use coercive measures, with the poor workers of the union, in order to prevent the strike which might endanger their spaghetti business and their jobs. Would such leaders be willing to donate to a Socialist campaign? Far from it. All their influence at all times would go to undermine the Socialist movement.

Great enthusiasm in some quarters has been manifested for the cooperative “banks,” started by various unions—three of them in New York alone. The “enthusiasm” of the rank and file for this enterprise was well expressed, however, by a member of the Amalgamated Clothing Workers’ union. “Bank, bosh!” said he. “If the leaders would use that money for what it was intended, namely, to fight for better conditions for us, we might get something. As it is, we have nothing but leaders who are well paid bank officials, and they are more apt to be ready to fight against us than with us. Anyhow, money which is invested in the bank no longer ‘belongs’ to the organization, for the bank is subject to rigid banking laws and we cannot withdraw and use this money at our pleasure.” To imagine that such enterprises are an aid to the Socialist and Labor movement is, of course, utopian. Even in Russia, as shown in a previous chapter, the cooperatives were ready to turn against the Communist revolution and were prevented only because, the Communists being in power, the Soviet Government so changed the laws governing the cooperatives as to compel them to become ‘a help rather than a hindrance.

In a revolutionary period, so far from being a help to the Socialist movement, the cooperatives have proven the weakest spot in the workers' revolutionary armor. Cooperatives are business enterprises, hence no matter how "socialistic" they may be in spirit, they have all the vulnerability of a purely capitalist enterprise. In Finland, in Italy, in Hungary, everywhere where there have been Socialist upheavals, the first step of the capitalist government has been to confiscate or take possession of every cooperative Socialist enterprise—factories, distributing agencies, halls, houses and what not. Nothing was easier than to deprive the workers of such aid as was possible from these institutions, for they were "property" of persons in "rebellion." Not only were these enterprises taken away from the workers, but they were turned into an aid for the counter-revolution. Add to this that these cooperative enterprises represented not only the "savings" of the workers taken out of their hide, but they also represented agitational material of the Socialist movement.

Accordingly, cooperative movements never were and never will be an aid to the Socialist movement. Whatever doles it has given it partakes much of the nature of ordinary charity, in that it is a case of taking wholesale and giving away retail. The workers who have become entangled in a cooperative enterprise are generally useless in the Socialist movement, and those resources which ordinarily would go into sound Socialist agitation are drawn into and locked up in the cooperatives, i.e., in enterprises which are about ninety-nine per cent purely capitalist.

### ***Cooperation Not a Step toward Socialism.***

"Socialistic" people and other radical reformers generally attempt to defend the cooperatives as a step toward Socialism, the building of Socialistic nuclei within capitalist society. A step toward Socialism, as well as a step toward any other place, is not a step unless it is a step in the right direction. The man who desires to go to Chicago does not, if he is in his right mind, book on an Atlantic steamer for Liverpool. Cooperatives, far from being a step toward Socialism, are decidedly a step in the opposite direction, because a cooperative, no matter how euphoniously the word is defined or the thing itself is disguised, is, since it can embrace only a certain group of people, distinctly an enterprise in competition with other enterprises, hence its salient characteristic is that it is a business and therefore marrow, bone

and flesh of capitalism.

A cooperative business organization in a country like ours cannot in any manner offer as an excuse for existence that it is a necessary step in the industrial organization of society. Rather than being an aid in bringing order out of capitalist chaos, such so-called public, truly competitive organizations, doomed either to failure, to absorption by strictly private capital, or to drag out a miserable existence, can only add to the general confusion and disorder of capitalist society itself and certainly have a scattering, disorganizing, degenerating influence upon the minds of the workers in general and the dupes of the enterprises in particular.

The industrial scaffolding of future society, as far as the mere organization of production and industry is concerned, has been accomplished infinitely better by capitalist society itself, by the great industrial representatives of that system. As a model of cooperative labor, industrial coordination and correlative production, far better examples than any cooperative industry ever has been or will be are furnished by such enterprises as the Standard Oil Company, the Steel Trust, the National Cash Register Company, the Ford Motor Company, etc. Such enterprises are not to be “competed out of existence” by combinations of the penny-savings of unions or other voluntary or involuntary workers’ organizations. And great indeed would be the folly of doing so if it could be done, for they are the contributions of capitalism to the progress of the world, the one valuable thing for which humanity has agonized through the hell-fire of the capitalist system.

To make these industrial golden-apples of capitalism the common property of ALL the people is the mission of the working class in the progress of the world.

### ***Socialism.***

The saddest part of the cooperative movement and all correlated schemes advocated by quacks and charlatans is not that it absorbs the worker’s pennies but that it conscripts his mentality. Such is the inherent inertia of humanity that as long as there appears to be the slightest hope of individual or collective opportunity for “betterment” within capitalist society, the workers will hesitate to take radical measures, i.e., they will not turn to the Socialist movement, the only possible hope for true betterment of the working class.

It is not by acquiring a “bit of property,” whether individual or collective, it is not by competing another fellow out of existence, it is not by obtaining a low cost of living, that the workers will become secure in their opportunity of labor and the chance to live free and happy lives. It is not by investing their pennies, but by organizing their forces, that the strength of the workers will batter down the abuses and abominations of capitalism.

In one sense, and looked at from a certain angle, the cooperatives are an expression of working class spirit in the Socialist movement groping toward constructive organization of the workers in preparation for taking over production and distribution in future society, cooperative management and direction and operation by the useful workers of the land. As such attempts of constructive work, they have a distinct position historically in the development of the Movement and have had considerable reason for existence in the past, particularly in countries of backward economic development—Russia for example. However, with the development and organization of the Industrial Union, the cooperatives lose all their theoretic and practical excuse for existence as a revolutionary force, that is, serving as steps toward the Socialist Republic.

### ***Industrial Unionism the Constructive Force.***

The Industrial Union is the training school, the university, in which the workers should enroll. This is the true scaffolding of future collectivism, the Workers’ Industrial Socialist Republic. In its divisions and subdivisions, the workers have the opportunity under capitalism of training in coordinated and organized activity and toward using the industrial vote eventually to supplant the political vote. At the same time as capitalism is training them in cooperative labor, the Industrial Union drills them in coordinated social industrial activity.

The capitalist factory stands in the direct line of progress. It is there where the forces of industrial and machine production and cooperative labor are being developed, not away from the capitalist workshop in small groups of petty enterprises, but directly in the gigantic industrial workshop is where the workers must prepare that organized power which is to be the scaffolding of the future Industrial Republic. In mines and houses, on the farms and in the lumber mills, in every place where the workers are employed, they must organize their forces

around the particular implement of production which they use. Organize the entire industry from top to bottom, from the office workers through the shop to the general laborers and even the scrub women, the shipping clerks, drivers of delivery wagons and what not, into one gigantic organization of industrial workers. Such a labor organization in any one industry, connected through the general industrial organization with all other industries, can and will be an effective constructive force in the hour when society must be reconstructed on cooperative Socialist lines. In the shop the worker is being trained for his individual post; in the Industrial Union he will be trained to work in an organized working capacity along with his fellow men. He will have a practical training in the use of the industrial vote which will be the basis of the Socialist Industrial Democracy.

The Industrial Union, therefore, and not the cooperative, is the true constructive force of the working class. The cooperative scatters, creates group antagonism and impairs the class spirit. The Industrial Union unites the working class, creates solidarity, develops the organizing capacities of the workers, fosters true cooperative activity and develops the ability necessary in direction and control of the cooperative industries of the future.

THE END.