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Mutualism: Fake and Real

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November 18, 2010

A vision of a co-operative commonwealth has always been at the heart of socialism. The earliest socialists suggested co-operative villages, workplaces and consumer societies. This was echoed by libertarian socialists.

Bakunin was “convinced that the co-operative will be the preponderant form of social organisation in the future” and could “hardly oppose” their creation under capitalism. Proudhon called his vision of a co-operative economy mutualism, arguing workers’ associations were “a new principle and model of production that must replace present-day corporations.” This was seen as part of the transcendence of capitalism:

“the abolition of the State... consists of an incessant diminution, by political and administrative simplification the number of public functionaries and to put into the care of responsible workers societies the works and services confided to the state.”

As such, it comes as a surprise to hear the Con-Dem Cabinet Office minister Francis Maude stating that “one of our ideas is to promote the establishment of mutuals and co-operatives among public sector workers.” Have the Conservatives finally realised that socialism is correct? That economic liberty, as an-

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Retrieved on 1st February 2021 from
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archists have stressed from the start, means *associated* labour, not wage-slavery?

Don't be daft! Mutuals and co-operatives are just the latest in a long line of words being abused by the Tories – progressive (to describe viciously regressive cuts), fairness (to rationalise levelling *down*), and so on.

In this they can depend on public ignorance. Thus public sector (and union official) “fat cats” for denounced in the Tory media while just 1 per cent of the public knows that the average boss of a FTSE 100 company is paid £4.9 million (according to Income Data Services). Showing the typical sensitivity of the capitalist class, the Head of executive reward for the Hay Group UK bemoaned that *The Guardian's* coverage that FTSE100 executive directors have received 55% pay rise over the last year as a misrepresentation. This was the average, he complained, which “overstates the situation” as the median was a mere 23%. (Letters, *The Guardian*, 30th October 2010). The average weekly earnings of all other UK employees went up by 1.3%.

So this “mutualism” is part of a sadly successful “sleight of hand” by the Tories that has turned a debate about a crisis caused by the private sector into one about the public sector. It is all about privatisation and making labour pay for a crisis caused by capital. As can be seen when Maude blissfully stated that staff wishing to mutualise would need prove they could provide services “significantly cheaper” than present and “deliver value for money”: so the Tories expect *workers* to make *themselves* work harder, longer and for less!

Significantly, the vision is that public sector workers should set up John Lewis-style co-operatives. A genuine co-operative, to quote Proudhon, is based on workers having “an undivided share in the property of the company” and “all positions are elective, and the by-laws subject to the approval of the members.” In contrast, John Lewis is a company is owned by a trust on behalf of all its employees who receive a share of annual

profits in addition to their salary and can influence the business through branch forums, the divisional Councils. Above these is the Partnership Council to which employees elect (for three year terms) at least 80% of members while the chairman appoints the remaining. This also elects five of the directors on the partnership board while the chairman appoints another five. In 2008, the managing director was paid £500,000, plus the 20% bonus of £100,000.

So the notion that John Lewis is a co-operative or a mutualist association is wrong. All levels of management are not elected, although it has higher levels of staff involvement than a typical company as well as a profit sharing scheme. Sharing profits and electing a council is not the same as the workers' associations argued for by Proudhon and Bakunin.

It should be noted that in 1999, in response to a fall in profits, some employees in John Lewis called for the business to be demutualised and floated on the stock market. Though this was rejected, the demutualising of the building societies under Thatcher should be a warning of where this can go (particularly as it eventually contributed to the current crisis). Significantly, Proudhon stressed that while workers' companies would *run* workplaces, *ownership* would remain common:

“Under the law of association, transmission of wealth does not apply to the instruments of labour, so cannot become a cause of inequality... We are socialists... under universal association, ownership of the land and of the instruments of labour is *social* ownership... We want the mines, canals, railways handed over to democratically organised workers' associations... We want these associations to be models for agriculture, industry and trade, the pioneering core of that vast federation of companies and societies, joined together in the common bond of the democratic and social Republic.”

It is doubtful that the Tories will insist that any mutuals will be “asset-locked” to ensure that they remain public. This can be seen from Lord Young who is looking at how to turn public

bodies which charge fees into “mutuals.” This would be based on staff being allocated shares which could be sold or handed back when they leave. That is, these are *not* mutuals as these are owned by those who actually work in them and *not* by shareholders. It is easy to see that, over time, these “co-operatives” would turn into ordinary companies in which most shares are held by non-workers.

The aim is (to quote Maude) that they “get paid by the state on a proper contract” and he acknowledged that if public sector staff bid to run a service then they might also find themselves subject to EU law requiring a competitive tendering process.

So this is simply a means of *privatising* more public services, not *socialising* them as *real* mutualism demands. But there is a problem with even discussing mutuals – it raises subversive ideas.

For, if, as Maude suggests “successful employee owned businesses further demonstrates the viability” of public sector mutuals and that “we have to assume that this is applicable across the public sector” then let us raise the obvious: If co-operatives are so beneficial in the public sector, then why not also abolish wage-slavery in the private sector? Co-operatives can “challenge traditional public service structures and unleash the pent-up ideas and innovation that has been stifled by bureaucracy.” The same can be said of hierarchy in the *capitalist* firm, a structure that has proven itself only efficient at funnelling what we produce into the hands of the few.

Co-operatives demonstrate that we don’t need a class of economic masters *anywhere*. Proudhon *never* restricted co-operatives to the public sector:

“There is mutuality... when... all the workers, instead of working for an owner who pays them and keeps their product, work for one another... extend the principle of mutuality...to all the Workers’ Associations as a unit, and you will have created a form of civilisation that, from all points of view

– political, economic, aesthetic – differs completely from previous civilisations.”

Discussing co-operatives raises the spectre of alternatives to capitalism, of the co-operative commonwealth, of *real* mutual aid, of workers’ self-management and, ultimately, of anarchism as an alternative to both private and state capitalism – “a solution based upon equality, – in other words, the organisation of labour, which involves the negation of political economy and the end of property” (Proudhon).

There is a substantial difference between the idea of co-operatives suggested, pursued and permitted *from above* by politicians and those being demanded and created *from below* by workers. Anarchists need to encourage the latter while resisting the former as creeping privatisation. We doubt the Tories will, like Proudhon, urge that public works, like railways, no longer serve to “fatten certain contractors” but be handed over “to responsible companies, not of capitalists, but of *workers*”! Similarly, if workers were seizing their workplaces and mutualising them by direct action we can be sure that they would be ConDemned in no uncertain terms and Cameron’s “Big Society” nonsense quickly replaced by the “Big Stick.”

So there *are* areas of opportunity for libertarians in these discussions. While the Tories are raising mutuals as part of a wider attack on the working class, it also raises issues about the current system and alternatives to it.

Unlike the debasement of “socialism” by the left (equating it with nationalisation), the debasement of “mutualism” is by the right (including New Labour who first raised mutuals before the election). This may give make the resistance to this attempt easier but it would be a mistake to simply ignore or dismiss this debasement. This is because they can be used as a means of raising genuine libertarian ideas and demands, to be a means of pushing struggles from mere resistance to social revolution.