

Stock Exchange Speculator's Manual

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“In a word, *industrial feudalism* must be succeeded, according to the law of historical antinomies, by an INDUSTRIAL DEMOCRACY: this results from the opposition of terms, as day follows night.”

“From whatever aspect we consider things, from the political side or from the economic side, from the point of view of mechanics as from that of funding, it appears more and more that we are moving, through a semblance of feudal restoration, towards an Industrial Democracy.”

“There is only one way for a society, for a government, to put an end to the abuses of stock market speculation: it is, for public funds, and generally for all capital investments, to organise the amortisation of debts, which implies another organisation of credit; secondly, to make this amortisation easy by the indefinite reduction of interest; finally, to make amortisation, as formerly of interest, the sine qua non condition of all borrowing, both private and public; – for railways, canals, mines, insurance, the Bank, etc., to liquidate existing companies, and to replace the funding of capitalists by the mutuality of industries and the association of workers.”

“In a society based on the principle of inequality of conditions, government, whatever it may be, feudal, theocratic, bourgeois, imperial, is reduced, in the last analysis, to a system of insurance of the class which exploits and owns against that which is exploited and owns nothing.”

“Certainly, we believe in a radical transformation of society, in the sense of Liberty, Equality of persons, Confederation of peoples: but we do not want it to be violent or despoiling. It is therefore a question of finding ways and means: this is how we will end this *Manual*.”

“...the power of production that can result from the progressive formation of workers' societies, of workers' companies...”

– *Stock Exchange Speculator's Manual*

Preface to the Third Edition

The first two editions of this *Manual* appeared anonymously. I believe that it is my duty to say why I am adding my signature to the third.

When in 1853-54, Messrs Garnier brothers, wanting for their bookshop a kind *Vade mecum* of the Stock Exchange, asked me to take on this work, I did not at first believe that such a compilation needed a public respondent. A few notions of political economy, serving to determine the role of speculation, either as a productive force or as a stock exchange operation; some critical assessments, of simple common sense, whose correctness has since been confirmed by time, did not seem to me to constitute what the laws on literary property pompously call a work of genius. The entrepreneur of industry or trade has his trademark; the worker who works on behalf of this entrepreneur does not have his own: he cannot have it. In this case, I was only a worker.

So I provided the *article*, as they say in countertop style: repugnant and painful work; it is the fate of plebeians of literature. I did not put my name on it: what did it matter to the reader to know that in my career as a publicist, I sometimes worked to order?

Today, my position has changed.

Under the pressure of events, and while following my initial thought, I was led to discuss *matters* more thoroughly, to qualify the *acts*, to identify the causes, to define situations, to calculate trends, based on considerations of economy and right that go beyond the responsibility of the bookseller.

This is what obliges me to appear, and on what I ask to explain.

Two major considerations dominate all the judgments expressed in this volume: public morality and the economic movement.

Public morality

The agricultural and industrial order, this primary and profound foundation upon which the social edifice rests, is in full revolution.

Is it a nation that is deteriorating, a society that is disappearing, or a superior civilisation that is beginning? The reader will decide. What is certain at least is that a transformation, which I do not examine, for freedom or for servitude, for the supremacy of work or the prepotency of privilege, is everywhere on the agenda. This is the general, decisive fact which emerges first and foremost from our industrial inventory.

Now, whatever the goal towards which they trend, Revolutions, and amongst all those whose object is the distribution and exploitation of public wealth, are occasions of triumph for dishonesty. We have seen it in all eras, but perhaps never as much as in ours, and especially never with such an accompaniment of indifference.

Thus people pretended to see in the scandals of the era only speculation. The *Moniteur* has been vocal about it; the judiciary, following the example given from above, fulminated its mercurials. Comedy in its turn pretended to shake its bells. What, however, do the official organ, and justice, and the theatre accuse? The game, nothing but the game. But, gentlemen,

The GAME does not produce such powerful efforts.

We would not be so ill if we had only this peccadillo to reproach ourselves with. Let us tell the truth.

At the spectacle of a few sudden fortunes, unassailable perhaps from the point of view of an incomplete legitimacy, but perfectly illegitimate before the conscience, and judged as such, the multitude of weak souls was shaken, in whom the thirst for well-being had progressed faster than moral sense.

A conviction has been formed in the universal silence, a sort of tacit profession of faith, which has replaced for the masses the old political and social programmes:

“That of all the sources of wealth, work is the most precarious and the poorest;

“That above work, there is, first of all, the bundle of productive forces, a common fund of national exploitation, of which the government is the supreme dispenser;

“That then comes *Speculation*, meaning by this word the whole of the means, not provided for by law or unattainable to justice, of ambushing the property of others.

“That moreover, the economy of societies is, according to the definitions of the writers on credit, only a state of industrial anarchy and social war, where the instruments of production serve as weapons of combat; where each property, privilege, monopoly, takes the place of a stronghold; where right and duty are indeterminate by their nature, justice exceptional, good and evil confused, truth relative, all guarantees illusory; where the licences of practice, the contradictions of theory, the vagueness of legislation, the arbitrariness of authority, constantly come to disconcert reason and distort morality; where each, finally, fighting against all, subject to the chances of war, is only required to respect the law of war.”

So, while established Wisdom accuses the game, while the Stage chastises it, while the Stock Exchange itself, delighted to see itself so well chaperoned, denounces it: improbity reigns in morals, piracy in business. Under the guise of regular and free transactions, of voluntary achievements, of legitimate exercise of property, charlatanism, corruption, infidelity, blackmail, fraud, extortion, theft, are, without any hindrance, rampant.

Ask anyone: he will tell you that no gain, obtained through State concessions, combinations of limited partnerships, stock market negotiations, trading companies, the lease of livestock or rent, is free from corruption, violence or fraud; that today no fortune is made without reproach, and that out of a hundred rich individuals, taken at random, there are not four who are fundamentally honest.

It is to this universal, reciprocal disesteem, which seems to be replacing the ancient faith in our country, that we must attribute the brigandage which each day strikes Companies unexpectedly, and no longer leaves the slightest security to their shareholders.

Logic, alas!, always goes faster in dissolution than in virtue.

Subordinates, witnesses to the grand moves of their bosses, say to themselves that by plundering the coffers entrusted to them, they are, after all, neither more nor less prevaricators than their honourable employers: and what is sad, while these wretches absolve themselves in their conscience, the public is not far from applying to them the benefit of extenuating circumstances!

The *Économie* Insurance Company: embezzlement of more than a million, cash, by the director;

The Northern Railway Company: theft of five to six million shares, by the clerk;

A bank branch in *Besançon*: 400,000 francs embezzled by the clerk;

Sous-Comptoir des Denrées coloniales in Paris: pillage of the cash register by the manager;

The Crédit mobilier Company: theft of 147,000 francs by a broker of the Company... I will stop: the whole list would fit on a page.

Not a department, not a county town, that does not have its scandal. And how many are ignored! How many are concealed, out of respect for the families, and to protect the dignity of the Companies! Amongst our allies across the Channel, *losses* have multiplied to the point that it has been proposed to create an insurance against theft. Contradicted by so many striking facts, they no longer trust the morality that the sacred character of the law assumes.

What! you award concessions, you create monopolies which, from evening to morning, on hundreds of thousands of shares, create hundreds of francs in premium; – forty million are distributed to the holders of dividend shares [*d'actions de jouissance*], in compensation for *possible* profits which the State had not guaranteed, that the canals would never have been able to produce; – 661 million in subsidies are granted to the railway companies, plus a guarantee of interest for their shares: and you accuse the game [of speculation]!

The supplies for the State and Companies generate millions for the happy contractors; the bribe has become the privilege of every remit; and this world of employees, clerks, workers, little people, you speak to them of disinterestedness, integrity, morality!

The loan on deferral gives up to 250 per cent interest; the privilege of stock brokers produces for the corporation, in a single year, 80 million: and you declare infamous, you strike with confiscation the village usurer who lends on a mortgage at 8 per cent! Try, therefore, yourself, with your mortgage lending company [*Société de Crédit foncier*] to compete with that usury.

The shopkeeper and the proletarian see their rent increased in one day by half, by three-quarters, for no other reason than the good pleasure of the landlord [*maître de maison*]: and you pursue the strike by the worker as a crime against the State, a strike whose primary cause is the rent; you signal to the vengeance of the multitude the grocer, the butcher, the baker, the wine merchant, [for being] a adulterator, a monopoliser!...

Ah! know this: the actions and gestures of the Stock Exchange have made a clean sweep of commercial honesty; the arbitrary, insulting exaggeration of rents, the mobility of tariffs, the mergers of Companies, the confiscations, expulsions, for reasons of public utility, have destroyed respect for property, and, what is worse, the love of work in hearts. We no longer exist except by the police, by force.

Economic movement

We have one hope.

After having noted the revolutionary state in which society is fatally engaged; after having, secondly, recognised the theoretical, so to speak, character of the immorality that accompanies it, we are led to this reassuring conclusion, that if evil is deep, incalculable, if it needs burial chambers [*chambres ardentes*] rather than comedies and rants, at least it is not without remedy: it is due to ideas rather than to men.

Yes, ideas: it is they which, by their logic and our obliviousness, produce the desolation of morals. Follow this progression.

Not more than fifteen years ago, men who carefully observed the economic movement pointed out, in the midst of peace, the incoherence of the social elements; they showed their antagonism and innumerable contradictions. It was *industrial anarchy*, the ideal of Anglican economism, adopted by French practitioners, and which the critique of the innovators denied as irrational and unstable. Such a situation, they said, is eminently critical, and cannot be sustained; it must inevitably, through the play of its principles, result, under the preponderant action of capitals, to a corporatist formation, to an INDUSTRIAL FEUDALISM.

Industrial anarchy, INDUSTRIAL FEUDALISM: such was, according to them, the inevitable progression.

The forecasters were mocked: they were socialists, utopians, humanitarians, what more? Enemies of the family and of property. – “Our fathers,” it was said, “in the simplicity of their hearts, had lived under the dominion of the ideas that were reproached today; they had fought for them, for them they had made the Revolution. Since the Revolution, the sons had grown up with these same ideas; France had become rich, it owed to them the clearest and most purest of its power.” – Faith was therefore whole; good faith, consequently, honesty, inviolate.

Now the prediction is fulfilled. Industrial anarchy has produced its legitimate consequences; at the same time faith in the old ideas has been shaken, and public honesty has disappeared. I defy anyone to say that he believes in something. INDUSTRIAL FEUDALISM therefore exists, uniting all the vices of anarchy and subordination, all the corruptions of hypocrisy and scepticism:

A system of anarchic competition and legal coalition;

A system government concessions and State monopolies;

A system of guilds, masters and jurandes¹, in limited partnerships and public limited companies;

A system of national debts and popular loans;

A system of exploitation of labour by capital;

A system of commercial seesawing and stock market brigandage;

A system of sublimation of securities and mobilisation of property;

A system of consumption in the future by an increasingly impoverished present.

Then, what the prophets of the social transformation had not themselves foreseen, behold INDUSTRIAL FEUDALISM is no more solid than industrial anarchy had been; it is still only a crisis, which must pass like the first:

Sic erat instabilis tellus, innabilis unda.²

Anarchy or feudalism, in fact, as history demonstrates, is always [due to] a lack of balance, antagonism, social war, for which, in the present state of mind, no remedy can be imagined except by means of a more powerful concentration, of a third serial term, that we will name, without any malignant purpose, the INDUSTRIAL EMPIRE.

Everything impels us to it: the monarchical tradition, the analogies of history, the popular instinct, the prejudices of democracy.

Here at least we will have accord, unity, so dear to the Jacobins, silence and peace. But will we have freedom? will we have equality? will we have right?

The INDUSTRIAL EMPIRE is nothing other than the anarchic principle itself, the famous *laissez faire, laissez passer*, pushed to its extreme consequence; a reduction to the absurd of classical and official political economy, in a word a contradiction.

But, a contradiction is not right, much less freedom and equality.

And without freedom, without equality, without right, the crisis does not end; it is only in its third phase.

This is why the government of Napoleon III, we must give its moderation the justice it deserves, resists as much as it can this logic of ideas, this implacable fatality of things, which pushes it, in spite of itself, to make this industrial empire a political empire; why finally it strives to retain a remnant of that anarchy which had made the glory of the preceding realm.

What would the government of Napoleon III not give today to anyone who could find a way to reconcile these three fateful terms: *industrial anarchy*, INDUSTRIAL FEUDALISM, INDUSTRIAL EMPIRE; a mixture of autocracy, aristocracy, democracy, something like the government of the Saint-Ouen Charter!³

Vain hope! Constitutionalism, unstable in politics, is absurd in economics. Social right cannot be the product of three formulas of non-right, any more than unity can come from an addition of zeros.

Let the partisans of the *Napoleonic Idea*, recognising here the inadequacy of their principle, therefore deign to take in a large part a forced conclusion. They will find there more resources for their country and their own glory, than in the tradition of the Caesars and all the rubrics of Machiavelli.

¹ The *jurande* was a guild body made up of its *juré*, members of the guild elected (usually for one year) to represent it and defend its interests. (*Black Flag*)

² From Ovid's description of primordial chaos in *Metamorphoses* (Book I): "thus the earth was unstable, the water unswimmable" (*Black Flag*)

³ The Declaration of Saint-Ouen is a statement made by the future King Louis XVIII of France on 2 May 1814. It preserved various gains from the French Revolution and the Empire, whilst restoring the dynasty of the Bourbons and retaining the Napoleonic Code of Law. It notably stated that the lands of the aristocrats who fled, which the Republic had sold at auction, were not to be confiscated, and that no restitution was to be given. It was eventually adopted in the Charter of 1814. (*Black Flag*)

The imperial formula is inapplicable to the economic order.

Let us leave aside the Saint-Simonians, initiators of the new feudalism and promoters of an impossible empire¹; let us leave with them the Ultramontains,² the Anglo-Saxons and the Slavs, all feudalists of the old type.

And let us end, against all odds, the Revolution begun in 1789, by founding economic and social balance, that is to say, right, freedom, equality, honour, peace, progress, internal joy, all civil and domestic virtues – I am not speaking of government, I am not making politics here – upon the **INDUSTRIAL REPUBLIC**.

Let no one be afraid of the word. It is not up to me to designate otherwise the fourth term of this economic series, whose evolution strikes all eyes: *Industrial Anarchy*, *Industrial Feudalism*, *Industrial Empire*, *Industrial Republic*.

Of these four terms, the first is nearing its end; the second is at its peak, the third is hatching, the fourth is in the foetal state.

Moreover, the principles of republican economics, very different from those of the *Social Contract*, could only be outlines in this *Manual*, as they had already been in other publications. I reserve the right to give an original and complete exposition of them in a future work.

The history of societies does not show greater things to the philosopher's meditations: how is it that we barely deign to notice them?

What are the revolutions of Thermidor, Brumaire, 1814 and 1815, 1830, 1848 and 1851, which have been the subject of so many narrators and have shaken the country only on the surface, beside these profound changes, accomplished in less than a quarter of a century, and which are laid bare, without wasting words, by a simple statistic, a brutal stocktaking?

We have talked about the crimes of the Terror, the dishonours of the Directory, the arbitrariness of the Empire, the corruptions of the Legitimacy³ and of the Bourgeois Monarchy. Compare then these miseries with the dissolution of an epoch which took the Stock Exchange and its works for its Decalogue, the Stock Exchange for philosophy, the Stock Exchange for politics, the Stock Exchange for morality, the Stock Exchange for homeland and Church!

Greater freedom is demanded for the press. It would be desirable for newspapers to be allowed to discuss at ease the Naples issue and the Swiss issue, the ballot papers, the oath [to the Emperor], etc. The French public cannot get used to this muzzling of speech and pen, says M. Véron. And certainly, I am not the last to complain: who would have more to gain than me from freedom of the press?

But, with all the freedom, with all the license imaginable, what could I say to intelligent men, more than what this authentic exposition of the Stock Exchange and its mysteries reveals of them!... Alas! intelligent men are sparse, and I have no other readers to rely on.

In claiming responsibility for this collection, the oldest of its kind, and still the only one to address questions of economic right and stock market morality, I must declare here, to be entirely fair, that I owe to M. G. DUCHENE, the former editor of *Le Peuple*, who was kind enough to take on for me the

¹ Followers of Henri de Saint-Simon (1760-1825), a French political, economic and utopian socialist theorist and businessman. He called for the creation of a society led by people within what he defined as the industrial class, which included all people engaged in productive work that contributed to society, emphasising scientists and industrialists, but including engineers, businesspeople, managers, bankers, manual workers, and others. The State was to ensure that productive activity in the economy was unhindered and encouraged. His followers were influential in the Second Empire. (*Black Flag*)

² Ultramontanism is a clerical political conception within the Catholic Church that places strong emphasis on the prerogatives and powers of the Pope. It contrasts with the belief that the State's authority over the Church is comparable to that of the Pope. (*Black Flag*)

³ A reference to the Bourbon Restoration of 1814 to 1830. Its supporters were called the Legitimists and they rejected the claims of the July Monarch of 1830-1848. (*Black Flag*)

bulk of the work, a number of pages of excellent writing, with touches of lively irony that I did not think it necessary to remove, of analyses and judgements of a firm and clear intellect.

Paris, 15 December 1856

P.-J. Proudhon

Final Considerations

§ 3. Industrial democracy: financing of labour by labour, or universal mutuality; end of the crisis

The strength of the Empire is that, with the exception of the outlaws of the Mountain, whose temperament, hardened by exile, could no longer be surprised by anything, there is no dynasty, fusion,⁷ Church or Republic, which dares undertake this succession [required to implement the needed reforms].

The first thing that the successor would have to do would be to declare all payments suspended; then to convene, in lieu of parliament, an assembly of creditors; finally to obtain a concordat. Such a task could not go to a Bourbon, an Orléans or even a Lamartine or a General Cavaignac. Who amongst them would want to return at that price? It would be worse than to return, like Louis XVIII who could not do otherwise, in foreign wagons. Nothing but a Syndicate of *Public Safety* would be able to undertake this ventilation: where are the Carnots, the Cambons, the Prieurs and the Barrères who would comprise it?...⁸

For us, who would not be satisfied with a solution of this kind, because it guarantees nothing; who moreover do not believe ourselves to be genius enough to resolve problems posed in contradictory terms, we will confine ourselves, after having indicated the course of the new revolution, to presenting its definitive formula, according to the most significant symptoms of the present time.

I. Workers' Associations

The thought that first inspired them was naïve, illusory unfortunately. By freeing labour from the employers, they wanted to make the workers, associated with each other and who had become masters, enjoy the supposedly enormous profits and prerogatives until then reserved for the heads of the establishments. It was not known that in most, if not almost all, industries employing groups of workers, especially in those where spontaneous association could appear immediately practical, the profits, when they exist, may be satisfactory for one person but are no longer so when divided amongst multitudes. In a large factory, the profits of the master, distributed to the wage-earners he employs, would not increase by 10% wages varying from 50 centimes to 1 franc 50 centimes, would be only a small relief to the workers' poverty. It is so with all professions, considered as a whole: the *net product* of the entrepreneur, a product which must be considered most of the time as the fruit of his particular calculations and compensation for his risks, is not what causes the workers' misery; it is not therefore the demand for this *net product* that can cure it. Of the 4 billion that Labour must pay each year to maintain the feudal regime, the net product, received in the form of dividends in addition to interest, does not reach 100 million: the cause of pauperism, which they wanted to strike, is not there.

Workers' associations, founded on hatred of the employers, on a notion of substitution, were soon able to convince themselves of this. Other miscalculations, the fruit of inexperience and prejudice, the practice of ideas of centralisation, community [*communauté*], hierarchy, supremacy, political parleying, were not long in giving rise to division and discouragement. All the abuses of general partnerships, limited and joint stock, were even exaggerated in these so-called fraternal companies.

⁷ A reference to an alliance between the rival Orléanist and Legitimist political factions. (*Black Flag*)

⁸ Lazare Carnot (1753-1823), Pierre Joseph Cambon (1756-1820), Pierre-Louis Prieur (1756-1827), and Bertrand Barère (1755-1841), members of the Committee of Public Safety that oversaw the Reign of Terror after the French Revolution (1793-1795). (*Black Flag*)

They had dreamt of monopolising all industry, of rendering free enterprise void and dead, of replacing, in everything and for everything the bourgeoisie with the proletariat. The better to emancipate the people, they intended to exclude from the circle of working communities those who had until then been the representatives of freedom!... The error soon bore fruit. Of the several hundred workers' associations that existed in Paris in 1850 and 1851, there remain barely twenty, which owed their salvation solely to the abandonment of the utopian ideas of 1848 and the recognition of the true principles of social economy. In this regard, these associations merit studying, all the more since the phenomenon of their existence reveals a positive element for financial and industrial speculation.

The challenge facing workers' associations, outside of which they inevitably fall back into the limbo of religious brotherhoods, of philanthropic impotence, is divided into two related questions:

1. Is there in the concurrence of forces and in their combination a productive potentiality such that it gives rise to financially appreciable results; that consequently the worker can use it for the formation of the capital which he lacks, and the conversion of his status as a wage-warner into that of a participant?

In other words, can labour, like capital, finance businesses by itself?

2. Can the ownership of enterprises and their management, instead of remaining, as they generally always been, individual, progressively become collective, to the point of providing, on the one hand, to the working classes, a decisive guarantee of emancipation; on the other hand, to civilised nations, a revolution in the relationship between labour and capital, hence the definitive substitution, in the political order, of justice for reasons of State?

The workers' entire future depends on the answer to these questions. If this answer is affirmative, a new world opens up to humanity; if it is negative, the proletariat can take it as settled. Let it commend itself to God and to the Church; there is no hope for it in this sad world: *Lasciate ogni speranza!*⁹

First, we understand that the problem cannot be solved from a fiery multitude, obeying its instincts alone, in whom a long oppression has killed intelligence. Here we need, for immediate initiators from the working masses, men who, emerging from their midst, have received from the civilisation whose burden they bear an amount of knowledge, and who have learned in the school of the exploiters to do without them. Such initiators, having one foot in civilisation and the other in barbarism, are found in only small numbers, even in the most industrially advanced nations, such as France and England. And what is worse, these elite workers, precisely because of their ambiguous nature, are generally, in relation to their less-educated brethren, the most unwelcome, if not the most ill-disposed of all people. Barbarism on one side, pride on the other, it seems that the working class is conspiring, in all its categories, against its own freedoms.

"When," says an English economist, "the uneducated English workmen are released from the bonds of iron discipline in which they have been restrained by their employers in England, and are treated with the urbanity and friendly feeling which the more educated workmen on the Continent expect and receive from their employers, they, the English workmen, completely lose their balance: they do not understand their position, and after a certain time become totally unmanageable and useless. This result of observation is borne out by experience in England itself. As soon as any idea of equality enters the mind of an uneducated English workingman, his head is turned by it. When he ceases to be servile, he becomes insolent." (J. STUART MILL, *Principes d'Économie politique*, t. I, p. 128)¹⁰

⁹ From the words marking the entrance to Hell in Dante's *Inferno*: "Lasciate ogni speranza, voi ch'entrate" ("Abandon hope, all ye who enter here"). (*Black Flag*)

¹⁰ John Stuart Mill, *Principles of Political Economy with some of their Applications to Social Philosophy*, (Fairfield: August M. Kelly, 1976), 110 (Book I, Chapter 7, §5). (*Black Flag*)

This vice of the heart, which is not rare amongst the French workers either, and which is further aggravated here by an excessive mobility of character, constitutes in the present state of society, in which the proletariat has nothing to expect but from itself, the greatest obstacle to its liberation.

It is a question then, and the whole difficulty lies there, of forming a grouping of workers endowed with a certain dose of morality and intelligence, capable of conceiving the laws of social economy, having the firm will to follow them, without mixing in anything of the fantasies and hallucinations of the epoch: it is a matter, in short, for the question we have just posed, of forming, not a mass of capital [*un masse de capitaux*] but a resource of men [*un fonds d'hommes*].

Once the initiators have been found, it remains to group around each of them a number of workers, or to put it better collaborators, destined to become, in each category of work, a model society, a veritable palingenetic embryo.

It is of this group that we ask if it possesses in itself a particular force of production.

Labour, as we said in our INTRODUCTION, is a productive force, the first and the most powerful; *Capital* is another; *Commerce* another; *Speculation* yet another. To this list may be added *Property*, *Credit*, *Competition*, etc. Everything that is an action or a principle of action in an Economy is a productive force. That said, is the *Grouping* of workers, apart from the labour of each of them, and from the Capital which exploits them and which they serve, also, like the *Division of Labour*, a force? Can this force replace capital and dispense with its protection?

The facts, more eloquent in their spontaneity than theories, will answer.

We have visited Workers' Societies. We have obtained a record of their situation from their origin until 31 December 1853, then from 1853 until 1856; we have studied their internal discipline and principles, more or less clearly expressed in their articles, which regulate all. We believe we will please the public by publishing the details you are about to read about the movement of transformation that is being prepared in the industrial economy, beyond the formulas of the [legal] Code and predictions of jurisprudence.

The basis on which all these Associations are established is as follows:

1. Unlimited ability to continually admit new associates or members; consequently, the perpetuity and infinite multiplication of companies and the universalist character of their constitution.
2. Progressive formation of capital by labour; in other words, *financing labour by labour*, either by the workers themselves producing for each other, according to their specialities, the tools and furnishings which they respectively need, or by means of levies on the price of sales and services, or monthly deductions from wages.
3. Participation of all associates in the management of the enterprise and in its profits, within the limits and proportions determined by the articles of association [*l'acte social*].
4. Piecework, and proportional wages.
5. Constant recruitment by the Society from among the workers it employs as auxiliaries.
6. Retirement and relief fund, formed by a deduction from wages and profits.

To these fundamental conditions, which can be seen as the common law of the Associations, it will soon be appropriate to add the following, which, as we have remarked a number of times, are the necessary complement to the system.

7. Progressive education of apprentices.
8. *Mutual guarantee* of work, that is to say, of supply and consumption, as well as of a low-cost between the various Associations.

9. Publication of the [association's] books.

Such is, in its essence, the *Fundamentals* [*Organique*] of the Workers' Societies: we leave aside the details of practices specific to each of them. Of course, moreover, the principles we have just explained are not written in the duly authenticated articles of the Associations. Neither perpetuity, nor universality, nor the declaration of the absence of capital, nor the participation of the financing workers in administration and profits, nor the mutualism of the Associations, would be tolerated by our commercial legislation and by the courts responsible for interpreting it. The new associates have had to conform to the received legal practice; but what they are not allowed to say, they imply and act accordingly. Let us see what these men, without advice and without resources, have learnt from this, and what they can still learn from it.

It is impossible for us to go into the details here of the operations and inventories of each Society, as we did in the second edition of this *Manual*.

It suffices for us to recall and state that the social funds in all of these Companies began, like that of civilisation; with zero; that in a few years, these funds have risen, according to the importance of the industry and the number of associates to 20,000, 30,000, 50,000 and 80,000 francs; that, since 1853, this progress has been sustained; that the Companies today add to the social fund a reserve and relief fund, formed by a levy on profits; that any idea of communism is now abandoned, and the equality of well-being is subject to the equality or equivalence of services, having as its fulcrum the equality of guarantees.

Moreover, the workers are persuaded that the fortune of the Associations is not so much in their extension as in their mutuality: experience has taught them that the association, however liberal it may be, however free of all personal subjection, of all domestic interdependence, of all administrative exploitation it may be supposed to be, still requires a certain education of the subjects. *We are not born an associate*, one of them told us; *we become one*. Is this not the translation of the famous expression: *Homo homini aut lupus, aut deus?*¹¹

Société des Bijoutiers en doré, rue Notre-Dame-de-Nazareth, 8. – Founded in 1834, with a capital of less than 200 fr. – 8 associates, 12 auxiliaries; turnover in 1856: 200,000 fr., net product: 41,000 fr.

Société des Menuisiers en fauteuils, rue de Charonne, 5. – Staff of the Society in 1852: 90 associates and as many auxiliaries. – Capital: 81,123 fr. 12 c.

Since 1853, the sales and profits have been constantly increasing. We are assured that at this time its net assets are no less than 200,000 fr. It is rich enough to offer a manager it no longer wants a payment of 1,500 fr. as compensation. This is more than the State gives to a captain after 30 years of service.

Société des Maçons, rue Saint-Victor, 155. – Staff on 1 November 1856: 87 worker associates, 8 capitalist associates (these are master carriers, suppliers of plaster and bricks, a doctor and an engineer: we see here the principle of industrial mutuality appear); 250 to 300 auxiliaries.

The contribution of each associate was increased to 2,000 fr., that is 174,000 fr. of a social fund. The material of the Society is sufficient to carry out one and a half million constructions. The dividend of 1855 produced 12 fr. 33 c. per hundred. The dividend of 1856 will be higher.

According to the *Indicateur du bâtiment*, the Company of masons is, of all the Workers' Associations, the one with the most work and orders.

Société des Ouvriers en limes, rue Phelipeaux, 20, passage de la Marmite. – Staff, 19 members, 21 auxiliaries. – Capital as of June 20, 1856: 29,086 fr. 35 c. – Turnover during the year 1855: 69,054 fr. 35 c.

¹¹ Erasmus: "Man is to man either a god or a wolf" (*Black Flag*)

When the Society was formed in 1848, the State had advanced the founders a sum of 10,000 fr. This loan was fully repaid on September 4.

Société des Ouvriers en chaises, rue Amelot, 70. – Reduced to 4 associates, currently employing 25 assistants. – Capital as of December 31, 1855: 6,826 fr. 15 c. – Turnover during the year: 72,915 fr. 15 c.

Société des Menuisiers en voitures, faubourg Saint-Honoré, 233. – 16 associates, 24 auxiliaries. – Capital as of 31 December 1855: 7,400 fr. – Turnover 75,000 fr. – Profits: 23,230 fr.

Société des Lanterniers pour voitures, rue de la Pépinière. – 14 members, 30 auxiliaries. – Capital as of 30 June 1856: 28,000 fr. – Turnover in 1855: 60,000 fr. The profits allow the amount for each associate to be increased from 2 to 3,000 fr.

Société des Tourneurs en chaises, rue Popincourt, 32. – This Society is noted for its large turnover of staff. Since 1848, 147 workers have joined, 102 have left, each taking their share of the social fund. Currently the staff consists of 45 members, 70 to 80 auxiliaries. – Capital as of 31 December: 64,932 fr. 53 c. – Turnover: 153,159 fr. 80 c.

Société des Formiers, rue du Cadran, 12. – Staff, 26. – Paid-in capital: 8,000 fr.

Société des Lunettiers, rue Saint-Martin, 250. – 25 members, 75 auxiliaries. – Capital as of 31 December 1855: 28,000 fr. – Turnover: 92,000 fr.

Société des Peintres en laque, rue Albouy, 9. – 11 members, 16 auxiliaries. – Capital as of 31 December 1855: 2,500 fr. – Turnover: 46,600 fr.

Société des Graveurs, rue des Vieux-Augustins, 58. – 2 associates, 20 auxiliaries. – Assets, cash and tools, 800 fr.; currency and merchandise, 30,000 fr. – Turnover in 1855: 40,000 fr. This small Society is noted for its spirit of fraternity towards its auxiliaries.

Société des Facteurs de pianos, rue du Faubourg-Saint-Denis, 162. – 24 members, 13 auxiliaries. – assets, equipment and merchandise: 91,000 fr.

Société des Facteurs de pianos, rue Saint-Martin, 122. – 10 associates, 15 auxiliaries. – Capital: 20,238 fr. 96 c. – Turnover in 1855: 60,621 fr. 70 c.; on 25 November 1856: 59,442 fr. This Society received an honourable mention.

Société des Ébénistes en meubles, rue Saint-Pierre-Amelot, formerly rue de Charonne, 5. – 18 associates, 65 auxiliaries. – Capital on 31 December 1855: 132,963 fr. 88 c., on which there are 75,000 fr. loaned by the State to be repaid. The turnover in 1855 was 200,000 fr.

Société des Brosseurs, rue du Petit-Hurleur – The associated are 4 in number, compared to 23 in 1849. – The capital or new assets are today 5,600 fr. – Turnover in 1855: 28,000 fr.

Société des Ferblantiers, rue de Bondy, 70. – The staff of this Company has experienced, since its foundation in 1848, great and sudden oscillations. In turn, 216, then 57, later 326, the number of members is today 37, employing 6 to 8 auxiliaries. – Capital on 31 December 1855: 74,000 fr. – Amount of sales, 213,000 fr.¹²

There were once other Workers' Associations, pavers, bakers, spoon-makers, hatters, etc. We do not know what became of them.

All of them, moreover, have been riddled with adversity, lack of work and misery, struggled with political bickering, discord, rivalries, defections, betrayals; all have paid the price for inexperience,

¹² We owe the details just read to the kindness of M. Ch. Beslay, former representative of the people, whose daily relations with the Associations allow him to know perfectly their staff and financial situation, and who guarantees us their accuracy. Moreover, and we have experienced it ourselves, the associated workers have no difficulty in giving the people who visit them all the desired information.

charlatanism, infatuation, bad faith. It takes time for the human mind to define its principles; and as long as they are not defined, the conscience is left to trouble and iniquity. Some Associations have seen their managers, once they were initiated in business, withdraw to establish themselves as bosses and bourgeoisie; elsewhere, it was the associates who, from the first inventory, have demanded the sharing of the products, and left with their rightful share. As it is true that long-term reflections are as repugnant to the modern proletariat as to the ancient slave, and that the most difficult task of Associations is not to establish themselves and survive, but to civilise the associates. Similar details, interesting above all from the psychological perspective, for the history of Workers' Associations, could not find a place in this *Manual*, where it can only be a question, at most, of noting, according to the financial results, the economic power of those Societies.

Let us now summarise and conclude.

Workers' Associations are the centres of production, a new principle, a new model, which must replace the current public limited companies, where it is not known who is more shamefully exploited, the worker or the shareholder.

The principle which prevailed there, in place of that of wage-labour and master, and after a passing attempt at communism, is participation, that is, the MUTUALITY of services complementing the force of division and the force of collectivity.

There is mutuality, in fact, when, in an industry, all the workers, instead of working for an entrepreneur who pays them and keeps their product, are expected to work for each other, and thereby contribute to a common product from which they share the profit.

Now, extend to the Workers' Associations taken as units, the principle of mutuality which unites the workers of each group, and you will have created a form of civilisation that, from all points of view, political, economic, aesthetic, will differ completely from previous civilisations; which can no longer become feudal or imperial; which, with all possible guarantees of freedom, with honest publicity, with an impenetrable system of insurance against theft, fraud, corruption, parasitism, nepotism, monopolisation, speculation, the artificial increase in rent, subsistence, transportation, credit; against overproduction, stagnation, gluts, unemployment, disease, poverty, with no need for *charity*, will offer you everywhere and always RIGHT.

Then, no more anticipated achievements, bounty hunting, subsidies to be shared among ministers, middlemen, lawyers, founders, administrators; no more bribes paid by suppliers to disloyal managers; no more stock market killings, accumulations, *latifundia*. The inequality of conditions and fortunes has disappeared, returned to its elementary expression, which consists of the differences blind nature creates between worker and worker, a difference which education, the division of labour, etc., must continually reduce.

Probity, honour, morals have fled the bourgeois world, just as they had fled the feudal world before the Revolution. They will only find themselves there.

Without doubt there is a long way from the grouping in Societies of a few hundred workers to the economic reconstitution of a nation of 36 million souls. So we do not expect such a reform from the expansion of those Societies alone. What matters is that the idea works, that it has been demonstrated by experience; that the law arises in practice as in theory.

We already know that the example given amongst us is bearing fruit abroad: the workers' unions¹³ in England have decided that in the future, instead of spending their funds on useless strikes, they will use them to create Companies like the Parisian Societies. The final shock will come, this inevitable

¹³ Proudhon uses the French word for "guilds" (corporations) but it seems clear that he is referring to trade unions rather than co-operatives. (*Black Flag*)

liquidation predicted for more than eight years: it will be easier to organise work across the entire country than it has been since 1848 to form the first twenty workers' groups in Paris.

II. Associations for Consumption

These societies, such as the *Ménagère*, have as their aim to resolve the special problem of relations of industry to industry, consequently of Association to Association. They are mainly due to bourgeois initiative. Their existence proves that if, in 1848 as always, popular instinct has grasped the ideas in their synthesis, the average intellect, more exercised, attached itself first of all, and with remarkable nimbleness of intelligence, to the crux of the question.

Besides the fact that the internal administration of these purely commercial Societies did not present the same difficulties as those of the Workers' Associations, they had the valuable merit, in an epoch of revolutionary agitation, of appearing as a conciliation of interests. It was a step toward that fusion of employers and employees, denounced by the utopians as a betrayal of the people, and for an instant ostracised from the democracy by the radicals.

The combination in question was less, in fact, a Society than a coalition, by which a certain number of consumers, guaranteeing a trading house a secure clientele and constant outlet, demanded in return a discount on the current price of products. The profits of trade, greater than those of industry properly speaking because of random chance, allowed a significant reduction [of prices] and a corresponding improvement in the position of consumers. The more or less immediate consequence of such establishments has been to gradually guarantee to each buyer, and by the act of his consumption, the labour he needed, in the same manner as he himself guaranteed the market for the merchants. All consumption presupposes production: those two terms are correlative and appropriate.

There was, therefore, in our opinion, material for lucky speculation: unfortunately, they exceed the ordinary reach of workers, whose intractability is so difficult to overcome, and who do not provide the bourgeoisie with immediate enough advantages for them to resign themselves to the efforts, advances, and possible sacrifices that they initially require. However, Societies for consumption have begun to multiply in the departmental capitals thanks to the sponsorship of a few bourgeois, who thereby gave their fellow citizens co-operative [*sociétaires*] bakeries, butcher shops, grocers. Several were closed by the police, following December 2nd: we cannot say where this movement stands today.

III. Workers' Cities, Cheap Rent

We read in a brochure published by M. Victor Calland, author of the *Palais de familles* project:

“The same economic reform, said M. Émile de Girardin, which by way of association was accomplished in the means of communication and transportation, must be carried out in human habitation... This reform is inevitable: it contains a whole revolution.”

If we were to abide by this announcement, it would not be very reassuring in our eyes. The reform carried out by the Railway Companies has only resulted in a monopoly. It is a confiscation of the transport industry for the benefit of a handful of capitalists, and which calls, before long, for a revolution in the direction of democracy and mutuality. Until a liquidation of this monstrous monopoly has freed both the wage-earners who serve it, and the public who pays its dividends, the railway, far from contributing to the general well-being, will have only accelerated the plundering, aggravated the servitude.

From this observation, it will be understood that what we expect for housing is something quite different from what M. de Girardin has planned. Here, as there, *an eye for an eye, a tooth for a tooth*; in other words, a service for a service, a price for a price. We ask, in short, that in a city as large as *Paris*, housing be removed from the arbitrariness of the proprietors, and rent fixed at the *cost price*.

The cost price, in terms of housing, is made up of these three elements: *tax, maintenance costs, depreciation*. In the last two is the profit of the entrepreneur.

The idea of reducing rents to the cost of housing is at the bottom of all the projects for *Workers' Cities*, funded and subsidised by the government.¹⁴ But no animal can renege on its nature, The government, which believed it was practicing philanthropy, has only succeeded in giving rise to speculation: The *Workers' Cities* can be cited as an example of the Industrial Empire.

By decree of 22 January and 20 March 1852, the government allocated a sum of 10 million francs to the improvement of workers' housing in large manufacturing towns. Created in 1850, the *Cité Napoléon* consequently received a subsidy of 200,000 francs. It contains 194 dwellings, and is currently inhabited by 500 people. Its net income is 26,447 francs.

Freed from philanthropic claims, and reduced to its technical meaning, cheap housing for tenants, dividends for shareholders, the Workers' City seems never to lack inhabitants, any more than entrepreneurs. Counting on a loyal population, it could therefore, while reserving a sufficient income for the founders, offer at reduced prices housing, wash houses, baths, retirement homes. It is a way of industrialising built property, which fits wonderfully with new credit institutions, and increasingly tends to reduce the social economy to a single principle, exchange.

The workers, rightly or wrongly, perhaps precisely because the initiative came from above, have not shown themselves to be eager supporters of this system. The idea of corralling them into separate areas reveals a mindset of distrust and caste, which allows schism to persist, and clashes with the instincts of liberty and equality. Add to that a gate that closes at a fixed time, like in a jail, and gives the institution a certain police stamp!... and one will understand the little favour with which the Workers' City has been received.

If there was a real desire to provide workers with low-cost housing, instead of Workers' Cities, why not base speculation, the institution if you like, on the purchase of particular houses, scattered in all the neighbourhoods of the capital, and which, properly fitted out, restored, would have brought about and maintained a drop in rents, by competing with landlords everywhere? Why, if they were so keen to protect the building industry, not entrust the construction of the Cities to Companies of masons and plasterers, which would have helped the workers both in their habitation and in their work, and would have killed two birds with one stone? Why not admit manufacturers, shopkeepers, the renters themselves and the owners, who almost never live in their houses, as well as the common people, to the benefits of combination? Do not the grocer, the milliner, the wine merchant, the cloth trader, have at least as much need as the worker for cheap lodgings, workshops and shops?... Any reform must be general and not exclude anyone: it is to perpetuate servitude and consecrate privilege to create retirement homes, nurseries, hospitals, schools, which are only for the poor.

In any case, the idea, entirely charitable, of improving the housing of workers, and the promise of a government subsidy, have given rise in Paris and in some other cities to a certain number of Companies whose operations it is useful to know. We find them summarised in a report from the Minister of the Interior of 5 April 1854, and an article in the *Moniteur* of the 27th of the same month.

Compagnie Pereire frères. Construction of Workers' Cities at La Chapelle, Batignolles, up to a maximum of 4,550,000 fr., one third of which is provided by the government. Average price of housing, 225 fr. per 30 square metres.

Compagnie Heckeren et Kennard. Construction of housing, up to the amount of 4,140,000 fr., one third of which is subsidised by the government. Same price conditions as in the previous Company.

Compagnie Puteaux frères. Construction of houses in Mazas, Batignolles and Grenell. Government subsidy. Average price of housing, 200 to 225 fr.

¹⁴ A policy of the Imperial government for the building housing estates, funded by the State. (*Black Flag*)

Compagnie Martin et Muller. Construction of 110 houses between the streets of Reuilly and Picpus, with government subsidy. Average price, 365 fr. By adding 50 cents per day, or 182 fr. 50 c. per year, the worker will become the owner after 18 years.

Compagnie Carabin. Construction of 182 houses, between the avenues of Ségur and Lowendal. These houses are intended to become the property of the tenants, in turn for a payment of 10 annuities, from 470 to 550 fr. – Government subsidy.

All these Companies – an employee of the Prefecture, responsible for distributing aid to poor families evicted by their landlords, admitted to us himself – are reduced, under a philanthropic appearance, to more or less usurious speculations, as is easy to see through discussion of the projects.

Compagnie Dollfus, in Mulhouse. Construction of more than 300 houses. Average rent, 120 fr. – Government subsidy.

Compagnie Montricher, in Marseille. Construction of a City, comprising 145 furnished houses, with garden, baths, washhouse, restaurant, school, etc. Government subsidy.

Compagnie Scrive frères, in Lille. Construction of 234 houses on the territory of Marcq-en-Barœul, with government subsidy. Rented at 4%,

Of the 10 million in credit granted by the State, approximately 4 and a half million had been distributed in grants by April 1854. Since that time, we have not been able to follow the movement of the institution. But it is clear that this is pure philanthropy in vain, and that 10 million, distributed by the government to speculators to build a thousand and a half small houses, which they then rent at 7 fr. 50 per square metre of housing, or resell at a profit, will do no more to improve the lot of the workers than the distribution of soup and meat at 5 centimes a portion. Also the costliness of rents since 1854 has nonetheless been constantly increasing, evictions more and more frequent, the deals between the police and ruthless landlords, at the expense of poor families, are becoming more and more onerous: this does not prevent the project makers from going their own way. The anomaly of the situation is such that, in the face of this foreclosure of the working classes, it has been proposed to build a Workers' Paris on the plain of Issy, with the old Paris remaining reserved for the bourgeoisie, foreigners, the Stock Exchange and barracks.

Fate impels the Empire, which hesitates, and seems to cry out to its plebeians, its true backers: *Dare I? – Dare.*

IV. Exchange Societies

These have taken the matter from a higher level; and if not yet in excitement, at least as to the idea, they have, in our opinion, hit the mark. The services which a vast system of credit, circulation and discount is called upon to render consist less in the reduction of commission costs than in the creation of the outlet itself and the destruction of the parasitic organs which obstruct it.

In the final analysis, whether trade is done with specie or with paper, work is paid for with work. Any individual with an inventory is therefore solvent. However, tailors have no shoes, nor shoemakers clothes: where does this come from? Obviously, it is not for the lack of knowing how to produce, nor of the desire to acquire: the evil does not exist either in the organisation of work or in the organisation of consumption. It is entirely in the difficulty of exchange.

Under the pressure of need and the inspiration of such a simple idea, countless reform projects have been born, all of which have as their aim to organise direct exchange between producers, without distinction of quality or fortune, that is to say, either to suppress the use of money in trade, or at least to make up for the insufficiency of its function. Our hands are full of prospectuses. We will limit ourselves to reporting the title:

Réforme monétaire, by M. Mazel, operating by means of exchange vouchers;

Comptoir d'échange et de commission, which must combine normal banking operations with advances on goods, overdrafts on security, and the issue of demand vouchers on producers who agree to receive them in exchange for their products;

Société générale de crédit privé, which proposes to issue long-term bonds;

Monnaie auxiliaire (of Esclée and Co.);

Banque de compensation, which proposes to trade using current accounts;

Banque d'échange de Paris (M. Lachâtre);

Banque communale d'Arbanatz, by the same;

Comptoir général d'escompte (Chartron and Co.), in Lyon;

Monétisation universelle, Lerouge and Co., rue des Fossés-du-Temple, 34.

All these concepts are highly comprehensive¹⁵; they have nothing of that particularism, of that fanciful and exclusive spirit which dishonoured the popular inspirations of 1848. They are universal, synthetic and fertile, like their principle, exchange. Before exchange, no classes, no favouritism, all are equal: equality is the essence of exchange. With it, parasitism becomes impossible. To destroy privilege, it suffices to ask the privileged: What do you bring to the exchange? Where is the product, the service, the value, in return for which you demand a payment, a sinecure?...

We cannot say how any of these institutions work: in matters of credit, exchange, discount, there are only two bases of operation, outside of which there is no business: *money*, or the *concurrence of wills*, two things which are equally difficult to bring together.

But it is clear that what everyone has conceived, and that no one in particular can execute, everyone can do, just as everyone made the Bank of France, the Crédit mobilier, the Railway. It is only a simple manifestation of opinion. Let the government take the initiative, and the country will applaud. It is a case of repeating the refrain of the ballad: *Dare I? – Dare*.

¹⁵ On these companies, see *De la Réforme des Banques*, by M. Alfred Darimon. Paris, Guillaumin, 14, rue Richelieu.