Letter to the Associations on the Organization of Credit

Jeanne Deroin

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LETTER TO THE ASSOCIATIONS

The delegates of the association and the members of the commission of the Union have been condemned for having acted with a political aim.

That judgment has just been confirmed by the denial of our appeal.

I impose silence on my conscience and do no come to protest that condemnation, but to bring out from it that which can be useful to the cause of the laborers, before which personal feelings must be silent and individual interests must step aside.

In the things that have been done, in that condemnation even, there is still a lesson and an encouragement.

That it what it is important to demonstrate.

The accusation, by relying on legal conventions and on the political and socialist antecedents of the accused, and by attributing to them a political aim, has proved that it was impossible to incriminate by itself the solidarization of the associations.

The constitution guarantees the right of association, and the associations cannot be legally prohibited from associating together in order to exchange their products, and to provide credit to one another with the aim of obtaining an assured clientele and instruments of labor, and in order to come to the aid of children, the elderly, the sick and the infirm.

That aim, so brotherly and so eminently industrious and peaceful, is not in any way illegal, it is not hostile to individuals, but only to the principles of exploitation and servitude.

The adversaries that it encounters, the obstacles that it gives rise to, testify loudly to its importance and its power to improve the condition of the workers.

The workers must then persevere, but in a manner to avoid the obstacles which have stopped us, and to convince our adversaries that it is really a question of a work of conciliation.

These obstacles rise principally from the suspension of the right of assembly, from the shackles placed on the freedom of the press, and from the opposition of those who imagine that the extinction of exploitation threatens their fortune and the future of the children.

Finally, the most grievous of all the obstacles is the hesitation to enter seriously on the path of practice.

The suspension of the right of assembly and the shackles placed on the freedom of the press permits no discussion.

But what is most important is not to discuss, to formulate theories or plans of organization, but to act, to put into practice the simplest and most certain means for arriving progressively and peacefully at the goal.

The means that is indicated by the necessities of the present situation, and which has long been proposed in various forms by the most enlightened economists of our era is the organization of mutual credit. It is enough to consider the motives and the aim of that work, in order to deduce the means of giving the first impetus; then the organization will develop and perfect itself progressively by the modifications that will be made to it, step by step, by practice, according to the indications given by experience.

These motives will emerge from the moral and material situation of the associations.

The associations have been formed with the aim of liberating the workers from exploitation and patronage.

The majority have based their act of association on the most elevated principles of democracy and socialism; but the difficulties of the present situation, the habits of the past and the lack of cohesion in this great industrial movement, are obstacles, constantly reborn, to the prosperity of the associations, and alienate from it a great number of workers who dread having to suffer much without attaining the desired result.

And, in fact, when some laborers want to associate, it is often very difficult for them, with the modest contribution of each, to constitute a social capital sufficient for the acquisition of the instruments of labor, and of raw materials, necessary to the exercise of their profession.

They loan at interest or take on credit, and they are obliged to impose the harshest privations, and to deduct from the common fund only the minimum of what they normally earn with the bosses, and sometimes they are even reduced to half or a quarter of a day's or week's pay, in order to pay for the material that they have acquired through borrowing.

It is necessary for them to procure, from day to day, what is necessary for the maintenance of this material, and the acquisition of raw materials, that they can only buy en detail, at higher prices, and nearly always, in this case, of inferior quality.

The need of money often obliges them to hurry, which takes perfection from labor.

That penury prevents them from admitting as associates some skillful and intelligent laborers, but who cannot contribute their share of the social capital.

Sometimes also, and it is the most grievous thing that can happen, these same pecuniary difficulties lead them to admit, in view of a sufficient social contribution, either from a loan, from men who have not understood the principle of fraternal solidarity which should be the basis of the associations, or from the secret agents of the reaction who introduce themselves there in order to make trouble, to stir up suspicion, discouragement, and thus bring about disorganization within and discredit without.

Finally, a great cause of embarrassment, and sometimes of as considerable losses, is credit, as it has been made up to the present among the associations.

The credits are inscribed on the registers, and are often paid off only at long intervals, or in fractions so negligible, that there results from it a real harm to the lenders.

And the debtors do not always find, in this mode of credit, all the help that is necessary for them; they often cannot obtain sufficient advances and an extension so distant, to give to their labors all the extension necessary to put them at their ease; and sometimes the period of the payments arrives at the time when they still have to struggle arduously that every new establishment almost always encounters.

Sometimes also false associations which usurp that title, either to serve the designs of the enemies of association or in view of some particular interest, and which are made up of a personnel very dubious with regard to principles, deplete the other associations by credits obtained in the name of fraternity, in order to continue exploitation under the aegis of the egalitarian level, and thus make splash back on the principles of association the discredit which surround them.

Thus, if, on the one hand, credit is necessary to advance the workers who want to associate the instruments of labor of which they have need, and in order to come to the aid of associations already formed;

On the other hand, credit, such as it is practiced now, is often a cause of ruin and discredit for the lenders and debtors.

But, if we consider that the majority of these credits have been made in products or in labors of the lenders, we will recognize that they could be acquitted more easily by the products and labors of the borrowers, who very often cannot meet their obligations, because they cannot find distribution for their products, or because they lack labor.

If the creditors' association, instead of inscribing the credits on their registers, accepted, in payment of their products or labors, some bills of credit having a numeric denomination in order to facilitate exchanges, but payable only in the labor or product of the debtors, they could employ these bills to procure the objects of their habitual consumption, which they would be obliged to pay for with the cash that they have o hand, if that credit remained inscribed on their books.

By this act they would assure their clientele to the debtors.

By supposing that the products or labors of the debtors are not objects of habitual consumption for the lenders, the placing in circulation of these bills of circulation will facilitate for them the means of exchanging them against products or labors which will be most useful to them.

And if a great number of associations of various professions put mutual credit into practice, the debtors would experience difficulty in paying the debt, being able to immediately exchange the bills that they would receive in payment for their labors or products, for the products or labors that they need, until the time when they could be paid off.

The circulation of these bills of credit assuring to each of the associations adhering to the mutual credit the business of all the other subscribing associations.

In order to form a mutual credit bureau, it is not necessary to form public gatherings. All that is required, to give the first impetus, is a few associations of various professions which have understood all the present advantages and all the possible results of this mode of credit.

The bills of credit should have a character of unity, and come from a common center, in order to give the mutual credit a more powerful guarantee, and to avoid making an emission of bills surpassing the resources of the credit.

But when two or three associations of different professions resolve to establish the mutual credit, and take the initiative to establish a credit bureau, no discussion will be necessary to lead the other associations: those who do not want to take part will not receive the bills, and they will await the results.

There will be nothing to discuss; it is not a question of a theory, but of a practical fact, and practical means are the best means of propaganda; the least fait accompli often has more value than an axiom.

The associations that wish to subscribe at the founding of the Bureau of Mutual Credit, will make a loan to that bureau, by subscribing an emission of bills of credit which cannot surpass the amount of consumption that they can make of the products and labors of the other adherent associations for three or six months.

That loan must be based on consumption, because it is an advance made in proportion to the consumptive needs of the lenders.

That loan can cause them no inconvenience, it does not put them in a deficit and it assures them the business of the other subscribing associations.

And each of those associations, by subscribing thus a loan in bills of credit equal to their consumption from the other adherent associations, acquires, by that act, the business of those associations and the right of credit.

And every association that has need of credit must first subscribe an emission of bills of credit equal to its consumptive needs from the other the other adherent associations.

The total credits can not surpass the total value of the consumption of the subscribing associations among themselves.

Thus, for example, if only three associations began the foundation of that Bureau of Mutual Credit, each of them could ne subscribe to an emission of bills of credit which would surpass the value of the consumption that it could make of the labor and products of the two other associations, during three or six months.

And that credit will be accorded with preference to those of the three of which, its labors or products not being sufficient to the needs of consumption of the other two others, should give more expansion to its operations.

These bills of credit that it will employ in payment for the labor and products of the two other associations, will give it the faculty of disposing of the cash that would have been necessary for that payment.

The consumption that each subscribing association could make of the labor and products of the other adherent associations will increase in proportion to the number of associations of various professions which subscribe to the mutual credit.

And the emission of the bills of credit being in proportion to the consumption of those associations among themselves, the use of the cash will become less and less necessary to them for the greatest part of the objects of habitual consumption.

They could employ, for the acquisition of the instruments of labor and raw materials that one could not find in the subscribing associations, the cash that they will receive in payment for the products or labor made for non-adherents.

And the clientele of each of the associations being composed of all the other associations and becoming more and more numerous, the credits would be employed to give the greatest possible extension to production, by facilitating to the associations of which the products and labors could not suffice to the needs of consumption of all the others, the means of procuring the instruments of labor and the raw material necessary, and to increase the number of their associates, in order to always be able to satisfy the demands of the bearers of the bills of credit.

The subscription of each new association will simultaneously increase production and consumption, and by adding a new loan, will facilitate more and more the mutual exchange of labor and products, by giving a greater extension to the circulation of the bills of credit.

When the associations of the same profession will subscribe to the mutual credit, they will become committed to not competing for the price of their labors and products, in order that the price be the same for objects of the same quality, because the association have to struggle against competition, it would be obliged to reduce more and more the part of remuneration of its associates, or no longer find an outlet for its products.

The price of the labors or products of the association subscribed to the mutual credit should no longer be inferior to that of foreign commerce, because competition from without would be so much more difficult to sustain in this regard, that the bosses, manufacturers and merchants in possession of the cash which accumulates in their hands the instruments of labor and allows them to loan them according to their will to the laborers, and when they have made a ruinous competition among themselves, they can reduce more and more the price of hand-labor, in order not to pay the costs of war.

Competition is contrary to the principles that are the basis of association; it is not liberty for all, but only for those who can withstand it; it is always the right of the strongest; it is not peace and union, but war at the expense of the workers.

The associations belonging to the mutual credit will have no interest in decreasing the price of hand-work, but, on the contrary, to maintain it as high as possible, in order to lead to the association of a great number of intelligent and industrious workers.

The emulation of the workers will have for motive the desire to do honor to the bills of credit; being simultaneously lenders and creditors, by the fact of the circulation of these bills, they will all have an equal interest in the success of the operations of the mutual credit bureau. A register must always be open to the claims of the consumers belonging to the mutual credit; the poor quality of the products or labors exchanged against the bills of credit must be a cause of expulsion from the membership of the producers.

The associations of the same profession will also find in that that bureau a means of withstanding competition from without; with the help of the credit that they receive from it, they could buy in bulk and at a common cost the instruments of labor and the raw materials that they don't find in the subscribing associations.

Finally, the foundation of a bureau of mutual credit will be a means of conciliation between the all the classes of society, since all those who would want to testify to their sympathies for the workers could make an advance to labor by depositing, in cash, the quantity of the consumption that they want to make with the associations belonging to the mutual credit, and by accepting in exchange the bills of credit refundable in products or labors of the associations belonging to the mutual credit.

That advance made to labor will facilitate the acquisition of the instruments of labor and raw materials cannot be obtained from the adherent associations.

The credits in cash will be preferably granted to the associations that can not procure, except with cash, the instruments of labor and the raw materials necessary to the exercise of their profession.

And as these associations would also subscribe a loan in bills of credit equal to the value of their consumption from the other associations, they could take part, in that same proportion, in the circulation of the bills of credit, without having to fear that it could hinder their operations.

The associations belonging to the mutual credit having a real interest in giving the greater extension possible to the circulation of the bills of credit, when the resources of the bureau of credit permit it, one will be occupied more especially to found associations of laborers in professions whose products and labor are lacking and will be necessary to respond to the demands of the holders of the bills of credit.

It is quite evident that if some workers of ALL the professions belonged to the mutual credit, they could, by means of the circulation of the bills of credit, directly exchange their products and labors, and eliminate between them the use of cash which will no longer be except for the uses of foreign commerce, until the moment when all the laborers will be included: but it is necessary to gradually substitute the remuneration in products of labor for payment in cash.

Because the products of labor should only be exchanged against labor or the instruments of labor, in order to acquire, progressively and peacefully, by that exchange, the instruments of labor that are in the hands of the capitalists.

To acquire by labor, by means of the gradual elimination of cash, the instruments of labor: such should be the object of the constant efforts of the laborers.

This means is the sole peaceful means of attaining the real aim of association, which is the honestly acquired possession of the instruments of labor, in order to be freed from bossism and the salariat.

It is labor that makes the earth fruitful; it is labor that produces all that is necessary to the needs of life and well-being; it is labor that produces all the marvels of science and the fine arts; cash is only a product of labor and a sign of agreement which produces nothing; let us leave it in the hands of the capitalists, who make an instrument of exploitation of it.

It is by labor that we must redeem the instruments of labor, that labor has produced.

It is the sole means, for the laborers, to acquire the possession of the instruments of labor without undermining property.

The establishment of the mutual credit and the circulation of the bills of credit would be at once a work of emancipation and a work of conciliation: the first step towards the peaceful solution.

Proletarian and privileged, we have only one single enemy to combat, and it is poverty.

It causes the sufferings of the former, and troubles the security of the latter.

It is the true and only cause of revolutions; it is not only political liberties that the people want to win; they only demand them in order to help themselves to acquire true liberty, that is to say the complete development of free exercise of all human faculties, well-being for all by the means of an equitable division of labor, instruments of labor and products of labor.

Revolutions cannot produce the well-being toward which the suffering classes aspire, they almost always serve as stepping stones for a few ambitious types to come to power.

And when they are achieved, they continue the habits of the past. They find no other means to combat poverty, when the sufferers grow weary and irritated, than the compression which provokes resistance and prepare new battles.

And when the sufferers resign themselves, alms, which adds moral degradation to poverty, and which is an outrage to human dignity.

It is because the rights of the disinherited are misunderstood that revolutions are providentially necessary; and, in that case, the justice of the people is the justice of God.

And it is the disagreement on the choice of means to combat poverty and constitute well-being which has caused reactions up to the present.

But social science had come to bring the light.

Socialism is the synthesis of all the social truths taught by the reformers.

The various schools differ in the means of organization, but, deep down, they all have the same basis: SOLIDARITY;

The same principal means: ORGANIZATION OF LABOR;

The same goal: WELL-BEING FOR ALL.

They differ on the degree of solidarity;

On the mode of organization;

On the nature and enlargement of well-being that suits the human being.

These differences manifest the wisdom of the ways of Providence, which intended that the teaching of social verities should simultaneously penetrate the various classes of society, in the forms most in harmony with their various needs and aspirations.

And the discussions that rise from these differences must cast light on the great questions of social economy.

But practice alone can give a certain solution to these grand questions, rectify the errors of theory, and demonstrate the truth by the facts.

The suppression of our liberties and the blindness of power, not permitting the various schools to procure the means of putting into practice their systems of organization, which can be put to work in a coordinated manner, and on a vast enough scale, only with considerable capital and a great freedom of action.

The discussion continues, becomes complicated, and sometimes embittered from the difficulties of the present situation, and minds remind divided.

It is important then for the laborers, left to suffer and wait, to enter the path of practice by a simple and easy means, which springs, it is true, from social science, but which does not prejudice in anything social and political questions. Already the association of tailors in Clichy has employed the bills of credit. It is necessary only to give it a greater circulation, to centralize operations, and to organize the manner of establishing the exchange of products between a great number of workers in various professions.

The bill of credit is in reality only an effect of commerce, a simple quittance or receipt, having by itself no numeric value; its guarantee is in labor, it represents some labor and facilitates the exchange of products; it is a means of organizing mutual credit, it is a purely industrial fact, which is not prohibited by any law, and to which one cannot legally put any obstacle, without undermining commercial and industrial transactions.

The organization of mutual credit is a practical fact, industrial and commercial; but that fact is accomplished with a social aim, which is to acquire by labor, progressively and peacefully, the instruments of labor, necessary to the worker in order to exercise their professions, without being subjected to patronage and exploitation,

That aim is a social aim. We neither can nor wish to deny it, it is in accord with the aim of the members of all the associations which are really fraternal, and founded in order to free the workers from exploitation and patronage.

This aim is in agreement with the needs of the situation, and with the political and social opinions of all the democratic socialists, whatever the nuance of those opinions.

What is the basis of the question for political men? (I do not speak of the intriguers and the ambitious.) Why are they justly irritated when one limits all our liberties. It is because they demand for themselves and their children the right to live by laboring, and because they want to preserve the means of reaching that aim. What do the socialists of all schools demand? What is the aim of what our adversaries call the socialist utopias? It is to insure for all the means of true liberty, the complete development and free exercise of all human faculties by the organization of labor, which is to say by an equitable division of labor, instruments and products of labor.

And all the socialist democrats, by participating in the organization of mutual credit, will accomplish a work of peaceful liberation and conciliation, without ceasing to watch over the maintenance of the Republic, and without neglecting the interests of a greater and more complete realization. They will only rally around a practical means, in order to immediately improve the situation of the laborers and prepare the way for the organization of labor.

The organization of mutual credit is a work of conciliation, it is to enter the path of peaceful progress.

It is the means of demonstrating, by the facts, that the socialist workers want to acquire the instruments of labor only by labor, honestly, progressively and peacefully, and the organization of mutual credit is a work of liberation.

By gradually substituting the loan in cash with the loan in labor and products of labor, by the circulation of bills of credit, that loan, far from being onerous, facilitates the enlargement of consumption and production, and the direct exchange of products, and it eliminates the interest which, at only 5 percent, becomes, at the end of twenty years, a veritable spoliation.

And, by gradually substituting remuneration in cash with payment in labor and products of labor, by the progressive extension of the circulation of bills of credit, which would become then a true labor-note, employed only to facilitate exchange, the instrument of exploitation will be paralyzed in the hands of the speculators. Labor being exchanged only against labor and the instruments of labor, the speculators, in whose hands the possession of cash has accumulated the instruments of labor, would exchange those instruments against the labor-notes for their consumer needs.

The possession of the instruments of labor, by freeing the workers from exploitation, will facilitate the organization of labor, that is, an equitable division of labor, of the instruments of labor, and of the products of labor, and will produce well-being for all.

The resources of the Credit Bureau increasing with the number of the subscribers to the mutual credit, it will be easy to extend the advantages of credit to the workers who cannot associate in order to labor in common, either because of the genre of their work, or from a preference for isolation, but who will not hesitate to subscribe to the direct exchange of products, and to the mutual loan that will connect them to the association, and free them from exploitation. It will become possible to make the necessary advances, and to give professional instruction to those who, by a fateful effect of social improvidence, have not learned a profession, and are constrained to servitude or exposed to the temptations of poverty and despair: they will be released.

And it will also be possible to free, from their entry into life, the child of the worker who is born a slave to poverty and deprived of their part of the common inheritance.

Francois I, claiming his part of the possession of Canada, said: “I would really like to the article of Adam’s will that excludes me from the division.”

But the child of the poor man could ask more justly which article of Adam’s testament excludes them from their part and their right in the possession of the earth, that instrument of labor that God has given to all the generations, past, present and future, that common heritage the is of divine right, inalienable and indivisible.

The earth belongs to all in common, like the sun (but happily, God has mot put the sun in the hands of the speculators.)

The child who enters into life has not asked to be born, and often even its parents have not desire it. It is one more laborer sent by Providence to come to the aid of its brothers and sisters.

But in order for it to accomplish its mission, it has a right to the complete development of all its faculties. It should receive the complete education and professional instruction, according to his vocation and aptitudes, and the instruments of labor that are necessary to him.

Then he will be really indebted to society.

But with the present mode of remuneration of labor, let that remuneration be egalitarian or proportional, the father or the mother of the family having to provide for the needs of their children and sometimes of their parents, not however gaining more and sometimes gaining less than a bachelor, and are obliged to impose on themselves the harshest privations in order to provide for the needs of several with the labor of one or two persons.

Thus, a numerous family is for the worker a source of poverty and suffering, even in the heart of the association.

It is still insolidarity, the each by himself, each for himself, that produces all the sufferings of society.

Association, based on solidarity, should adopt all the children who, bearing equally, by being born, the right to live a complete life, physical, intellectual and moral; it should take care of the sick and infirm, because society is responsible for the health of its members; the majority of maladies and infirmities have for their cause the privations and the excess that result from a poor organization.

And it should surround with respect and recognition the old age of those crippled by labor and insure for them an honorable and sweet rest.

It should free from the yoke of poverty and the humiliations of charity those who have contributed to its prosperity, and who have acquired, by labor, the right to repose.

And when the resources of the bureau of credit allow the advance of the necessities to the children of the laborers subscribed, in order to acquire the complete development of their faculties and the instruments of labor necessary to exercise them freely, it is a debt that they have contracted and of which they will acquit themselves towards the invalid laborers.

And all the children of the subscribers to the mutual credit having the right to credit, the speculators by coming to exchange the instruments of labor against their consumer needs could insure the future of their infants, often compromised by speculations so dire for the laborers and sometimes for themselves.

And all will be freed or protected from the yoke of poverty and from the exploitation which produces it.

And when the workers in the countryside have understood the solidarity which should unite the laborers of all the professions, by subscribing to the mutual credit, they will free their children from all of the miseries with which they are burdened.

The bill of exchange has contributed to the liberation of the communes from despotism, from nobiliary feudalism.

The bill of credit will free the laborers from despotism, from financial feudalism.

The organization of mutual credit, the gradual elimination of cash, of the instrument of exploitation and corruption, is the honest and peaceful struggle against the principles of domination and exploitation.

It is the liberation of labor by labor.

It is the means of putting an end to violent struggles and of entering into the practice of a new faith, of the social religion, a religion of love and liberty which wants well-being for all,

Which has for dogma: SOLIDARITY;

For worship: LABOR;
For morality: THE LOVE OF HUMANITY.

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