

Economic
Analysis
of the
Coop
Movement
by the
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ECONOMIC ANALYSIS
OF THE
COOP MOVEMENT

One of the most common questions raised about the coop movement is: where did the money come from?

This paper analyzes the economic factors which gave birth to the coops, the causes of their phenomenal growth, and subsequently the stagnation of the coops.

Labor is the basis of capital

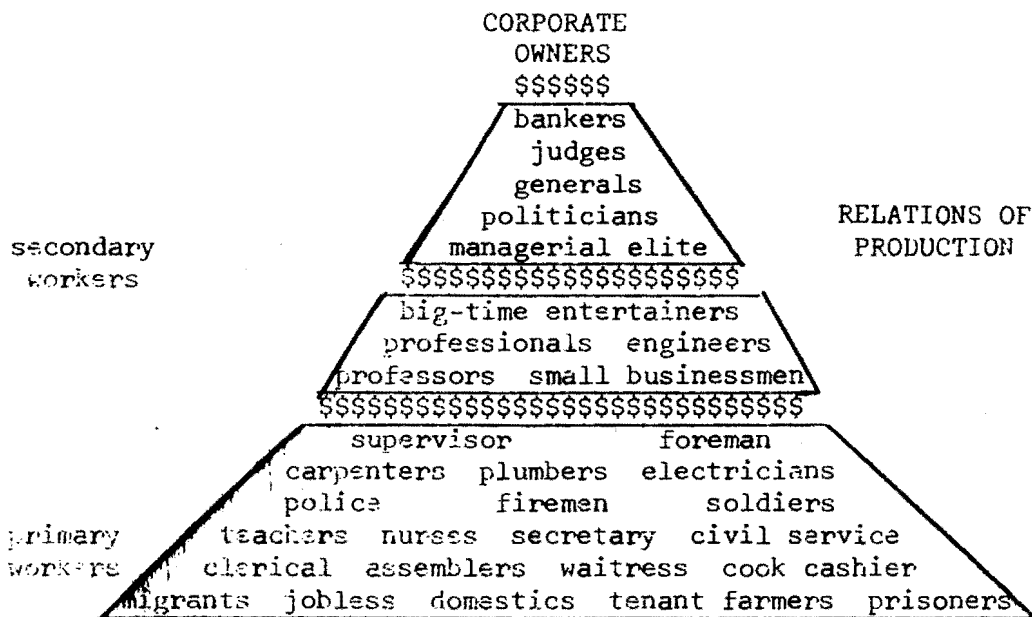
Any economic analysis must start with the source of all wealth in society -- human labor. Labor not only creates all value, but also it is the measure of all value. Concretely labor can be equated with a dollar value because labor is the basis for all wealth.

The same economic fact is also true in the coop system. Thousands of people have labored long hours in order to build the coop system. Why did so many people work so hard? In fact people had become motivated because of the coop ideal, an ideal which led people to believe that they were creating a new order of society for themselves. With the impetus of this ideal of the coops, long hours of labor were expended in an attempt to realize the ideal in reality. New skills were developed as they were needed in order to further put this ideal into practice. These skills, such as refrigeration repair, ordering and marketing, electrical repair and bookkeeping, were learned out of a desire to build the coops into a movement.

Most people in this society have nothing to offer society except their labor. People who didn't have much money came forward with long hours of labor as their contribution to the coop movement.

Cooperation is the embodiment of the coop ideal

In order to get a deeper understanding of what motivated thousands of people to labor so hard for the "coop ideal," a closer look must be taken at the aspects of production in society. "The chief force that determines the development of society is the method of procuring the means of life necessary for human survival, or the Mode of Production of material values--i.e., food, clothing, shelter, fuel, tools--those things which are indispensable for the life of society." The mode of production consists of two basic factors: (1) Productive Forces, which consist of the tools, machinery, people, skills, and labor experience; and (2) the Relations of Production, which is the relations of people to each other in the process of production. The relations of production can take 3 basic forms: (1) they may be relations of cooperation and mutual help between people free from exploitation; (2) they may be relations of subordination and domination; and lastly (3) they may be transitional from one form to another.

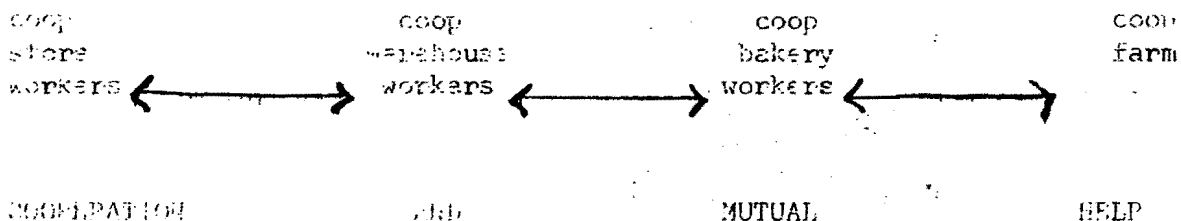


The coop relations of production was cooperation and mutual help

In the early days of coops, a serious attempt was made to establish production relations of cooperation and mutual help, but as the material conditions of the coops changed, the production relations also changed to domination and subordination.

Many of the people who labored long hours for little or no pay had a basic conception that the relations of production in this society are relations of intense domination and exploitation. They realized that the means of production are owned and controlled by a small group in society and that the majority of the American people's labor is subordinated to this handful of people. In setting up the coops, the founders of the coops were consciously trying to change the relations of production. In setting up their "new" relations of production, the founders had rejected the old relations of production as they saw them: the "straight" world of factory shifts, and 8-5 office jobs--in order to have a situation where they could pretty much do what they wanted, not to be tied to strict hours of work and not be tied to any one job. The whole hippie counter-culture movement was a rejection of the hierarchical and exploitive relations of production in society. They wanted to get relations of production in which everyone was equal.

HOW THE COOP FOUNDERS CONCEIVED OF THE COOP RELATIONS OF PRODUCTION



As the coop founders tried to institute new relations of production, they also attempted to set up new social values (the coop ideal) under which people could work. Moreover, they had to win over people to this "coop ideal" of new relations of production in order to have the necessary labor to carry out the coop construction. They continually pointed out that "everyone could live this way" in cooperative production relations. On the contrary, the material reality produced new production relations for only a handful--- the coop founders and leadership. In order to perpetuate the "coop ideal" of relations of production that were cooperative, the coop founders had to advance the concept that the means of production (coop stores and store equipment, coop warehouse, bakery, trucks, etc.) were controlled collectively. In this sense new political values were advanced that took the form that there wasn't any leadership in the store ("we have no bosses") and that decision-making should be by consensus ("everyone has an equal voice in the store"). This was the concept of the coop ideal.

The coop founders were groping toward a desire for socialism when they attempted to institute new relations of production. The heart of socialism is a basic change in the relations of production. However, the coop founders' economic mis-conceptions led them to embrace non-scientific thinking -- idealism -- toward a change in production relations. This idealist thinking has led to a number of serious economic mistakes with which the present coop movement is still burdened.

The founders of the coops organized around the concept of mutual help in the relations of production. There wasn't supposed to be any bosses, everyone was supposed to have a voice in decisions, etc. As people became attracted to this "coop ideal", they were then motivated to work long, hard hours for little or no money.

Human labor is the basis of capital

Unpaid labor creates surplus value -- profit.

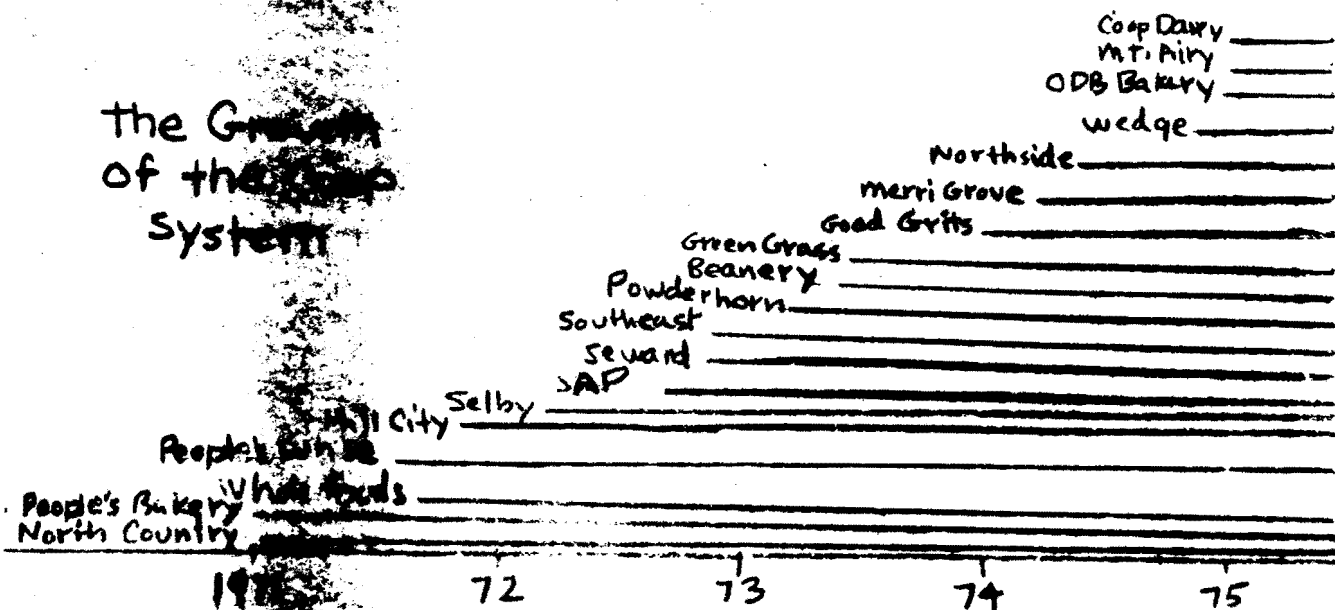
What was the result of thousands of hours of unpaid or low-paid labor?

The result was the growth of the coop system.

Surplus value (profit) in its most fundamental sense, is the value of unpaid labor. Wages and profits have an opposing relationship in capitalist society. Because only labor can create new value, the capitalists are always trying to capture a larger share of the new value that is created by workers. How much of the new value the capitalists get, determines how much the workers will get. So workers and capitalists are in competition for the control of the surplus value. In this sense wages and profits are in inverse proportion to each other. Whenever profits go up, wages must go down, in relation to each other. Because the wages were so low in the coops and there was so much unpaid labor, the surplus value that was generated in the coops was enormous.

Where did the surplus value (profit) go? One can see from the following chart that the surplus value from low paid and unpaid labor created capital for the dramatic growth of the coop system.

The Growth of the Coop System



Capital = social power

Capital in its most fundamental sense is a social power of one group of people over another; in capitalist society it is the power of the capitalist class over the working class. Capital is the social power of one class to direct accumulated social labor over living labor. In the coops, the accumulated labor was coolers, inventories, including the labor of the farmers to grow the food, the miners to get metal for machinery, etc. Living labor was the coop workers and volunteers. The power to control all this accumulated labor of the coops had fallen into the hands of a class clique. A clique which was composed of the upper-middle-class founders of the coop movement and their friends who had the business experience to direct the movement along the lines of their self-interest. They controlled the capital by a coop ideology which had class contempt for the base of the coop system -- the working class. This base had created the value which was turned into a social power against them by the petty-bourgeois leadership of the coop system. The relations of production hadn't changed in reality. Instead the relations were one of domination by the petty-bourgeois leadership, who controlled the capital of the stores, over the store base which had created the bulk of the capital in the first place. Once again, the coop leadership exercised this control by feeding off the legitimate desires of the working class base to change the relations of production. In doing so they created control mechanisms such as phoney "community meetings" and the PRB, giving the illusion that the base controlled the capital.

As long as there is labor there will always be surplus value (profit)

The "coop ideal" of the petty bourgeois leadership was catching up with them. This coop ideal, which sought to change the relations of production, had lacked a scientific understanding of the economic laws of society. It was based on economic illusions.

The concept advanced by this leadership was that of non-profit, or even "anti-profit". In capitalist society, "non-profit is a legal term, it serves as a mask to divert corporate profits into fronts such as foundations, insurance companies, etc.

"By not understanding the mis-conception of non-profit, the coop leadership has literally attempted to create a non-profit economic structure -- the coops."

By pushing the concept of non-profit, the coop leadership has attempted to cover up their class control of the coops. This cover-up led to an intense contradiction between the illusion of non-profit and the reality of all the surplus value which had been created. This contradiction caused the illusion of non-profit to become an inhibitor on the expansion of the coops. Because the coops weren't ideologically united and there was disagreement over the general direction of the coop movement, only a percent of the surplus value began to be used to fuel the continued expansion of the coop system. Surplus as well as expansion were consciously discouraged by many acts such as arbitrarily reducing markups and giving money back from the warehouse to the stores. Also, countless amounts of surplus value created by hard work went to theft. Regardless of these surplus-reducing practices, at times the surplus value became so abundant that schemes were invented to fritter it away outside the coop system, for example wanting to give money to an upper middle class hippie farm called the Wiscoy Valley Farm when thousands of legitimate farmers were going bankrupt.

The motivating factor for these practices was the belief that profit was a social evil. The class background of the coop leadership had led these people to believe that profit in and of itself was wrong, whereas

in fact the way profit had been used by their parents and relatives was to dominate the working class, In advancing the non-profit concept, the coop leadership was desperately trying not to fall under the influence of capitalist domination themselves.

To this end, they sought to perpetuate their class clique control of the coops, Therefore, the coop leadership did not educate the base on the source of the wealth of the coops being labor. In fact, they rejected this concept. They depended on loans and donations from their friends, relatives and themselves whenever their "anti-profit" practices led the coops to need another transfusion of money.

We have seen that the coops were actually developing, or had the potential to develop, most of their own capital for expansion and reinvestment because of the tremendous amount of low paid and unpaid labor. But this potential capital was consciously frittered away in the name of "anti-profit" -- while in many cases the very same people invested big chunks of money in the coops, thereby advancing their own control. "Those who hold the money bags call the shots."

The coops could have developed their own money for expansion by relying on the labor of the masses in a way that reflected a scientific understanding of the economic laws of society, and democratic centralist organization that responds to the needs of the base. Instead, by pursuing the idealistic mis-conception of non-profit, the coops fell more and more under the control of a class clique who had access to loans and donations.

The question of profit

The question of profit is a class question, not a question of morality. As the CO pointed out last May in the paper, "Economic Facts of Life vs. Coop Fantasies": "Is profit a social evil? We can only answer this

question from a class perspective; however, the question that gets to the heart of the matter is, how is profit used? The capitalists used profit to enrich their power and control over society in a very class-cliquish and counter-productive way that is social oppression and economic exploitation." The question of profit or surplus value is not whether it exists, because whenever humans labor they create value, but how it is used. In capitalist society it is used by the capitalists to dominate the relations of production in order to control society and enrich themselves. In a socialist society, surplus value is used by the working class to enrich the whole society's material and cultural life. At this point in history we are in a transitional phase, in which the surplus value created by the working class must be used as a lever to transform the relations of production throughout the entire society, not for just a few -- in other words, towards the overthrow of the capitalist class.

Because the coop leadership had advanced the ideal of non-profit, they frittered away the surplus value created by the unpaid and low paid labor. The reality of the situation was such that this class clique had control of the capital of the coops and because of their idealism had misdirected its use. It is at this point that the coops began to stagnate both economically and politically.

Summary

To repeat, the coops began to stagnate politically and economically because (A) the organizers didn't possess scientific thinking which would have enabled them to look at their work more objectively and systematically; (B) their unscientific thinking (idealism) led them to misdirect the abundance of surplus value which was created by volunteer labor; and (C) the coops weren't ideologically unified and as a result fragmentation was encouraged to run unchecked.

Being very conscious of the political and economic stagnation of the coop system, the CO called for the replacement of coop leadership on May 3, 1975, at the PRB conference. The following is an excerpt from what we said at the PRB conference: "We are calling for the replacement of the present leadership with a leadership that is trained and fitted for the task of bringing the coop system to a new level of economic development with the emphasis on employing more productive forces."

Since we took over leadership of the People's Warehouse, we have taken the following steps to correspond with our economic analysis: (1) We started to build ideological unity with stores that supported the Coop Re-structuring Proposal (2) we held study groups which were geared toward bringing clarity to the character of the revolutionary struggle (3) we systematically uprooted all unproductive practices which were carry-overs from the former leadership (4) after those three steps were taken we proceeded with the implementation of the Coop Re-structuring Proposal (5) Coop Organization workers were systematically replaced by working class people at the People's Warehouse, and (6) we have begun modernizing the warehouse by purchasing new equipment.

To the (former) coop leadership, we are addressing the following quotes to you and we sincerely hope you will join us in the unfinished task of advancing the working class struggle.

"In order not to err in policy, one must look forward, not backward."

"Correct working class leadership must not be based on the good wishes of outstanding individuals, not on the dictates of reason, universal morals, etc., but on the laws of development of society and the study of these laws."

"The new revolutionary force which has emerged within the coops is -- working class leadership. The working class leadership has now become

politically mature and is capable of taking its term of leadership in making the coops face reality. We ask all of you to judge our leadership in both words and deeds." Taken from the Coop Re-structuring Proposal paper.

January 3, 1973.