

Investing in ourselves

a cautionary tale

Over the last 20 years trade union movements in different parts of the world have developed a range of responses to try and reverse their decline in membership and corresponding limitations in political influence.

In the industrialised northern hemisphere, union movements faced increasingly antagonistic governments who pursued reactionary, orthodox economic policies reinforced by anti-union legislation. This led to permanent unemployment for millions of workers, which, in turn, dramatically undermined the power of unions to influence the economic and social agenda.

Nowhere was this more sharply illustrated than in the USA and Britain. In 1979 the British Trades Union Congress had just over 12 million paid up members. Government consulted it on all major industrial and economic questions. At the end of 1998, membership stood at just over 6 million, and it struggled to receive any sort of hearing in the corridors of power. Many historically militant and active unions virtually disappeared, including Mrs Thatcher's most hated union – the National Union of Mineworkers – which currently has a membership of around 8 000 compared to 90 000 less than 20 years ago.

The picture in the USA is hardly better. The AFL-CIO saw its influence plummet and despite a 'friendly' government in the

Stephen Faulkner argues that unless South African unions learn the bitter lessons of what happened when unions in the UK and USA adopted business unionism, they too will be weakened and lose political power.

White House, union density today remains very low indeed. ALC-CIO leaders may now at least be invited for talks at the White House, but their actual influence, by their own admission, is debatable.

In the southern hemisphere, union movements suffered the consequences of much the same economic policies, imported via the International Monetary Fund (IMF), but implemented with breathtaking severity.

Dressed up in the language of structural adjustment, state assets in even the poorest of countries were sold off at knock-down prices, and cuts in fragile but essential social services increased appalling levels of poverty. This resulted in hundreds of thousands of workers being retrenched, without the benefit of any kind of social security safety net.

Union movements have been on the defensive for a long period almost

everywhere. That is what made the South African movement so thrilling for many of us. Here at least, unions were still growing, and maintaining a militant political tradition in sharp contrast to most parts of the world.

Welcome to the real world?

However, the tide is turning in South Africa too, and unions must address many of the same issues that have faced comrades in other countries – privatisation, looming job losses, and an economic development model that is proving increasingly incapable of delivering what was promised. The impact on unions has been considerable. Unions in the manufacturing sectors in particular have been hardest hit, and a serious decline in membership is now evident. Maintaining membership and being able to sustain the structures are key concerns. In this context, it is useful to look at what has happened in other countries, and at the responses and strategies put forward by union movements elsewhere. In this brief article it is only possible to look at a limited number of examples of how union movements in different parts of the world have reacted to the crisis of declining membership, and the more general question of sustainability. There are, however, a number of key lessons to be learned – particularly in relation to union investment companies.

In the USA, unions developed 'business unionism' to tackle declining membership and to maintain existing members' loyalty. This approach was later adapted and adopted by the British Trade Unions Council (TUC) and many other movements' worldwide.

Rationale

In essence, the approach to business unionism was based on a number of assumptions:

Firstly, workers were not interested in or committed to traditional forms of unionism. People claimed that there had been significant changes in the sociology of workers. Many workers aspired to higher positions, and no longer shared traditional class-based values. Indeed many workers identified with Thatcher's and Reagan's underlying political views and voted for them. Individualism was replacing collectivism.

Secondly, political engagement with government on a formal or informal level was no longer an option, or indeed desirable. Union engagement in organised politics took a back seat. This was encouraged by the Democrats and New Labour waiting in opposition, who saw association with the labour movement as a liability. Even in the face of blatant attacks on the right to organise, and in contradiction to the most basic rights enshrined in ILO conventions, British and US unions were cautioned by the awaiting opposition not to 'rock the boat', but to be patient and hold fire until after the elections, when all would be resolved.

Thirdly, it was stated, (often on the basis of suspect telephone marketing surveys), that what union members wanted most from their unions, were sensible negotiated settlements which did not threaten job security. They did not want militant action; after all, this had led to the defeat of the miners in the UK and the pilots and other workers in the USA.

Fourthly, if unions wanted to retain members, and attract new ones, they had to provide services. Unions must use their considerable investment potential to extend their operations and compete in the market place to provide those services normally offered by capitalist enterprises, especially in insurance, travel and banking.

Services or serving

People argued that this approach would reverse membership decline, and provide sufficient revenue to sustain unions. In Britain, unions launched discount card schemes, set up insurance companies, negotiated private health care schemes for their members (despite appeals by poorly paid health workers to support the National Health Service) established banking facilities and a range of other enterprises.

US unions went further. They did all the above, but also bought casinos, resorts, hotels, hospitals and a whole host of 'going concerns' to provide services to members and make money for the union movement.

In the mid-80s, this was heralded as the new approach to trade unionism. In a mirror image of the Thatcher/Reaganite mantra of certainty by stating that there is no alternative, the US and British trade union movements launched themselves into the era of New Realism. Those who at the time opposed these approaches were written off as 'dinosaurs' waiting for extinction.

But did it work?

Needless to say, this remains a contested area. I would argue that it did not.

For a start, membership did not increase significantly. In fact, in some sectors, particularly in manufacturing, union membership continued its downward spiral.

In one infamous episode a number of unions competed to persuade new Japanese employers in the car assembly industry for the 'privilege' of representing workers. In the process they outbid each other by promising a passive workforce, and by undercutting the wages and conditions of those they were striving to represent. Where membership did grow was in the public sector unions, but this

had little to do with New Realism, or business unionism.

And as successive elections illustrated, Thatcher and Reagan enjoyed re-election. This was not because workers had rallied to their cause and adopted the philosophy of the right. It was because hundreds of thousands of workers were not sufficiently convinced by the opposition's arguments and therefore abstained from voting.

Shining examples

In the UK, the largest of the public sector unions, UNISON, was among a small group of unions that maintained much of the traditional militancy considered unfashionable.

It addressed low pay and the social wage. It energetically campaigned against privatisation and exposed the fat cats who shamelessly plundered national assets. It took up gender issues and embraced community campaigns against police racism and the deportation of 'illegal' immigrants.

It used creative and humorous publicity campaigns, and intensified membership education programmes. It did not allow itself to be tied to New Labour's cautiousness, and emphatically stated the need for radical alternative policies to those proposed by Her Majesties Opposition. And UNISON grew, organisationally and politically.

Much the same process was underway in sections of the US trade union movement, and was strengthened by the election of a new left-leaning AFL-CIO leadership.

Unions organising service sector workers took the lead with a radical turn towards primary organising. They put their money and resources where their mouths were too. They swiftly and extensively built their organising capacity. They raised the status of organising, and



Unions in the manufacturing sector have been hardest hit and a serious decline in members is evident.

challenged the prevailing culture of it being seen as the bottom rung on the union career ladder. They addressed the needs of marginalised and casual workers. They took pride in recruiting the poorest and most oppressed workers. They developed high quality programmes of worker education dealing with key working class concerns and identified with workers in struggle world-wide. They even revisited the history of the radical US workers' movement, and made popular connections with parts of history that had been suppressed under the anti-Communist witch-hunts of the '50s. And they also grew.

Failures of business unionism

In the USA, the new union leadership that emerged unearthed the darker side of business unionism. It took months for the new left leaning leadership to find out exactly what was in unions' investment portfolios, and even longer to find out

how many people were on the unions' payroll. No one seemed to know. Many of these deals were shrouded in secrecy. Business unionism adopted the closed-book practices of business itself.

Yesterday's supporters of business unionism, including many who now embrace the more proactive approaches outlined above, say that business unionism was appropriate for the time. Union struggles and confidence were at an all time low, and the survival of the union movement was at stake. But this too is a deeply contested argument.

The overwhelming drawback of business unionism, and its many varieties world-wide, is that it demobilises, and depoliticises workers, precisely at a time when only their mobilisation can protect working class living standards. By restricting the issues that can be raised (for fear of contradicting the policies of historical political allies) it paralyses activists. Even worse, it feeds into all the

anti-union press publicity of unions being little more than shallow commercial empires operating only to benefit high salaried union 'barons'.

Using profit from investment monies for union income, instead of using money from subscriptions decreases the need for:

- organising campaigns to extend membership;
- measures to maintain internal union democracy and accountability.

It is ironic that as the British and US trade union movements implicitly recognised that business unionism was failing, and quietly buried it, the South African trade union movement is extending its own version through investment arms.

Both the US and British trade union movements have recognised that creative approaches to basic organising, and making people feel that they are part of a movement, is a much more effective way of winning membership, sustaining organisation, and ensuring that they regain political power.

A unique approach?

In South Africa the warning signs are emerging. We cannot assume that a radical and militant tradition will protect unions from the worst excesses of business unionism (even our own variety) and that it will work out differently here.

There are already a number of instances where workers, facing retrenchment, have demanded their cut of the profits accrued in their name with disastrous, and, in one recent case, tragic consequences. What message is sent to membership when unions say they are serious about campaigning against low pay and poor conditions, and then invest in and reap profits from the very companies and sectors which maintain poverty pay and conditions to maximise profits?

What message is sent to membership when union leaders say that managing directors and the wealthy should have their tax perks removed and be paid less, and then they themselves become millionaires through handling union investment accounts?

It would hardly be surprising if workers saw little difference between business or union bosses. And worse, it legitimises the view promoted by the rich and powerful, that everyone is in it for themselves - the very opposite of trade union and socialist values.

Investing in ourselves

Concerns are emerging. The long-term impact of business unionism, and New Realism is still being felt today. If union leaders in the UK and the USA had invested the same time and energy into organising workers and maintaining democratic participation as they had put into establishing union businesses, it is doubtful whether Blair or Clinton would have been able to maintain the reactionary industrial relations framework that were put in place by the Tories and the Republicans.

South African trade unionists need to address these issues without delay. At its recent congress in Durban, SACCWU passed a motion that instructed its investment arm not to invest in those sectors in which it organised in order to avoid a conflict of interest.

Contradictions such as these will come back and haunt us all unless we learn the lessons from elsewhere, and reassert those values and ways of working which are consistent with our stated aims, and the type of society that we are trying to create. ★

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