

NUM worker co-ops are dead! Long live worker co-ops!

Vishwas Satgar, executive director of the Cooperative and Policy Alternative Center (Copac), disputes the negative conclusions on worker co-ops that Kate Philip concluded in a recent *SALB* article.

Kate Philip's article in *SALB* 31.1 about the viability of worker cooperatives in South Africa attempts to immunise her perspective from critique by arguing from the standpoint of a grounded, practical understanding of what can work in present-day South Africa. This is reflected in her title: 'A Reality Check - Worker Co-ops in South Africa' and in her argument which is permeated with scepticism about worker cooperatives. However, there is a disconnect between the past NUM (National Union of Mineworkers) cooperative experience from 1987 to early 1990s and present-day South Africa. Philip speaks to us from outside the struggle to build cooperatives today: realism in her perspective is abstract prescription without being genuinely self critical about the past.

HISTORY OF CO-OPS VERSUS NUM EXPERIENCE

We should not make the mistake of reducing the NUM experience of worker co-ops to being the defining moment for cooperative development in the way Philip lays out her argument.

In a recent attempt to compile a comprehensive list of publications about co-op models and practices in South Africa, the Cooperative and Policy Alternative Center (Copac) found 110 publications.

Documented by institutions like Saldru and the Koinonia Centre, this list tells of attempts to build worker/producer cooperatives in the 1970s and 1980s, before the NUM experience. Besides union attempts at co-op development, during the militant 1980s community initiatives to build worker co-ops like on the Cape Flats were also taking place and were documented. Many of these publications also point to experiences of non-worker cooperatives engaged in finance, housing, agriculture and so on. They also point to the problems and challenges that non-worker cooperatives were experiencing under conditions of apartheid and state repression. This is important because Philip suggests that non-worker cooperatives (credit unions, housing, consumer cooperatives) are almost without problems and hence more viable than worker cooperatives.

Another striking feature of this publication list is that South Africa has a long and rich history of cooperatives. This history shows racial division given our past. However, the duality of white and black cooperatives should not take away from the need to learn from the entire history of co-op development in South Africa. The oldest cooperative established in the white community was

registered as the Pietermaritzburg Consumers Cooperative in 1892. In addition, the history of black co-ops goes back as far as 1906. An activist at the University of KwaZulu-Natal is currently writing a history of co-ops in South Africa and her work is revealing a critical role played by Mahatma Gandhi, priests, Govan Mbeki and Dora Tamana amongst others in promoting co-ops in the first half of the 20th century. To ignore this broader history and what it means for building worker and non-worker cooperatives in present-day South Africa, means we are denying an attempt to learn from successes, failures and mistakes made during a racialised but common history. Most importantly, it means we reproduce a racial duality in the present, something that is also implicit in the logic of Philip's argument.

THROWING OUT THE BABY WITH THE BATH WATER

One of the main problems raised by Philip against worker cooperatives relates to the nature of their management structures. In particular, she highlights the failure of the NUM co-ops to 'delegate managerial authority'. This is an important point. However, let's not assume that all South African worker cooperatives work with the NUM model of self management. The problem of failed internal

management in these 30 NUM co-ops is just that: a failure of the 'NUM model of worker cooperatives' and not a problem of worker co-ops in general. Moreover, the lack of clarity on asset ownership in a worker cooperative suggests a short-coming in Philip's understanding of co-op principles as defined in the South African legal framework and internationally.

The legal definition and principles of a cooperative are straight-forward about ownership: assets of a cooperative are 'jointly owned'. The assets are indivisible and not linked to member share contributions. In other words, the capital sourced from a member contributes to the internal capital pool of the cooperative and on leaving the member is paid the value contributed. This has nothing to do with asset values or 'profitability' in the cooperative. The flip-side of this question of ownership relates to whether an asset of a cooperative can be sold and whether members can individually benefit from this. An asset of the cooperative whether donated or purchased is the asset of an independent, legal entity, the cooperative, with full powers in the law to deal with the sale or purchase of assets according to its constitutional principles or by-laws. In most instances, these provide for a decision-making procedure, normally a special vote amongst members to dispense with the asset and its proceeds. This is not a confusion in the worker co-op model, as Philip suggests, but the minimum required to maintain the identity of a cooperative and to distinguish its institutional form.

However, in the real world no matter how intelligently the management arrangements and ownership principles are institutionalised, a host of other

conditions internally and externally could conspire against the success of a cooperative. Hence the issues raised by Philip in relation to the NUM worker cooperatives, force us to ask deeper questions about how these co-ops were designed, capacitated and institutionalised as a model. In this regard Philip's version of what went wrong with the NUM cooperatives is incomplete: it hides more than it reveals. It prompts the following questions: (1) Was there sufficient thought given to the institutional arrangements such that self-management was institutionalised in an efficacious way (it is not enough to refer to Italy and Spain now as 'best practice')? (2) Was proper education done with members about collective and member rights such that member understanding and discipline was achieved? (3) What was the role of the union in this situation? Did it assist or impede the development of the cooperatives? (4) What mistakes did the NUM and the Mineworkers Development Agency make in this process? (5) How did the state respond to the NUM cooperatives? In short, let's not generalise about worker co-ops in South Africa, including their limits and potential, based on the NUM experience, and without understanding in a rigorous and honest way the particular contextual factors that might have contributed to its failures.

NEW CONTEXT, NEW CONDITIONS, NEW CHALLENGES

Another disturbing aspect of Philip's argument is how she selectively appropriates part of a COPAC research report to suit her argument. The 2005 Copac study finds conclusively that most co-ops in Gauteng were initiated by the state and state support in crucial areas like finance, training and access to markets, was not

forthcoming. This Copac study recognised that under post-apartheid conditions the state had to come into cooperative development. Given the poverty and underdevelopment facing most communities the state was crucial in providing enabling conditions for co-op development. However, based on the research, it was very clear that the state was not complimenting autonomous cooperative development in the name of Broad Based Economic Empowerment (BBBEE), but instead was failing to respond to the start-up and growth needs of these co-ops. It was actually pushing these cooperatives back into poverty. Philip does not recognise this bigger argument and conclusion of the Copac report as she merely works with the observation about cooperatives failing. Her failure to go into the explanation within the report also reflects her disconnect from current realities around co-op development.

Further, she fails to recognise that post-apartheid co-op development is happening in the context of important state policy and legal reform for cooperative development. Despite some weaknesses, this framework for co-op development is progressive and affirms three crucial assumptions: (1) the state will compliment cooperative development in an enabling way; (2) cooperatives have a distinct identity from other forms of social or economic enterprise; and (3) co-operative development requires a co-operative movement from below. During the time of the NUM cooperatives this policy support framework for cooperatives did not exist. At the same time, the South African cooperative development policy framework reflects a global shift towards affirming the identity

of cooperatives as distinct from capitalist businesses or state controlled enterprises. In this regard Cosatu's role in securing this framework through national policy-making processes and international engagements are crucial. This includes ILO processes which produced a revised standard for cooperatives encapsulated in Recommendation 193 (2002).

To make the post-apartheid cooperative framework work the assumptions underpinning it have to be realised. As implementation is taking place short-comings are also coming through. In this regard, training for co-op managers and more specialised training for cooperatives is not provided for. These needs for cooperatives are getting lost in the

SETA system and therefore there is a need to enhance the policy support framework through a national cooperatives college, for example. In addition, the racial integration of the cooperative sector is inhibited by the BEE approach. In many instances the cooperation pattern from below between black and white cooperatives challenges a 'BEE approach' from the standpoint of 'cooperative empowerment'. Also tax reform for post-apartheid cooperatives has to be seriously thought about to improve what we have.

CONCLUSION

There are many positive opportunities and exciting challenges facing worker and non-worker cooperatives in post-

apartheid South Africa. Increasingly our debates about cooperatives must speak to these opportunities and challenges while being informed by history and the ongoing struggle to defend the identity of coops. Trade unions and the working class more broadly, need to claim the post-apartheid cooperative development framework as theirs, grounded in the experiences of the NUM cooperatives and more. In doing this we have to recognise that cooperatives have both strengths and weaknesses. Philip has a lot to teach us about these, but she also has a lot to learn as we struggle to deepen the conditions for successful post-apartheid cooperative development. LB

Unlocking labour laws

Workplace discrimination and HIV/AIDS

The questions in this edition come from people who are worried about issues of discrimination in the workplace when a worker is living with HIV/AIDS. The **AIDS Law Project** answers these questions and suggests ways to make the workplace more friendly, supportive and safe for people living with HIV/AIDS and for those working with them.

I work at a fast food outlet selling fried chicken. My sister told the other workers that I am HIV positive. Now they won't eat with me and they insult me. I complained to my manager and he

said he would deal with this but he has done nothing? What can I do?

Employees discriminating against a worker living with HIV/AIDS should face disciplinary action. Also, the employer cannot dismiss

you as it is unlawful to dismiss a person living with HIV, even if other employees are unhappy about working with that person.

Grievance procedures: are you being treated fairly?

All workers, including Andile, who are living with HIV should be able to lodge grievances if they are unfairly treated. Instances of HIV/AIDS discrimination should be approached in a sensitive way in the same way that sexual harassment grievances have to be treated sensitively.

One of the best things you can do to deal with fear, discrimination and prejudice in the workplace is to