

# 'Remember me, when it goes well for you'

## What role can South African worker co-ops play?

In a previous *Labour Bulletin*, Kate Philip spoke about the limitations of co-operatives to create jobs. **Jan Theron** argues that in the absence of any mass job creation strategy, worker co-operatives fulfil a useful role even if they generate minimal incomes for their members.

In a township near Dimbaza a group of seven work together in a shed adjacent to the house of one of their members, making aprons for sale in the local community. On the outskirts of King William's Town, another group of six work together on land they have purchased from the church, farming poultry and vegetables. Also, in the Eastern Cape, in Alice, a far larger group of 54 is responsible for tending the gardens and grounds of the University of Fort Hare.

All three groups comprise workers who were, until fairly recently, in full-time jobs at a workplace their employer controlled, earning a regular wage. Indeed one of the things the three groups have in common is that the leadership and core of membership are ex-union members.

The first group is made up of ex-clothing workers who lost their jobs when their Taiwanese bosses suddenly closed down their factories in 2000 and 2001. The second group are amongst thousands of workers in the gold and coal mines of Northern KwaZulu-Natal who were shipped out when factional violence erupted in the early 1990s. The third group of workers were retrenched by the university at a time when tertiary institutions across the country were

externalising services.

The other thing these groups have in common is that they are co-operatives. The sewing group does not call itself a co-operative and does not even have a constitution. It nevertheless operates as a co-operative in that the enterprise is jointly owned and democratically controlled by its members. The other two, being a co-operative is very much part of their identity as a group, and they are proud to be registered as such. In that the members of these co-operatives also work for the co-operative, these can be called worker co-operatives.

The question these case studies raise is how organised labour is responding (or failing to respond) towards co-operatives in general and worker co-operatives in particular. The significance of this question is that there is a substantial section of the working class who are in the same situation as the members of these co-operatives. They have no prospect of employment, or indeed any form of employment at all. In economic desperation, self-help is the only alternative. The issue then is whether to pursue an individual self-help strategy or a collective one. Co-operatives, like trade unions, represent a collective response to the capitalist labour market.

### DEBATING CO-OPERATIVE STRATEGY

But co-operatives, like trade unions or any other membership-based organisation, are open to abuse. If a co-operative movement is to emerge and benefit the working class, it is essential to debate all aspects of co-operative strategy. Seen in this light, the recent article by Kate Philip (*SALB*, 31.1) is to be welcomed, even if I consider some of her arguments unfortunate.

Labour, she says, has been at the forefront of supporting worker co-operatives. Yet "worker co-operatives do not actually have a good track record in creating decent and sustainable employment". She cites studies showing that there are co-operatives that are not able to pay wages to their members, or that have not generated surpluses. They should therefore not be seen as a "vehicle for a strategy of mass job creation." She contrasts worker co-operatives with other forms of co-operatives, such as marketing co-operatives, which she argues have greater potential and gives the well-known example of dairy co-operatives in India.

Firstly, I question that labour has been in the forefront of establishing worker co-operatives. This implies that organised labour has seriously engaged with co-operative development. There was a brief period in the 1980s when certain

unions established co-operatives, including worker co-operatives. Even then, it is debatable to what extent the unions seriously committed to promoting co-operatives. Compare for example the resources lavished on union investment companies. In any event, as Vishwas Satgar has pointed out in (*SALB*, 31.3) the context within which those co-operatives were established bears little relation to the current context.

Certainly the members of both the clothing and the ex-mineworkers co-operatives would be surprised to hear that labour was committed to their support. They have received no support whatever from the unions they belonged to, both of which maintain substantial trust funds. What is more, in the latter instance the members claim the union has not paid over monies due to them from the period they were employed. Their slogan, roughly translated from Xhosa, is 'remember me when things go well for you.'

Contrast the case of the Fort Hare co-operative. Here the union was instrumental in establishing the co-operative. Although the co-operative is and should remain autonomous, the union continues to provide a degree of political support, as well as support for another co-operatives providing cleaning services at this university. However, this is in an exception even within the sector in which this union operates. Consider the thousands of workers formerly employed by tertiary education institutions who are now employed by contract cleaners. Surely this is not the 'decent and sustainable' employment Philip would prefer.

Of course it would be naive to suppose that worker co-operatives represent a strategy for mass job creation. But who is advocating this as a strategy? What, by the way, is the strategy for mass job creation? Certainly it cannot be suggested that the extended public works

programme is creating sustainable employment. Co-operatives such as those I describe are established because of the inability of the labour market to provide employment. There is also no strategy of mass job creation and no likelihood of a strategy materialising, now or in the foreseeable future.

The ex-mineworkers co-operative only sustains the members with the help of the salary of one of the members making deliveries for a pizza house after hours. In the clothing co-operative members earn R100 or R150 a month. Certainly this is not a decent wage. Yet where the only other source of income for most is government grants, it is better than nothing. It is also not a true measure of the social impact of such a co-operative. Both co-operatives are actively engaged in uplifting their communities in which they are located. Both have programmes of home-based care for HIV/AIDS patients. This combination of activities is also characteristic of co-operatives in impoverished areas such as the Eastern Cape. It makes their precise categorisation difficult.

#### WAGE CULTURE TO MODELS OF SELF-RELIANCE

I have no problem with the argument that co-operative development should not be focused primarily on worker co-operatives. But it is an argument that needs to be developed in the context of a well-conceived strategy. Marketing co-operatives have a proven track record, where there are producers with goods to market. A dairy co-operative ought to have as much potential in South Africa as in India given the importance of cattle in rural society. In fact dairy co-operatives were dominant in the industry until about 1997, even if their members were white farmers.

But changes in the dairy industry since, as a consequence of

government's overzealous implementation of trade liberalisation, and the conversion of established co-operatives into companies, make the prospect of establishing co-operatives of small farmers remote. The number of producers has declined massively, and tens of thousands of up-and-downstream jobs have been lost. Any strategy to 'empower' small producers will have to confront the fact that the dairy industry is dominated by a handful of companies concerned with generating profits for their shareholders. The shareholders of one of the largest of these includes the trade union investment companies of the clothing and mineworkers' unions.

Savings, credit co-operatives and consumer co-operatives are another model with a proven track record. However, the constituency from which the members of such co-operatives are typically drawn is the employed in standard jobs. A focus on organising workers reinforces a 'wage culture', in which employment for a wage has a privileged status, especially for men, as opposed to self-help through some form of entrepreneurial activity. Without detracting from initiatives to start SACCOS (Savings and Credit Co-operatives), what is needed is initiatives to 'empower' those for whom dependence on waged employment is simply not realistic.

'Empowerment' is a contested concept, but for the clothing and ex-mineworker co-operatives it should mean sustaining their enterprise for the foreseeable future. This will not be possible without support. Trade unions can provide support. Yet trade unions are indifferent to all forms of co-operatives. Perhaps this indifference is ignorance about the opportunity co-operatives present. It also reflects a lack of political will.



My principal objection to Philip's article is that, probably unintentionally, it feeds into this indifference and lack of political will.

Philip suggests it is only in "well-organised, viable sectors of the economy, where the skills and market share are in place" that workers' co-operatives can succeed. In my view it is in these sectors that worker co-operatives are least likely to be established, because such workers will not willingly sacrifice the security of a wage in a standard job.

This is also the difference between South Africa and a country like India, where a 'wage culture' is not as dominant. At the same time Philip's argument about workers' co-operatives is hardly encouraging of any other form of co-operative either. Some of the difficulties she identifies, for example of efficiently managing an enterprise that is democratically controlled by its members, are common to all forms of co-operatives.

The difficulties of managing a co-operative are no different from those of managing a democratically controlled trade union. The case of the gardening co-operative shows they are not insuperable, even in a worker co-operative. Take the question of discipline. An ill-disciplined co-op worker is summoned to appear before a disciplinary committee composed of

fellow members. If she or he persists in being ill-disciplined, the worker is summoned before a general meeting.

From the point of view of the university administration, the co-operative has provided an effective service. Over the last three years the co-operative has achieved a surplus. As a result the workers, in addition to wages, have received substantial bonuses.

#### WHAT KIND OF SUPPORT AND MOVEMENT?

Undoubtedly the success of the gardening co-operative is because of the willingness of the university administration to support such a venture. This support is coordinated by a community business development centre, which also seeks to strengthen links between the university and the community. However, it would be problematic if the co-operative depended solely on the goodwill of its client. The political support the trade union provides acts as a guarantor of an arrangement they helped shape.

It would be preferable if support were provided by the co-operative movement itself. However, a co-operative movement needs to be built from the bottom. This will not happen unless co-operatives as described in this article are supported.

The new Co-operatives Act came into force this year. The next few

years will be critical in determining the character of the co-operative movement. Trade unions therefore need to bring their experience of building membership-based organisation into a broader debate about what forms of institutional support are appropriate for co-operatives, and what the character of this movement should be.

It is not possible in this article to canvas all aspects of this debate. But the danger must be emphasised that inappropriate measures do more harm than good. Dispensing grants to groups that style themselves co-operatives, as the provincial government of Kwazulu-Natal has done without attempts to establish bona fides or support them to become economically viable, will result in sharp operators establishing co-operatives with no sense of communal solidarity – maybe to access grants, or contracts, or pursue other scams.

Both unions and co-operatives are organisations formed in response to the capitalist labour market. Perhaps the slogan and title of this article has an undertone of bitterness but it is also a reminder of what will happen if unions neglect to engage in this debate. On the one hand it will leave the field open to sharp operators. On the other it will feed into negative perceptions of organisation in a constituency from which both trade unions and co-operatives draw their support. LB

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