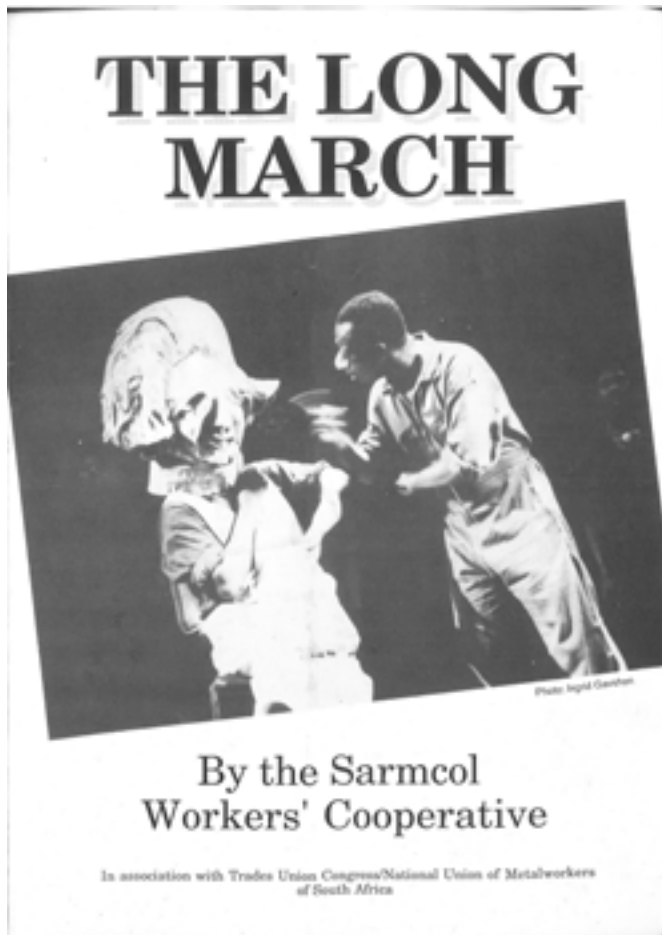


# Rebuilding links between trade unions and co-operatives for counter-power

By Lucien van der Walt



The 1980s saw a revival of interest in worker co-ops in the left press and Cosatu. Numsa set up the Sarmcol Workers Cooperative in Howick in 1987 to assist fired workers.

*Based on a talk in Tanzania on union strategy.*

**H**IGH UNEMPLOYMENT, together with stunning failures by both private and state sectors to provide basic services, have helped reignite interest in forming co-operatives amongst the working class and poor. There is a range of left ideas behind support for building workers' co-ops. They range from ideas that cooperatives can alleviate poverty, to claims that they can form the heart of a different, solidarity-based economy, to notions that they can provide a route out of capitalism itself.

Co-ops, following the International Cooperative Alliance, are autonomous organisations to meet the common purposes and needs of members, with joint ownership and control. They are

often presented as new – in some cases, as part of an innovative “21st century socialism”. But they have a surprisingly long history. What, then, can we learn from earlier experiences in South Africa? And what role, if any, can co-ops play in reinvigorating the union and working class movements?

## Limits and possibilities of co-ops

I ARGUE THAT workers' co-ops cannot play a significant role in poverty alleviation or job creation, do not challenge capitalism economically, and are not a direct route into socialism. However, there is still real value in workers' co-ops, if linked to larger working class movements for change.

Workers' co-ops face capitalist production, which is based on authoritarian management, control over capital and skills, exploitation and a disregard for workers' views and rights. They must either struggle simply to survive, or embrace capitalism. Likewise, consumer co-ops aimed at the working class are under immense pressure to provide low-price items, and so to source cheap products from capitalists. Relying on ethical consumption by richer people makes co-ops reliant on the inequalities within capitalism. Relying on states makes them reliant on ruling class patronage and politicians.

Fundamental change in society requires a massive redistribution of wealth and power – not least, socialisation of major means of production. This requires struggle and confrontation, rather than engaging in markets on the margins.

That said, workers' co-ops – whether start-ups, or from factory occupations, or land occupations, or generated in other ways – can provide valuable, concrete examples of democratic, self-managed, non-profit production. They can contribute to building the working class counter-power and revolutionary counter-culture, or consciousness needed for fundamental change. Workers' co-ops should be embedded in larger social movements, especially unions, which can provide protected markets and subsidies, including paying above-market solidarity prices.

Claims that co-ops provide an alternative are not new. They were, for example, made in the 1840s by French libertarian socialist Pierre-Joseph Proudhon. He was later a major influence on the anarchist movement of Mikhail Bakunin. Proudhon wanted autonomous, bottom-up co-ops, funded by a mutual bank; his rival, Louis Blanc, an early social democrat, advocated state sponsorship. In South Africa, efforts at forming union-backed worker co-ops date back a century, and they remain central to the formal socialist strategy of the Congress of South African Trade Unions (Cosatu) and the South African Communist Party (SACP).

However, there is nothing intrinsically anti-capitalist, anti-statist or inclusive about co-ops. The most economically important co-ops in modern South Africa have been large-scale capitalist cartels. For example, KWV was formed in 1918 as a co-op run by white Western Cape commercial farmers. It controlled wine and distilled spirits, including prices, received state backing and was built on the back of low-wage, non-union and impoverished, mainly Coloured labour. This is an example of a user co-op providing services to clients. In this case it is also enabling capital accumulation. Around 1997, KWV became a private firm, ran BEE deals from 2004, and sold for over a billion rand in 2016.

Workers' co-ops are different: they are owned and controlled by the workers themselves. But they have significant limitations.

## Co-ops in South African history

WORKERS' CO-OPS IN SOUTH AFRICA first emerged in Cape Town, according

to Evan Mantzaris. A small bakers' union started an International Cooperative Bakery on Roeland Street in 1903, and bootmakers in the non-racial General Workers Union (GWU) set up two co-op stores on Caledon Street in 1906. That year, striking cigarette rollers in the GWU formed a co-op producing "Knock-Out" and "Lock-Out" cigarettes, eventually employing 300. The latter co-ops were assisted by GWU and Social Democratic Federation militants like the anarchist Barney Levinson.

Despite enthusiasm, union support, and impressive starting capital, none lasted. Raw materials were controlled by large firms; co-ops lacked running costs and battled to pay wages; they could not access big retailers or compete with the big brands; they struggled to operate democratically and efficiently. This pattern continued over the following decades.

The 1980s saw a revival of interest in worker co-ops in the left press and Cosatu. For example, the National Union of Metalworkers of South Africa (Numsa) set up the Sarmcol Workers Cooperative (Sawco) in Howick in 1987 to assist fired workers. The National Union of Mineworkers (NUM) set up 30 cooperatives in South Africa, Lesotho and Swaziland, following a bruising 1987 mass strike. By 1989, Numsa was setting up the Siyanda Consumer Cooperative in Port Elizabeth, and an *East Cape Co-op Newsletter*. Other unions were also active.

## From co-ops to union investment companies

THERE WAS NEVER agreement in Cosatu over co-ops' aims, but there was consensus over co-ops' limits.

In *Cosatu News* in 1989, Numsa argued they were "tiny" islands in a "hostile capitalist environment," employing hundreds only, and struggling to remain democratic. NUM ran cooperatives mainly to help, and keep contact with, ex-miners in rural areas. They were phased out in the mid-1990s. Its Phalaborwa T-shirt Printing Co-op has, however, survived. NUM's new approach was to build local businesses via a Mineworkers Development Agency (MDA).

Kate Philip, NUM co-op and then MDA coordinator, documented the disappointing outcomes of the NUM and other workers' co-ops: issues of funds, wages, skills, and management, pressure

from big capitalist firms and lack of markets. The alternative was for workers' co-ops to emulate capitalist firms, eroding co-op values.

In the 1990s, co-ops faded from union projects, and union funds moved instead into investment companies. In 2015, the total value of Cosatu-linked union investment companies stood at R20 billion. Many are embroiled in BEE deals, enriching black elites, union and ex-union leaders and established firms. Involvement in privatisation and corruption is common. They are capitalist corporations.



Mikhail Bakunin (1814 to 1876). Bakunin saw that co-ops are "overwhelmed" by monopoly capital. But he also saw their great value: they "habituate ... workers to organise themselves to conduct their own affairs", helping "plant the precious seeds" for a new society.

## Role of co-ops in broader movement

THE BASIC PROBLEM FACING WORKER co-ops is that we live in capitalism. A small ruling class of capitalists and state managers controls all major means of production, administration and coercion through top-down corporations and states. This system operates according to deep logics of domination and exploitation. Projects like workers' co-ops are doomed to the margins.

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Unions should revive workers' co-ops. They should do this without illusions that they can end poverty – that requires the end of capitalism and of states. Nor that they can end capitalism and states themselves – that requires revolution. They should do it as part of the institutional apparatus of a radical working class movement.

What matters is that worker co-ops demonstrate the features of a new world. They must contribute to a culture of self-management, practical skills and solidarity essential to a revolutionary

counter-culture. This consciousness is essential to building counter-power that can challenge the ruling class now, and later dethrone it, socialising the major resources and reconstructing society from below.

To give a concrete example, union-backed co-ops could supply t-shirts (as with successful NUM and Numsa co-ops in Phalaborwa and Howick) to unions, with large, guaranteed sales at decent prices. The unions would lose money on this – it's always cheaper in China – so this is a political, not an economic decision. It's about building the co-ops, the union, and the class. This is close to how Numsa used to approach the co-op question, using co-ops to demonstrate what they called in *Cosatu News* "democracy in production". And why not expand this into building clinics, fixing roads and establishing alternative media, technicians and universities?

This only makes sense in a larger project of union renewal, the rebuilding of union democracy, critical thinking and workers' education, and autonomy

from capitalist parties and corporations. That project would require the abolition of union investment companies. Their billions could be used for mass organising drives, a lively working class media, advice centres and union-backed co-ops, building a movement, as Bakunin put it, for a "future system of production" in which "land and all forms of capital must be converted into collective property". ■

Lucien van der Walt has long been involved in union and working class education and movements and published widely on labour, the left and political economy. Currently at Rhodes University, he's part of the Neil Aggett Labour Studies Unit and the Wits History Workshop.