

Over the past few years there has been interest shown in the formation of co-operative groups in a number of quarters with other divergent viewpoints on issues such as worker participation, apartheid, capitalism and socialism. These organisations include trade unions, community organisations, black business groups and a variety of institutions involved in job creation programs and economic development. Co-operative ventures are funded by local banks, multinational corporations, local capital and foreign donor agencies. Furthermore, in the ANC'S Constitutional Guidelines for a Democratic South Africa, a co-operative sector is mentioned as

part of the mixed economy and supported by the state. These developments suggest that there may be the potential for the emergence of a co-operative movement. (1)

The number of small and medium size co-operatives in both urban and rural areas has increased over the last few years. However most co-operative initiatives in the country remain small in size and are struggling to become economically viable. (2) Over the last few years co-operative and service organisations are struggling with co-operative development, have had several meetings in an attempt to deal with common problems. Despite the fact that a number of regional co-ordinating structures have emerged, there is not yet a coherent strategy to build a co-operative movement in the country. It will be suggested in this paper that the emergent co-operative and organisations promoting co-operatives are at the point where there is a serious need to assess how to take advantage of current political and economic opportunities;

The most significant of the newer initiatives in co-operative development in South Africa are these co-operatives being developed by unions for dismissed or retrenched membership. In the Cape Town affiliates co-operatives started with the Sarmcol workers Co-operative (Sawco) which was established in 1985 by the National Union of Metal Workers of South Africa (Numea) for 960 dismissed workers. Sarmcol in Pietermaritzburg. This co-op has five different products which include both production and service co-ops. Numea in the Eastern Cape has opened a co-operative supermarket. The initiative has been followed by co-operatives linked to the Gmelgama Clothing and Textile Worker's Union of South Africa) which make a range of clothing; the National Union of Mineworkers (Mum), involved in T-shirts, and black making, and the Post Office Workers Union (Fatwa), which is supporting a building co-operative. The National Council at Trade Unions (Nactu) is also in the process of investigating the potential of co-operatives for unemployed membership. '

The development and management of co-operatives overseas management is evident in many western economies. Co-ops have been in existence in many parts of the world since the mid 19th century having developed in response to the inherent exploitation of capitalism. Co-

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community.

An interesting variation on the pure worker-controlled model described above, is the community co-operative model where the co-operative is part of a community based addrdach local economic development. In some parts of the world broad development strategies are employing co-operatives as an appropriate form of organisation for a more integrated process of economic and social development. Co-ops have been encouraged as integral to the broad development process in many underdeveloped parts of western Europe such as Ireland, Scotland, France and Italy. In some cases they are referred to as community businesses.

The combination of a community development strategy and co-operative initiative overcome many of the obstacles faced by single development initiatives. Community development on its own tends to develop economic self-reliance, and co-operatives operating independently of larger development processes bring benefits only to small numbers of people and seldom have they been able to alter the prevailing social relations. If co-operative development is integrated into community development, co-operatives could provide the technical dimension without which community development is powerless to effect structural change. (3)

Co-operatives could be part of an integrated plan for community advancement by providing jobs and services which are determined by the needs of the community and to which the community has control. Jobs and services would be locally controlled and profits from community enterprises could be re-invested in new developments in the community. Money for the formation of co-operatives could be raised through community events and banked in community-controlled credit unions. The recent re-emergence of democratic community structures in South African townships places these organisations in a position to examine closely the community approach to co-operative development. Experiments in community co-operatives have shown that they have brought substantial benefits. These include:

- improved infrastructure
- attraction of investment funds to the community
- generation of local prosperity
- heightened community solidarity and empowerment
- improved local services and other facilities (3)
- skills development

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In both UK, Canada (English) and US unions and labour organisations have treated co-operatives with some skepticism. Developments which result in small disparate low income enterprises which undercut union wage demands perpetuate low wage jobs and are therefore viewed with hostility by labour organisations. Concerns which the labour movement has regarding co-operatives include:

% once they become owners, workers may identify more with the company and less with other workers;

% collective agreements in worker co-op enterprises may undermine industry wage levels;

% that co-ops could strengthen privatization. This has become a debate in Canada where the recent Free Trade Agreement with the USA threatens Canadian service workers. There has been a discussion around the formation of co-operatives for workers displaced by the economic restructuring programme and privatization. This has made trade unions uneasy about the formation of co-operatives. Former government employees would be forced to cut their wages drastically in order to compete for government contracts with the private sector and in this way privatization would be strengthened. i

% that fact that most co-operatives are small and pay low wages, the growth of a co-operative sector could mean an increase in low wage jobs which offer little job security and even less opportunity for unionization. This point is particularly relevant for South Africa today where there are attempts on behalf of capital to squeeze small businesses and co-operatives (see below for further details).

In some countries such as Italy and France, worker co-operatives have obtained more support from political parties and unions. In these cases, co-operatives have been taken very seriously as institutions which provide broad benefits to their members through democratic structures. They are seen to play a vital role in providing an alternative set of symbols and practices for workers control and democracy which is of benefit to all working class organisations. Furthermore co-ops have been successful in organising groups of people who have either been marginalised by the economic system or in positions of economic inferiority. These include women, youth, the elderly, disabled. In this respect co-operatives have the potential to broaden the base of working class struggle outside of the unionised sector.

The recent cooperative initiatives in South Africa, need to be understood within current economic and social changes taking place in the country. The formation of worker co-operatives can never be divorced from the societies in which they are being developed and therefore like any other social movement, co-ops can mobilise and empower their members for the restructuring of society or they can be part of the reformist strategies of the state or institutions representing the dominant classes. South Africa's recent co-op initiatives can be broadly categorised into both reformist and transformative initiatives.//T

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Support Organisations

Large corporations are placing more of their social responsibility investments in community projects, some of which are co-operatives. These initiatives are tied to the exploration of ways in which to promote entrepreneurial activities in the black community and assist in

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economic Order.

Research and discussions within the Urban Foundation and large corporations are arguing that western styles of entrepreneurship are not, that appropriate for South Africa because of the ethic of 'communalism' which exists within the black community. This communalism, they say is not inconsistent with free enterprise but may bring with it some of the best aspects of socialism. This interestingly enough, is similar to the explanations given for the potential for stokvels.

It is in this context that co-operatives come to be seen as a potential institutional embodiment of African entrepreneurial values. Organisations such as the Urban Foundation are taking the informal systems of finance, support and co-operation in black communities very seriously. This is also closely connected to the development and promotion of black business which is based on the self-help model. Hilson's speech refers to this point of view when he speaks of the standards, protocols and ethics which differ from our (western) norm. Wilson's claim is given credence when members of the black community make precisely the same arguments. Andrew Lukhele says, in the interview on the role of the new National Stokvel Association. There exists a great cultural divide between black and white entrepreneurial attitudes to enterprise. Whites tend to be individualistic, aggressively competitive, goal driven and reward-oriented. Blacks, on the other hand tend to be more co-operative and collectively driven. In fact, in the African economic system one does not speak of competitors but of colleagues. This is echoed again by Sisa Hampepe of the SEDC. When interviewed he said 'the community based organisations want to indigenise business. - business has been regarded as an outsider and collaborator with apartheid - business must relate to people on a day to day basis and not be a distant cousin or an enemy'.

The overall intention of initiatives from capital is to promote co-ops as part of a reformist strategy designed to incorporate the disadvantaged into the economy, promote growth, decrease unemployment and curb social and political problems arising from conditions of marginality. i

Co-ops emerging within black business

Legal restrictions on black business development have led to growing frustration within this class. This has contributed to the efforts of black business groups to seek other avenues for entrepreneurial activity. These include the formation of consumer and service co-operatives designed to make up for black business's economic inferiority and disadvantage.

According to spokespeople for these initiatives, they aim to promote self-reliance and create services on a co-operative basis, which benefit the black community. In many instances these organisations are responding to the real needs of the community. The co-operatives form lends itself to addressing these needs in a manner acceptable to communities which have become highly political and critical of conventional business enterprises. There is a strong emphasis on dybust V .'.."

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Black businessmen have become increasingly aware of the buying power of the black consumer as well as the need to provide cheaper goods to the poorer majority in the townships. The conclusions of the HSRC study on the feasibility of consumer co-ops, are of some use in explaining the emergence of consumer co-operatives. It was revealed in the study that one of the most important motivations for the establishment of consumer co-ops is to provide savings on purchases for the poor. This is something which the African Consumer Co-operative society seems to have accomplished successfully.

During the height of resistance in the townships small and medium size businessmen were often singled out if they did not, 'co-operate' or participate in political activities defined by the youth and political organisations. In many instances this led to the loss of property, closure of shops and life threats. Co-operatives are seen by the business groups as a way of involving the community in business with the hope that this will diffuse the potential for further polarisation and class conflict. Co-ops fulfill some of the requirements of these people concerned about more democratic practices without being a threat to present business interests or contradicting the present initiatives by liberal capital and the state to sell free enterprise to the black community.

called into question initiatives by capital and small business to promote black entrepreneurship. Co-operatives are seen as: How which the community can own and control its own activity as we providing benefits to the community at large. It has become clear that the SBDC has lost credibility because of its bureaucratic procedures and perception of it as a government agency. One recent study of black entrepreneurs argues that the perception of the SEDC as a government agency, intent on implementing government's policies of segregation, has led to scepticism regarding the Corporation's ultimate intent; and to an apprehension of being seen by the people as having been co-opted onto a system whose objective is the perpetuation of white domination.⁵⁽⁹⁾

The consumer co-operative initiatives must also be seen in the context of the formation of several other organisations which are campaigning against ongoing discrimination and restrictions on black business and lack of access to funding. Examples of these are: the African Council of Hawkers and Informal Businesses (AchiB) launched in 1986 to organise the resistance against legal restrictions on hawkers and high fees charged by hawkers to public companies; and the National 'Stokvel' Association in Freetown (HricA (Naeasa) which is attempting to bring together in one organisation the many informal savings clubs (stokvels), credit systems (mashehisae) and investment syndicates; and the Foundation for African Business and Consumer Services (Fabcos) formed in July 1988 comprising the Southern Black Taxi Association, the National Black Consumers Union and the Transvaal African Builders Association. Some of these organisations are revealing a combativity which has not existed previously within black business groupings. They have threatened boycotts and demonstrations and show hostility to both white business and the government.

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activities and of mutual benefit. They play a supportive role for the working class on the shop-floor and strengthen the unions and working class in the community. The labour movement in turn plays a critical role in the development of CD-operatives because of its familiarity with workplace organisation, the production process and the struggle waged to democratise the workplace.

In the short-term, CD-operatives allow workers to develop appropriate skills in self-management and extend workers' control. In the long-term it is believed that all forms of working-class organisation will contribute towards working-class hegemony within the struggle for transformation. This approach recognises the limitations of CD-operatives in the present economic system and recognises too that CO-Operatives cannot, on their own, prefigure a new social and economic order.

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CD-Operatives in South Africa are occurring in a politically and economically hostile environment. Both these deterring and often negative strategies at co-operative development face enormous practical and organisational difficulties.

The problems faced by South Africa CD-operatives from this point of view are different from co-operatives and in other parts of the world. The major problem facing all co-operatives in a market economy is that they are forced to measure viability in terms of market competition and not in terms of social utility. In South Africa co-ops are emerging within a highly developed capitalist economy. In order to be successful, they must find a suitable and viable gap in the market so as not to remain marginal enterprises. In this regard some CD-Operative initiatives are looking at the building industry as one possibility. Except where the state has played a role in promoting CD-Operatives, barriers to co-operative development include lack of access to start-up finance, shortage of business and managerial skills, problems of marketing and lack of efficient support and training institutions. a

Technical Problems

Finance

CD-ops are traditionally undercapitalised. Financial problems not only include access to start up grants or loans but problems associated with financial control. The inability to secure low interest financing from conventional lenders (because co-ops have no security) such as banks or development agencies, means that co-operatives are forced to go elsewhere for funding. In situations where grants are given, they are often too small to cover the start-up requirement. Furthermore, money given to development projects sometimes does not require financial accountability and this can affect attitudes toward financial control. It is recognised that it will be unlikely that large amounts of funding will be secured from formal institutions in the short-term and this is forcing co-operative initiators to explore other sources of funding. This may include the use of retrenchment packages, pension and provident funds, credit unions, or

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It has been shown by international co-operative experiences that where general co-operative education which teaches the philosophical side of co-operative development is lacking, co-ops have tended to degenerate into capitalist enterprises. Co-operatives in South Africa, may be forced to take advantage of the numerous training and business education units available to small businesses but these will not be able to provide co-operatives with training necessary for co-operative development. This training will have to be complemented with education programs which teach the history and principles of co-operative organisation.

Organisational Problems

There are numerous organisational problems which characterise the present union co-operatives. Firstly the unions have begun initiating co-operative predominantly as a defensive strategy, there is tremendous pressure from below to get started. This means the projects sometimes get implemented without proper feasibility studies and business plans. This is done in order not to lose contact with the dismissed or risk loss of support because expectations cannot be met. Lack of efficient and sufficient welfare in South Africa exacerbates this problem. These projects are thus destined to be temporary alternatives which either fail or collapse when membership find other job options.

Secondly, as the union takes the initiative in developing these projects, co-operatives members tend to see the union as the new employer and develop a dependency relationship on the union. This does not assist with the long-term aims of co-operative development.

Dependency on the union is also encouraged by unions wanting in some cases to both own and control these initiatives. The challenge facing unions in this regard is to assist in the development of co-operatives in such a way that they become financially and managerially

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independent and self-sufficient. Unions will have to think through the most appropriate structures to develop a relationship where they can be of mutual use to one another in the attempt to establish industrial democracy.

Thirdly, the relationship in the union also poses issues such as who decides the wages. The union requires that there be some consistency between wages demanded in the sector and wages paid in the co-op. However this places the union in a position of controlling the internal structure of the co-operative and therefore provides the potential for division between the co-operative members and the union. Fourthly, the most difficult problems facing the unions, once the projects start up is how to decide on who gets incorporated and what criteria are used for this. It is impossible to bring in large numbers of dismissed workers for co-operative projects which are set up with limited funding. This problem can lead to potential division within the unemployed.

Overall the most serious problems facing the trade union movement's involvement in co-ops is that in most cases workers are being organised into co-operatives as former members of the union. Co-

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6. There is also the need for the co-operative movement to be aware of all the forces and interrelated factors operating to assist it and understand the implications of engaging with these forces for the future direction of the co-operative sector.

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Lusaka, 198?

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LC: mining, fencing, Timber, furniture production, weaving, auto
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handicrafts, repair work toys, jewellery and panel beating. There are

a number of consumer and service co-operatives which include
dining and secretarial services. According to a study by Harte

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and many of these co-operatives have been started within the last four

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