

PRODUCER CO-OPERATIVES IN SOUTH AFRICA

Their economic and political limits and potential



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INTRODUCTION

The social and political effects of mass unemployment in South Africa mean there is an urgent need for strategies of job-creation. In this context, the Congress of SA Trade Unions (Cosatu), the South African Youth Congress (SAYCO), and the National Unemployed Workers' Co-ordinating Committee (NUWCC) have all expressed support for producer co-operatives, which are not only seen to have the potential to create jobs, but at the same time, are seen as providing a democratic alternative to capitalist enterprises.

Thus firstly, this dissertation is exploring the potential for producer co-ops to fulfil these roles. However, for co-ops to make any contribution at all, they have to be economically viable. Thus this dissertation also attempts to analyse the terms on which this may be possible.

In Chapter One, I analyse the roots of mass unemployment in South Africa, locate the problem and its effects within the framework of the current economic and political crisis, and analyse state strategies for overcoming this problem. I then turn to analysing the social and psychological effects of unemployment, and the implications of this for the growth of democratic organisation in the factories and township communities. I look at the strategies emerging for organising the unemployed, and conclude that the potential to organise the unemployed hinges largely around the extent to which unemployed workers' organisation manages to create jobs. In this regard, co-ops are a strategy of job creation that allows the unemployed to take the initiative in creating their own jobs, and on terms that build different forms of work organisation. On the basis of the priorities defined by the NUWCC, I then turn to analysing the limits and possibilities of co-op production.

In Chapter Two, I address the theoretical issues that have

emerged in relation to co-ops in capitalist society internationally, and attempt to analyse the reasons for their widespread economic failure, and for their tendency to degenerate into capitalist enterprises. From this, I draw out the potential terms on which collapse and/or degeneration can be countered, and refer to Mondragon in Spain and Lega in Italy as case studies. I then look at the potential political role co-ops can play, and conclude this chapter by focussing the issues discussed onto South African questions.

In Chapter Three, I attempt a typology of co-op development in South Africa today, highlighting the extent to which a broad range of social forces see co-ops serving their own interests. Then, on the basis of a list of production co-ops in Addendum A, I analyse some of the overall features of the democratic co-ops that do exist at present, and point to the existence of degenerative tendencies in the South African context, with specific reference to Thusanang. I then focus on three case studies - the Pfananani co-ops, a carpentry co-op,¹ and Nonhutuzelo. Each of these co-ops has arisen under different conditions, and they illustrate different aspects of the issues co-ops in SA will have to address if they are to survive.

Chapter Four focusses on the production co-ops of the Sarmcol Workers Co-op (SAWCO), particularly the t-shirt co-op. The analysis of SAWCO constitutes the main case study of this dissertation. I have prioritised SAWCO because at the time I began the research, it was the only co-op with structural links to a Cosatu union; it is a co-op that arose out of the context of a workers' struggle, and contains important lessons for the establishment of co-ops with a clear relationship to democratic organisation. Furthermore, it relies on the 'solidarity' market to sell its products, and highlights certain important features and contradictions within this market. Finally, it highlights key issues in relation to the structures of ownership and control in democratic co-ops.

1. I have not given details about this co-op because it is not registered and fears reprisals from the Industrial Council of Furniture Manufacturing Industries.

In my conclusion, I attempt to draw together the material in the dissertation as a whole. I apply the theoretical discussion to the South African context, assess the implications of the nature of SA's economy for the development of co-ops, and attempt to provide some pointers to the terms on which democratic co-ops can be economically viable, thus creating jobs, at the same time as making a broader contribution to the extension of democracy in South Africa.

Research Methodology:

The National Unemployed Workers' Co-ordinating Committee was consulted about the framework of this dissertation, and broad support for its terms of reference was received. The NUWCC also gave its support to interviews being conducted with its local-level affiliates. A more in-depth discussion about research priorities in this area was also had with the NUWCC Education Sub-committee.

On this basis, interviews were then conducted with unemployed workers' organisations, to develop an understanding of the social effects of unemployment, the job creating strategies open to the unemployed, and the understanding and expectations they have of the role co-ops can play in this regard.

In approaching this issue, the organised unemployed are concerned that the projects do not become ends in themselves, but that their members should continue to identify themselves with a broader political programme, and with building organisation of the unemployed.

While the Sarmcol Workers' Co-op was identified as the main case study, I felt it necessary to develop a comparative sense of the problems faced by a range of co-ops, and thus did subsidiary case studies of Hulisani and Khwatelani in Venda, the Carpentry Co-op, and Nonthutuzelo in Mdantsane.

I used the interview with the carpentry co-op as a pilot study, and drew up what was intended to be a standard questionnaire for the interviews, to get both quantitative and qualitative answers.

However, I found that the different levels of development, the different products, markets, structures and conditions made this standardised approach unwieldy, and I was forced to adapt the questions to the specifics of each case study.

At the carpentry co-op and at Nonhutuzelo, the interviews were with the majority of co-op members, and the answers reflect discussion amongst them in the course of the interview. At Hulisani and Khwatelani, I did interviews with the management committees first, then with the co-ordinator, and with the chair of the Hulisani marketing committee. I also used participant observation methods while co-op members were at work.

At SAWCO, I did an initial interview with the office-bearers and one staff member in March. The transcripts of the interviews were sent to SAWCO, who agreed to follow-up interviews. In May, I did a second interview with office-bearers and a staff member, and then did interviews with members of the t-shirt co-op and the office-bearers of the agricultural co-op. In both cases, SAWCO office-bearers were present. In addition, I was a participant observer at a meeting of the t-shirt co-op, and in a planning workshop with the agricultural co-op's planning committee.

Finally, in conjunction with Georgina Jaffee, I gave a workshop on the limits and possibilities of co-ops in SA to a national gathering of the NUWCC organised by Cosatu.

CHAPTER ONE: THE CONTEXT OF UNEMPLOYMENT IN SOUTH AFRICA

A. Unemployment and the Crisis

Estimates of the current level of unemployment in SA vary widely. A recent President's Council report accepts a figure of 3,6 million as accurately reflecting unemployment levels in 1982;² Keenan and Sarakinsky estimated black unemployment at 6.5 million in 1986.³ But what is not in dispute is that unemployment in South Africa has reached crisis proportions.

For the state and capital, mass unemployment has become a threat to social stability, and there is growing concern that it could create "a classic formula for unrest, anarchy and revolution."⁴

In the aftermath of the township uprisings in 1984 and 1985, sectors in the ruling class went so far as to identify unemployment as the key causal factor behind the unrest, and pointed to economic growth as the necessary medicine for this societal cancer. Thus according to Pierre Steyn, President of the Afrikaanse Handelsinstituut, SA requires "a high annual growth rate to create the thousands of jobs needed to eliminate unemployment and the unrest that stemmed from it."⁵

2. President's Council report: 'A strategy for Employment Creation and Labour Intensive Development', as quoted in D. Lewis: 'Unemployment and the Current Crisis'; unpublished report for the Labour Education and Research Committee (LERC), p1.

3. Sarakinsky, M. and Keenan, J. 'Unemployment in South Africa' in South African Labour Bulletin, vol. 12, no. 1, December 1986.

4. Prof. de Vries, Professor of Management Economics at the University of Stellenbosch, Cape Times 27.10.1987

5. Eastern Province Herald 28.10.1987.

To attribute the uprisings to unemployment alone is to ignore the deep-rooted economic and political crisis in SA. But mass unemployment is certainly a significant indicator of the depths of the economic crisis, and has in turn contributed to deepening that crisis, at the same time as intensifying its political effects.

In 1984 and 1985, the dual crisis in SA was manifest in the wave of township uprisings that swept across the country. The defining feature of these uprisings was the way in which both political and economic contradictions came to a head in the sphere of reproduction.

Mass unemployment has intensified these contradictions, in a context in which welfare benefits are almost non-existent, and in which the social wage has been kept to a minimum. This has meant that it is largely the working class that has had to carry the burden of ensuring the survival of SA's marginal and unemployed population, stretching their poverty wages to breaking point.

Anger and despair at this escalating poverty, at township conditions, and at the controls imposed on people's lives by apartheid had been intensifying for some time before 1984. But it was the attempt by community councillors to increase the burden of poverty in the townships that politicised the issues, providing people's anger with a focus, and putting their poverty in its political context - the context of undemocratic control over their lives, at a local and national level.

Forms of organisation and action emerged to challenge and dismantle the control of the apartheid state in the sphere of reproduction; these were seen as providing the launching pad for a broader assault on state power. The wide range of organisations, of issues, of forms of action and of mass mobilisation reflected the depth of the crisis in this sphere - organisation emerged amongst students, women, youth, in communities, in streets, amongst pensioners, the unemployed, in squatter camps, in hostels, in villages; people organised against increases in rents, in rates, in transport costs, in the bread price, in GST, and against the bucket system; they demanded houses, schools, text-books, tarred roads, electricity, clinics,

pensions, and garbage removal; in fact there were struggles around almost every conceivable aspect of social reproduction.

This phenomenon fits Manuel Castells definition of an "urban social movement" - a movement based on organisation in the urban system, with a clear issue-base, and capable of creating a shift in the balance of class forces.⁶

However, he also argues that urban movements on their own cannot change the structure of social relations; struggles in the sphere of reproduction have to be linked to broader political and economic demands.

In SA, township struggles were not only around demands for better services, but were also and fundamentally about democratic control of the provision of such services; the issue of control was in turn clearly linked to the question of political power in the central state. At the same time, the role of the state in securing the maintenance of capitalist relations, and the significance of the sphere of reproduction in this regard was highlighted in the course of the struggles waged, constituting the basis for strong community/worker alliances around issues that included both a national and a class component.⁷

This duality arises from the particular nature of social relations in apartheid SA. Thus, for example, the key mechanisms of control in the sphere of reproduction include influx control, the Group Areas Act, the bantustans, housing policies, and Bantu education; these cornerstones of apartheid are not only forms of racial domination, but of class control as well. This two-faced nature of social relations in SA plays a key role in politicising the forms of class control, at the same time as providing a clear

6. Lowe, S: **Urban Social Movements: The City After Castells** p17.

7. Although the depth of this linkage varied regionally, I would argue that a range of struggles made concrete connections between demands for economic and political democracy, and economic and political control - with the education struggles and the rent struggles as the most obvious examples.

class component to the relations of political domination. This key duality in social relations in SA not only provides the basis for class alliances in the course of the national democratic struggle currently being waged, but also provides the basis for the development of a political class consciousness and of socialist politics within the framework of that national democratic struggle.

Castells argues that in general, urban politics provide the basis for class alliance, because the contradictions in this sphere cut across the fundamental class cleavage in society.⁸ This characteristic of urban politics is intensified in SA, where many of the racially-oppressive controls in the sphere of reproduction affect all classes in the oppressed communities.

In his attempts to analyse the specificity of urban struggles, Castells has argued that they can be of decisive importance in certain political conjunctures, because "a structurally secondary issue can become a conjunctureally principal one."⁹ In SA, struggles in the sphere of reproduction were of decisive importance in the 1985/86 period.

1. Locating the Structural Roots of the Crisis:

I will now attempt to analyse those features of the crisis in SA that provide a framework for understanding why it was in the sphere of reproduction that the gasket of social control blew in 1984, as well as illustrating the important role of unemployment in intensifying the pressures that gave rise to this. In this regard, I will be pointing to the causal connections between SA's structural economic crisis and structural unemployment. An analysis of the political and economic crisis also provides the parameters within which solutions to unemployment must be found, as well as defining the terrain on which co-operatives - to the extent that they constitute a feasible part of any solution -

8. Lowe p20.

9. Manuel Castells, quoted in: Lowe, S: **Urban Social Movements: The City After Castells** p17.

will have to be built.

Structural unemployment and the existence of a large surplus population are manifestations of a key structural contradiction in SA capitalism today, that has its roots in the process of proletarianisation itself; this contradiction is also integrally bound up with and contingent upon the racial exclusivity of access to power in the South African state.

Black South Africans were forced off the land and into the reserves, where a range of taxes and controls then forced them into wage labour. Their resistance to full proletarianisation gave rise to the migrant labour system, which gave capital the excuse not to pay a family wage. But the subsistence sector in the reserves was disintegrating, and with it, peoples ability to survive off the land.¹⁰ This disintegration also forced people into wage labor on a scale that South African capitalism was unable to absorb - leading to the growth of a surplus population. Increasingly, this also meant that far from being subsidised by the subsistence sector, workers were relied upon to support the surplus population.

Thus the migrant labour system allowed capital to maximise the rate of profit by abrogating responsibility for the reproduction of the labour force. For decades since then, both capital and the state have kept the social wage to the barest minimum; at the same time, the state has attempted to exert maximum control over the process of reproduction, and to marginalise and control the growing surplus population. The history of this process underlies the structural crisis in SA today, particularly in the sphere of reproduction, and also constitutes the initial basis for the structural unemployment that is endemic in South African capitalism. It's imperatives have also helped shape the development of apartheid policies, such as influx control.

Manuel Castells argues that in the developed countries, the working class has been able to use the franchise to make a rising

10. Alec Erwin: 'An Essay on Structural Unemployment in South Africa (1)'; in SA Labour Bulletin, vol. 4; no. 4; July 1978; p53.

social wage the price the ruling class has to pay for social stability;¹¹ but in SA, the denial of political rights to black people has made it possible for the state and capital to keep their contribution to the social reproduction of black labour to the barest minimum - using coercion and control instead of consent to maintain capitalist social relations, and to ensure the reproduction of a cheap, compliant labour force.

The SA state also believed that the social effects of the surplus population could be controlled out of sight and out of mind in the bantustans. Thus the 'Brazilian option', referred to by Therborn as an acceptance that sectors of the population will be permanently marginalised, is far from new in SA.¹² Attempts to control this surplus population have been institutionalised over some decades.

Other contradictions in the South African economy have also deepened structural unemployment and the growth of the surplus population, and have increased the pressure on the sphere of reproduction. During the boom years in the 1960's, many of these contradictions were masked; but the oil-price crash in the early 1970's sent the SA economy into the first of a series of recessionary tail-spins, and the extent of these structural contradictions started to emerge.

The growth of monopoly capital since the 1960's has meant a steady growth in the organic composition of capital, which has meant a declining ratio of jobs created by investment. While the absolute number of jobs increased in the 1960's due to the overall expansion of the economy, the decline in the relative number of jobs began in that period, leading to increasing structural unemployment, and further additions to the surplus population. People were also being replaced by machines, leading to retrenchments.

11. Lowe p15.

12. Therborn, G: **Why Some People Are More Unemployed Than Others**, (Verso, London, 1986); p32.

Increased mechanisation also meant an increased rate of output, but existing South African markets were becoming saturated, and the working class could not afford to buy the goods they produced. However, South African goods are not competitive internationally. This contradiction in South African capitalism constitutes a major blockage to expansion. The disparities in the distribution of wealth in SA have become a fetter on capitalist growth at a national level, but international markets are inaccessible. To break into the export market, capital must increase productivity. But their productivity has been curtailed by a range of economic and political factors.

Firstly, capital cites wage increases since the 1970's as the main reason for their relative lack of productivity, and attributes these increases to the rise of trade union organisation in this period. By the 1980's, trade unions were limiting capital's unilateral power on the factory floor, and were resisting their sustained attack on working class wages.

However, wage increases have not kept pace with inflation, and real wages have been cumulatively eroded during this period. Plus, as Maller argues, it is wage efficiency that determines productivity levels, not wages per se.¹³

Secondly, capital argues that the 'low quality' of labour in SA inhibits productivity. With the changing composition of capital, a need for new categories of semi-skilled and skilled workers has emerged, but Bantu education has not been providing these skills. The sustained struggles against Bantu Education have further exacerbated the skills shortage.

Thirdly, as was argued in a paper to the 1986 Port Elizabeth Manufacturing Convention, "much of South African manufacturing industry does not enjoy the necessary economies of scale to optimise production costs. In some cases, this is because the market is just too small."¹⁴

13. Maller, J. 'Perspectives on Productivity in South Africa' in South African Review 4, Johannesburg; Ravan Press, 1987; p318.

14. J. van Zyl, as quoted in Maller p321.

But another key factor limiting productivity is that in the developed countries, changed forms of social reproduction have developed along with the rise of monopoly capitalism. As Castells argues, mature capitalist economies require the provision of services by the state and their intervention in the organisation of processes of collective consumption, to ensure that the system runs smoothly

"The growing importance of the predictability of the behaviour of labour power in a complex and interdependent production process requires increasing attention to the collective treatment of the processes of its reproduction."¹⁵

In the SA context, the state has intervened in the sphere of reproduction to maximise its control, without providing even the most basic collective services. As resistance to this control has intensified, so the smooth-running and 'predictability' needed by monopoly capital has been limited - hence capital's concern with 'social stability'.

Monopoly capital's attempts to increase productivity have also contributed to deepening another structural contradiction of SA capitalism. SA's location in the world economy means that it is dependent on imported capital goods - which constitute about half of total imports.¹⁶ Thus attempts to increase productivity have led to an outflow of capital, which has led to an increasing problem with Balance of Payments (BoP). This has traditionally been cushioned by the international market for gold - the mainstay of the SA economy; and by the sales of other minerals. But the international market for these minerals has declined with the rise of the electronics industries, and in 1983, the gold price fell. In 1984, SA faced a BoP deficit.

And by 1984, SA's attempts to break into the international markets with its manufactured goods were still failing. So

15. Castells, quoted in Lowe p15.

16. Dave Kaplan: 'Beyond the Indicators: A Perspective on the South African Economy' in South Africa Review 4; p 527.

capital has been left with a crisis of overproduction; because while mechanisation increased output, capital has been unable to realise its profits - leading companies to collapse at a rate of 19 per day, and to widespread rationalisation and retrenchments. In the Metal Industry alone, 84 000 workers were retrenched between 1982 and 1984.¹⁷ These were the components of the mounting economic crisis by the early 1980's.

2. Managing the Crisis:

In 1984, capital supported a monetarist package of 'austerity measures' introduced by the state in an attempt to beat the crisis. The monetarist critiques of Keynesian welfare statism provided a comfortable economic justification for SA's traditional neglect of the social wage; and while their logic also pointed to a need for cutback on the expenses of maintaining apartheid, this is not where the state attempted to make its savings.

These 1984 austerity measures were intended to drive SA into a recession, and out the other side again in a sustained upswing; this was intended to make SA more competitive by rationalising production and lowering the price of labour¹⁸ - a model for economic growth at the expense of working class living standards and increased unemployment, as Finance Week recognised:

"The current austerity package is in direct conflict with the urgent need to create more jobs."¹⁹

The priorities set by the austerity measures were to curb inflation, and deal with the Balance of Payments deficit.²⁰

17. Von Holdt, K. 'The Economy - Achilles Heel of Reform' in South African Review 4 p 314.

18. Von Holdt, p313.

19. Finance Week, July 1984, vol. 22.

20. For a full analysis of these measures and their effects, see Innes and Von Holdt.

To do this, they aimed to cut state expenditure, and raise interest rates. As a result, the debt burden rose sharply to 26.8% of GDP; and there was a major drop in the price of the rand. The state did not intervene, because the drop doubled the value of its income from gold, providing a BoP surplus. But the drop in the rand caused inflation to escalate, further decreasing SA's relative productivity.²¹

In the first five months of 1985, insolvencies were 105% higher than 1984. African unemployment was estimated at 25%. Inflation was rampant - the price of petrol, bread, milk, maize, and sugar all increased within the space of five months. GST was increased to 12%. High interest rates meant hire purchase rates rose to 32%.²²

It was against this economic backdrop that the states political restructuring was taking place, characterised by an attempt to broaden the base of support for a more multi-racial capitalism under a more multi-racial form of white minority rule; this in turn was predicated upon tightened control of the black working class, and of the surplus population in the bantustans. The new local authority structures were part of this control strategy. These structures were not only politically toothless, they were to receive minimal financing from the central state. Finances for township services had to be raised from within the townships themselves. Through this monetarist manoeuvre, the state attempted to further minimise the costs of its contribution to social reproduction. And while real wages were going down, real rents were going up.

This is the pattern of contradictions that combined to push the township communities beyond the limits of their endurance, and also provided the basis for the development of mass-based 'urban social movements' in SA's townships. In many townships the spontaneity and mass mobilisation characteristic of the early phases of ungovernability were consolidated into forms of

21. Innes p294.

22. Innes p295.

township-wide organisation, that were seen as embryonic forms of people's power, and that exerted a degree of real control in the townships.

That phase of struggle was curtailed by the States of Emergency, and the space that was occupied by legal mass-based, organisation in the townships has largely been closed, although there remains some space for organisation on the factory floor.

Since the Emergencies, state strategy in relation to township control has shifted. The Joint Management Centres, under the National Security Management System, are attempting to implement a dual strategy, which entails the destruction of organisation, coupled with the removal of the key grievance which sparked the uprisings. Thus, according to Major General Lloyd:

"Drastic action must be taken to eliminate the underlying social and economic factors which have caused unhappiness in the population, and which have lent them to being exploited for revolutionary purposes."²³

The strategy is an attempt by the state to defuse the contradictions in the sphere of reproduction by meeting many of the demands, but without compromising its control. As Castells argues:

"..consumption-based demands can be more easily and less dangerously accommodated by the dominant classes than demands for political power-sharing or demands at the point of production."²⁴

This is another reason why he argues that urban movements on their own cannot change the structure of social relations; struggles in the sphere of reproduction have to be linked to broader political and economic demands.²⁵

It is against this backdrop that the state, with varying degrees

23. Star 17.3.1987, paraphrasing a speech by Major General Lloyd.

24. Lowe p21.

25. Lowe p18.

of support from capital, is attempting to develop strategies to overcome the political and economic crisis. These strategies intersect in the sphere of reproduction, and combating unemployment is high on their list of priorities.

B. State Strategies to Combat Unemployment

The 1984 White Paper entitled 'A Strategy for Employment Creation in South Africa', recognises that "the unemployment problem in South Africa has both a structural and a cyclical dimension;"²⁶ State strategies in relation to structural unemployment are part of their overall strategy for economic growth; their response to cyclical unemployment is essentially welfare orientated. I will look at the latter first.

1. Welfare strategies:

Welfare strategies are aimed at ameliorating the social effects of unemployment, rather than solving the problem itself. But as Lewis argues, welfare may be the only source of livelihood for a growing portion of the population for the foreseeable future.

The states welfare strategies are woefully inadequate, and its direct contribution to welfare for the unemployed is limited to the Unemployment Insurance Fund, and the more recent 'special employment creation' schemes, recommended in the 1984 White Paper.

The Unemployment Insurance Fund pays out 45% of a worker's wage, for a maximum period of six months, and is seen as tiding workers over between jobs. But in a study in the Pilanesberg area, Keenan and Sarakinsky found that the average period between jobs was five years and seven months.²⁷ UIF is only available to contributors, and excludes domestic workers, agricultural

26. White Paper: 'An Employment Strategy for Unemployment in the Republic of South Africa', 1984, p2.

27. Sarakinsky and Keenan, p23.

workers, public sector workers, and people who have never been employed. The UIF also penalises workers if they were dismissed for disciplinary reasons.

In August 1987, the UIF had only 120 000 beneficiaries, receiving a total of R33 million per month. These figures were provided on request by the Unemployment Insurance Commissioner. The number of beneficiaries is less than half those cited in the UIF reports for 1986²⁸ - a discrepancy explained by the fact that the annual figures include all beneficiaries for the year, although people receive UIF for only six months. Thus the number of people receiving benefits at any one time is significantly less than the annual figures provided. If the figures of current unemployment are estimated at 6 million, then the proportion of the unemployed receiving UIF late last year was 0.5% - a mere pinch of salt in the sea.

The special employment creation schemes are as ineffective. In 1984/85, the combined budget for 'unemployment and drought relief' was only R27.5 million; in September 1985, in the aftermath of the township uprisings, a special allocation of R500-million was earmarked for job creation and training - indicating growing state concern at the political effects of rising unemployment.

From October 1985 to March 1986, 300 000 people were accommodated by the special employment scheme. These jobs last 4 - 5 months maximum; black workers are paid R4 a day, and white workers R15. They include such tasks as putting taps in the townships, levelling streets, cleaning drains, and clearing bushes. The Albany Black Sash argues that despite the relief it has afforded some communities in the area, this programme has provided opportunities for political manipulation.

In Alicedale, there were complaints that the municipal police were administering the project,²⁹ and the PE Black Sash Advice

28. See Lewis p8.

29. As quoted in: Peires, M: 'Government Funded R4-A-Day Job Creation Scheme', 1987; unpublished paper written for the Albany

Office also received a letter of complaint from the Somerset East Resident's Association, which said:

"The jobs are being given to friends of officials. The Community asked the Mayor to resign, he said he would but he still works for ECDB, and we think he is in charge of the R4-a-day scheme."³⁰

In Port Elizabeth, the Unemployed Workers Co-ordinating Committee has received complaints from unemployed workers who claim they were told jobs were conditional on voting in recent by-elections.³¹

The SA Development Bank claims the training programmes for the unemployed have been a "qualified success", and that in the 15 months since the R500m budget allocation, 750 000 work-seekers were 'productively occupied' in training programmes covering 180 categories, identified by the private sectors as areas of skills shortage. Of these 35% were placed in employment on completion of training, and a total of 70% were eventually placed in jobs. 20% joined the informal sector, and 10% remain unemployed.³² This has led Minister of Manpower P.J. Van de Merwe to claim that the programme contributed "in no small way" to the increased stability in SA since 1985.³³

However, the key question is whether new jobs have been created, because if not then the problem is just being displaced - with these programmes potentially providing a pool of scab labour. The training courses last only a few weeks. No breakdown of the categories of training are given, but it seems kitskonstabel

Black Sash, p2.

30. Peires p1.

31. Interview (2) with the Port Elizabeth Unemployed Workers' Co-ordinating Committee (PE UWCC).

32. **SABC Comment**, 13.3.1987, and **The Citizen**, 7.7.1987.

33. **Citizen**, 7.7.1987.

training is one of them.³⁴ It is also not clear whether the placements are for full time work, or whether they include casual work. However, it would be important to find this out, as 750 000 jobs is a not insignificant figure.

2. Strategies to combat structural unemployment:

The state's strategies to combat unemployment are based on the following premises: firstly, that economic growth is the key to solving unemployment; secondly, that for the private sector to achieve economic growth and maximise productivity, maximum deregulation and privatisation need to take place; and that thirdly, the most appropriate growth path for SA to follow is one of inward industrialisation. Capital has broadly supported these premises.

Firstly, however, economic growth does not necessarily lead to increases in employment; and in fact may be predicated on the decline of job opportunities. For example, the state and capital see economic growth as arising from increases in productivity, based on rationalisation of the economy. This means survival of the fittest - which is likely to be the big monopolies. The net result is increased concentration and centralisation of capital, which will further deepen structural unemployment.

In locating economic growth as the solution to unemployment, the state attempts to hand prime responsibility for this issue over to capital:

"In a system based on free enterprise, as in South Africa, it is not in the first place the task of the State to create employment opportunities, but the task of entrepreneurs in the private sector."³⁵

However, Goran Therborn's study of sixteen advanced capitalist countries leads him to argue that it is state intervention rather than economic growth per se that provides solutions to

34. Lewis p7.

35. 1984 White Paper on Employment Strategies, p3 and p4.

unemployment. He identifies five countries that have managed to stave off an unemployment crisis; these countries have dissimilar economies and different degrees of vulnerability to the crises of international capitalism. But what they do have in common is an institutionalised commitment to full employment, which is prioritised above other economic considerations. The reasons for this policy commitment vary; in some instances it reflects the interests of a strong labour movement in ensuring full employment; in others, a ruling class concern for social stability.³⁶ But the lowest common denominator is extensive state intervention in the economy that goes beyond welfare to policies aimed specifically at maximising employment.

However, in SA, the 1987 report of the President's Council's Committee for Economic Affairs entitled 'A Strategy for Employment Creation and Labour Intensive Development' makes it clear that strategies to combat unemployment must be commensurate with other economic priorities, such as lowering inflation, and overcoming the BoP deficit.

This report locates state strategy for dealing with unemployment within its broader inward industrialisation strategy. The Old Mutual defines inward industrialisation as "domestically generated growth based upon supplying basic consumer products (eg. clothing, shoes, furniture, basic foodstuffs) and facilities (eg. low-cost housing) to the rapidly urbanising black population, with the increasing labour force coming from the rural areas simultaneously finding employment in these expanding industries."³⁷

Poverty in the urban townships clearly poses a limit to the success of this strategy, which has to be fuelled by consumption. But wage increases are not part of the equation. In fact, the PC report identifies the two major obstacles to inward industrialisation as high wage costs, and excessive regulation of the private sector.

36. Therborn p111.

37. As quoted in Lewis p14.

However, the state does recognise the need to 'kick-start' the inward industrialisation cycle, and has identified the provision of low-cost housing as the way to do it, because it provides employment, and therefore disposable income.³⁸

This fits in with the state's overall upgrading strategies in the townships, which in turn interface with the privatisation push. The state aims to privatise the provision of housing and social infrastructure as much as possible, to defuse and depoliticise the crisis in this sphere.

The housing contracts issued to private capital by the local authorities vary, but some include responsibility for providing social infrastructure. So the costs of roads, sewerage, and electricity in an area are incorporated into the final price of the house. In Mamelodi, the cheapest houses capital built on these terms entail monthly payments of more than double current rents.³⁹

Clearly, the economics and politics of upgrading are going to give rise to new contradictions in the sphere of reproduction. But while the state now recognises the need for a drastic injection into the sphere of reproduction, they still expect township residents to bear the bulk of the burden of upgrading costs. Not only do the state and capital expect to recoup the costs of investment in this area, they also expect the profits generated to fuel an economic recovery.

At the same time, privatisation and deregulation are also expected to unleash the growth of small business and the informal sector, which the White Paper on 'A Strategy for the Creation of Employment Opportunities' emphasises as a key component of job-creation strategies. Not surprisingly, Nafcoc President, Sam Motsuenyane, agrees that small business development is the route

38. Lewis p14.

39. Borraine, A. 'Mamelodi: From Parks to People's Power', unpublished honours dissertation.

to job creation, and programmes are needed "which facilitate the promotion of entrepreneurs, therefore contributing more significantly towards sustained long-term growth in a dynamic business sector."⁴⁰

Arguments for deregulation have largely applied to the abolition of minimum wages and health and safety standards. But while abolishing minimum wage levels may encourage the establishment of small-scale sweat-shops, it also means employers may cut existing wage levels - without taking on more workers - leading to the further impoverishment of the working class, further diminishing their spending power, and thus undermining a key link in the inward industrialisation chain.

Lewis argues that small business has limited job-creating potential, and support for it from capital and the state "has more to do with class stratification than employment generation, more to do with politics than economics...Capital's support for small business is generally accompanied by homilies concerning the necessity for spreading the benefits of free enterprise, the 'spread' referred to being a spread of owners rather than of workers."⁴¹

However, there are indications that the job creating potential of small business cannot be so easily dismissed, even in monopoly dominated economies. Trends in the UK and the USA are interesting in this regard, because it is small business that appears to be the growth point in the economy. The Birch study, which analysed private sector employment from 1973-1979 at 82% of business establishments in the USA, found that 50% of jobs were created by expansion, and 50% by new companies. But analysis of this by size provides the most interesting results. Independent firms with twenty employees or less generated 66% of all new jobs.⁴² In

40. Sowetan 21.10.1987.

41. Lewis p17.

42. As quoted in Pollard, W. 'Workers Co-ops are Small in London', paper presented to the National Conference for Research on Worker Co-operatives, London, October 1986; p3.

Britain, the Census of Employment for 1973-1979 shows a 2.6% increase in employment for firms employing less than 100 people, against the backdrop of an 11% decline in jobs in all firms taken together.⁴³ Also interesting is that in both cases, jobs in the service sector constituted the bulk of the total. Thus in Birch's study of the USA, 92% of the net increase in employment was in the services sector.⁴⁴ And in London between 1973 and 1979, jobs in the service sector constituted 76% of the total number of new jobs created, versus 19% for manufacturing.⁴⁵

Chris Rogerson argues that in SA too, the potential of small business assumes special significance in the face of "recent trends towards de-industrialisation and the decline of large-scale formal sector manufacturing."⁴⁶ Since 1981, employment in secondary industry in SA has dropped back to the same level as in 1976. Meanwhile, according to Brian Kantor, Head of the UCT Economics Department, small business currently provides 40% of SA's Gross Domestic Product, and the small business sector does seem to be a growth point in the SA economy.⁴⁷ Thus despite the monopoly dominance of the economy, it seems small business is able to find niches for market itself - which augurs well for co-op survival too.

There are a range of initiatives to encourage this small business development, with the Small Business Development Corporation (SBDC), the Urban Foundation and the bantustan development agencies taking the lead in this regard. The SBDC has focussed on making premises available to small black businesses through building 'industrial parks' and factory flats in various

43. Pollard, p4.

44. Pollard, p3.

45. Quoted from the 1981 Census of Employment, in Pollard, p4.

46. Rogerson, C. 'The State and the Informal Sector: A Case of Separate Development', in South African Review 4, p413.

47. Sunday Star, 19.7.1988.

townships. They also provide access to finance capital, but their interest rates are very high.

In conclusion, both the state and capital see current levels of unemployment as a threat to social stability and to the long-term survival of the system. This means that it is a problem they cannot entirely afford to ignore. However, state strategies against unemployment have thus far been largely unconvincing, and welfare provisions are almost non-existent for most of the unemployed. However, it seems that in the context of the contraction of large-scale manufacturing, the small business sector may constitute an important growth point in the economy, with some potential to contribute to job-creation - but deregulation may well mean this entails highly exploitative 'sweated labour' conditions. Furthermore, even if this sector does manage to make a dent of some kind in unemployment figures, the outlook still looks bleak for the vast majority of the millions of workers for whom there are no jobs, no social welfare, no land, no housing, and little hope of solutions for the foreseeable future.

C. The Effects of Unemployment:

"Unemployed workers, we have many problems. Everyday is a struggle to get what we need. We have no money, we can't pay for our food and clothes. If we get UIF it is for a short time, with little money. What can we do, how do we survive? Every day is a struggle. Some amongst us turn to stealing, some to prostitution, and many are taken by drink. This unemployment even pushes the weakest to join the vigilantes and the armed forces of the oppressor." N UWCC pamphlet.

In January 1987, a meeting of fledgling unemployed workers' organisations from the Transvaal, the Western Cape, the Eastern Cape and the Border region came together to form the National Unemployed Workers Co-ordinating Committee (NUWCC). The NUWCC is not affiliated to Cosatu, but has close links with the federation, and Cosatu has a policy-commitment to support an organisation of the unemployed.

The NUWCC faces a daunting task in organising the unemployed.

There is not only a need to organise the unemployed for their own sake, but also because of the detrimental effects unemployment potentially has on the democratic forces more broadly.

The over-riding feature of unemployment is the economic desperation it causes. In the Eastern Cape, Operation Hunger has records of 23 000 families with no visible means of survival.⁴⁸

"People go through hell, really. Sometimes they have got nothing, just nothing at all; and they just sit in their house; and the women are selling their bodies to feed their families, and the landlord is coming, and they don't know how long they will even have a roof over their head."⁴⁹

Financial anxiety constitutes a major psychological pressure on the unemployed:

* "As the man, my family is dependent on me. It was with tears and worry that I thought what I must say when my children came to me for food."⁵⁰

* "These are the things that we are afraid of: that we will starve, that we will have nowhere. And people would like their families to grow up healthy and strong."⁵¹

Along with anxiety goes a loss of self esteem:

"Any real man can support his family. I used to be a real man, now I am worth less than a loaf of bread."⁵²

48. Race Relations Survey 1988; not yet published.

49. Interview with PE UWCC (2).

50. Ex-Sarmcol worker, as quoted in Radford, E. and Leeb, W. 'An Investigation into the Effects of Job Loss on the African Township of Mphophomeni', unpublished paper, Department of Psychology, University of Natal, 1987.

51. Interview with PE UWCC (2)

52. Interview with unemployed worker in Cape Town, in: Irvine, B: 'The Psychological Effects of Unemployment', Carnegie Conference

This loss of self-esteem is a characteristic psychological response to unemployment, indicating the extent to which people's sense of self-worth is linked to their work. This loss of self-worth also has a material base in the nature of the commoditisation of labour power under capitalist relations. If a worker cannot sell his/her labour power, then, like any other commodity, it has no value. Capitalist relations mean the value of a commodity is defined through exchange, not in terms of its inherent use-value; this in turn impacts on the unemployed psychologically.

Studies of the psychological effects of unemployment also highlight the extent to which work also provides meaning and coherence to people's lives, and is probably the single most important factor defining adult experience. It provides a time structure to days and weeks, it provides shared experiences and contact with people, goals and purposes, it is part of defining status and identity, it enforces activity, and it provides scope for creativity and responsibility - however much this may have been reduced by the capitalist labour process.⁵³

With the loss of work comes a loss of structure and purpose in workers lives:

"For a while I got up from bed at the same time as when I worked, but then I had nothing to do."⁵⁴

Workers characteristically go through four psychological phases after job loss. These are outlined by Radcliffe and Leebe in their investigation into the effects of job-loss on workers in Mphophomeni. The first phase is one of shock and disorientation; followed by optimism and denial. But as resources run out, and the hope of finding a job wears thin, anxiety, distress and

Paper No. 126 1984.

53. Irvine p16.

54. Irvine p17.

desperation set in. These are followed by a fatalistic apathy, often accompanied by the worker giving up the search for work:

"My wife tells me to go and look for work. I don't listen anymore. I don't feel like it. There are no jobs, so why look?"⁵⁵

And as resources dry up, the long distances between the townships and the industrial centres become a real factor inhibiting the search for jobs, as a former shop steward from General Motors (GM) explains:

"If a worker wants to look for work and there's no busfare, then he has to walk a long distance to get to the place. If he gets back without a job, then he won't go the next day, because he's just too tired."⁵⁶

Unemployment also puts enormous pressure onto families:

"Unemployment is really breaking up my family, and the family has to be united. We are trying to blame each other because there is no work for us, and the kids are going hungry. Now the water and electricity are cut off, and I am being evicted from my home. And I won't get another house again."⁵⁷

A sense of guilt for the hunger of their children seems to weigh particularly heavily on the shoulders of unemployed workers:

"When I hear my children crying hungry-crying my heart wants to break."⁵⁸

This guilt is reinforced by the social stigma attached to being unemployed, and the pervasive social assumption that the unemployed are 'lazy' and somehow to blame for their plight - hence the name the Springs unemployed group chose for themselves - the 'Amalova', which means 'the loafers'.

55. Irvine p12.

56. Interview with former General Motors shop steward.

57. Interview with PE UWCC .(2).

58. Irvine p13.

Loss of work entails loss of a working community, but its social effects go further than that. When asked what the worst thing about being unemployed was, an unemployed workers' organiser from the Vaal said:

"The worst thing about being unemployed is that you lose all your friends. You don't go to work any more, so you are not seeing them every day. And you stop socialising, you can't just go with them to drink some beer in the shebeen, because you have nothing. And then you need to turn to someone for help, you need to ask for money for bread, and you find they don't want to look at you in the street, they would rather walk past."⁵⁹

This experience is echoed by an unemployed youth: "Being unemployed, I found that many of my friends run far from me. When I was working, I was with them always, every hour, but once I was unemployed, they didn't want to know me."⁶⁰

For the estimated 30 000 school-leavers who enter the job-market each year, it is the comparison with their lives as students that colours their experience of unemployment. It seems that school provides the socially integrative functions that work provides in adult life. An unemployed youth from Thembisa describes the transition:

"After school we found that we could get no job. We found that we were isolated from the organisation that existed in our schools, and also detached from our colleagues at school. We felt isolated and alone. Many turned to drugs and alcohol as a source of comfort for their problems.

"Before leaving school we received much care from our parents and we had many friends. As an individual, you feel accommodated in society, but after school the situation became so tough and so frustrating and you seem to feel rejected by the whole community.

59. Interview with an unemployed workers' organiser from the Vaal.

60. Unemployed youth quoted in 'Christian Ethics, Unemployed Youth and Social Change in South Africa', unpublished paper, Diakonia, 1987.

"This affects you as soon as you leave school. You develop a sense of insecurity, you become depressed, and you experience the economic difficulties very harshly. These things become excessive and so you feel more and more dejected."⁶¹

Thus unemployment easily translates into social alienation. This may be exacerbated by the failure of the community to provide support for the unemployed:

"If we look deeply into it, people are not supporting you; your neighbours are not supporting you at all, you know. But there are two areas where neighbours are supporting; Kleinskool is a working class shack area, and people there cook together and share their food. And in some streets in Arcadia, people have shared their food with unemployed people in their street."⁶²

The perception that there is a lack of community support for the unemployed is shared by the Thembisa youth quoted above

"Parents and other elements simply watch the state of the unemployed, that is, they are mainly worried about the expense you are to them, that is, your survival is expensive."⁶³

Despite examples such as Mphophomeni, where the community has provided moral and material support to the unemployed, this community support cannot be assumed and seems to be linked to levels of organisation. Where it is not forthcoming, the social alienation discussed above is likely to be all the deeper. This social alienation facilitates the development of anti-social behaviour - crime, alcoholism and violence.

"Drinking is such a serious problem in our area, because people think that to take a drink will solve their problems. But if a

61. 'Christian Ethics, Unemployed Youth and Social Change in South Africa', unpublished paper, Diakonia, 1987.

62. Interview with PE UWCC (2). The areas referred to here are 'coloured' working class areas.

63. 'Christian Ethics, Unemployed Youth and Social Change in South Africa', unpublished paper, Diakonia, 1987.

person comes home and he's been drinking alcohol, then you can imagine for yourself what disturbance there will be in the family, because you are drunk, and you don't care for your family."⁶⁴

These features of unemployment - the financial desperation, the psychological demobilisation, and the social alienation all exacerbate the potential for the unemployed to play a divisive and reactionary role in relation to organisation in the factory and in the community.

The most obvious threat that the unemployed pose is as a reserve army of labour, in which capacity they corrode working class unity and undermine the primary source of workers' strength - the power to withdraw their labour. The queue of unemployed at the factory gate is the most effective dampener to worker militancy that capital has ever found, and scab labour has been the scourge of worker struggles since the origins of capitalism.

Organising against scabbing is the most difficult challenge that unemployed workers organisation faces - as the General Motors (GM) workers found to their cost:

"Our people went off to the different townships to tell workers - you mustn't take that work, you mustn't go to the gates, you must stay away, because that is other people's jobs. But only to find (laughs) **hundreds** of those workers went there to get our jobs! And that's exactly what happened with those Ford guys. I mean, we all belong to one union, and we never thought they will do a thing like that to us; but only to find that they were the ones that actually went there to take our jobs - and without blaming them, because its a couple of years that they haven't seen wages, I mean, the burden is there, they needed that money; so if there's vacancies for 1000 workers - ag God man, forget about the other comrades.

"So that is a problem - how are we going to overcome scabbing? I don't know. If a worker is a couple of **years** out of work, he will go; and we can't blame the guys, although we weren't happy about

64. Interview with former GM shop steward.

them even going there; but only realising afterwards that if it was us, we would have done the same thing."⁶⁵

The lack of any social welfare for most unemployed workers makes it all the harder to organise against scabbing, because it means the choice is not merely one between dire poverty and scabbing, but a question of survival:

"You cannot keep workers away from work on empty stomachs. Really, you can't."⁶⁶

The consensus in the interview with the PE UWCC was that there is only one way to stop scabbing, and that is to create jobs.

In sum, the financial desperation of the unemployed, coupled with the psychological effects of unemployment - the sense of impotence, the loss of identity, and the social alienation - all make the unemployed a very vulnerable target for recruitment into the vigilantes or kitskonstabels; because these provide an income, a sense of power, an outlet for frustration, and a tight peer group.

Thus the unemployed constitute both a reserve army of labour, and a potential reserve army for the state. In both capacities, they are potentially the weakest link in working class and community unity, and a source of division for democratic organisations.

D.Organising the Unemployed

In organising the unemployed, difficulties of organising any constituency are exacerbated by the psychological effects of unemployment, which are demobilising and disempowering. In addition, the unemployed may have developed a negative attitude towards organisation:

"Many of the unemployed were members of unions before they were

65. Interview with former GM shop steward.

66. Interview with PE UWCC (2).

retrenched. So in organising them, you cannot just say: 'Come and build the union of the unemployed'; because now they feel afraid of joining a union - they are afraid that they will just become soft targets for capitalism.

"So instead, you must approach them at the factory gates or in the UIF queue and discuss their problems, to make it clear that you understand their problems."⁶⁷

The difficulty, however, is finding solutions to those problems: "One of the problems in organising the unemployed is that they expect the organisation to find jobs for them; they expect the individuals in the UWCC to solve their problems. And we find the organisation turning into an advice office. But we are trying to **build organisation**; because it's only with organisation that we can win gains. But how can you build organisation when you have nothing to offer?"⁶⁸

The strategies of unemployed workers organisation have three levels; firstly, they blame capitalist relations and the apartheid government for unemployment, and their long-term solution to unemployment is to end apartheid, and to build socialism; secondly, their organisational priority is to find ways of creating jobs now; and thirdly, they see strategies around welfare, advice and provision of services as a way of building their organisational support and strength.

Thus they take up UIF cases, rent issues, evictions, and deal with hire purchase problems. They have tried to draw on professionals, such as lawyers and doctors, to provide services; they are planning a campaign to get the local authorities to peg rents to income; they have approached Ccawusa to negotiate with the Furniture Association to freeze interest on hire purchase and suspend payments for the unemployed; and there are plans to meet the Minister of Manpower as part of the 'Living Unemployed Benefit' campaign. However, the actual gains on this level are

67. Interview with PE UWCC (1).

68. Interview with PE UWCC (1).

limited.

"When the hire-purchase want to repossess, we phone them and ask them to give people a chance. Really, we can do nothing but just ask them."⁶⁹

Strategies of job creation include the demand for a ban on overtime, and a 40-hour week; the public works campaign; co-ops, as well as local level strategies.

The working week in SA varies from sector to sector; the average hours worked per week in 1985 were 42.4 for manufacturing, 49 for the mines, and 72 for security guards. Numsa has estimated that a cut in the working week from 45 to 40 hours would create 40-50 000 more jobs in the metal and engineering industry alone.⁷⁰

Capital is resisting the demand for a 40-hour week at no loss of pay. It will cost them more in wages, and more workers mean more payments to UIF, pensions, and workmen's compensation; additional training expenses; plus in many sectors, overtime fluctuates, and more workers means less flexibility in costs relative to demand. This means they are as likely to opt for increased capital intensity as for increases in the number of jobs.

In Springs, the Cosatu local has taken up this demand, in conjunction with the Amalova, and have won a ban on overtime in twelve factories, and furthermore, the vacancies created have been made available to members of the Amalova.

But on the whole, the unions have not taken up the campaign with much gusto, causing the unemployed to accuse them of paying "lip-service" to the issue.⁷¹ They attribute this to the fact that many workers rely on overtime to supplement their meagre wages.

69. Interview with PE UWCC (2)

70. UWCC position paper: 'The 40 Hour Week and Ban on Overtime'; unpublished paper, 1988.

71. Soweto local of the UWCC.

In Springs, the Amalova have also relied on workers strength on the factory floor to help create jobs, and to channel available jobs to the organisation. So, in several factories, the unions have negotiated that if there are vacancies, management will inform the Amalova. In their meetings, the Amalova keep an attendance register; whoever has attended the most meetings is top of the list when jobs come in. Thus participation in the organisation holds out the possibility of work, although most jobs that come in are temporary or casual work. At the Kelloggs factory, they have also negotiated that the unemployed clean the overalls of the workers.

These strategies rely on the strength of the unions to ensure that the organised unemployed get preferential access to jobs, rather than actually creating new jobs; thus although they help to build the organisation, and to consolidate unity between the organised unemployed and the unions, they do not in fact help to fight unemployment per se.

And while the ban on overtime has the potential to create jobs, unless it includes a no-loss-of-pay agreement, it is once again workers who are footing the bill for the crisis of capitalism; furthermore, it will only create more jobs if capital chooses that route over the others available to them - such as increased mechanisation. And finally, while a shorter working week at no loss of pay is an important campaign, its effects are likely to be felt only in the long term. And in the short term, unemployed workers organisations have members whose lives depend on jobs.

It is in this context that the potential role of co-ops as a means of creating jobs has come onto the agenda; because they constitute one of the few ways in which the unemployed can take the initiative in creating their own jobs.

Setting up co-ops is, however, predicated on the ability of the unemployed to gain access to certain means of production; and it is precisely their lack of such access that means they are dependent on selling their labour power.

En masse, this remains true. However, in the SA context, there are certain ways in which, as part of a broader democratic movement, the organised unemployed can gain limited access to the resources needed in this regard. I will look at this issue further later; suffice it to say, however, that the resources available are far from sufficient to do more than scratch the surface of the problem.

Nevertheless, a feature of all the NUCWW's job-creating strategies mentioned so far is that they take the separation of workers from the means of production as their starting point, and are thus dependent in some form on capital's preparedness to buy workers' labour power. The co-op concept is predicated on the restoration of access to the means of production to a defined group of workers, through some form of collective ownership. This allows workers to take their lives into their own hands, in a way which their separation from the means of production under capitalism specifically precludes.

Thus co-ops not only create new jobs, they introduce a different relationship to the means of production for workers.

The small-business emphasis of capital and the state is also premised on broadening ownership; the key distinction is that small businesses reproduce the division between capital and labour, and merely broaden ownership; while co-ops eliminate the distinction between capital and labour, and ownership is coupled with workers' control. Hence co-ops potentially provide a democratic alternative to work organisation under capitalism, and can thus complement broader processes of building democracy.

Cosatu's 1987 resolution on unemployment gives full support to unemployed efforts to build co-ops, and Cosatu has committed itself to assisting the NUWCC to do research into the area.

At the same time, the Sarmcol Workers Co-op (SAWCO) has also provided an important catalyst in putting the issue of co-ops on the agenda within Cosatu, providing a potential example of how a co-op can provide a means of survival for workers who have sacrificed their jobs in the course of trade union struggles.

With unions facing ongoing retrenchments and dismissals, the unions are faced with the question of their relationship and responsibility to their former members; this issue is urgent not only because of the economic destitution these members almost certainly face, but also because of the implications of a backlash of resentment if workers blame the union for their job-loss.

The National Union of Mineworkers sees co-ops as one way of dealing with this problem, and has raised funds to set up a string of co-ops in Lesotho, in which it hopes to accommodate up to 5000 dismissed mine-workers; it has also set up a T-shirt silk-screening project in Phalaborwa.

For unemployed workers' organisation, co-ops are also seen as providing a potential means of limiting the advantage the state is able to take of the unemployed:

"We need co-ops to slacken the flow of the unemployed into the vigilantes, the kitskonstabels, and the green beans."⁷²

But in the absence of a co-op movement in SA with clear lessons from which to draw, there is also the danger of romanticising both the economic and political potential of co-ops:

"Co-ops are a transitional stage to socialism. If you establish a workers co-op, in the long run it will topple capitalist industry. We will be talking about a new era whereby capitalism will be disbandoned."⁷³

However, co-ops in other countries have a dubious survival record, and are by no means necessarily progressive.

Thus in a discussion with the UWCC Education sub-committee, the following questions emerged as areas for research into co-ops as part of a strategy of job-creation:

* "There is a need to follow up why co-ops fail; what are the

72. Discussion with the UWCC Education sub-Committee.

73. Interview with the Soweto Local of the UWCC.

problems, and what may be the potential solutions."

* "We need to create jobs, and we need to know whether co-ops can help to do this."

* "We don't want co-ops to run on capitalist lines; they must be democratic. And we don't want them to degenerate into capitalist enterprises. We must look into how to prevent this."

* "In South Africa, the primary function of co-ops is social welfare, but we need to understand how they can strengthen a political movement as well."

These questions provide the framework within which I will now look at the economic and political potential of co-ops in South Africa.

CHAPTER TWO: TOWARDS A THEORETICAL UNDERSTANDING OF THE ECONOMIC AND POLITICAL LIMITS AND POTENTIAL OF CO-OPS

A. A Political Economy of Co-ops: Analysing Degeneration and Collapse.

Co-operative production has been posed as an alternative to capitalist industry since the early days of the Industrial Revolution. Robert Owen's vision of a society in which the profit motive disappears, and in which production is organised co-operatively is one that has endured in socialist thought. Co-ops have been seen as providing a feasible embryo of socialism within the womb of capitalism, providing an opportunity to empower workers, while developing the democratic, organisational and technical skills needed in a future socialist economy.

In many Third World countries, co-ops are seen as a key part of development strategies. In Zimbabwe, ZANU policy documents point to co-ops as a vehicle through which the people of Zimbabwe can achieve economic power; co-ops are expected to eliminate exploitation, lead to a redistribution of wealth, and "develop community and collective ways of living that provide a sound base for socialism."⁷⁴

However, as with trade unions, co-ops by no means necessarily advance progressive interests. They were part of Franco's economic strategy in fascist Spain; they are supported by all parties in the British parliament; co-ops in Zimbabwe were first set up as part of the Smith regime's attempts to set up a 'kulak' class of middle peasants; and they are part of American low-intensity warfare strategies in Guatemala.

In practise, co-ops have not provided a short-cut to socialism; there is debate over whether they advance or retard working class

74. Hanlon, Dr J. 'Producer Co-ops and the Government in Zimbabwe', unpublished research paper, p5.

unity and struggle; and their record of either economic collapse or degeneration into capitalist enterprises casts serious doubts over their place within the strategies of the democratic movement.

Thus I will start by analysing the conditions and contradictions that affect both their economic and political viability.

The key defining features of co-ops relate to the organisation of production internally. In the classic co-op model, this entails "a voluntary association of workmen themselves collectively owning the instruments of production, jointly directing their own industry, and sharing amongst themselves the common product."⁷⁵ While a range of variations in the forms of co-op ownership and control have emerged, the basic principle remains the same, and that is to build democratic forms of ownership and control of production, in which workers control the product of their own labour, thus eliminating exploitation. Co-ops thus attempt to build an alternative to the traditional model of the capitalist firm.

However, as Bettelheim argues, in a co-op, "...the contradiction between capital and labour, abolished at the level of the unit of production, is maintained on a social scale."⁷⁶

So, while co-ops can change the relations of ownership and control internally, capitalist relations of production still define the parameters within which they operate - and in particular, it is the role of the market which most directly affects the co-op. Regardless of the efficacy of its structures of internal democracy and control, a co-op has to be economically viable to survive, which means it has to generate a surplus - and to realise that surplus, co-ops have to compete on a capitalist

75. Webb, B and S. 'Special Supplement on Co-operative Production and Profit-Sharing', The New Statesman Vol. 2, No. 45, 1914; p4.

76. As quoted in Cornforth, C. 'Some Factors Affecting the Success and Failure of Worker Co-operatives', in Economic and Industrial Democracy, 1983, vol. 4, no. 2, p122.

market. This feature they share with capitalist industry, whose profitability is likewise contingent on the realisation of surplus value.

As a result, capital is engaged in a constant quest to gain a competitive market edge - and this quest is one of the driving forces of capitalist development; it is the exigencies of competition on the market that lie behind capital's incessant attempts to decrease necessary labour time; it is this competition which lies behind the ever-increasing ratio of constant to variable capital, and as such of the falling rate of profit; it is competition on the market which defines price ceilings for commodities, necessitating intensified exploitation to maximise profits. As Robin Murray argues, "Capitalists increase exploitation not because they are innately oppressive, but because competition and the laws of accumulation would discipline those who did not."⁷⁷

In sum, it is in response to the exigencies of competition on the capitalist market that many of the worst features of the production process under capitalism have developed - the features that co-op members have often been attempting to escape.

So while co-ops can democratise their structures of ownership and control, their survival still depends on their ability to compete on this market, on the terms set by capitalist industry - terms premised on the intense exploitation and oppressive control of workers by capital. To survive, co-ops thus have to match the productivity levels born of these conditions, while attempting to reorganise production on terms that eliminate alienation and exploitation. There is thus an inherent tension in co-ops, between the reorganisation of production relations, and the demands of the market. In 1914, Beatrice and Sydney Webb argued that this contradiction tends to lead either to co-op collapse, or to the degeneration of the co-op into a capitalist enterprise - a capitulation to the dominant social relations.⁷⁸

77. Murray, R. 'Ownership, Control and the Market', in New Left Review No. 164, July/August 1987, p89.

78. See Webb, B and S. 'Special Supplement on Co-operative

The Webbs identified these tendencies early this century, after extensive case studies of 'Associations of Producers' in France, Britain, Belgium, Italy and Germany. The trends they identified then are strikingly similar to those apparent in co-ops today.

Firstly, they pointed to the 'melancholy uniformity' of co-op collapse. In France at the time, co-ops were being born at the rate of about one a week, but as the Webbs observed, "the death rate about equals the birth rate."⁷⁹

Secondly, they argued that where co-ops do survive economically, they tend to degenerate into little capitalist enterprises. This is evident in the break-down of democratic structures, and in the emergence of different classes within the co-op, either in terms of the emergence of outside owners who do not work in the co-op, or in terms of the employment of non-member workers in the co-op, who do not have voting rights. These trends constitute a break with co-op principles.

However, the trends identified by the Webbs have not gone uncontested, and socialists have debated the 'degeneration' thesis at some length. Martin Fairclough argues that this debate has centred around the breakdown of democracy as a political phenomenon, and has ignored the extent to which the Webbs rooted their theory in political economy. Furthermore, the debate has tended to portray the Webbs' degeneration thesis in far more deterministic terms than they themselves presented it.

Fairclough points out that the Webbs' starting point is to locate producer co-ops as part of small capital, and to root many of the problems they face in an understanding of their weakness in relation to big capital. In the 1914 Special Supplement to The New Statesman, the Webbs distinguish between different categories

Production and Profit-Sharing', The New Statesman Vol. 2, No. 45, 1914.

79. Webb p6.

of small capitalists, on the basis of their relative dependence on outside capital. Those who rely little on retailers for their raw materials, and deal direct with private consumers are the most resilient; but the greater their dependence on wholesalers and retailers, the weaker they will be, and the more likely to reproduce the worst elements of sweated labour, because their profit margins are squeezed on either side. This leads them to rely on extreme levels of exploitation, which still only allow these 'small masters' little more than a 'scanty living.'

The Webbs argued that it was primarily in these sweated sectors that the impetus to form producer co-operatives was emerging at the turn of the century, and this impetus stemmed from the desire to escape from the sweated labour conditions imposed by market dependence.⁸⁰ But they argued that producer co-operatives set up in these sectors are subject to the same market pressures as small businesses, leading them to reproduce sweated conditions in order to survive, or else falling prey to either collapse or degeneration.

Since their analysis, the rise of monopoly capital has intensified the difficulties and extended the distance between small and large capital.

Fairclough extends the Webbs' analysis, to show that the characteristic position of co-ops in the economy means they are not only weak in relation to commercial capital, but also in terms of their location in the circuits of financial and industrial capital.

Their weakness in relation to finance capital starts with their problems in raising start-up capital, given the characteristic conditions under which they arise - for example, in the Webbs' study, co-ops were often set up as survival strategies after trade union struggles had left workers unemployed and on the

80. Fairclough, Dr M. (1) 'Conditional Degeneration and Producer Co-operatives: A Reappraisal of the Socialist Tradition'; unpublished paper presented to the National Conference for Research on Worker Co-operatives, London, October 1986, p13.

streets. In the UK and USA, co-ops have often begun when workers have bought out a floundering factory, to save their jobs. In Zimbabwe, many co-ops were established after national independence, with ex-combatants demobilization pay-offs as their only capital, and guerrilla war as their only experience of collective organisation. In all these cases, capital is minimal, and credit is hard to come by.

The problems that any small business faces in raising capital are compounded in co-ops, which are seen as unattractive investments, and are often unable to offer securities acceptable to lending institutions.⁸¹ This may force them to negotiate loan terms that affect their internal organisation. But if they are unable to raise the necessary finances, undercapitalisation is the result.

Undercapitalisation is a key feature defining co-ops' weakness in relation to industrial capital. This characteristic undercapitalisation is often reinforced by the reluctance of co-ops to invest any surplus generated in capital equipment, particularly if co-op members are living from hand to mouth.

Under these conditions, the failure to invest any of the surplus in the co-op can lead to the deterioration of its assets. So, for example, in Zimbabwe, an egg-producing co-op collapsed because when the chickens egg-laying days were over, the co-op had not held back sufficient surplus to buy new chickens.⁸²

The Webbs argue that the failure to invest in capital equipment is also often a form of resistance to new technology, particularly where this replaces the need for co-operators' skills, or leads to redundancies:

"..if any change should be projected which would mean a displacement of labour it is met with such real opposition from the employees that the old method is retained and the society finds itself at an economic disadvantage in the market. Hence stagnation."⁸³

81. Fairclough (1) p20.

82. Hanlon p15.

83. Webb p17.

For some co-ops, it seems there was only one way out of this impasse - as illustrated by the following quote that the Webbs found in the annual report of a co-op they visited:

"The society has now a great opportunity for introducing new machinery, owing to the recent deaths of five workmen-shareholders."⁸⁴

However, undercapitalisation is not the only reason that co-ops are hamstrung by low productivity, thus putting them at a relative disadvantage in relation to industrial capital. Other reasons for this, however, relate less to external pressures than to the internal organisation of co-ops.

Often, the democratic form of work organisation in the co-op is conducive to a lower work intensity than that in the factory. This may reflect a lack of discipline in the co-op; for example, the Webbs were given the following explanation for the relatively low output at one of the more successful co-ops they visited in Britain:

"The reason for the low output is that the workers will not make the effort. In private factories, failure to produce the average is followed by dismissal. In this society, the workers, feeling assured that no such course will be followed, work easily, pay no regard to the possibility of a division of profits if greater effort were put forth, regard themselves as having a job for life, and take their work in a very leisurely fashion...Some of the members refuse to accept the ordinary discipline which prevails in private factories. The manager's authority is questioned, and often not accepted."⁸⁵

In Zimbabwe, Hanlon argues, the notion that co-ops provide an alternative to the tyranny of the factory often translates into an expectation that workers should not have to work as hard in a co-op, and that handouts from the government or funding agencies handouts will provide a safety-net for any short-fall in income.

84. Co-op report quoted in Webb p17; their emphasis.

85. Webb p15.

However, low productivity may equally reflect the more humane working conditions in the co-op. Thus the Webbs were given the following analysis of why co-ops are 'superior places of work for girls':

"It is true that in private firms girls can often earn more on piece-work, ...but this is at the cost of a terrible 'drive' and speed, and the girls are often sick. Sometimes they are almost too tired to speak when they get home, and 'feel disagreeable.' They can't keep up the strain, and come on the sick list. Now the 'Productive' girls on the contrary, have a very low sickness rate. They are not kept working at such high speed, and there is no such 'drive' or strain to urge them on. Also they have little indulgences, cups of tea, may chat, and are not watched so much."⁸⁷

As the Webbs put it: "This 'superior amenity and, so to speak, humanity is unfortunately accompanied, it must be inferred, with some loss of economic efficiency."⁸⁸

Maintaining high levels of productivity relies on high levels of discipline, and this issue often sparks conflict in co-ops, focussed around the role of management.

The Webbs argue that a system of direct management accountability to workers cannot work. They cite twelve British examples in which the manager was fired within six months, and from their case studies, the key tension which arose was over work-discipline. They argue that the threat of recall by workers undermines the ability of management to pressurise them to meet production targets, and a high level of stagnation results.⁸⁹

86. Hanlon p3.

87. As quoted in Webb p16.

88. Webb p16.

89. Webb p15.

Fairclough argues that the Webbs' support for 'managerial socialism' colours their view of the issue. However, it remains true that the failure to develop a workable system of democratic management has often contributed to the decline of co-ops - and for the reasons given by the Webbs. In Zimbabwe, for example:

"There have been a number of splits within individual co-ops in which reasonably well-organised and motivated leadership have been ousted because the members felt they were being forced to work too hard."⁹⁰

There are two components to the issue of the role of democratic management. The first relates to the question of maintaining discipline; the second relates to other key managerial roles - such as financial administration and production planning. These functions can be redistributed and redefined in a co-op, but both aspects of the role of management have to be fulfilled in some way.

However, these roles are not always seen as functionally distinct. Pillay argues that a key error of the more 'utopian' co-ops has been to define the managerial function as an authority relation specific to capitalism, and thus to do away with it altogether, in the process doing away with any systematised delegation of responsibility, giving rise to the 'anarchical tendencies' which he argues arise in the absence of strong management in a worker-controlled enterprise.⁹¹

Webster argues that democratic management needs to be able to discipline worker-members, and if necessary, to dismiss them - subject to appeal processes.⁹²

90. Hanlon p3.

91. Pillay, P: 'Worker Control of Enterprises: Some Theoretical Considerations'; unpublished paper, School of Economics, University of Cape Town.

92. Webster, E: '"Band-Aid" or Feasible Alternative to the Traditional Firm? - The Case of the Self-Managed Firm', paper to Workshop on Strategies of Opposition, Centre for Intergroup

However, at the same time, there is a danger that ostensibly democratic management entrenches itself in positions of power, by developing a monopoly of key managerial skills.

Thus the role and democratic control of management in a co-op is an area of debate; at this point, suffice it to say that problems at the level of financial management and production planning are amongst the most often-cited reasons for co-op collapse, and disorganisation in these spheres contributes to the low productivity that a lack of discipline further exacerbates.⁹³

Part of the problem in this regard is the characteristic lack of administrative and financial skills in a co-op. A shortage of the necessary skills is another key factor limiting productivity.⁹⁴ This is particularly the case in an underdeveloped context, in which co-ops often develop as a survival strategy within marginalised communities, whose members may have had no formal education, but need to interface with advanced capitalism for their co-op to survive.⁹⁵

Finally, even where all these problems are overcome, the lack of a marketing strategy can cripple the co-op. In the advanced capitalist countries, marketing strategies have become highly competitive and sophisticated. Most major corporations have separate marketing departments, and advertising - at exorbitant costs - can make or break a product.

But marketing strategy is not only hamstrung by a lack of competitive resources; often co-op members simply do not

Studies, University of Cape Town, June, 1987, p6.

93. Cornforth, p124.

94. Interestingly, there is no mention of skill-shortages as an issue in the Webbs' study.

95. See Pfananani, Chapter Three.

recognise the need for a marketing strategy, or do not know how to devise one. For example, a wire fence-making co-op visited in Zimbabwe initially sold all their fencing to the Zimbabwe Womens Bureau (ZWB). But the ZWB doesn't need any more fences, and the co-op has built up a large stock-pile of unsold fencing, and is running out of capital to buy wire. When interviewed, they had no strategy for marketing the fencing, other than through continued announcements at ZWB meetings; and they had not yet considered trying to market it to the agricultural affiliates of the national co-op federation, OCCZIM.⁹⁶

Thus, the weak position of co-ops in relation to commercial, financial and industrial capital limits their ability to compete on the capitalist market, making it difficult to make a surplus. The necessity to compete effectively despite these weaknesses gives rise to degenerative pressures. There are two forms degeneration can take; firstly, co-op members may become 'little capitalists' themselves; or they may revert to their former positions as wage labourers.

Thus for example, when co-ops need to raise finances to overcome the problem of undercapitalisation, the members rarely have sufficient capital reserves to draw from themselves. Loans from financial capital often come with strings attached, which may include pressure to stratify the workforce. Alternatively, a co-op may decide to sell shares to external shareholders. Fairclough argues that the conversion from a co-op to a joint stock company is the most common form this has taken historically, with financial capitalists as the external shareholders.⁹⁷ He points to Triumph Motorcycles (Meriden) (TMM) as a case in point. TMM was converted into a co-op to prevent closure, but the co-op inherited the outdated machines that had contributed to the closure of the company in the first place. After a range of attempts to solve its undercapitalisation problems, TMM finally sought a sell-out to an outside capitalist in 1981, and resumed

96. Interview with women at fence co-op outside Harare, organised by the Zimbabwe Women's Bureau.

97. Fairclough (1) p20.

production under conventional capitalist ownership.⁹⁸ Thus the limited options for raising capital can constitute a degenerative pressure on co-ops; because in this case, the constraints of undercapitalisation meant that to save the company and their jobs, workers accepted a deal in which they relinquished democratic control.

The failure to raise capital on external capital markets means that to compete effectively, and to match the necessary labour time set by capitalist industry, co-ops are often forced either to increase the intensity of their labour, or to take wage cuts. As the Webbs point out, this leads to the degradation of their own standard of life, and to self-exploitation.⁹⁹

However, when the exigencies of effective competition boil down to a choice between self-exploitation and the exploitation of others, there is sure to be a lobby for the latter. Thus these conditions can lead to the stratification of the work-force in the co-op, with co-op members attempting to increase their own income by exploiting wage labour. The Guqukani agricultural co-op in Zimbabwe provides a clear example of this. The chairperson rationalises the employment of casual labour in the following terms:

"..an employed person works more and works harder than the owner. Our own people say they are tired, they want to rest. But if someone is employed, you can force him to work hard. So it will be easier for our members to be paid if we hire people."¹⁰⁰

From this, it is clear that the location of co-ops in the economy, coupled with the exigencies of their internal organisation, combine to limit their potential to compete effectively on the capitalist market. Failure to overcome these problems leads to co-op collapse; in attempting to overcome them, co-ops often faces a choice between increased self-exploitation,

98. Fairclough (1) p15.

99. Webb p3.

100. Hanlon p3.

or solutions which entail some form of degeneration - in terms of either democratic ownership, or democratic control.

Fairclough extends the Webbs' political economy to show how degenerative pressures arise from the characteristic location of co-ops within a capitalist economy. However, while the objective economic pressures on co-ops are key to understanding degeneration, their effects are not predetermined. As Fairclough argues, degeneration is conditional on a range of internal and external factors. He has focussed on the external factors. This begs the question - what are the internal factors that predispose a co-op to opt for degenerative solutions to the problems that market pressures impose?

In this regard, the consciousness and motivations of the members themselves is a factor that has to be taken into account. Thus in two case studies cited by Bradley, co-op members chose to revert from a co-op structure to traditional hierarchies of control. At both the Scottish Daily Herald and at Manuest, a factory in France, there were struggles against closure which entailed factory occupations, and led to the establishment of a co-op. In both cases, the trade union leadership who led the factory occupations were elected as worker directors, but were later ousted - democratically - by worker members, in favour of a return to traditional managerial practices. At Manuest, a survey showed that 92% of the workforce supported the establishment of the co-op because they needed the employment; only 8% specifically supported co-op ideals.¹⁰¹ Thus when the co-op began to feel the pressures of the market, workers believed the co-op structure was threatening their employment.

However, degeneration does not only arise as a survival strategy. In fact, the Webbs argued that it was when the economic hurdle of survival was overcome, and when the original owners found themselves in possession of a growing and financially successful business, that a strong temptation emerged to accommodate

101. Bradley, K. 'A Comparative Analysis of Producer Co-operatives', reproduced in dossier on co-ops compiled by the Community Resource and Information Centre (CRIC), p165.

expansion by employing wage-earners. Thus they argue: "There is an 'iron law of transformation' tending to convert them, if at all successful... into little partnerships of capitalist employers, making profit on wage labour."¹⁰²

It is in this context that I want to turn now to analyse the features internal to co-ops that can complement the degenerative effects of the external pressures, and contribute to nudging co-ops in a 'degenerate' direction.

My key argument in this regard is that co-ops are a hybrid social form, with an ambiguous location within a capitalist economy; and that this ambiguity gives rise to an ambiguity in the objective class interests of co-op members.

To refer back to Bettelheim, co-ops attempt to abolish the contradiction between capital and labour at the level of the unit of production, but that contradiction is maintained on a social scale, and is premised on the separation of the direct producers from the means of production. In a co-op, the direct producers' access to the means of production is restored. But because capitalist social relations continue to dominate at a societal level, these direct producers are now faced with a choice where no choice existed before, and where no choice would exist in a system where social ownership was the dominant relation. The choice they face is whether or not to take advantage of their collective access to the means of production to exploit those who still have no such access. Because exploiting the labour of others is one way a co-op can overcome some of its productivity problems, and only co-op principles stand in the way of doing so.

Thus the objective class position of the members is ambiguous. Furthermore, I would argue that certain features of co-op members' experience tend to build their identity as 'owners' rather than as producers and part of the working class, thus predisposing them to degenerative choices.

Firstly, the classic model of co-op ownership is a form of

102. Webb p12.

private ownership, in which each member of the co-op owns one share, and ownership is equally divided. Members all have equal voting rights - but, as in capitalist industry, voting rights are tied to share-ownership. Thus, using the distinction drawn by Vanek, control is based on ownership not on work, and co-op members share the interests of private owners.¹⁰³

The implications of this are indicated by the plywood co-ops in Oregon and Washington in the USA, which have this ownership structure. A worker can only become a member of these co-ops by buying a share representing the capital value accumulated by a retiring member. But the financial success of the plywood co-ops means that one share can cost \$70 000.¹⁰⁴ When the plywood co-ops have needed to expand, their members have been unwilling to dilute the value of the shares by broadening ownership. So instead, they have employed non-member workers. Capital is concentrated in the hands of the owners, voting rights are linked to share ownership, and the degeneration of the plywood co-ops is complete.

This kind of co-op structure is still common, for example where workers pool their resources to buy out a company, to save their jobs. As Pillay argues, this adds an extra stress-factor to the issue of economic viability, because it is not just workers jobs but also their savings that are on the line. This may well lead to a conservatism conducive to degeneration.¹⁰⁵

Secondly, the necessity of competing with capitalist firms on the market exacerbates the potential contradiction of interests and identities for co-op members.

In order to break into the market, a co-op may attempt to cut

103. Vanek, J: The General Theory of Labour Managed Economies Cornell, New York, 1970.

104. Ellerman, D. and Pitegoff: 'The Democratic Corporation'; Review of Law and Social Change Vol.11, No. 3, p445.

105. Pillay p4.

market prices for its product, regardless of the toll this takes in self-exploitation:

"When there is a difficulty in making both ends meet, the working share-holders not infrequently put up with lower wages than the standard rate, and work with far more than the normal zeal and intensity, thus undercutting the establishments at which the prescribed rules are obeyed, even in the years that the capitalist makes losses."¹⁰⁶

But while undercutting prices may be key in allowing a co-op to make inroads into a market, it can also have the overall effect of lowering necessary labour time - with the levels of self-exploitation in the co-op set as the standard that industry has to match. This may well threaten gains in wages or working hours made by workers in capitalist industries. Thus the imperatives of the market introduce a potential contradiction of interests between workers and co-op members. This contradiction has been manifest in practise in the USA, where Mike Slott argues that market pressures have lead co-op members to develop a 'collective egoism' as owners, and that in competing against other companies, they are in effect competing against other workers.¹⁰⁷ Worker-owners thus come to identify less with the workers employed in other companies than with the economic achievements of the company they own. Their identity shifts from that of producers and part of the broader working class, to that of owners. Thus the practical exigencies of competing on the market can lead to a shift in co-op members' class identity.

The emergence of competition between co-ops as identified by the Webbs is also a reflection of this 'collective egoism'. They quote 'an ardent French co-operator':

"We meant to establish co-operative production...what we have done is merely create little shop-keeping establishments which compete with each other, and have just the state of mind the

106. Webb p10.

107. Slott, M: 'Workers' Ownership: A Step Towards Socialism?' in dossier on co-ops compiled by the Community Resource and Information Centre (CRIC), p87.

coal-dealer at one corner of the street has for the coal-dealer at the other."¹⁰⁸

This 'collective egoism' may be reinforced by the kind of economism that easily develops in a co-op - because in a co-op, every decision has its price, and political choices are framed by economic limits. But there is a very fine line between the economic realism that sees economic factors providing the bottomline of what is possible, and the economic determinism that makes maximum economic advantage the starting-point of decision-making. It is where the line is crossed to the latter that co-op members become predisposed to degenerative choices.

Finally, the tendency towards economism may be reinforced by the separation of politics and economics in capitalist society, which means that the democracy in the co-op may easily be divorced from a broader political and economic process. The focus of day to day democracy in the co-op is on organising production, on productivity levels, marketing strategies, and the generation of a surplus, and the immediacy of the class antagonism that is often felt in a factory is removed in a co-op. Thus decision-making easily becomes depoliticised.

In sum, the necessity to realise a surplus through competition on the capitalist market means that the characteristic location of co-ops within the circuits of commercial, financial and industrial capital makes them vulnerable to degenerative pressures. This vulnerability is reinforced by certain features of their internal organisation, which also act to lower productivity levels. Furthermore, the ambiguous class location of co-op members means there may be a material basis predisposing them to degenerative choices, not just as survival strategies but as a means of maximising their economic returns from the co-op, in a context in which degeneration may serve their objective economic interests.

However, degeneration is conditional on a range of internal and external factors, and I will turn now to look at factors that may

108. Webb p8.

act to lessen degenerative pressure, and counter the degenerative tendency.

B. Countering Degeneration and Collapse

The Webbs argue that there are certain conditions which can help contribute to co-op survival, thus tempering degenerative pressures. The key component of this is some form of market protection:

"..the Self-governing Workshop, where the workers enjoy absolute autonomy, is proved by long and varied experience to be, in all but very exceptional cases, neither stable nor, so long as it endures, economically efficient, and that where any commercial success has been attained it will be found that it has been gained with a close market, nearly always the partially tied market of the Associations of Consumers.¹⁰⁹

This position was shared by Rosa Luxemburg:

"Producer's co-operatives can survive within capitalist economy only if they manage to suppress, by some detour, the capitalist contradiction between the mode of production and the mode of exchange. And they can accomplish this only by removing themselves artificially from the influence of the laws of free competition. And they can succeed in doing the last only when they assure themselves beforehand of a constant circle of consumers, that is, when they assure themselves of a constant market. It is the consumer's co-operatives that can offer this service to its brother in the field of production."¹¹⁰

However, the Webbs attach even greater significance to the role of an interventionist state in providing protected markets, and in instituting conditions of registration that provide an economic disincentive to degeneration. They base their argument on evidence drawn from the French and Italian experience:

"The necessity of registration to secure Government privileges has (as in France) the result of keeping the constitutions of the

109. Webb p29.

110. Luxemburg, as quoted in Fairclough (1) p27.

Italian societies from developing in a capitalist direction, because the Government insists on all the workers sharing in the profits in proportion to wages, forbids all sub-contracting, and only in exceptional cases allows non-members to be employed at all."¹¹¹

Thus degeneration is prevented through a combination of protection, perks and punitive measures. However, as argued in the last section, certain features of the internal organisation of the co-op may also contribute to facilitating degenerative choices, and while market protection and economic incentives inscribed in legislation are quite possibly the most effective mechanisms for countering degeneration, the potential to create these may be limited, making mechanisms internal to co-ops that much more important.

Firstly, partly in response to the problems caused by the classic form of co-op ownership, other forms of ownership have arisen that attempt to make participation in decision-making contingent upon work in the co-op rather than on ownership rights, and in which ownership is indivisible. This model is based on a similar concept to the Yugoslavian model of social ownership, and is the model preferred by co-op federations such as OCCZIM in Zimbabwe and ICOM in Britain. If a co-op disbands, its assets revert to the co-op movement. In this way, co-op movements have attempted to create a form of social ownership within capitalism, and this model is intended to prevent aspirant entrepreneurs from using co-ops as a means to accumulate capital, which they withdraw when it suits them.¹¹²

But this structure has given rise to contradictions of its own - - as has the Yugoslavian model of social ownership, in which enterprises also have to compete on the market. Firstly, as Ellerman and Pitegoff argue, this 'social ownership' model eliminates any incentive for workers to use their surplus for

¹¹¹. Webb p11.

¹¹². England, R: 'Zimbabwean Co-ops and Class Struggle', South African Labour Bulletin, Vol. 9, No. 9, p139.

capital investment, because they have no recoupable claim on surplus invested in this way.¹¹³ This creates a conflict between the short-term interests of the members, and the long term economic viability of the co-op.¹¹⁴

At the same time, there is limited incentive for the co-op to invest in expansion. Because, as Pillay argues, the more members a co-op has, the less each one gets from the same net surplus. Thus although expansion would increase the total surplus created, that surplus would have to be divided between more people, and it might not entail any increase in income for the original members. Thus if they invest their surplus, they are more likely to invest in capital equipment that increases the productivity of the existing members, thus increasing their total surplus, rather than investment that creates jobs but thus dilutes the total surplus.¹¹⁵ In Yugoslavia, this contradiction in the social ownership model has contributed to unemployment reaching crisis proportions.

There are variations on the two broad co-op models outlined here, but the central concern is to devise a co-op structure that reflects the social goals of a co-op, while bridging the ostensible gap between the immediate material interests of workers, and the long term viability of the enterprise. As Nove says of social ownership: "The important point is by trial and error to devise a pattern of personal interest which would incline the workforce to support economically (and socially) efficient decisions."¹¹⁶ The Mondragon co-ops have a structure which attempts to do this, which I will look at later.

From this, it is clear that a range of structural constraints to

113. Ellerman and Pitegoff p444.

114. See also Nove, A: The Economics of Feasible Socialism, George Allen and Unwin, London, 1985; p136.

115. Pillay p18.

116. Nove p217.

degeneration can be instituted. Of these, providing a protected market seems to be the over-riding priority, given that it is the pressure of market competition that underlies the objective degenerative pressures faced by co-ops. And while state intervention is the surest guarantor of a protected market, there are other ways of providing this protection - with an allied consumer network as the most tried and trusted method.

However, while maximising co-ops' ability to survive and institutionalising structural constraints to degeneration is important, I would argue that unless the consciousness and expectations of co-op members are taken into account, these solutions to the problem risk becoming technicist. Because as argued earlier, degeneration is not just a survival strategy in response to objective pressures. It can also arise where co-op members identify it as being in their economic interests, and give primacy to these at the expense of co-op objectives. While structural constraints and legal mechanisms can limit the gains for co-op members in following that path, they cannot prevent the emergence of competition between co-ops, nor can they prevent co-ops undercutting the wage gains of other workers. In this context, mechanisms for building solidarity between co-op members and working class organisations, and for consolidating their identity as producers and part of the broader working class become crucial.

Building this political consciousness is also important in relation to building democratic management, and in relation to work attitudes, discipline, the distribution of the surplus, and other such key issues affecting both degeneration and co-op survival. This raises the need for political education in a co-op; and also poses the question of the extent to which some relationship with a broader political movement could reinforce the overall goals of co-ops.

I will turn now to look briefly at two case studies, which highlight some of the issues discussed so far. I will first highlight certain specific features of Mondragon - the most widely-analysed co-op 'success story'; and secondly, I will look at Lega, the Italian co-op federation that is linked to the Communist Party, and is integrated into a broader political

programme.

C. Case Studies

1. The Mondragon Success Story:

The Mondragon system in Spain began in 1956, from a technical school and an industrial co-op. By 1982, the group employed 18 600 workers in 155 co-operatives.¹¹⁷ Mondragon illustrates the efficacy of state protection and a protected market in encouraging co-op development, and in countering degeneration. Mondragon also has its own consumer co-op network, Eroski, and has built the Caja Laboral Popular (CLP), a co-operative credit union with over 206 841 members that has given Mondragon a protected market for financial capital, and has allowed it to escape the undercapitalisation trap.

The Mondragon project was set up in fascist Spain, in the Basque Province, in the context of both anti-fascist Basque nationalism and staunch Catholicism. At the time, the Spanish government was encouraging the development of co-ops throughout Spain, for its own incorporationist reasons. According to a Falangist Party document:

"Our regime will make the class struggle downright impossible, since all those co-operating in production will constitute one organic whole."¹¹⁸

Co-operatives were intended to defuse class struggle, develop worker/management co-operation, and off-set militant worker demands. While co-ops were nurtured, trade unions were outlawed, and co-ops were intended to stem any shift towards socialism.

Rapid industrialisation was a top priority for the Franco regime, which sealed off the nation's economy from international market

117. Fairclough, Dr M. 'Mondragon in Context', Research report No. 1, Department of Sociology, University of Bristol, March 1987; (2), p4.

118. Fairclough (2), p12.

pressures, because these would have "nipped nascent capitalist development in the bud."¹¹⁹ This allowed Spain to achieve an 'economic miracle' in the 1960's and 1970's, and provided protection for the co-op sector.

Co-op laws were also passed excluding 'degenerate' co-ops from extensive material benefits, such as a ten year 'tax holiday', half the rates of corporation tax after that, and reduced levies on trading.

State intervention has also aided the development of the CLP. When it was first set up, the Franco regime passed legislation limiting it to investment in co-ops only, to protect Spain's 'Big Five' banks. So co-ops have had their own exclusive capital market, and any temptation to diversify into more profitable areas of investment has been prevented by law.

The CLP also provides financial advice, has an entrepreneurial department investigating the establishment of new co-ops, and finances extensive feasibility studies.

However, since Spain entered the European Economic Community, Mondragon has been feeling the weight of competition with multinational capital. Mondragon's chocolate co-op has already been forced to close as a result of multi-national competition; the consumer durables co-op expected to lose a thousand jobs in a year; and the general manager of Mondragon's biggest co-op has admitted that in order to compete on EEC terms, they will have to increase productivity by twenty percent. The CLP's role may also be adversely affected by the decision to open Spain to foreign banks. All of this underlines the important role of state intervention to provide a protected market.

Mondragon has also developed a unique ownership structure, that attempts to find a balance between meeting workers' desire to maximise their income, and the co-op's need for capital reserves.¹²⁰ Thus, membership rights - and voting rights - are

119. Fairclough (2) p7.

120. Slott p13.

attached to work in the co-op, and capital rights are attached to a new institutional structure - an internal capital account for each co-op member.

The system works like this: each new member pays a fixed membership entry fee, and members have equal voting rights. Each year, thirty percent of the total surplus is divided between community projects and a reserve fund. The remaining seventy percent is paid into members' internal capital accounts, in proportion to their rates of pay. Members cannot draw this money until they either retire or leave, and then only in instalments; but interest on their internal capital account is paid out annually - at thirteen percent in recent years. So, the co-op has a large capital resource-pool to draw on; yet workers are not faced with a choice between distributing the surplus amongst themselves or using it for capital investment. It may be used for capital investment in the short term, but that constitutes a 'loan' from workers' capital account, and they receive both the net amount and interest in the long term.

This structure has proved effective in overcoming the contradiction of interests that exists where surplus invested in the company is non-recoupable by the members. As a result, co-op lobbyists have fought to have it recognised in law in several US states.¹²¹

However, despite Mondragon's impressive strengths, its weakest point is at the level of democratic participation and control. Workers do not participate in the decision-making and control of production in an ongoing way, on the basis that direct shop-floor democracy would hinder efficiency.¹²² Instead, a management board is elected annually, and appoints the general manager and other key managerial positions, who have a four year term of office. The middle and lower-level management are then appointed by top management. Management has full authority to organise the production process and make long term plans. The only direct

121. Ellerman and Pitegoff p446.

122. Slott p13.

control workers have over management during their term of office is through a Social Council, which monitors and advises management - but its functions are only advisory. Thus, direct worker participation is not extensive - and Mondragon is weakest in relation to one of the key ideals of co-op production - democratic control.

In sum, Mondragon is an economic success story, and bears out the importance of both an interventionist state and a protected market in countering degeneration and co-op collapse. However, it is also an example of a successful co-op with no relationship to a broader social movement, and little political engagement. It played no particular role in the democratisation of Spain post-Franco, and union membership remains at a mere three percent - and is clandestine; which is no doubt why Margaret Thatcher sees it as a model Britain should follow. However, it does nevertheless provide an important precedent in terms of establishing the necessary conditions for the economic viability of co-op production.

2. Lega - Contributing to a Political Programme of Action:

In Italy, there are three co-op federations, which work fraternally with each other. Of these, Lega, which is linked to the Communist Party, is the largest. In 1984 it had three million members, which also makes it the largest co-op federation in Western Europe.¹²³

Jenny Thornley argues that the strength of Lega lies firstly in the political consciousness which pervades the movement, and secondly in its planned programme, which allows for co-ordinated action and common objectives at regional and national levels, and across sectors.

Lega is also significant because it has survived and grown since the time the Webbs' were writing, despite periods of active opposition from the state. Mussolini banned both Lega and the Catholic Confederation of Co-ops, but more than half of Lega's

123. Thornley, J: Jobs and Dreams. London: Heinemann, 1981; p 152.

affiliates survived, and some of the more militant ones became "organising centres for the resistance" in that period.¹²⁴

However, the Italian government does have a history of intervening to protect Italian industry, and the co-op movements have benefited from this. In that sense, Lega is also an example of the importance of market protection. However, what distinguishes Lega from Mondragon is its integration into a broader political movement, and the ways this too has provided it with certain forms of protection, has countered degeneration, as well as allowing the co-ops to maximise their potential to help strengthen a political movement.

Within Lega, building-construction co-ops dominate, followed by services, industrial co-ops and small workshops. A quarter of these co-ops were converted from private companies, and the rest have been initiated by Lega or by workers themselves. There is an average of two hundred workers in each co-op, and the co-op sector has been growing at a rate of twenty-five percent a year, with a five percent co-op failure rate - at a time of overall contraction of capital. The co-ops claim higher productivity than private industry, and do not suffer from the high absenteeism that plagues Italian industry.¹²⁵

Lega's programme aims to strengthen production in areas of basic need, such as housing and food, in order to contribute positively to the economy, and win support for democratic ownership and control. It initiates new co-ops which help overcome the social and economic problems caused by the economic crisis - such as unemployment and inner-city decay; and has conservationist policies.

During the recession, saving and creating jobs was seen as a major priority. Between 1974 and 1978, Lega converted one hundred companies into co-ops to prevent them from collapsing, and saved approximately 10 000 jobs. In 1977 they were officially

124. Thornley p151.

125. Thornley p152.

approached by the Italian government to discuss the possibility that some of the state's loss-making enterprises might be converted into co-ops.¹²⁶

Oakeshott argues that Lega's success in company conversions can be partly attributed to the close relationship between Lega and Italy's main trade union federation, which is largely communist.¹²⁷

Lega has developed mechanisms that strengthen the position of its affiliates in relation to both commercial and financial capital, and hence in relation to industrial capital. It has developed 'consortia' which are service co-ops organised on a sectoral basis. Marketing consortia centralise the purchase of raw materials, negotiate for finance and for contracts, market the finished products, and lower costs through the collective acquisition of materials. They also promote common commercial policies amongst members to prevent competition, and popularise the co-ops.¹²⁸

Part of Lega's success also lies in its incorporation of people with skilled managerial and technical skills, who have accepted the low rates of pay and have worked in the consortia or the co-ops out of a political commitment. Thus consortia of professionals - such as architects, engineers and town-planners - are 'lent' to Lega affiliates to provide advanced skills when they are needed.¹²⁹

Lega has also developed a strategy of vertical integration, to protect itself from the kind of 'profit squeeze' the Webbs identified as leading to sweated labour conditions. In this way,

126. Oakeshott, R. The Case for Workers' Co-operatives. London: Routledge and Kegan Paul, 1982, p152.

127. Oakeshott p153.

128. Thornley p161.

129. Oakeshott p 151.

it has avoided dependence on the private sector, which has allowed its co-ops to become more competitive.

So, for example, it has affiliates producing tractors, harvesters and other equipment needed by the agricultural co-ops; the agricultural co-ops send their produce to canning and freezing co-ops; and these market their goods directly through consumer co-ops.¹³⁰

Lega's relationship with the trade unions has also meant that there is little danger of the co-ops undercutting workers' demands. It is Lega policy to pay the average going rate in an industry.¹³¹

Banks have been reluctant to provide credit, and most of the co-op movement's capital has been raised from Communist Party members. Thus in this context, where the co-ops are linked to a political movement with a large following, these links can provide a degree of access to financial capital that would otherwise be inaccessible.

Lega has also broken onto the export market. In 1977 its export contracts totalled 150 million pounds; most of these were with socialist-leaning Third World countries, such as Mozambique, Tanzania, Somalia and Algeria.¹³²

The co-op movement in Italy provides an example of successful co-ops united around and integrated into a broader political programme, in which degeneration is prevented by structural constraints and protected markets, and in which the political potential of co-ops is maximised as a result of their integration into a broader political movement.¹³³

130. Thornley p162.

131. Thornley p160.

132. Oakeshott p16.

133. The material on Lega is drawn from Thornley and Oakeshott as cited above. Oakeshott is more sceptical of Lega than Thornley,

D. Debating the Political Role of Co-ops

In Chapter One, a member of the Soweto Local of the UWCC defined the role of co-ops in the following glowing terms:

"Co-ops are a transitional stage to socialism. If you establish a co-op, in the long run it will topple capitalist industry."

The conception that co-ops can constitute an offensive strategy to transform social relations has been a recurrent theme in debates around co-ops. In Zimbabwe, Zanu policy documents point to co-ops as the vanguard of a strategy to build socialism.¹³⁴ And the Democratic Socialists of America see co-ops as part of a broader offensive strategy of building worker ownership, intended to restructure the US economy incrementally. Worker-owned enterprises are expected to develop into a significant economic sector, which could ultimately threaten capitalist social relations, and lead along a non-violent, gradual path to socialism. As such, it is seen as the key thrust of socialist strategy.¹³⁵

No doubt it was similar arguments that prompted Lenin to say:
"...just because co-ops as a form are more democratic than an individual capitalist formal organisation does not mean that socialism consists in advocating the generalisation of co-ops. It may in certain conditions mean the conversion to social ownership but in the absence of those conditions co-ops are nothing more than a partial reform in the framework of capitalism, beginning with peasant co-operatives and ending with municipal baths and lavatories."¹³⁶

and questions whether it is not overly bureaucratised (without answering the question or pointing to evidence of this). However, for lack of additional material, I have relied on the consensus in Oakeshott and Thornley for the above section.

134. Hanlon p5.

135. Slott p9.

136. Lenin, 1910, as quoted in Fairclough (1) p27.

The key point in this regard is that the democratic control of production in co-ops does not in itself pose a challenge to the maintenance of capitalist relations of production at a societal level; co-ops operate within the framework of those relations.

Thus arguments that co-ops can be the vanguard of a socialist strategy derives from a syndicalist conceptual separation between politics and economics, that misconstrues both the nature of social relations of production, and the role of a capitalist state in maintaining them. This argument fails to recognise that exploitation on the factory floor is premised on the maintenance of class inequality beyond the factory gates - through forms of political domination that rely in the last instance on coercion legitimised by a capitalist state. Thus class power is premised on state power. A transformation to socialism is therefore premised on a political struggle against the key forms of class control at a societal level - not just at the level of production per se; and a fundamental component of this struggle against class relations of domination is the struggle for state power.

Roger England sums up the argument thus far: "Co-ops cannot solve the contradictions of the capitalist state - nor can they adequately pick up the pieces. They cannot LEAD the struggle towards a socialist order. But, in certain circumstances, they may have the capacity to contribute towards that struggle in a meaningful way."¹³⁷

Suitably qualified, this statement begs the question: in what ways can co-ops contribute to that struggle?

A key argument in relation to the role of co-ops in a strategy for transformation is that co-ops are a prefigurative form of socialism, reflected in their internal structures of ownership and control.

137. England p148.

The South African Metal Worker spells out some implications of this: "In co-ops, workers are given the chance to work together and organise themselves in a way that is far more human than that of the bosses. Most importantly, workers in co-ops are forced to organise themselves and plan democratically for future directions the co-op should take. This allows them to plan and gain experience in processes which are at the centre of democratic socialism: democratic production and planning."¹³⁸

In many societies that have attempted a transformation to socialism, the lack of skills at this level has severely hampered the potential to democratise production, leaving the democratic forces dependent on elements within the ruling class who hold a monopoly on such skills - a monopoly that is not merely accidental. Thus a lack of the skills necessary for democratic control of production can in itself affect the balance of class forces, and limit the options open to a democratic state.

Thus the lessons that can be learnt through co-operative production can strengthen the democratic forces in this regard, although the real potential to do so will depend on factors such as the size of the co-operative movement.

At the same time, the growth of a co-op sector can provide an ideological reference point in winning support for socialism:

"The participatory socialist society of the future has to be prefigured within the capitalism of the present. Without examples to point to, people will never be generally convinced of the viability of socialism."¹³⁹

Co-ops may thus be the catalyst for the growth of a socialist consciousness - as England argues is the case in Zimbabwe, where both the trade unions and the political organisations are failing to give the lead in this regard.

138. The South African Metal Worker Vol.1 No.5 September 1986.

139. Hodgson, G: The Democratic Economy. London: Penguin, 1984 p153.

Lega too sees its ideological impact as a key component of its role. Thus the head of Lega, Signor Carpanalli, says that the aim of the co-op movement is firstly to change people's attitudes to work and production, and to encourage demand for greater participation and democracy in the workplace - and in that sense, provide a challenge to capitalist relations in production. Its aim is also, however, to reinvest the profits made to create employment, in conditions which reduce the exploitation of workers. Thus part of the role of co-ops is to defend the working class from the excesses of capitalism.¹⁴⁰

This points to the potential for co-ops to strengthen the broader working class as a defensive rather than an offensive component of a broader political strategy. Thus while Lega's focus on saving and creating jobs, and on projects aimed at countering inner-city decay do not challenge capitalist relations per se, they can dove-tail with broader political and economic demands, highlighting different social priorities, and providing tangible gains that give greater weight to a socialist political programme.

This link to broader programmes and democratisation processes is crucial:

"A participatory society requires a generality of participatory structures - indeed, it requires a participatory culture. The acceptance of authority and deference to authority have to give way to the prerogative of involvement. Thus, although isolated attempts at the introduction of worker participation are important and valuable, they are under constraint without a political and social context of democratic participation."¹⁴¹

Hodgson argues further that the growth of grassroots democracy needs to precede any attempted process of transformation, and argues against the "mistaken view" that "socialism is simply about the extension of public ownership and the advance of state power."¹⁴² Certainly these are necessary aspects of a transition

140. Thornley p157.

141. Hodgson p152.

to socialism. But for social relations to be systematically transformed, the organised and democratic power of the mass of the population has to be mobilised. To the extent that this mass-based democracy is maximised before any transfer of power, the chances of a transformation of social relations are all the better. And in the context of a national democratic struggle, the balance of class forces on the ground will have a key impact not only on hastening the transfer of political power, but also on defining the extent to which a long term transformation of social relations is possible. And this balance of class forces is crucially affected by the extent to which forms of 'peoples' power' are consolidated under working class hegemony in different sites of struggle in society. Hodgson argues that maximising democracy and participation in the workplace is a priority in terms of the potential to build a democratic economy. Co-ops are one part of maximising that democracy.

E. Conclusion

In drawing from the theory and experiences that have developed in other countries, this chapter has highlighted the extent to which the pressure to compete on the market limits both the economic and political efficacy of co-ops. Furthermore, I have argued that co-ops do not challenge capitalist relations at a societal level, and thus have limited potential to constitute an offensive weapon against the maintenance of these relations, nor the leading force in a transition to socialism.

However, co-ops can strengthen the potential of a broader socialist project - by empowering workers, by building the skills needed for democratic control of production and planning, by prefiguring aspects of work organisation under socialism, and by defending the working class from some of the worst ravages of capitalism.

But at the same time, co-ops have the potential to destroy worker confidence in their ability to control production as much as to empower them; to reinforce capitalist relations as much as to

142. Hodgson p151.

destroy them; and to drain organisation as much as to build it.

At the core of the analysis in this chapter is the argument that co-ops occupy an ambiguous and contradictory position within a capitalist economy. Their attempts to democratise relations in production are overdetermined by the necessity to compete within the framework of broader capitalist relations of production. The pressure of the market provides economic limits to their political goals, and creates the terrain from which degenerative pressures arise; this degeneration is facilitated by the ambiguity in the objective class position of co-op members.

But co-op degeneration is a tendency not a law, and it can be countered; nor is co-op collapse the only alternative. The Webbs correctly point to the role of protected markets and state intervention in facilitating the survival of co-ops both economically and politically. The form of ownership can also provide structural limits to degeneration. However, structural constraints alone constitute a technicist solution, and the role of the consciousness of co-op members is also key in defining co-op direction.

Thus initiatives to set up co-ops must take careful cognizance of the conditions under which they can survive both politically and economically. This chapter has attempted to analyse these conditions at a theoretical level. In the following chapters, I will look at the extent to which these general features apply in the particular economic and political conjuncture in South Africa.

In SA today, there is a degree of pressure on democratic organisations such as the NUWCC, the SA Youth Congress, and Cosatu to support the establishment of co-ops. However, state intervention and protection for such co-ops is unlikely, and monopoly capital will provide stiff market competition in the production of most commodities. This raises the question of whether there are ways in which democratic organisations can provide forms of market protection for co-ops; whether they can institute structural constraints to degeneration, and how they can ensure that co-ops remain politically integrated within the framework of democratic politics.

These are key questions which will be explored further in this dissertation. But the prior questions that need to be answered are the extent to which the features of co-op development discussed in this chapter apply to the South African context, and in what ways the particular economic and political conjuncture affect their potential. These are the questions I will address in the next chapter.



WIRE FENCE-MAKING CO-OP IN ZIMBABWE

CHAPTER THREE: CO-OP DEVELOPMENT IN SOUTH AFRICA TODAY

There is no formally-constituted democratic co-op movement in SA today, although there is a smattering of co-ops throughout the country. Nor does SA have much formal co-op history to draw from. However, during the Afrikaner struggles in the early 1920's and 1930's, consumer co-ops were seen as a means of alleviating poverty and "helping people to enter the commercial world."¹ During the 1930's, "the co-operative was propagated as a truly Afrikaner organizational form which might ultimately provide economic salvation for the Afrikaner."² Thus Volkskas started on a co-operative basis, with a capital base of 615 pounds; and Uniewinkels was also initially a consumer co-op.

Franks and Shane note that there has been a steady growth in consumer co-ops since then, and that "many of the more successful co-operatives have converted to public companies, hence the true growth rate should be even greater."³

South African law does provide for co-op registration, and co-ops do receive certain tax advantages. For example, their surplus is not taxed in the hands of the co-op, but only if it is paid out in the form of bonuses to the members. However, this is not sufficient to act as a structural counter to degeneration, because it is not predicated on strict adherence to democratic principles. Co-op membership is defined in terms of share ownership, although the share does not have to be paid up. Shares may not be transferred without the approval of the co-op, and no

1. Franks, P. and Shane, S. An Investigation of Urban Black Perceptions of Socio-economic Needs, Black versus Non-black Business, Economic Systems, and Co-operatives. Pretoria: Human Sciences Research Council, 1988, p45.

2. Paterson, P. The Last Trek, as quoted in Franks and Shane, p46.

3. Franks and Shane p46.

portion of the surplus may be distributed to a non-member; however, members do not have to be working-members, and can include juristic persons, such as an organisation or a company.⁴

At a township level, a variety of forms of co-operation have emerged relatively organically, such as 'stokvels', 'amafella', and burial societies, which provide informal means of primitive capital accumulation. Several of these have developed into small-scale credit unions. The Cape Credit Union League has been set up in Cape Town, and by April 1988, Self Help Associates for Development Economics (SHADE)⁵ was servicing fourteen credit unions nationally, with 241 members, and combined assets of R44 250.⁶ These have all been established on a very small scale, with a handful of members contributing between R10 and R20 a month, and have grown from there. Most have low default rates, and good member-participation. Their assets have been used to offer providential and productive loans, with the older credit unions providing loans for projects producing fridges, raffia bags and knitted items.⁷

There are also a few examples of consumer co-ops emerging in township communities, such as the Atlantis Buyers' Co-operative. Both the Webbs and Luxemburg pointed to consumer co-ops as the key means of providing protected markets to co-ops, in the absence of state protection, and much of the literature points to them as a far more stable form of co-operation than production co-ops, because they are not competing for a market; they are organising lower prices for their members, through bulk wholesale buying. Some are organised relatively informally, without fixed

4. 'Memorandum on Co-operatives', April 1987, unpublished paper by Richman and Associates, a Cape Town law firm.

5. SHADE is a service group linked to the Wilgespruit Ecumenical Centre in Roodepoort.

6. Ishzaken, M. 'SHADE Programme Evaluation' unpublished SHADE document, April 1988, p55.

7. Ishzaken p55.

premises or working members. However, depending on their size, they have the potential to both create jobs and produce a surplus, while still providing cheaper prices. This is the aim of the consumer co-op being set up by the National Union of Metalworkers of SA (Numsa) in Port Elizabeth at present.

It is unlikely that consumer co-ops can compete with SA's big three retail outlets; but undercutting general dealers in the townships is probably possible, as well as in the small towns, where prices are higher. However, the political implications of doing so would vary depending on the alliances built with the township shop-owners.⁸

At present in SA, the revival of interest in co-ops is not only from the democratic movement. The National Black Consumers Union commissioned the National Institute for Personnel Research to do a study on black attitudes to consumer co-ops;⁹ a working paper done by the Small Business Development Corporation (SBDC) motivates for producer co-ops to be included in the definition of small business;¹⁰ the Urban Foundation has initiated a research project into housing co-operatives;¹¹ and Shell and Mobil have both started to fund producer co-ops as part of their social responsibility programmes.

The SBDC sees co-ops as a form of small business with a difference; not only do they have to meet all the requirements of a small firm, they also need a high degree of commitment amongst all the members, and a moral as well as material "return on service".¹² The paper argues that these additional requirements

8. More research is needed in this area.

9. See Franks and Shane.

10. Van Der Merwe, J. 'An Introduction to Producer Co-operatives', SBDC Working Paper No. 1, June 1987.

11. Michael Maugham-Brown, Urban Foundation, Cape Town.

12. Van Der Merwe p10.

are undermined by a hostile environment.

In looking at why co-ops fail, the SBDC paper separates the reasons into two groups - those that apply to any small business, and those specific to co-ops:

"All the research on reasons for co-operative failure inevitably point towards a single predominant cause, namely lack of financial management. This reason equally applies to any private enterprise, and it is not surprising to learn that 92.7% of all small business failure is due to management related causes."¹³

In this context, it is interesting that SHADE identifies poor financial management as the most common problem in the co-ops it services.

The SBDC paper concludes that there is nothing inherent in co-ops causing their failure, and that the SBDC should service them along with other forms of small business.

The support for co-ops from the private sector seems to arise from concern with their social responsibility profile. For Shell and Mobil, the choice of co-ops as an avenue for this seems to be motivated partly because it ties in with their overall strategy against the disinvestment campaign. The job-loss that would result from such disinvestment is the back-bone of their argument against it, thus social responsibility programmes that contribute further to employment-creation are seen to strengthen their case.¹⁴

Mobil has given a grant to the Co-op Forum in Cape Town, and Shell has funded projects such as Grasyd co-op, Launisma Enterprises, Stober Panel-beaters, and Sizeko, which do plumbing, panel beating, brick-making and mechanical repairs. The average loan is about R30 000. These projects entail varying degrees of worker participation.

The interest in co-ops being expressed by various sectors of -----

13. Van Der Merwe p11.

14. Interviews with Shell done by Georgina Jaffee.

capital is another area for further research, given co-ops' ambiguous role, and their potential to defuse class conflict. Furthermore, they constitute a less politically-controversial form of capital formation in the black community, in a context in which this is seen as a necessary prerequisite to social stability and the maintenance of free enterprise.

Developing an accurate statistical analysis and typology of co-ops in SA today is difficult because there are no centralised sources of information. However, I have attempted to draw together a list of production co-ops in SA, which is in Addendum A. This list can provide only a very general overall picture, but certain trends do emerge from it.¹⁵

Firstly, there is very little diversification or product range amongst existing co-ops. Forty out of the sixty-four co-ops listed are sewing co-ops. Although this is not made clear in the source material, this probably also means that most co-op members are women.

The list also does not reflect the rapid rate of collapse of these often ill-fated sewing ventures;¹⁶ a feature which has done little to alter the equally rapid rate with which they continue to get set up. This reflects a tendency for co-ops to be started without any real market research or economic feasibility studies being done. Instead, co-ops are often initiated on the basis of what looks like a good idea. This leads to what a field-worker for the Lesotho Catholic Church has called the 'copy-cat' trap - when the existence of a co-op is seen as the measure of its success, leading others to follow suit without establishing the viability of the product, and potentially further cramping the market. So for example, in Lesotho, although piggeries have a very low survival rate, they remain the most common project that groups present for funding approval.¹⁷

15. This list is drawn from Ishzaken, Cosatu, Jaffee, and Masibambane Co-op Forum News.

16. Ishzaken p46.

17. Field-worker for the Lesotho Catholic Church.

Sewing co-ops in SA face a range of characteristic problems. Few use patterns; they rely instead on producing 'seshoeshoe' dresses that have a very limited market. There is a lack of market awareness, few do market research, and there is little product diversification - such as into making custom-sized curtains, duvet covers, or children's clothing, for example. Often, they cannot sell all they make, and rely largely on domestic rather than industrial machines, which reduces their output.¹⁸

However, in the Western Cape, the growing number of sewing co-ops reflects the process of concentration taking place in the textiles industry, which entails mass retrenchment of women workers. These ventures have the advantage that many of the women are skilled industrial machinists, who have experience of using patterns and of producing to commercial standards. However, they are not only competing with commercial prices, but also with the many factory-shops which sell direct to the public at wholesale prices.

SA's clothing industry is highly competitive and exploitative, and few sewing co-ops are able to compete on the terms set by this industry. In addition, the clothing industry produces a wide product range, from cheap, mass-produced items such as school uniforms, to boutique-style high-fashion, leaving few gaps - although during the consumer boycott in Queenstown, a women's sewing group there found a hitherto untapped market for green, black and yellow dresses!

The effects of SA's clothing industry stretch as far as Botswana, where sewing co-ops producing school uniforms have also been unable to compete with those imported from SA.

The next largest category in Addendum A is of craft co-ops. While most of these are based in bantustans or rural areas, their market is largely white, middle-class, urban, and partly for export - all of which means that the producers have little knowledge of the tastes of the consumers, making marketing

18. Ishzaken p47.

strategy a somewhat hit-and-miss affair. As Ishzaken points out, the products supply 'wants' not 'needs', which makes the market less reliable. It is also a shark market, in which the retailers make large profits out of the producers, who, again, are usually women. Thus, for example, African Magic, a craft shop with a trendy-progressive image in Johannesburg, buys painted clay beer-pots from women in Venda for R2 a pot, and sells them for R14 each.

The National Craft Association (NCA) was initiated in 1984 by SHADE, to minimise such exploitation. The NCA has 29 affiliates, and provides collective marketing services for craft co-ops - which include bead-making, clay-pots, knitting, weaving, textiles and some sewing co-ops.

The Craft Association aims to provide marketing and sales services to its members, to expose the producers to consumers, and to provide skills training. Their aim is to reduce the exploitative way in which the craft associations get squeezed between their input suppliers, and the product buyers - and are thus in the category of co-op that the Webbs argued was most vulnerable to self-exploitation. However, through collective buying, the Craft Association aims to aid in reducing input costs, and by selling through a centralised producer-owned structure, fair prices can be standardised.¹⁹

The Craft Association has initiated craft events which have become the mainstay of their marketing strategy. Thus in 1987, sales through these events totalled R127 975. These events include sales days in Senate House at the University of the Witwatersrand, promotions at the Embassies and at foreign trade missions (raising the issue of the trade boycott), at conference venues; and in shopping centre foyers. The Craft Association also produces brochures and has developed networks of buyers both locally and internationally.²⁰ Its role is similar to that of the 'consortia' developed by Lega, and points to the potentially

19. Ishzaken p36.

20. Ishzaken p37.

crucial role a centralised marketing structure can play.

The rest of the co-ops in Addendum A include upholstery, candle-making, carpentry, panel-beating, electrical repairs, and rosaries, in descending order of occurrence. The average age of the co-ops is four years, and they have an average of eleven members. The NUM co-op in Phalaborwa is both the youngest and also by far the largest on the list, with fifty members. The average income of co-op members is R144 per month.

SHADE, which provides training programmes and service functions to a range of co-ops, says that one of the most common problems faced in ensuring the economic viability of the projects they service is that groups tend to see administrative work as a waste of time, neglect management functions, and lose money without producer recognition. Basics such as pricing and production planning are also key weaknesses.

On this basis, Ishzaken argues there is a need for a 'pre-co-op phase', which entails training in co-op principles, finance, marketing, and basic administration. "Many co-ops do not pass through this stage, and so internal conflicts and management deficiencies eclipse possibilities for approaching full production."²¹ Given that co-ops often start amongst groups with no organisational experience, basic democratic skills have often not been learnt. The experience of democratic organisation thus constitutes a partial basis for this pre-co-op phase. But this does still point to a need for skills-training courses specific to co-ops, within the framework of the priorities set for them by democratic organisation.

SHADE also identifies the method of capitalisation as crucially affecting the extent to which co-op members develop a sense of collective responsibility:

"If a group is overcapitalised at inception, the members will likely develop a dependent attitude to those facilitating their development. A group will likely have a more independent attitude if their start-up funds are raised by loan or share-

21. Ishzaken p45.

subscriptions...If the group is funded by a grant, it is unlikely those involved will comprehend the great amounts involved."²²

This has implications for plans to set up large scale production units as a means of creating jobs - it may be more effective to establish a greater number of smaller units.

Addendum A does also give some indication that degeneration is a factor to be reckoned with in SA. The nine projects of the Port Elizabeth Self Help and Development Agency (PESHDA) included on the list began as co-ops serviced by SHADE, but they have abandoned internally democratic structures since PESHDA moved under the wing of the SBDC.²³ Ukhukhanya Candles is another example of a project that started as a co-op serviced by SHADE, but has since degenerated into a private enterprise.²⁴

It is also interesting to note that the average income of co-op members is R144 per month, with R280 as the highest income; however, income levels at both the PESHDA projects and Ukhukhanya Candles start at R280, with a high of R400. It is not clear whether these co-ops degenerated after they became economically successful, or whether the conversion to a capitalist form facilitated their increased economic viability.

While Addendum A does not give an accurate picture of the extent of the trend to degeneration in SA, it does indicate that degenerative pressures are at work on South African co-operatives. The experience of Thusanang co-op in Brits provides an illustrative case study in this regard, and one in which the co-op arose from union struggles, yet nevertheless fell prey to

22. Anon. 'The Development of Co-ops in South Africa', unpublished SHADE document, 1988, p7.

23. Ishzaken p24.

24. Although I have included these 'degenerate' co-ops on the list, I have not included them in the statistics on co-ops; nor have I included the Shell-funded projects, which cannot however be defined as 'degenerate', because although they are not co-ops, they never have been.

certain forms of degeneration.

Georgina Jaffee, who has been on the advisory committee of the co-op, has documented the process of Thusanang's development.²⁵ Thusanang began in 1984, and was initiated by members of the Unemployed Workers Committee (UWC) in Brits. The UWC was formed in the aftermath of two strikes, one at B&S Engineering, and the other at Autocable. Both factories were organised by the Metal and Allied Workers' Union (MAWU), and the UWC members had a strong identification with the union, and with worker struggles more broadly.

Thusanang began with 20 women in a sewing project, and 20 men in a brick-making project. The numbers have dropped to fourteen and five respectively, and a fence-making project has also been initiated, in which five men work. Most of the time, the projects have been unable to produce a surplus.

The Thusanang members decided to base their central committee on representatives from the different production units. The surplus would be equally shared by all members of the co-op, and the capital equipment - financed through funding - would be owned by a project trust, and thus indivisible.

However, Thusanang faced all the classic problems faced by co-ops - lack of markets, lack of education and training, inappropriate technology, and an acute capital shortage. The sewing project bought domestic instead of industrial sewing machines, and found it could not produce school uniforms for less than commercial prices.

Within eighteen months, democracy in the project had started to break down, and the production units had largely started to

25. For a more thorough analysis of Thusanang, see Jaffee, G: (1) 'Failure and Success of Thusanang Co-op' in SA Labour Bulletin, vol. 13, no. 3, March 1988, and (2) 'Women Commuter Workers of the Thusanang Sewing Project: Their Group Identity, Households and Consciousness'; unpublished paper presented to the History Workshop, University of the Witwatersrand, 1987.

operate separately.

The capital shortage led to a split in the brick-making co-op. Half of the workers joined Get Ahead Ltd, a small business development agency, and took half the capital with them. Despite the constitutional indivisibility of the co-op's capital, this was never recouped.

The remains of the brick project has had a fairly consistent market from people converting their shacks into brick structures, and managed to grow. When it needed to expand, they found that workers were reluctant to accept work which would be based on irregular income. As Jaffee explains, "this led to the employment of casual labour at very low rates of pay, and consequently set the stage for the development of a small business based on capitalist relations of production."²⁶

Jaffee attributes this degeneration partly to the breakdown in the relationship with MAWU. When the projects were set up, no formal ties were maintained; and when MAWU failed to provide any support for the projects, the "initial euphoria and commitment to the unions turned to animosity."²⁷ As a result, Thusanang became increasingly isolated from the growing political consciousness amongst the organised working class in the area.

However, the projects have survived. Jaffee attributes this largely to the advantages to workers of controlling their own work environment; her interviews with the women in the sewing co-op provide crucial pointers to the importance of co-op production in lessening the burden of the double shift, through the more flexible and humane working environment workers are able to create for themselves. Thus the women workers worked a seven hour day, from eight to three, allowing them to fulfil the roles expected of them at home without leading to the total physical exhaustion that the double shift often means for women. For the Thusanang women, household chores took up to five hours of their

26. Jaffee (2) p34.

27. Jaffee (2), p37.

day. Thus work flexibility meant more to them than fixed wages, as long as some income was coming in. This may partly explain why the drop-out rate from the sewing group was significantly lower than from the other production units.

However, the flexible work situation created by the women contributed to internal conflicts, and led the men to accuse them of not working hard enough, and of having less need to make a surplus because some of them had employed husbands. The women accused the men of trying to control them. Given the decision to share any surplus equally between all three projects, it seems likely that this conflict arose from the conflict of interests thus created, in that the men felt they were subsidising the sewing project.

In sum, the Thusanang co-op provides an important example firstly of a manifestation of forms of degeneration in the South African context, and one that also indicates that a common experience of worker struggle is not sufficient in itself to prevent degeneration; the consciousness with which workers start out on co-op production is not static, and is influenced by the degenerative pressures that arise in co-op production. However, Thusanang also illustrates co-ops' potential to provide a more flexible and humane work environment.

I will turn now to analyse three co-op case-studies. I will not be dealing with any of these in depth, but will rather highlight certain distinctive features of their experience that are of relevance to the discussion in this dissertation.

A. CO-OP CASE STUDIES:

1. The Pfananani Co-ops: Hulisani and Khwathelani.²⁸

As you come towards Tsianda village in Venda, a dramatically-painted building stands out against the backdrop of huts and

28. In Venda, 'Pfananani' means 'We love each other'; 'Hulisani' means 'We are growing together'; and 'Khwathelani' means 'strong group'.

winding ochre foot-paths. It is Pfananani, the community centre built to house Hulisani weaving co-op, and Khwathelani knitting co-op.

The 27 women in Hulisani weaving co-op have worked together since 1974, when the project was initiated by St Joseph's Catholic mission. In 1984, the church requested that SHADE convert the project into a co-op - a process that is not entirely complete. Khwathelani started in 1987, and has 19 women members. In both projects, co-op principles are defined primarily in christian rather than political terms.

After dealing with some general features of significance, I will focus mainly on the implications of work in these projects for their members as women. If, as it seems from the figures presented earlier, the majority of the members of existing production co-ops are women, then this is an area for more research in itself - women have long constituted the majority of the marginalised population, they are the most disadvantaged grouping within the black working class, and the double shift adds an extra burden to their day.

However, I will first take a brief look at the histories of Hulisani and Khwatelani, and at some of the overall themes that have emerged.

(a) Hulisani:

Hulisani is a highly successful project economically; the weavers earn an average of R200 a month on piece-work rates, which is more than four times what they could earn as farm-workers. At the end of 1987, they divided R12 000 between them in bonuses, and saved R20 000.

Hulisani's success must be partly attributed to the high levels of skill that the women have developed over fourteen years of weaving. This skill allows them to get contracts such as a R65 000 order for a wall hanging for a new building. Their skill also means that artists have commissioned Hulisani to do the labour for their weaving designs - which entails a high level of artistic skill in itself.

However, Hulisani still struggles to break into the saturated craft market, and large outlets such as the Kraal Gallery remain closed to them. This is largely because private companies have taken advantage of the state's decentralisation strategies to set up factories producing 'ethnic' arts and crafts for sale to this market. Thus at the Masana factory in Lebowa, which is jointly owned by Anglo-American and De Beers, women earn between R90 and R130 a month as weavers, and most of the wage bill is covered by the Lebowa government.²⁹ Furthermore, these factories present a 'self-help' image of themselves, by attaching cards to the rugs they sell, which are ostensibly from the weavers, thanking the buyers.

Thus for Hulisani to survive, it has had to develop weavings of a higher standard and quality, for a market that is prepared to pay more for them. The target market for Hulisani (and largely for Kwathelani too) is urban, white, and middle class.

This raises questions about the nature of product choice - how does the production of essentially luxury items tally with the emphasis on socially-useful production in the co-op tradition - which seems to point to production for local use, serving community needs rather than the production of luxury items? But the choice is not in fact that simple. By producing luxury items, Hulisani and Kwathelani tap into wealthy urban markets, thus bringing additional resources into the area rather than relying on the redistribution of the existing resources in the small villages near Tsianda.

And in fact, there are few products that could be produced for local consumption that would provide even R100 a month for the 46 women who work at Pfananani. At the same time, if the co-op aims to break into middle-class urban markets, the product has to be distinctive, and of a high quality - especially if it is going to cost more than commercial versions. Hulisani has managed this combination.

29. Weekly Mail June 24 1988.

The Pfananani co-ordinator also argues that the Craft Association has played a key role in developing the marketing networks needed, but that are difficult to build up from Venda without employing a full time person for the job.

However, there have been difficulties in converting Hulisani into a co-op. Firstly, this is because the conversion was initiated from outside. For the weavers, earning an income was the priority, and "the women believed that time spent on committee work detracted from production."³⁰ Because they earn piece-rates, the time spent on management tasks and democratic processes cut directly into their income. The payment scheme was altered to include managerial tasks, but democracy is still seen as a costly process.

SHADE partly attributes the slow growth of democratic structures and of a sense of collective responsibility to the style of the first SHADE co-ordinator, who built the economic viability of the project, but had a management style that did not give the women the space to make mistakes, nor therefore to grow. His replacement by a co-ordinator with a more democratic style has facilitated the growth of collective responsibility and skills training.³¹

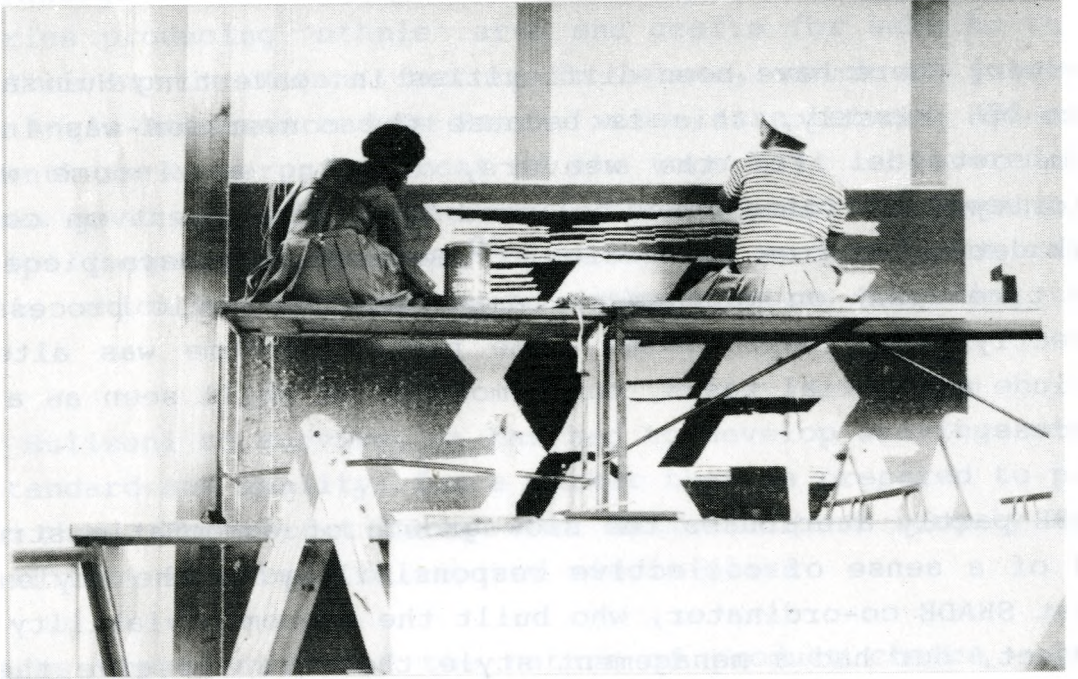
However, the members still tend to assume that in the final instance, it is the co-ordinator who is responsible for the economic viability of the project, and they defer many decisions to her on the basis that she is 'more clever.'³²

This highlights some of the contradictory aspects of building democratic control in the context of the severe educational deprivation characteristic amongst SA's marginal population - and particularly amongst women. Few of the women are literate; only

30. Anon: 'The Establishment and Development of Co-ops in South Africa'; unpublished SHADE document, p41.

31. Anonymous SHADE document p45.

32. Interview with the Hulisani Management Committee (HMC).



The design for this wall-hanging (above) was done by the weavers



one member of the finance committee is numerate; and only a handful speak English or Afrikaans.

In this context, a degree of dependence on people with advanced skills is guaranteed, and in fact it is crucial to the survival of the co-op that there are people prepared to offer these skills on a democratically accountable basis.

However, the key question is whether this dependency is systematically eroded or inadvertently reinforced. This depends partly on the management styles of the skilled personnel, and partly on the growth of collective responsibility amongst the members; and the former also impacts on the development of the latter. Where skills are not developed, and/or where this sense of collective responsibility does not grow, the co-op members tend to develop a Waiting-for-Godot approach to problems - there is an assumption - or a hope - that final responsibility for the project lies elsewhere, and that the blame for any problems lies wherever that is. This Waiting-for-Godot tendency is that much more likely in cases where co-op structures have not been initiated by the members themselves, as at Hulisani.

But while this passivity was characteristic of Hulisani in the early phases, both democratic structures and a sense of collective responsibility now appear to be growing.

This was manifest in one particular incident early this year. When the new co-ordinator took over, the women motivated strongly to move from piece-work rates to fixed wages. As a result, productivity dropped dramatically. Within a month and a half, the members themselves motivated to return to the piece-work system, on the basis of a recognition that their own low productivity was threatening the economic viability of the project. They initiated a visit to another weaving co-op, to get advice, and then returned to the old system.

(b) Kwathelani

Kwathelani began after a group of five women came to Hulisani to ask for jobs:

When we came here to talk to Bart (the co-ordinator), he said he

can't help us if we are few, we must be many. So we went and found others with no jobs, and they joined us, and we came back. We were more than forty. So Bart, he says: WHY are you here? And we say, we want a job. And he says, from WHO? And we say, from YOU. And he says, I have no job. If you work, you will want money. And we said yes, we need money. And he said, I have no money. I am not a boss. If you want to work, it is better to make your own jobs."³³

The process of 'making their own jobs' involved choosing a product, raising a loan of R2000 from SHADE as starting capital, skills training, and workshops on working as a group.

"In October 1986 we started our job. But we made reject jerseys, so we didn't pay money. We worked for three months like that."³⁴

Despite the co-ordinators attempts to clarify that he was not a boss, some of the women still expected to be paid a wage at the end of the first month, and left the project when this was not forthcoming, indicating the importance of very thorough processes of clarifying people's expectations before starting such a project.

After skills-training, the jerseys started to sell. In 1987, the Khwathelani knitters earned R50-R70 a month, which rose to R100 in early 1988. "And now, we knit, we knit, we knit!"³⁵

The women in Khwathelani had no prior experience of organisation, and no prior group identity. However, this has been built, and the group now has a strong identity and unity, which they attribute to the following basic principle:

"You must love the members of your group more than you love money."³⁶

33. Interview with the Khwathelani Management Committee (KMC).

34. Interview with KMC.

35. Interview with KMC.

36. Interview with KMC.



KHWATHELANI KNITTING CO-OP

While both these co-ops provide ample scope for further discussion, I am not going to explore the general issues further, but turn now to focus on the impact of work in the co-op on the members as women.

(c) Opening the eyes of those that can't see:

Many of the issues emerging from the interviews at Pfananani confirm Jaffee's findings in her interviews with the women from Thusanang. However, the women at Pfananani had little urban or industrial experience, and no direct trade union experience.

Only two women at Pfananani had ever worked in a factory - at a Taiwanese jersey factory at Shayandima. Some of the others had worked as farm-workers, but the majority had no prior work experience.

Some were single-parent or widowed heads of families, while others had migrant husbands, who they said were very reliable about sending them money.³⁷ However, the women valued the financial independence from their husbands that working gave them:

"If I want money from Johannesburg from my husband, and it doesn't come quickly, I can just take my money here and buy everything. If my child has no book for school, I just take my money and buy it."

The women also needed to feel they were contributing financially in their own right:

*"It means as women, we are also able to contribute. We can buy a bag of mealie meal, and soap."

*"If we work together with our husbands, we can budget more money, and if we need to build a new hut in our home, we can do

37. It is difficult to ascertain the accuracy of such statements, because Venda culture places a strong emphasis on not discussing family affairs with outsiders. Thus for example, women are not supposed to acknowledge pregnancy until long after it is evident; if they do so, it supposedly causes miscarriage.

it because we work together."

*"If we stay at home and we have no job, it is a problem; the reason why - we cannot help our husbands with anything at home. We just sit still and wash the washing, and make things, and clean our house, and just keep our child clean, and see how its going on at home. But it's not good if you didn't job. Reason why, if there is a strike at your husband's job, then your husband, he cannot pay, and you cannot help your family."³⁸

Firstly, this reflects the way conflict in the workplace has filtered back into the consciousness of relatively isolated bantustan communities. But secondly, this is one among several examples in which the women expressed what amounts to frustration with staying at home doing household chores, described here as 'sitting still'. This work was not valued as 'a contribution'. Working clearly also fulfils more than just financial needs. Thus, for example, one of the women was on paid maternity leave, but wanted to cut it from three months to one, because she was "bored with just sitting at home" and was "missing everyone."

I would argue that the discussion about the psychological effects of unemployment in Chapter One are relevant here. While the literature does not extend the implications in this way, work was identified as providing more than simply income, and as an important component of self-esteem, providing social contact, status, a structure to days and weeks, an opportunity for creative fulfilment, and a sense of being socially useful.

It seems logical that these arguments have an inverse application, which is that there are detrimental effects on the self-esteem of women whose role is confined to household chores, and who never experience the sense of social-integration, of self-fulfilment and of social usefulness derived from work outside the home, in a context in which their work in the home is not accorded social value. It is in this light that I would argue the repeated emphasis on wanting 'to contribute' should be seen. This has presumably been exacerbated by the fact that women's

38. Interview with KMC.

traditional responsibilities for cultivating food are somewhat circumscribed by the land shortage, further exacerbating their sense of dependence. In sum, it seems the housewife syndrome does not just apply to middle America.

However, the community surrounding Pfananani is still fairly rigidly patriarchal. Women's sense of self-esteem is supposed to derive from more traditional roles, and some men see the 'empowering' effects of work on women as undermining their own authority. Thus many of the women considered themselves lucky to be allowed to work by their husbands:

"If our husbands say it is OK to work it is lucky, because if your husband doesn't want you to work and you try to talk with him, if he doesn't like it he will say: if you go to work I will sit down and give you the trousers, and I will take the dress and the bag.

"It is not OK if my husband wears my dress, it is a problem in my house, it is better for me to leave work. But our husbands understand well about work. We work with agreed, but others not."³⁹

For those women who had worked on the farms or in the jersey factory, these were the advantages of working in the co-op:

* "We are the bosses ourselves here. Because when the money gets in, and the money goes out, we can see how much it is. But when we are working on the farms, the boss can give us very little, because I'm a worker."⁴⁰

* "Here it is better; here I work in a building and I don't get ill from the sun. Here there is no manager."

* "Here, what we like most is that we are working from eight to four, and we are our own bosses, we are working for ourselves."

* "At least here, even when our children go to school we are able

39. Discussion with knitters while they worked.

40. Interview with HMC.

to see them when they go and come back, unlike when we are working from six to six. It's better for our families."⁴¹

As at Thusanang, work in the co-op allows the women greater flexibility to manage the double shift, and to spend time with their children. But the most repeatedly asserted advantage of work in the co-op was: "This is our OWN job."

While there is support for the role of the unions, this sense of ownership is seen as precluding a relationship with them:

"We would like to join the union, but we can't because we are working for ourselves."

"How could we fight when we are working for ourselves? No, it's not possible."⁴²

When asked whether they would take a job in a factory if they were offered higher wages, the Khwathelani management committee said:

"We wouldn't like to go there to work in a factory, because it is difficult to work with those people. The reason why, anytime, they can check the number of people, and see that it is ready to take out 10 people or 5 people. Then, if you are working at the factory, the manager can just take you out. Then you have no job, and you stay at home.

"But if we work here, we know the job is our own. And we knit with power, because we need money. And here, we talk with the spinners, to try to make good wool, to knit good jerseys, so next time we are going to sell more because its good quality. And when Summer is coming, then we talk about knitting thin wool, because in Summer, people need thin jerseys. And if Winter is coming, we must knit thick wool. And we remember these things, and we remind each other."⁴³

41. Interviews with HMC, KMC, and discussion with the knitters while they worked.

42. Interview with HMC.

43. Interview with KMC.

None of these women had worked in a factory, and it is an interesting reflection of the effects of mass retrenchments - which have been felt acutely in the bantustans - that they gave fear of retrenchment as the main reason why they would not leave the co-op to work in a factory.

The quote above also indicates a conceptual link between the co-op being 'our own job', work-satisfaction, and a sense of responsibility for planning. The women clearly take pride in what they produce:

"We want to make nice designs to make people shine, and we know the people are going to like our designs. And with them, we make money."⁴⁴

Within the framework of a basic pattern, the knitters design their own jerseys, in a range of pastel colours. This means that each jersey is the unique product of the woman who knits it. There is also no division of labour - the women all knit whole jerseys.

Developing design skills amongst the weavers has been a more complex process, but after a year of art classes, one of the weavers came up with a highly marketable design, and since then, some of the weavers have made the "perceptual leap" enabling them to move from ad hoc village scenes to more focussed and striking designs, which are also marketable.⁴⁵

The work environment at Pfananani is relaxed; the women are notably confident and assertive; there is a mix of younger and older women, who seem to relate to each other in a mutually supportive way. When necessary, children are welcome; and the piece rate system allows the women to prioritise family crises over work when the need arises - a crucial factor in a context such as this, where they are often the effective heads of the family.

44. Interview with KMC.

45. Anonymous SHADE document p46.

Furthermore, work in the co-op has developed the women's self respect. According to the Khwatelani knitters, when they started the co-op, no-one in the village believed they could do it - and nor did they.⁴⁶

Thus the co-ops seem to provide a supportive environment in which these women can not only gain an income, but also come closer to reaching their full human potential, in a collective forum that builds their sense of self-esteem, challenges their creativity, and also allows them to broaden the horizons of their knowledge; the sense of growth arising from the learning process is clearly felt:

"We enjoyed learning another language, and the wisdom of being able to see and read. Those that were blind were able to open up their eyes and see."⁴⁷

However, the Pfananani co-ops are still essentially 'managed' projects. But I would argue that this is not necessarily a weakness, in the context of an overall process of empowerment. Thus the presence of a full-time skilled co-ordinator is one of the features distinguishing the Pfananani co-ops from the many other sewing and craft co-ops, and there is an extent to which her presence relieves some of the burden of responsibility from the members - allowing them the space to grow into assuming more of that burden, but in circumstances in which the stress factors don't out-weigh the rewards. At the same time, the interface between Pfananani and SA's advanced capitalist economy is mediated on terms that do not exclude the women, but allow them to contribute at a pace that develops their confidence rather than undermining it.

2. The Carpentry Co-op:⁴⁸

46. Discussion with Khwatelani while they worked.

47. Interview with HMC.

48. I have not given further details of this co-op because it is not registered with the Industrial Council for Furniture Manufacturing Industries.

The carpentry co-op was formed by four ex-prisoners, who form part of a broader group of ex-prisoners that is attempting to make links with democratic organisation. They hope to expand the co-op to provide jobs for more people, "because of the plight of the ex-prisoners, because on their release from prison, they encounter many different problems; such as unemployment, housing shortages, and also being rejected by society."⁴⁹

The co-op began in 1987; one of the members had his own carpentry tools, and these constitute the co-op's capital equipment. However, ten percent of the price of the units they sell is set aside for capital equipment, and they recently purchased additional tools. Despite their relative undercapitalisation, the pine furniture they produce is of a good quality. The co-op produces only on order, and relies on democratic organisations to provide its market - although this is limited:

"They do not provide us with enough orders. Because at the moment, we haven't got work to do."

The carpentry co-op has not attempted to tap broader markets because they fear being closed down by the Industrial Council for Furniture Manufacturing Industries (ICFMI):

"We are afraid to advertise, because we are not a registered furniture manufacturing company. There was an organisation for the unemployed that was making furniture, and they banned it when it advertised in the newspapers. The ICFMI doesn't allow them to advertise; they said they must stop.... So in terms of making brochures, we are frightened of that, because they can come here and say it's better that we give them the furniture."

Furniture manufacturers are required to register with the ICFMI, which has inspectors to enforce this. Failure to register can lead to prosecution. The terms of registration relate to the enforcement of common minimum wages and common conditions of employment throughout the industry; the minimum wage for a Grade Four worker - the lowest grade - is R146.62 per week.⁵⁰ These

49. Interview with members of the carpentry co-op. Unless otherwise stated, all quotes in these section are from this interview.

relatively high minimum-wage levels have been won through worker organisation, and are at least three times more than the co-op members are earning. This is one reason why the co-op is able to undercut commercial prices:

"You will find most of our prices are less by about 30% or more of the commercial units. You will find that maybe from us, you can buy partition units for R200, while from a furniture shop it's R400 or R399.

The carpentry co-op members attribute their cheap prices to the following factors:

"Our prices don't have all those things which are being added to the price to increase it compared to ours. We haven't got transport costs to add to that amount; or storemen, or packaging - now those are all things that add up ... And plus, the main thing is, we have to keep it cheaper because we still want more customers to come."

Thus, the co-op aims to cut into the market by undercutting the big companies. It can do this because of its lack of overheads, but also because of the self-exploitation the members impose on themselves. Thus, although they are not earning close to a living wage, they do not consider narrowing the margin between their prices and commercial prices.

The first reason for this is based on the classic need to undercut the going rate in a capitalist market:

"We know that if we are cheaper, we can get more orders, and maybe if we get a lot of orders, we can get a living wage in the future."

To ensure the long-term economic viability of the project, they are prepared to accept a pittance as pay - terms that workers in capitalist industry are fighting to reject.

Thus in its attempts to break into the market, this co-op is undercutting the going rate in capitalist industry; and while its decision not to register is based on a political rejection of the Industrial Council, it is ironic that it would not qualify for registration because its wage-rates are too exploitative. And while in reality, the impact of this co-op on the market is

marginal, it does put on the agenda the potential for co-ops to undercut existing terms of necessary labour time, through self-exploitation, thus potentially eroding the gains made by workers in private industry. A thirty percent mark-down is significant, and if carpentry co-ops sprang up on a similar scale to sewing co-ops, the industry might start to feel the effects on the market. In this context, their inspectors are likely to become all the more vigilant. However, it is possible that deregulation will open the furniture industry to this kind of competition, potentially impacting on wage rates throughout that sector.

In addition to attempting to undercut commercial prices, the co-op keeps prices low on the basis that because profits are based on exploitation, it is in a sense immoral for a co-op to make a surplus. Furthermore, the members believe that capitalist industry not only exploits workers, but consumers too:

"We are just making these items for survival, not for profit... Only capitalists believe in profit-making. Now added to that, we know that in our society a lot of people aren't getting jobs, so we decided it would be unreasonable to charge somebody money which they can't afford - as we can't afford."

This is tied up with the following argument:

"We have said we are doing this to survive. If we are just doing it to survive, and then we charge R500, even more than the shop, then if I am someone coming to buy, I won't believe now that I am helping you survive, because now you are doing it for profit, you just want more money, you are not suffering."

The co-op depends on the solidarity market, which expects lower prices from them, because they are not profiteering. However, the inadvertent effect of this is to ensure that the members do suffer, because they are barely able to make even a survival wage. However, they strongly reject the argument that they are exploiting themselves as cheap labour.

Most of the members have worked in a factory before, and were able to compare their work-experience:

* "It's good here. In the co-op, we've got no management. We are all together. But there, in the factory, you can find that in one week, you can make a product worth R1000 or more, but you are

going to get maybe R60."

* "I would rather work here than in the company because I know that if I make a big product there, I still won't get enough; but here, it's better. If I don't work, I don't get paid, but if I work hard, I know that I can get a good pay."

* "Here in the co-operative, we are co-operating, we share our ideas; and whatever we did, there are no dismissals - we can go and explain; we've got control."

Thus firstly, workers control over the product of their labour is identified as acting as an incentive. Secondly, as ex-prisoners, there is clearly a strong fear of victimisation and dismissal, but the co-op provides job-security.

As ex-prisoners, the co-op also provides a source of self-esteem, and the members believe it provides a means of reintegration into the community:

"Here we can explain the position of an ex-prisoner - that he's a comrade not a criminal. We don't hide from organisations in the co-operative ... we're trying to work hand in hand with them."

"Well, for myself, I've overheard some people in the community appreciating what we are aiming to do and what we are doing. And in the manner they talk, you can just see, that man is at ease, he is happy about what is happening."

Thus the carpentry co-op provides its members with a sense of self-esteem and job security in a context in which they have few alternatives. However, the most significant issue raised by this case study relates to the way in which the carpentry co-op is able to undercut furniture manufacturers in the private sector, through self-exploitation.

3. Nonthutuzelo Upholstery Co-op:

Nonthutuzelo is an upholstery co-op in Mdantsane. It's five members are all ex Robben Island prisoners, who were convicted for their PAC activities. They learnt their upholstery skills on

the island.

The co-op began in 1984, when two of the current co-op members offered to fix the dilapidated sofa of a friend. "We started by fixing that sofa, and in the end we fixed his whole set. While we were doing that, people came and saw what we were doing, they became interested, and next they invited us to fix their lounge suite. So we just started from there."⁵¹ In 1985, three more ex-Islanders joined them.

They had no capital except the monthly subsistence grant paid to them by the SACC, which they used to buy implements and to operate. "It was really a hand to mouth affair. So in order to operate, we decided our policy must be that when a person asks us to fix his chairs, he must first give us half the amount that we are asking. With that amount, we go and buy the material needed."

With the surplus they have made, they have bought a domestic sewing machine, tools, a clamp, and other implements. But lack of capital equipment remains their biggest problem; they need an industrial sewing machine to sew the heavy-duty plastic used for combi upholstery, in order to break into the large and lucrative taxi market, and to do leather upholstery.

Nonhutuzelo falls into the Webbs' category of co-ops that have minimal dependence on either wholesalers or retailers, rely on a particular skill, and deal direct with private consumers, thus allowing for a high degree of self-reliance.

One of the interesting features about Nonhutuzelo is that it has no problems with the market. Firstly, their position in the community centre in Mdantsane is an advantage:

"Fortunately, this place is the centre of the township. Everyone that passes here looks here to see - what are you doing here? No, we are doing this; and of course there are the local papers, like the Indaba, where we sometimes put small adverts. But if we could get transport, our aim is to have one of us go around collecting

50. This information comes from Mr Kelly at the ICFMI.

51. All the quotes in this section are taken from the interview I

the sofas and letting people know about us, like a salesman."

Secondly, they have had large orders from companies like Johnson and Johnson: "There are black people there in their office, who move with us, and stay with us in Mdantsane, so they happen to know us. First they just sent one office chair, but when they saw our work, they sent twenty|"

Thirdly, although there are no less than five small upholstery businesses in Mdantsane, the market still provides more work than they can do:

"There is no problem as far as competition is concerned, because this township is too big. And even those on the outskirts, and in the rural areas - they come here too. On Saturday, I was in King William's Town to put the finishing touches to a chair we had done. As I was doing that, the woman there said: 'The people saw my sofas here and they are all so mad - wait while I call one of them, she is just here' - and then she sent a child to go and call that mother, and when she came, she said, 'WHERE are you, where can I find you? We are MANY here who need this.' But transport is the one problem in reaching those areas."

Because there is no need to compete for the market, the upholstery businesses have a good fraternal relationship:

"Mdantsane is too big, so we agreed there must be no monopoly. So if he has got too many chairs, he just says - no, you go to that other chap; and if the chairs are complicated, he could come to us and say - I have got a chair here and really, I cannot do it - then we will do it for him."

The key point about Nonhutuzelo is that it has found a niche for itself in providing a service that is in great demand in the community. There are two aspects to the service they provide. Firstly, they re-upholster and renovate old furniture, allowing people to get extra life out of it rather than buying new. And secondly, they make thick transparent-plastic fitted covers for new lounge suites, to protect them. This is a major component of their business, and is in great demand in the township, to the point where furniture shops in East London will now deliver new furniture to them to cover in plastic for their customers.

The private sector remains oblivious to this niche in the market, but from their knowledge of township culture, Nonthutuzelo has been able to tap into an area of seemingly limitless demand.

However, despite the fact that they have no marketing problems, Nonthutuzelo is still not able to make anything like a living wage, and pay themselves an average of R70 per month:

"It's difficult to say that we make a profit. It's a problem that we started on the meagre amount of our SACC grants; so when each month we get a little bit of money, we need to use it to buy extra material; or if there are problems in the family, maybe we decide we need a little bit extra; and sometimes when there's a bit of a boom, we attempt to buy new machines. So it's almost run as a hand to mouth situation, and we don't pay ourselves a regular amount."

Internally, decisions are made collectively, and administrative functions are rotated:

"We make it a point that each one of us takes a turn, to make sure each one of us feels he's part of the co-op, the co-op is his home."

Where problems arise, "the thing is to call a meeting immediately, and then this thing gets discussed, so each and every one of us can air his own views." Three out of five members have to sign cheques, and "we do everything jointly, every penny that is going out, we must all know why."

The rotation of administrative tasks is facilitated by the fact that all the co-op members have passed their Junior Certificate - giving them the highest average level of education in any of the co-ops I visited. The Nonthutuzelo members saw this as a great advantage, but emphasised: "Even if a person is not educated, they can still understand. It takes patience, effort and sincerity from those who know and can see, and they must spare that time to educate others."

The co-op members felt that they would be unlikely to get other jobs because of their prison records, but if they were offered such jobs at a regular wage, they would still prefer to stay in the co-op:

"The main factor is that when you have started this on your own, and it manages to survive and to prosper, then it's your own, it's different from working for a firm where you depend on the whims and fancies of the employer to keep that job. But here, it belongs to us ... so there is more security in your own project. The only problem, it's the lack of cash; it just gives one hope that one day, this will be an effective venture for one's survival.

Here too, the issue of job security is identified as a key advantage of working the co-op.

Nonthutuzelo is keen to expand, particularly given the high levels of unemployment. But they partly attribute the success of the co-op so far to their cohesion as a group with common experiences:

"We have known each other for so long, we have been through thick and thin together, we understand each other. So we have misgivings about getting an unknown person into the co-op - it may cause problems. Although the main wish of each and every one of us is to let the co-op expand. But we wish to get people who've got an understanding of the meaning of the co-op, and what is expected of them."

B. CONCLUSION:

Without repeating the issues highlighted in the case-studies above, I will conclude this section by drawing out a few comparisons. Firstly, each of the above examples has a different kind of product, and a different kind of market; but broadly speaking, these markets reflect the range from which co-ops have to choose - white, urban and middle-class, a market reliant on the networks of the democratic movement, and one targeting the broader township community. Weighing up the relative advantages of these markets in different contexts is a key component of product choice.

These examples also illustrate the different effects of competition within these markets. Pfananani is unable to beat commercial prices, and therefore has to rely on increased quality

to retain a market; the carpentry co-op is able to undermine commercial prices by quite a large margin - although access to markets remains a problem. This means that a proliferation of co-ops of this kind could be seen as a threat by the private sector; and secondly such a proliferation might have the potential to force down necessary labour-time, on the basis of self-exploitation, thus potentially threatening gains made by workers in private factories. And finally, there is Nonthutuzelo, whose market is wide enough to allow them a friendly relationship with their competition.

A feature of all of these co-ops is that they started with little capital; at Nonthutuzelo, the members pooled their SACC living allowances; at the carpentry co-op, the capital equipment was donated by one of the members; and at Khwatelani, they went for some months with no income, and have built up the knitting co-op from the capital base of a R2000 loan, which they have started paying back. Given that Nonthutuzelo and Khwatelani are relatively successful co-ops economically, this highlights the point by Ishzaken that large amounts of start-up capital are not necessarily definitive in co-op survival.

This is not to underestimate the importance of access to capital equipment; lack of appropriate equipment can make the difference between merely surviving, and a more secure economic viability - as seems to be the case at Nonthutuzelo, where an industrial machine would clearly allow them to increase the rate and range of their production, in a context in which the size of the market is not a problem.

At all the co-ops, fear of retrenchment and the importance of job security emerged as a key theme, reflecting the impact on workers of the mass retrenchments and unemployment. Furthermore, it is clear that in different ways, work in the co-op provides socially integrative functions for the members of all these co-ops, a sense of pride in what they produce, a sense of self-esteem, and consequences in relation to the unemployed.



This is the domestic machine Nonthutuzelo uses



The mainstay of Nonthutuzelo's business - covering lounge suites in protective plastic

CHAPTER FOUR: THE SARMCOL WORKERS' CO-OP

A. The History of SAWCO:

The Sarmcol Workers' Co-op (SAWCO) is made up of a range of production, service and cultural projects, set up in the course of the strike at BTR-Sarmcol, in Howick, which started in May 1985. The strike was in response to management's consistent refusal to recognise MAWU, despite negotiations around this issue that had lasted several years.

SAWCO was formed in the context of a workers' struggle characterised by strong shop-floor organisation. Its members are steeled in that struggle, and bring to the co-op their recent history of factory organisation, and the consciousness that developed in the course of the strike. SAWCO retains a direct structural link to Numsa and, as such, is a key case study in looking at the potential of such links to counter degeneration, provide a protected market, and sustain workers' identification with the broader working class.

By August 1985, paying for weekly food parcels for 950 strikers had drained MAWU's resources, and the idea of setting up producer co-ops was raised as a way of establishing a stable source of income based on worker self-sufficiency, rather than ongoing dependence on fund-raising.

The need for such long-term strategies was reinforced in September, when BTR-Sarmcol management refused to agree to an Industrial Court hearing. This meant the union had to apply to the Minister of Manpower for a Conciliation Board.¹ The workers were clearly in for a 'long march' before the end of the strike.

1. Bonin, D: 'Class, Consciousness and Conflict in the Natal Midlands, 1940 - 1987: The Case of the BTR Sarmcol Workers'; MSc Dissertation, University of Natal, Durban 1987, p230.

Preliminary research was done into various production options, but finally, silk-screening T-shirts was agreed upon.² A key reason for this was that the Sarmcol workers were confident they could rely on a 'solidarity' market from Cosatu:

"We tried to investigate the market where we will sell our T-shirts, and we approached the unions, and Cosatu, (which was about to be launched), and got a commitment from Cosatu that they will buy our T-shirts. So with that commitment from Cosatu, we then had a guarantee that we have a stable market."³

The SAWCO T-shirt project began in November 1985, with the T-shirts for the Cosatu launch as it's first order.

SAWCO was set up as a project of MAWU (now NUMSA). MAWU raised the capital needed, and ownership of the capital equipment is vested in the union. The co-op is structurally linked to Numsa, and is represented at shop stewards locals, and in local union branch structures. It is bound by Numsa's overall policies and direction.

With the launch of the T-shirt co-op, the service and welfare functions that Mawu had played until then were also brought under SAWCO's structures, as were the cultural projects initiated later to 'spread the message' about the Sarmcol workers' struggle.

The SAWCO constitution was adopted by a general meeting of the strikers, which agreed that SAWCO's Central Co-ordinating Committee (CCC) would be made up of representatives from the areas the strikers came from, plus proportional representation from the SAWCO projects. The CCC would elect SAWCO office bearers.

The next project formalised under SAWCO was the Health Project, which began in early 1986:

"It was the best. The strikers children were actually suffering

2. Bonin 237.

3. Interview with SAWCO office-bearers and staff member Una Seery (SAWCO 1).

from a lot of diseases, because they were no longer attending clinics because of lack of funds. So we then decided, with the help of the Industrial Health Unit at the University of Natal, to follow up the health of the children. So, a lot of screenings have been taking place to follow up the life of the children. So it's now an existing co-op which makes follow ups each month.⁴

Vanessa Kruger argues that the screenings served two purposes: "The first was a physical display of the union's commitment to and support for the strikers. These screenings strengthened the organisational base and at the same time provided a service to the community. The second and more important function was the commencement of a 'road to health'."⁵

At this stage, the SAWCO Health Project is an advanced primary health care project. It is also the most consistent service that SAWCO has offered to the community, and members of the T-shirt co-op say this project has been the most effective in mobilising community support for SAWCO.

To mobilise solidarity, SAWCO also initiated a cultural project, which worked on the play, 'The Long March'; it has produced two editions of SAWCO Update, and has recently started a SAWCO choir. SAWCO has also initiated a bulk-buying project, to help the community get cheap goods. But, in practice, its main role is to organise the strikers' food parcels. SAWCO has also initiated a marshals group, which hires out its services to organisations for mass meetings and conferences.

SAWCO has also initiated a second production co-op, which is the Agricultural Project. This was started to supplement the food parcels for the strikers, and provide a cheap source of food for the community.

4. SAWCO (1).

5. Kruger, V: 'SAWCO Health Project', paper delivered to conference of the National Medical and Dentistry Association (NAMDA), 1988; p5.

The Agricultural Project rents eight hectares of land from the Catholic Church; but they signed no formal lease. Now the church has decided to sell the land. Unless SAWCO can either raise enough capital to buy the land, or persuade the church not to sell it, the co-op members are about to experience a repeat of the land-dispossession that forced them into wage labour in the first place. The Catholic hierarchy has been called upon to intervene, but the local church is as yet unmoved by appeals to charity.

In the period since the strike, SAWCO and the Sarmcol strikers have faced increasing levels of conflict with Inkatha, particularly in Mphophomeni, home of the majority of the strikers. In the early days of the strike, the Inkatha-linked community council gave the strikers permission to use the community hall, and said they would not be harassed for their rent.⁶ However, in November 1985 BTR-Sarmcol signed a recognition agreement with the Inkatha-backed Uwusa. However, it was the brutal abduction and murder of the SAWCO chairperson, and two SAWCO members on the night of 5 December 1986 that clearly defined the lines of battle with Inkatha.

The day after the murders, Inkatha moved from house to house in Mphophomeni, demanding that residents denounce MAWU and swear allegiance to Inkatha. Battles took place between the youth and Inkatha, and a member of the Mphophomeni Youth Organisation was killed.

After the attacks on Mphophomeni residents, Inkatha's chances of winning support there seem slim. According to one of the T-shirt co-op members, "If you take even a child of two or three years old, and say, 'Here comes Inkatha', they will take Inkatha as the enemy. Inkatha has no chance in Mphophomeni."⁷

The SAWCO project has thus grown out of a particular history of struggle, and a particular political conjuncture, which has given

6. Bonin 215.

7. Interview with members of the T-shirt co-op.

it shape. The combination of production, service and propaganda projects which have developed under its banner have emerged from the needs of strike support, as well as from community needs that have been exacerbated by the large number of unemployed workers since the strike.

SAWCO has seventy members, and as such is a large co-op initiative; but its members represent a small fraction of the 950 strikers.

However, there is little expectation that all the strikers can become working members. But the combination of production and service co-ops that make up SAWCO is seen as a way around this potential problem:

"It is difficult to accommodate all the strikers in the projects, because it would be unmanageable. What we saw is that the service projects, health and bulk-buying, would be open to all the strikers - they would be users of these co-ops, and in that way, they would still be linked to the co-op."⁸

SAWCO is thus the organising centre keeping the cohesion and unity of the strikers. Unlike most production co-ops, the SAWCO projects were not seen in terms of job creation; their aim was to raise revenue for the strikers as a whole, in a context in which most workers still firmly believed they would win their case against BTR-Sarmcol and be reinstated in their old jobs.

Participation in the co-ops was seen as strike-support work, not as employment, and the members of the co-ops were volunteers:

"Every post that is opened within SAWCO, we ask people to volunteer, because we haven't actually got to the point where we pay wages; people are just paid an allowance. It's R1,50 for food, daily. And then R2,00 for transport. As well as the food parcel that all the strikers get. So everyone involved in the projects, including the office bearers, are paid the same."⁹

8. SAWCO (1).

9. SAWCO (1).

So, essentially, the only material incentive for working in SAWCO was that lunch was on the house. Further than this, co-op members' eight-hour working day was fuelled only by their commitment to the strike and to the reproduction of the strikers as a whole. It is truly remarkable testimony to the strength of strikers' commitment and sense of unity that they were prepared to work as volunteers for over two years, despite the lack of any real material incentives.

These terms of work did also mean that rather than having strikers competing for 'jobs' in the co-ops, SAWCO faced the reverse problem:

"We have had people leaving the co-ops for better jobs, because they have got big families and they need to earn."¹⁰

The priority given to strike support means that, for example, the agriculture co-op saw it's role as producing food for the strikers, rather than in terms of producing a surplus. The members saw their work in terms of the use value they were producing, rather than the exchange value:

"The aim of agriculture was to supplement the food parcel of the strikers. But with some difficulties we are faced with now to cover our costs, we couldn't just give that food to the strikers; so we tried to sell it at a reasonable price, in order to repay back our debts."¹¹

The co-op charged for food to cover its debts and break even, not to make a surplus. Any potential surplus was passed on to the consumers, in terms of lower prices.

While SAWCO's growth reflected high levels of worker commitment to the strike and to the strikers as a collective body, the long drawn out legal process took its toll on workers' anxiety levels, and dampened morale.

In September 1987, the Sarmcol strikers heard that they had lost

10. SAWCO (1).

11. SAWCO (1).

their case in the Industrial Court. Although the case went on appeal, workers were losing hope. It was two years and five months since they went on strike, and the chances of reinstatement seemed thin. Employment alternatives seemed even thinner. Meanwhile, UIF payments which had cushioned the full impact of unemployment, had run dry. And, although the rent boycott was never formally called off, people in Mphophomeni had started to pay again, leaving strikers exposed to the threat of evictions.¹²

Incentive was becoming an acute problem in the co-ops; their allowances were below survival level, and there was a limit to how long productivity could be fuelled on commitment, when people's most basic survival needs were not being fulfilled.

However, when the issue came up on the CCC's agenda, it was decided that it was not possible to increase allowances at that stage. The issue arose at a time when the economic viability of the projects was in serious question. But when the decision was reported back to the T-shirt co-op, some members questioned the representativity of the CCC, and did not feel their interests were adequately represented. Productivity levels fell in the T-shirt co-op, further jeopardising its potential to make a surplus.

This reaction reflected a degree of alienation from the structures of democratic control in SAWCO, the material basis for which was to be found in certain contradictions in these structures.

The first problem was that strikers who were not co-op members were in the majority on the CCC, which elected SAWCO's office-bearers. This was not seen as a problem when SAWCO was set up, because the SAWCO projects were set up as part of strike support, and were therefore accountable to the strikers. However, it gave rise to certain contradictions:

"We had difficulties, because if the CCC elects the office bearers, the projects wouldn't see that as their office bearers

12. Interview with Philip Dladla, SAWCO Chair.

being accountable to them, because they have been elected in this way. So we felt to make it more democratic, people themselves must elect their office bearers so that they can be sure they are accountable."¹³

In practice, SAWCO's structure embodied a potential conflict of interests, which was brought to the fore by the issue of allowances. The majority of strikers were not working in SAWCO, yet they held the final sway in decisions over co-op members' allowances, in a context in which increased allowances would cut into the general pool of resources available to them as strikers.

There was also a potential conflict of interests between the service and production co-ops. The production co-ops were barely surviving economically; but the original idea was that their surplus should subsidise the service co-ops. This started to look like a weight of responsibility that would suck their surplus dry and prevent them from increasing their allowances indefinitely. SAWCO was grappling with this issue when interviewed in March:

"We couldn't actually have all the people getting the same, and some people being expected to produce more, in order to use the surplus to supplement other projects. So to give incentive to those who are working on our production projects, we need to do something. We thought of maybe dividing the projects, and getting clear who is actually for production, and who is for service. But we are not yet clear as to how then we actually satisfy everyone who is in service, as well as those who are in production."¹⁴

SAWCO and Numsa responded to these problems by reopening debate on SAWCO's structures. While discussion was underway, issues in the T-shirt co-op came to a head, because certain members were caught selling stolen T-shirts at factory gates. After a disciplinary hearing conducted by Numsa, they have since been expelled from the co-op.

13. SAWCO (1).

14. SAWCO (1).

It was against this backdrop that the Sarmcol strikers heard they had lost their appeal. Although the workers have asked for a review of judgement, the most this is likely to yield is increased compensation. The strike is over, and the workers lost it. The full reality of unemployment now stares the strikers full in the face; and SAWCO has had to undergo a major assessment about its future. But the short-term shock effect of this reassessment appears to have initiated a new phase in SAWCO.

B. Into a new phase in SAWCO.

SAWCO was set up in the context of strike support. With the strike drawing to a close, the question of SAWCO's role and relation to the strikers has had to be reopened. Part of the shift taking place is one from a situation in which work in the co-ops was seen as strike support not employment, to one in which participation in the co-op is seen as a long-term commitment from members - which, therefore, entails that they must be able to reproduce themselves through their work there. As such, the new phase is characterised by an emphasis on economic viability, and on producing a surplus:

"In the earlier days SAWCO was seen much more in terms of supporting and mobilising around the strike, and there was much less emphasis on production. But now, comrades have realised that we cannot continue with production unless the co-ops produce a surplus. So that's an important shift."¹⁵

Dladla explains the transition:

"At first issues of surplus were not on the agenda in the co-op - the aim was to satisfy the people. And the first stage was also educating people. So, at first, the co-op was to keep busy. In workers' minds they felt sure they will be going back to the factory; so there was not much seriousness. Now, it is clear that we have started something for our future, it's not just temporary. So, after the court case we started a new phase. But we have still got a long way to go until people see this as our home.

15. Interview with SAWCO office bearers and Roger Etkind (SAWCO 2).

But people are slowly gaining the skills. And we have looked into the problems in SAWCO - such as people trying to help themselves to T-shirts. The workers couldn't stand that, and were very serious about solving this problem."¹⁶

SAWCO has also changed its constitution and its structures so that the representatives from the projects hold the greatest decision-making sway in SAWCO, although the strikers are still represented.

SAWCO has also decided that, although neither production co-op generated a surplus last year, it was necessary to fund-raise in order to pay co-op members a wage:

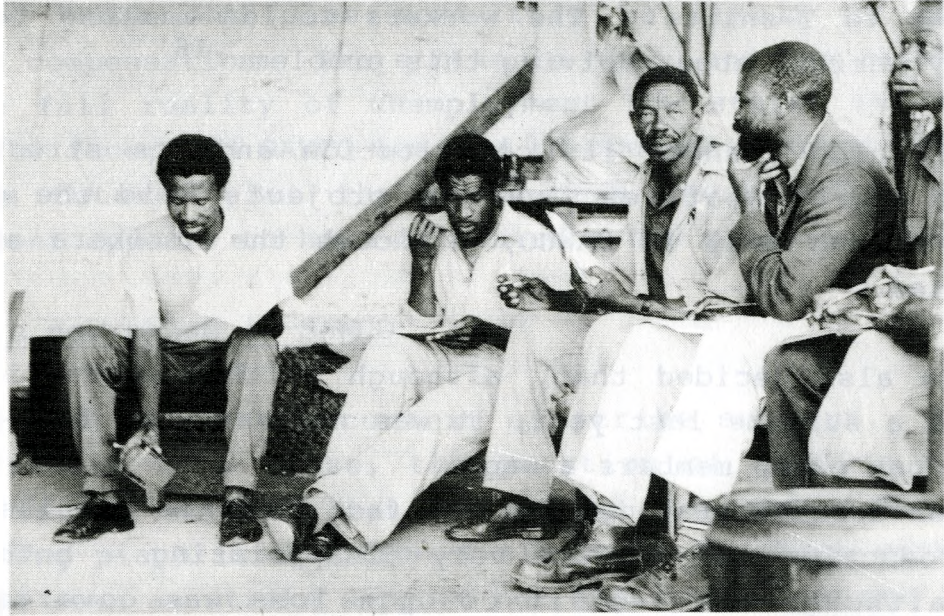
"It's been decided that despite the fact that the results of last years production co-ops were very disappointing - both made a loss - although the T-shirt co-op's loss was covered by the surplus made in previous years - income will be raised for the members, because it was below survival. And it was discussed in detail that the proposal to raise income was not on the basis that we had produced a surplus, because we didn't; and was not on the basis that money will continue to pour in from the donors even if we make a loss, because it won't; but in anticipation of increased production. And if that increase in production doesn't materialise, funding for the co-op will not continue long either."¹⁷

Co-op members are now paid R8 a day, plus R2 to cover transport costs. This compares favourably with the going rate for temporary work in the region, which pays R4 a day. However, it is significantly less than the workers earned at Sarmcol.

SAWCO has also decided that there needs to be some relationship between the productivity of the co-op, and the income of its members, as part of increasing motivation; but that the surplus should still constitute a form of 'social wealth'. From this has

16. Interview with Dladla.

17. SAWCO (2).



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come the suggestion of a social fund in SAWCO, based on a system of socialist taxation, as defined by Alec Erwin. He argues that capitalist taxation systems tax profits, salaries and wages; while a socialist taxation system would only tax the surplus generated by companies, to use for social services.

"There has been a suggestion that there be some kind of targets for the production co-ops, and some kind of bonus scheme related to these targets. Then some of the increased surplus that comes from increased production would go to increasing the allowance of the members, and some would go to the social fund, for redistribution, either to provide services, or as income for those working in the service co-ops. But none of this has been finalised."¹⁸ The service projects will be funded by donors in their own right.

SAWCO has also been on a marketing drive aimed at consolidating its relations with the unions, and at exploring untapped areas of the solidarity market.

In sum, SAWCO's direction is under scrutiny at the moment, and there is a new urgency about generating a surplus - coupled with a new energy now that workers are earning a survival wage, and have hopes for the long-term economic viability of their projects. On the basis of this background, I will turn now to look at the production co-ops in more depth, focusing mainly on the T-shirt co-op, but drawing on aspects of the agricultural co-op where appropriate.

C. The Production Co-ops.

In its first two years of existence, the SAWCO T-shirt co-op managed to produce a surplus; however, this was partly possible because the figures do not include a wage bill for the members. In 1987 the co-op made a loss, which was, however, cushioned by the relative surplus in previous years. The agricultural co-op has not yet managed to break even and made heavy losses last year.

18. SAWCO (2).

SAWCO office bearers and members gave two main reasons for the T-shirt co-op's failure to produce a surplus last year. The first related to marketing problems, the second to productivity.

1. Problems with the market:

A key reason why SAWCO chose to produce T-shirts was the 'stable market' provided by Cosatu and democratic organisations. It was also a market that would further bond SAWCO to the organised working class and its allies. And while Cosatu was always seen as providing the backbone of SAWCO's market, T-shirts had become a key component of struggle culture on a wide scale at the time of SAWCO's launch. It was a period of mass action and township uprisings, coupled with a dramatic growth of democratic organisation; of new alliances, strategies and structures; and of small but powerful victories, which allowed the democratic movement to believe, for a short-lived, euphoric moment in time, that it had seized the political initiative decisively from the state. And one small sign of the times was that in townships all over the country, people flaunted their ideological allegiances on their chests. The reams of video footage and press photographs of key events in the period show thousands of people in a T-shirt uniform of various combinations of black, green, yellow and red. As township after township held official launches for its own local youth congress or Cosas branch, so each one needed its own T-shirt and its own buttons, as a manifestation of its real existence. T-shirts were a key form of mass propaganda. And as struggle intensified, and the number of funerals grew, it became a necessary part of paying respect to those who had died in struggle to print a 'hamba-kahle comrade' T-shirt with their photograph on the front - usually taken from their now redundant pass-book.

And, at present, as a sign of how the times have changed, defence witnesses in the UDF Treason Trial are being asked by the prosecution to explain the colours of their organisation's T-shirts, in an attempt to discredit them as witnesses.

In sum, there is no question that T-shirts, or 'skippers', and buttons had a mass market at the time of SAWCO's launch, nor that

it was a choice of product that matched the mood of the time. Also, given the questionable credit ratings of many of the organisations concerned, to say nothing of their choice of slogans, many commercial companies were somewhat reluctant to accept orders from them. In that sense, SAWCO filled a gap in the market, providing a real service to the democratic movement, while avoiding head-on competition with commercial silk-screening companies.

But, in fact, this market is far from stable:

"We have a problem in that we are not now in a period of the same kind of popular mobilisation as before; and secondly, there is increased repression. It is not a good period for selling T-shirts. People are not willing to walk around the streets showing their organisation anymore."¹⁹

SAWCO has, however, continued to rely on the solidarity market, although there is no in-principle objection to replacement markets:

"It should be in future strategy to diverge, because our solidarity market might be cut off at any time. So we need to look at any means by which we can get outside people to buy, because last year we didn't discuss about introducing new items not related to the communities or to struggle."²⁰

SAWCO has also found itself faced with bad debts and a cash flow crisis, because, "there has been more solidarity shown with orders than with payment."²¹ This is as much the case with Cosatu as with other organisations, despite its far more established bureaucracy.

"The problem is we were working with comrades at the unions who used to make orders, but we find that some failed to pay, so we have got quite a big outstanding amount from the unions. And

19. SAWCO (2).

20. SAWCO (1).

21. SAWCO (2).

also because that has been the practice, we are now finding it difficult to implement a system whereby people pay cash on delivery. Because people want to see something before they pay, but when they've actually got it, they don't actually pay."²²

SAWCO's marketing strategy has tended to be ad hoc and sporadic - "We wait until we have got no orders and then that period is wasted."²³

When SAWCO has needed to actively solicit orders, they have relied largely on person-to-person contact with people at the union offices, and on advertising at mass meetings or organisational AGM's. However, these strategies have been largely limited to Pietermaritzburg, and have relied on SAWCO's direct participation. At a national level SAWCO relies on Numsa to advertise it's services at Cosatu gatherings, and has also been popularised through media coverage of the Sarmcol strike and of SAWCO in the progressive press. The play also used its platforms to call on organisations to use the T-shirt co-op. Thus marketing strategy has been largely linked directly to strike solidarity.

No-one in SAWCO has specific marketing skills, and SAWCO has now decided that these are needed and has advertised for a marketing co-ordinator.

Dladla sums up the relative advantages and disadvantages of the solidarity market:

"The advantages are that in the short term, we know there is a market; and it is a prepared market. And we have the means of communication with them. The disadvantages are that as soon as there is oppression your market, which you have relied on, just disappears overnight. It's an unstable market."²⁴

22. SAWCO (1).

23. SAWCO (1).

24. Interview with Dladla.

Despite this, orders have kept coming in. These are not enough at this stage to make SAWCO economically viable but, given the relative lack of marketing strategy, this indicates firstly that linking marketing directly to strike support has paid off. When unions need T-shirts or buttons, ordering from SAWCO has become an act of political solidarity on a par with boycotting OK during the strike. Secondly, it indicates the extent to which the structures of the democratic movement - and, more particularly, of Cosatu - provide an alternative communications network which at least partially replace the need for more conventional forms of advertising and marketing. However, to tap into this network effectively still needs a marketing strategy - both in terms of designing the product and of selling it. It is on this level that SAWCO has been weak and that current strategy is focussed at present - extending the effectiveness of their marketing strategy within the solidarity market, in an attempt to maximise its potential.

Despite the practical and political advantages of the solidarity market, the question remains to what extent it provides protection from the impact of capitalist competition.

In relation to SAWCO, this translates into the question of whether democratic organisations will buy SAWCO T-shirts if they are more expensive than those commercially produced. If not, then whatever other advantages the solidarity market can provide, it does not allow co-ops to escape from the exigencies of competition on a capitalist market. If the prices set by capitalist companies still provide the framework within which co-op prices are defined, then capitalist social relations still define necessary labour time and capitalist companies set the pace in terms of the organic composition of capital. And even if the co-op's hands are never 'tainted' by doing business beyond the democratic movement, it still cannot escape the contradictions that arise from co-ops competing on a capitalist market. Because these cannot be avoided simply by avoiding participation in the formal retail sector.

As it happens, depending on the economies of scale, SAWCO T-shirts are at times more expensive than commercially silk-screened ones. But, even where this is so, the unions are still

prepared to buy from SAWCO rather than from private companies, as an act of solidarity. Thus, whatever its limitations, the SAWCO market is a solidarity market in the fullest sense of the word; and it does provide SAWCO with a certain protection from capitalist competition.

However, there is a question mark over whether the solidarity market can provide sufficient business to ensure the long term economic viability of the project. If not, then the T-shirt co-op will have to diversify into other markets, where no such protection will apply. At this point, it is unclear whether the solidarity market has the potential to expand further; this will only become clear once SAWCO's more aggressive marketing strategy has been implemented.

In addition, the National Union of Mineworkers' has also set up a t-shirt silk-screening project, based in Phalaborwa in the Northern Transvaal. This project employs fifty mine-workers who were dismissed during a recognition struggle there. This is more than double the number of workers in the SAWCO project; to pay wages to all these members, the Phalaborwa project is going to need a greater income-generating capacity than SAWCO has managed.

There are limited ways in which this project can manage this. It will either need to get many more orders than SAWCO is getting at present, or it will have to find ways of improving on SAWCO's income/expenditure ratio. To do this, the project would need to cut production costs, or else to increase the selling price of its t-shirts.

However, if this project is also going to be targeting the Cosatu market, then there is a danger that these two co-ops end up competing with each other. If this took the form of a price war, it would undercut the solidarity market's potential to provide protection from the pressures of a capitalist market. But even if the co-ops agreed to charge the same rates, the existence of two t-shirt printing co-ops is likely to mean that they are both forced to look outside Cosatu to other markets. This does not necessarily mean moving outside the protective ambit of the solidarity market, however; and in this regard, the international solidarity market provides potential that has not yet been fully

explored.

It seems unlikely that the retrenched NUM workers intended to undercut SAWCO when they started a T-shirt co-op. More likely is that they were inspired by SAWCO's example. However, this issue does highlight the potential for division if co-ops compete within a limited market, in a context in which the survival of the members is at stake.

Competition between co-ops can also limit the solidarity that can be built between them - a concern expressed by Dladla:

"We still believe that co-ops should visit each other as comrades, not to steal techniques. If there is competition between the co-ops, then we will end up not sharing ideas."²⁵

Dladla argues that responsibility for sorting out this issue lies in Cosatu: "The co-ops are linked to the unions, and it is the unions who must solve this, not just leave it to the co-op members on their own."²⁶

This provides another example of the advantages of links between co-ops and the unions; through such links, the potential exists for such issues to be dealt with from the broader perspective of building and consolidating unity of the working class.

To conclude this section: the T-shirt co-op's failure to make a surplus last year was partly because of problems with the market, which has contracted due to repression. However, it seems the market is nevertheless far from dry, and that the main problem with marketing was at the level of strategy. The solidarity market provides SAWCO with real protection from competition on the capitalist market, and hence rather than attempting to break into the formal commercial sector, SAWCO is attempting to maximise its penetration of the solidarity market. But, unless the problem of co-op competition is resolved, SAWCO may find that its market shrinks further, placing its economic viability under

25. Interview with Dladla.

26. Interview with Dladla

threat.

Before looking at the problems of productivity in the T-shirt co-op, I want to look at some of the issues of the solidarity market as they affect the agriculture co-op, because the dynamics are very different.

The agricultural co-op's market consists primarily of the strikers and their communities, who, while they might make a point of buying SAWCO vegetables as an act of solidarity, are on the whole not prepared to pay more for their food. In fact, the concept of the solidarity market cuts the other way in this context - in that there is an expectation that because the agricultural co-op is producing primarily for use and not for profit, the co-op can, and should, provide cheaper food, or at very least, food at the same price as commercial prices. This means that even where the food is not sold through commercial outlets, commercial prices provide the ceiling for co-op prices.

But SAWCO does aim to sell a certain proportion of its produce on the commercial market, to help supplement the price to the community. But, in practice, the problem they have faced is that they cannot compete with commercial prices and remain economically viable and, in fact, the cheaper price for the community is supplemented by their funding.

Part of the problem is that they have not known how to play the system. In 1986/1987 the agricultural co-op grew a bumper crop of potatoes - 900 x 15kg pockets. But they made a loss on them, because they did not take the variable prices of fresh produce into account. In a workshop given by EDA the co-op looked at the book of Fresh Produce Prices, published annually by the Department of Agriculture. This showed that potato prices tend to be high from November to January and low from February to April, when the dryland farmers bring their potatoes to market. Also, it is not most cost effective to sell potatoes in 15kg pockets. In the supermarkets 15kg pockets of potatoes cost R7,50 or 50c a kg; but loose potatoes cost R1,20 a kg. So, as was pointed out in the workshop, the co-op could sell loose potatoes at half the market price to members of the community and still get more of a return than if they sold them in 15kg pockets.²⁷

The more out-of-season fresh produce is, the higher the price; but the higher the risk too. For large farmers, economies of scale mean they can still make a surplus at low prices. The co-op often can't; but nor can it take large risks, because it doesn't have the necessary reserves. These risks are large enough as it is - for example, the co-op's crop of Variety Natal Yellow beans was spoilt by too much rain.

So, what this means is that the potential of the solidarity market to provide some kind of protection from the pressure of capitalist competition differs from product to product. For the T-shirt co-op, the solidarity market does provide a degree of protection. But, the agricultural co-op faces competition from commercial farmers head on and has to compete on the terms set by capitalist agriculture. In attempting to compete, the agricultural co-op is up against the full impact of mechanisation, the economies of scale on monopoly-owned farms, and the highly exploitative labour conditions characteristic of this sector. Furthermore, the SA state provides extensive protection, incentives and safety nets for commercial farmers through loans, subsidies and other perks that the co-op is not able to access and for which its solidarity market can provide no substitutes.

2. Problems with productivity:

T-shirt co-op members identified tensions in the co-op as the main reason why they did not make a surplus last year:

* "I think it is because last year there was no spirit of working. So they produced a small number of T-shirts, although they were many. This year the number of people is less than last year, but we managed to increase production. This year we have got self-discipline and team spirit."

27. Notes from workshop given by Environmental Development Agency (EDA).

* "Last year, the co-op was divided into two groups - but the other group did not feel like working, so they produced less. There were always arguments between the two groups."

* "There was bad co-operation within the groups, because of the issue of allowances, which they complained about. It was clear last year that there could be no increase in allowances, so people, believing that the allowances should increase, went on a go-slow. Even if there was an urgent order that was meant to be done."

"So this was the major reason that caused problems. The other reason was that they took the office bearers as management, because they said the office bearers took decisions without them. It was clear that they should be politicised about co-ops, and understand the structures properly. Because what we believe is that the office bearers were represented on the CCC where major decisions were made. They took the position of the co-op there. Then the issue was discussed democratically, and a decision was made. If you are represented on the CCC, and an issue is discussed, then you have to report back that the issue was discussed democratically. But then they didn't accept the decisions and accused the office bearers."²⁸

The contradictions in SAWCO's structures which fed into this response have already been discussed. SAWCO office-bearer Richard Mbangwa saw this response as partly founded on a lack of understanding of the financial constraints faced by a co-op:

"If you understand about a co-op - a co-op has to make a surplus and a profit, because a living wage can't come from the sky or from the donors. But if you don't understand that... then these are the problems that you get."²⁹

It seems that the co-op members concerned were not prepared to take SAWCO's financial state as the starting point for debating a

28. The above quotes are all taken from the interview with members of the T-shirt co-op.

29. Interview with members of the T-shirt co-op.

solution; but part of the problem seems to have been that some members had difficulty understanding the financial statements:

"Every member of the project must read and write, so if you show them the bank statement, they can understand it, and know for themselves, not just to ignore it."³⁰

While the abrogation of responsibility for co-op finances is an abrogation of the collective responsibility that is a prerequisite for democratic control, it seems that the lack of numeracy skills amongst co-op members fed into a situation in which they were not given much financial responsibility, thus facilitating this response. In the new phase in SAWCO, there is an emphasis on building the members' understanding of the finances:

"... the members know the income and expenditure now. They are very concerned if they see we are not making a surplus."³¹

However, the impact of these problems on SAWCO's productivity threatened its long-term viability, and a feature of the current phase in SAWCO is the emphasis on increasing productivity, with the following implications:

"Production in the production co-ops has not been effectively planned in the past, and there is no way of producing a reliable surplus without planning production, but that will take time to institute, because it must take place within the production co-ops. And that's the process beginning now."³²

Through planning, the long-term aim of producing a surplus is also divided into more tangible short-term goals. By providing targets against which productivity can be measured in the short-term, it is easier to gauge the overall economic viability of the co-op on a day-to-day basis. Thus, when asked, a T-shirt co-op member knew that they need to print 1000 T-shirts a week to break

30. Richard Mbangwa, during the interview with members of the T-shirt co-op.

31. Interview with Dladla.

32. SAWCO (2).

even; which means getting in orders to fill that quota takes on a weekly urgency.

3. Work-Discipline in the co-op:

SAWCO has replaced control from above with a system premised primarily on collective responsibility, and while the practical tasks of management are delegated to the office bearers, the maintenance of work-discipline relies on workers' collective responsibility:

"In the co-op you need self-discipline, because there is no supervisor or nduna to come after you and say, just work. Even to come right on time - you have to discipline yourself, because no-one says - you came late today. At work we used to clock in and out, before and after you leave. Here we have just got a register, to show you did come that day."³³

In practice, co-op workers tend not to exert discipline over each other. And while part of the aim of a co-op is to re-organise work to reduce some of the regimented and alienating features characteristic of the factory, there is a fine line between developing a more humane working environment and simply slackening the pace of production to a point where it is inefficient. A key link in this regard is an understanding of work as the basis on which the surplus is generated.

Based on experience in Zimbabwe, Roger Etkind argues that this problem is partly due to the fact that co-op members tend not to recognise the value of their own labour time, which means that they do not make a direct connection between productivity on a day to day basis, and the overall economic viability of the project.

This problem was manifest in SAWCO, in terms of a characteristically casual attitude to time, which meant meetings tended to start late and end late, and time was not considered of the essence, even under the new productivity regime.

33. Interview with members of the T-shirt co-op.

In order to make the link between labour time and the generation of a surplus, an exercise was done at the start of planning workshops with both production co-ops, working out how much it had cost the co-op for the general body meeting of 70 SAWCO members to have started an hour and a half late that week. The calculation was based on the value of co-op members labour time, calculated in terms of their current allowance of R10 a day. The co-op thus wasted R84 waiting for a meeting to start.

By emphasising that the surplus is created through the value of workers' labour, and by putting a direct price onto time wasted, the issue of punctuality was shifted away from the negative association it has with the clocking in and out of factory discipline, and became a tangible issue with direct effects on economic viability.

4. Worker democracy and control:

Co-op members were asked to say what the most important differences were between the way they worked in the factory and work in the co-op. These were some of the answers:

* "We thought co-ops are different from the way people are working at Sarmcol, because people there didn't know anything other than taking goods here and putting them there. And they did not actually even have access to see the financial statement of the company. But people have learned a lot in the co-op, like about finance, and they have gone to seminars; and people decide themselves also how to go about making their projects. Whereas in the company, there were supervisors who just come and go and say 'You must do that'. And one becomes bored working in one job for 25 years. (laughter). That's why."³⁴

* "The difference is now we know that what we are doing is our own job. We are working for ourselves. And we control ourselves. At the factory we were controlled by the foremen; if the chief foreman calls us, we must go."³⁵

34. SAWCO (1).

35. Interview with office-bearers from the agricultural co-op.

* "In the company we knew we were being exploited, knowing that we produce a big profit - but workers were not given the financial statement to see what's going on."

* "But on the co-ops side, we know the finances are open. Every member should know what's going on in co-op finance, to see we can get a little wage."³⁶

* "At the company we knew that management was from the top, not the bottom. People were grouped at different levels. In the co-op - there's no management - every individual must take responsibility. Although there are some positions in the co-op. But people shouldn't take that as management, people should respect them, because every organisation has a leadership, because without leadership, there is no direction."³⁷

* "In the company, it's not easy to know the administration, but in the co-op everybody knows about that. Each and every project elects their office bearers, and their task is to administer the projects."³⁸

The key contrast made between work in the co-op and work in the factory hinges around the issue of control, in many of its different dimensions.

Firstly, the issue of authoritarian management control recurs as an issue which clearly made the daily work routine a misery in BTR-Sarmcol. The concept of management thus seems to be a dirty word in SAWCO; but this does not translate into a rejection of the role of leadership per se. Both the strike and the development of the SAWCO projects have been characterised by strong worker leadership and initiative at several different levels; and new layers of leadership have emerged. SAWCO office-

36. Interview with members of the T-shirt co-op.

37. Interview with members of the T-shirt co-op.

38. Interview with members of the T-shirt co-op.

bearer, Richard Mbangwa, emphasised the importance of the democratic process in this regard:

"If we are having a meeting, everyone must have a say to voice their feeling, so the issue will be discussed in full. The office bearers or the chair must not dictate in the meeting. He can use a strategy to give direction, but not to dictate."³⁹

The practical tasks performed by management in a factory are seen as functionally distinct, and are delegated to the office bearers. To perform these tasks requires practical as well as political skills; these are also required by the members in order to exert democratic control over the office-bearers - which brings me to the next dimension of the issue of control that recurs in the responses above.

Integral to the issue of control is the issue of knowledge and information: a key link is made between lack of control and lack of access to information in the factory; exploitation is facilitated by workers' lack of information and understanding of company finances; a feature of work in the co-op is the educative processes that accompany it; and a comparison is made between the alienation of fragmented work in the factory, and the knowledge of the process as a whole that is a function of democratic control of production in the co-op.

This link between control and knowledge and information is key to building real workers control, as opposed to control in theory and dependency in practice. In several contexts, worker members emphasised that they do not yet have the skills to control all aspects of the production process, and saw this as a priority. When asked what difficulties SAWCO has faced in building democratic control, a T-shirt co-op member said:

"We need skills. If we depend on outside, it can't go. We want all the skills from the beginning to the end inside here, done by ourselves."⁴⁰

39. Contribution during the interview with members of the T-shirt co-op.

40. Conversation with T-shirt co-op member.

A workshop with the T-shirt co-op highlighted the areas where workers lacked skills. Workers itemised the different aspects of the production process, and asterisked those tasks that were not undertaken by co-op members, or that they were unsure who took responsibility for. This is the list:

1. Order T-shirts *
2. Thenga materials *
3. Drawings *
4. Khangise maorders *
5. Go and get orders
6. Plan who will do which job
7. Make screen
8. Set up carousel/table
9. Register screens on carousel
10. Mix ink
11. Print
12. Dry (hang fan)
13. Press/iron
14. Fold
15. Pack
16. Count
17. Put on shelves
18. Pack in boxes
19. Invoice
20. Dispatch *
21. Check payments *
22. Keep records *
23. Tshenge the ones who don't pay *
- 41

Through this process, it became clear that while workers are confident of controlling the production process, they are still largely dependent on the more skilled staff to perform what are usually management functions in a factory. And despite attempts to transfer these skills, progress is slow:

"The people doing the most administration are the secretary and treasurer. It's new to them - they will be told how to

41. As written up during the meeting.

administer books, but it takes time. At this time, we are not well equipped."⁴²

At the core of this problem lies the issue of Bantu Education. And although mechanisms ensuring unequal access to education are a key component of reproducing class differentiation in any capitalist society, the problem is particularly acute in SA, where there is a dearth of even basic literacy and numeracy skills amongst workers. This places practical limits on real control of production by workers, and although these limits can be overcome, it is a long process, and one which necessarily further limits workers' ability to match the pace of necessary labour time set by capitalist industry.

But the problem of low levels of education in the co-op not only places practical limits on workers' control, it can contribute to other problems as well. A T-shirt co-op member said:

"The co-op needs unity to go forward. But the main obstacle to unity is when some people cannot understand things for themselves, because then they don't know what is happening, and they start to accuse others, and not trusting each other."⁴³

A lack of knowledge breeds dependence, which breeds disunity, and limits workers' ability to assert and to assess the accountability of their leadership - leading easily to mistrust.

Most of the workers in both the T-shirt and agricultural co-ops are semi-literate and semi-numerate. This introduces difficulties when it comes to issues such as production planning. It not only means workers are unable to calculate the relative expenditure and income they can expect from a hectare of potatoes vs one of tomatoes, it means they are often not aware that it is possible to do so. As a result, the limits of the possible are narrow, and the scope for worker-initiative is circumscribed, and workers' ability to assess the economic viability of their

42. Richard Mbangwa, in the interview with members of the T-shirt co-op.

43. Interview with members of the T-shirt co-op.

project at any given time is limited, which increases the insecurity factor.

SAWCO did organise literacy classes for a period, but these were discontinued. In the course of workshops attempting to do planning, workers expressed the need to organise literacy classes as an urgent priority.

Problems of education exacerbate the tension that exists between the need to build democracy, and the need to increase production. To take a concrete example: in the T-shirt co-op, transport had become a burning issue that needed to be discussed. To make the decision, co-op members needed to work out whether it was more cost effective to use the SAWCO combi to take them home to Mphophomeni each night, or to use the bus. As it turned out, there was little real difference in cost, using AA rates. But the former option could save them three hours a day. In the end, the T-shirt co-op members proposed to the CCC that if they could use the combi, they would work an extra hour a day. Thus the co-op members would benefit, and so would the co-op itself. But collectively doing the calculations necessary to make this decision took well over an hour, and after the meeting, some workers were still explaining the sums to those who had not wanted to expose their confusion in the meeting.

Clearly, it would have been more cost-effective for a skilled person to take five minutes to do the calculations on a calculator, and present the co-op with the options for discussion, than to attempt to compensate for the inadequacies of SA's education system. But in the end, the cumulative effect of many such short-cuts can short-circuit the growth of real democratic control. Because if workers never learn how the options are reached, they remain dependent on skilled personnel to define these options - which can reduce democratic decision-making to little more than an exercise in multiple choice, rather than a cumulative process of empowering people to exert real control over the co-op.

In Chapter Two, degeneration was characterised not only as when an enterprise turns capitalist, but also as the breakdown of democracy in the co-op. I would argue that a lack of education

amongst co-op members constitutes a degenerative pressure in the latter sense, at a practical day-to-day level - the time consuming and, therefore, costly process of building the skills needed for democratic control directly exacerbates the tension between internal democracy and the maintenance of productivity levels that make it possible to survive economically.

SAWCO has felt this tension:

"The first stage (of building SAWCO) was educating people - but we have not come to a high standard even now. Because we have been doing production and trying to educate ourselves at the same time."⁴⁴

SAWCO is still at the stage of development at which the members are dependent on staff-members with more advanced skills. The challenge is to transfer these skills; but this is often easier said than done, and the first stage may be to build workers' confidence in their ability to learn vast new areas of knowledge that the education system, the political system, and factory managers have conspired to convince them are beyond their capabilities. Because in a context in which the odds are not simply the success or failure of a political experiment but a question of the survival of the members, they may be cautious to risk the economic survival of the project by taking responsibility for tasks they do not believe they can fulfil. In that sense, and contradictory as it may seem, there may be a degree of worker resistance to taking practical control - based on workers' lack of confidence in their own ability to develop the necessary skills:

"We must build workers' control in the co-op. But some of the members in the whole co-op are believing that the co-ordinators are the ones who should give direction, which is against the policy of the union and the co-op. So, workers must be politicised."⁴⁵

The education needed in a co-op is both practical and political;

44. Interview with Dladla.

45. Interview with members of the T-shirt co-op.

and both are needed to empower workers to take on the tasks of controlling production.

5. Relations between SAWCO and NUMSA:

SAWCO's direct link to Numsa means that the worker identity of members is consistently asserted; it does not rely solely on the strength of a consciousness and commitment built in the course of a past struggle - as was the case in Brits - but is consistently reinforced through their participation in the local. Co-op members continue to be seen as legitimate union members by other workers; they are seen as sharing a common antagonism to capital. This perception is reflected in the fact that SAWCO leadership is also seen as worker leadership in the union - the current SAWCO chair is also the chair of the Numsa shop stewards local.

This is how office-bearers of the agricultural co-op see the relationship to NUMSA:

"The way we are here, we see that we must be under the union. Because our origin is from the union. But it is still easy for capitalism to divide us. So it is better if we are under the union."⁴⁶

SAWCO's structural links to NUMSA mean the co-op is ultimately accountable to the organised working class, which provides a structural limit preventing SAWCO's degeneration. But the office-bearers also place an emphasis on the importance of co-op members' understanding of the co-op in this regard:

"What's important, it's that before a member can join the co-op, she or he must understand the co-op, because otherwise they might just take the co-op as a company for the employers, believing that this is their own co-op. It may lead to some members demanding something that cannot be achieved."⁴⁷

The integration of the co-op into the broader decision-making processes of the union means that co-op members have to reach

46. Interview with office-bearers of the agricultural co-op.

47. SAWCO (1).

positions on the issues affecting the organised working class, as part of decision-making in the union. SAWCO representatives have also been elected as Numsa delegates at Cosatu national congresses and events. All this reinforces worker-members' identification as part of the working class, and can also militate against the kind of political isolation that was identified in Chapter Two as facilitating economism in the co-op - although this depends also on the extent to which the union itself is economistic and politically isolated.

However, at the same time, participation in the local also highlights the disjuncture that does exist between the issues affecting trade union members, and the priorities facing the co-op. But Dladla sees the importance of SAWCO's participation there in other terms:

"The issues discussed by workers in the locals are not the same as what the co-op is facing. But the most important reason why co-ops are part of the locals is because of education. By being in the local, we make sure that workers know the co-op is a union project. And what we are learning in the co-op is also going to workers. So, for example, the office-bearers of SAWCO have given education seminars to shop-stewards on differences between work in the co-op and in the factory. And in that way, the co-op helps to educate workers."⁴⁸

Thus the co-op plays an ideological role in the union, by providing a practical example of democratic control of production. Participation in the local is also a way of building union members' identification with the co-op, and strengthening the back-up solidarity on which the co-op can therefore rely.

There is a powerful commitment to the collective and to the co-op in SAWCO, but the theft in the T-shirt co-op is an indication that no matter what collective experience of struggle people have been through, nor how politically conscious the majority of members may be, none of this provides any guarantees. Thus while the theft incident may have been facilitated by a structure that workers felt alienated from, stealing from the co-op constituted

48. Interview with Dladla.

stealing from other workers, and as such was anti-democratic, and a form of degeneration, in a context in which structural constraints prevent members from 'stealing' from other workers by exploiting their labour.

As such, the co-op needs mechanisms for dealing with such eventualities, and democratic controls and constraints which limit their potential occurrence - because an issue such as this can cause an implosion in a co-op, decimating trust, at the same time as potentially providing the opportunity to settle a range of old scores - or just to cover for a second cousin twice removed to keep the peace in the family. There is a need for some kind of impartial but democratic disciplinary process - which is exactly what Numsa attempted to provide, thus minimising the potential damage and division within the co-op.

D. Conclusion.

SAWCO's origins in the Sarmcol strike provided the basis for an organic link between the union and the co-op, and for SAWCO to develop as the first co-op project in SA with a structural link to democratic organisation. In concluding, I want to focus primarily on drawing out certain implications of these structures and of SAWCO's relationship to Numsa, as it is in this regard that SAWCO's experience is unprecedented in SA.

Firstly, SAWCO's link to Numsa provides both an institutional and a political counter to degeneration. It provides a political counter by reinforcing SAWCO members' identification with the organised working class on an ongoing basis. It provides an institutional counter because ownership is vested in the union; and while SAWCO democratically controls production and the allocation and distribution of its surplus, the union has the power to close the project 'in the last instance': that is, if SAWCO develops in a direction antithetical to Numsa policy.

Furthermore, because ownership is vested in the union, worker members do not, either singly or collectively, have access to the means of production in their own right; their access is premised on the union's consent. So SAWCO members do not objectively face the choice of whether or not to take advantage of this access to

exploit wage labour. Thus the conflict of interests arising from the ambiguous class position of co-op members in a more classic co-op model is circumvented. In sum, the ownership structure in SAWCO anticipates a kind of social ownership.

This can be taken further in relation to SAWCO's internal structures, which in some ways prefigure the different levels of decision-making characteristic of democratic socialism.

As Innes and Gelb argue, democratic decision-making in a socialist society necessarily entails a division between two broad levels. They draw on Buroway to make the distinction between relations in production and relations of production. Control over relations in production involves decisions about the organisation of production, and should be made by the workers in the factory. But the wealth produced in the factories is not the private property of the workers who produce it; part of it is social wealth and is needed to provide schools, hospitals, housing and the range of other such social needs. Decisions over the allocation of this social wealth cannot be made by the direct producers alone; these decisions affect the overall relations of production, and as such they are political decisions that need to be made in more broadly representative forums.⁴⁹

In SAWCO part of the surplus generated goes to a social fund, which constitutes a form of 'social wealth'. The rest of any surplus goes into the general SAWCO pool. Decision-making over the distribution of both of these is vested in the CCC, in which all the SAWCO projects and the strikers are represented.

Thus, SAWCO not only prefigures democratic socialism in relation to democratic control of production, it also embodies an analogous distinction between different levels of decision-making; control over production takes place within each project; but the distribution of the surplus is decided at a broader level.

49. Innes, D. and Gelb, S: 'Towards a Democratic Economy in South Africa' in Third World Quarterly p571.

The question is, to what extent has SAWCO experienced the problems that have arisen from the social ownership model?

On some levels, it is too early to tell. There has not been a conflict of interests between investment and wages in any way comparable to the kind of problems in the Yugoslavian context; firstly, because capital equipment is still funded by donors and, secondly, because until recently there weren't really wages. The conflict over whether or not there should be can hardly be called a manifestation of a tendency to wage inflation. Nor can the issue of exclusiveness and a tendency to underemploy easily be assessed, because in a context in which no surplus is being made, it would not be economically rational to take on additional worker-members.

However, the difficult question of the most appropriate relationship between workers' control of the surplus they produce, and social control of social wealth was raised by the conflict over the issue of allowances. This issue also raised the problem of how to mediate the interests of different constituencies within the working class when it comes to the identification of priorities and the allocation of a surplus.

Thus, as argued, the original SAWCO structure embodied an objective conflict of interests between the strikers and the direct producers; because while the direct producers were represented by their office-bearers in the forums that allocated the surplus, the members of the projects did not have any direct control over what they produced. This inadvertently reproduced an aspect of the capitalist labour process, in that it could be argued they were alienated from the product of their labour, providing the material basis for their sense of alienation from SAWCO's structures, manifest in the transposition of factory structures onto the co-op. Furthermore, there was no relationship between workers' productivity and the material rewards they received. This easily translated into a sense that they were not being paid the value of their labour -that they were being exploited.

The contradictions that emerged from this highlighted the need to mediate the contradictory demands that are likely to emerge

between different levels of decision-making in a democratic socialist frame- work. Because on the one hand, the creation of social wealth is a prerequisite for building socialism; but on the other, there is a need for workers to have some degree of direct control over the surplus they produce - at the level of the unit of production. SAWCO's experience reflects Yugoslavia's experience, and reinforces the need to find a balance between the two levels of control.

The need to find this balance relates also to the question of productivity incentives. Because, while part of the rationale of building democratic worker control is to restore levels of self-fulfilment and motivation from work itself, income levels in our society do partly define the extent to which people are able to realise their human potential outside the workplace - in relation to access to education, to health, to a home, to the right to family life, and other such aspects of human self-fulfilment.⁵⁰ Thus, until society meets such needs on other terms, financial incentives will have to be reckoned with as a component of motivation, and one that cannot simply be reduced to materialism. SAWCO's adoption of a bonus scheme that links productivity increases to financial rewards reflects a recognition of this need in practice.

However, it remains true that while SAWCO members may respond positively to productivity bonuses, for those members interviewed, financial rewards alone do not take precedence over the desire to build democratic organisation of production, and they would not substitute the sense of fulfilment that this provides for a higher wage under the old factory conditions. This was most strongly articulated in the agricultural co-op. When asked whether they would take a job in a factory if they were offered more money there, the collective "hayi's" were clear before the translation voiced the consensus:

"No, we won't go, even if we get a lot of money, we won't go. Because it is most important for us to be in the co-op, because

50. In SA the primary determinant of these is racial, but within that framework access is defined by what you can afford to pay for.

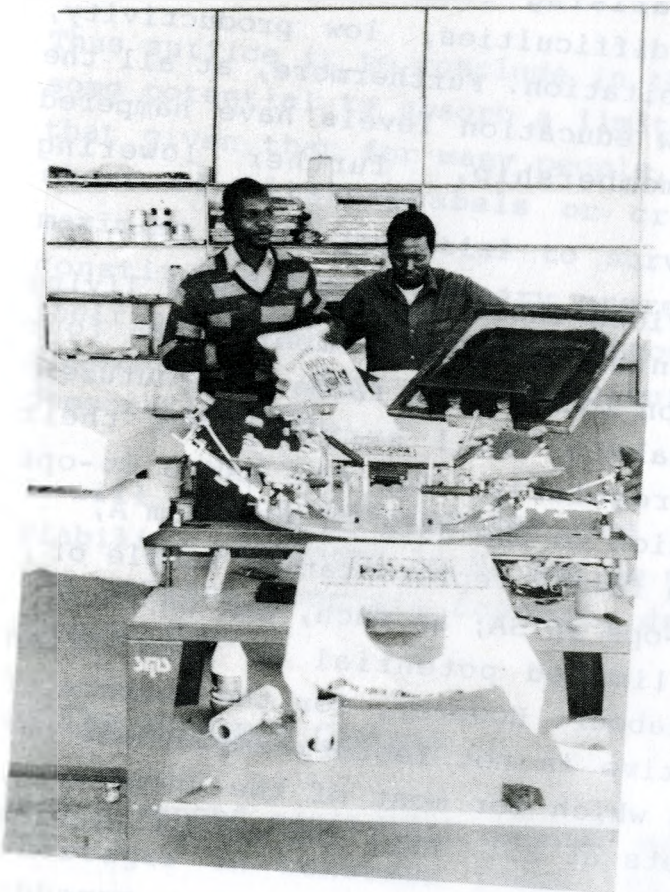
people in the community are looking to us to get potatoes, to get food. And this is our own job and we are the ones who decide; and here we are learning so much, we are learning how to grow, we are learning how to plant, we are learning about the books, we are learning about time-factor. So we won't go back to the factory.

"We are not like a dog eating a bone at the edge of the water, that sees another bone there on the water and thinks it looks better than the one he has got, so he jumps into the water to get that other bone and finds he has nothing. We are not like a dog after a bone. We won't go back to work in a factory. We will rather build our co-op."⁵¹

This commitment to the co-op seems to be reinforced by workers' conviction that what they are producing has a direct use-value for the strikers and the community.

Thus despite the problems faced, SAWCO has managed to build a democratic alternative to factory production that provides workers with the opportunity for self-fulfilment and growth through democratic control of production, on terms that not only provide lessons for other co-ops in SA, but that start grappling with the nuts and bolts of the terms of a feasible democratic socialism in SA in the future.

51. Interview with office-bearers of the agricultural co-op.



AT WORK IN THE SAWCO T-SHIRT CO-OP

CHAPTER FIVE: CONCLUSIONS:

This dissertation has looked at the potential for co-ops to create jobs, while at the same time strengthening and contributing to a broader process of democratising South African society. As has clearly emerged, their potential on both counts is contingent on their economic viability.

However, as discussed in Chapter Two, co-ops in capitalist society have faced a range of pressures, which arise primarily from the need to compete on a capitalist market, from a position of weakness in relation to the circuits of commercial, financial and industrial capital. From the discussion in Chapters Three and Four, it is clear that co-ops in SA also face these characteristic pressures and constraints; co-op collapse is common, degeneration is manifest, and those co-ops that do survive struggle economically. The case studies also illustrated some of the classic problems arising from these pressures: undercapitalisation, marketing difficulties, low productivity, uncompetitiveness, and self-exploitation. Furthermore, at all the co-ops except Nonthuthuzelo, low education levels have hampered effective control by the membership, further lowering productivity levels.

None of the co-ops visited provided their members with a living wage, although at R200 per month, Hulisani members earn four times more than the going rate on local white farms. Nonthuthuzelo and the carpentry co-op do make a small surplus, but their members receive an income irregularly; and the SAWCO co-ops currently make a loss. In relation to the data in Addendum A, these case studies constitute a fairly representative sample of the economic performance of co-ops in SA; as such, and on these terms, co-ops clearly have limited potential to provide an economic alternative to wage-labour. However, for the members of all these co-ops, the alternative is not factory employment but unemployment, in a context in which for most of the unemployed, there are no welfare safety-nets at all. Thus the co-ops provide

a means of survival. However, the scale on which they can provide for the survival of the unemployed remains a moot point.

The average co-op in SA has only eleven members, and their potential to make a quantitative dent in current levels of unemployment thus seems rather small. But despite the temptation to give a pessimistic reading in this regard, no long-term prognosis is really possible, given SA's limited experience on this front. Furthermore, the indications that the small business sector is a growth point in the economy has positive implications for the potential of a co-op sector, despite the monopoly domination of the economy.

In addition, examples from other countries such as Mondragon and Lega cannot simply be dismissed, and in Zimbabwe, over 800 co-ops have developed in the brief five years since national independence. However, in all these cases, conditions are very different from those in SA, thus limiting the value of any direct extrapolation.

Thus suffice it to conclude in this regard that co-ops do provide some potential to absorb a limited number of the unemployed, and that given that for many people, they constitute the last option short of kitskonstabels or crime, what is important is to maximise their potential to survive economically. This in turn constitutes the necessary prerequisite for co-ops to realise their potential to provide a democratic alternative to capitalist enterprise, and to contribute to broader processes of democratisation.

I will now contextualise the terms on which the economic viability of co-ops in SA can be maximised within an analysis of the current economic context, drawing from the discussion in Chapter One.

A. The Economic Context

SA's advanced capitalist economy means that there are few gaps or shortages in consumer items. SA is self-sufficient in most spheres - a self-sufficiency encouraged in anticipation of sanctions, and also as a means of keeping down the Balance of

Payments deficit. Thus there is little potential for co-ops to attempt import substitution - SA's only real achilles heel in this regard is in relation to capital equipment, which provides no opportunities for co-op production at present.

Monopoly industry dominates the South African economy, leading to a high organic composition of capital in most sectors, and setting the pace in terms of necessary labour time. In sectors where a degree of competition remains, it is all the more intensive. The high organic composition of capital is partly a result of worker organisation, which has placed limits on capital's ability to increase the extraction of absolute surplus value. In many sectors, worker organisation has forced wages up.

Capital has been concerned at the potential for such wage increases to jeopardise their competitiveness on the market, hence the vigour with which the Industrial Council for the furniture industry attempts to enforce the minimum wage-rates and working conditions to which its members have agreed.

However, although the South African economy appears to have few gaps, the nature of the political and economic crisis as discussed in Chapter One points to the uneven development of that monopoly economy. Thus while SA has many of the features of advanced capitalism, the nature of apartheid control over the townships has inhibited the development of the forms of collective consumption that Castells argues are characteristic of the urban sphere in advanced capitalism. Strict trading regulations have, until recently, limited commercial activity in the townships to a few under-equipped and over-priced general dealers. Thus the lack of social infrastructure is compounded by a lack of goods and services, and the kind of commercial decentralisation that has taken place in the white areas has simply not been replicated in the townships. Furthermore, South African industry has not attempted to meet the needs of the rapidly urbanising black population, and has instead focussed on expanding export and white middle class markets, despite the growing consensus in business circles that the black market potentially provides a different kind of South African gold mine.

The demand for a range of services in the townships was spelt out

in the survey done for the NBCU by Franks and Shane. Respondents in all parts of the country saw their townships as lacking in commercial facilities and infrastructure of all kinds; examples given included restaurants, hairdressers, dry-cleaners, laundries, and specialised shops from hardware to clothing.¹

This provides scope not only for consumer co-ops, but also for certain kinds of service co-ops - under which category laundries, panel-beating, upholstery, plumbing, electrical repairs, and a range of others fall. Many of these also fall into the Webbs' first category of small business - those that rely on skill, deal direct with private consumers, and have a relatively low level of vulnerability to retailers for their raw materials, or to wholesalers for marketing outlets. The Webbs saw co-ops in this small-business sector as least vulnerable to degenerative pressure or sweated conditions. Service co-ops are also the second most common form of co-op within Lega.

In sum, the key gaps in the SA economy relate to the needs and aspirations of township consumers. Co-ops may be well placed to fill such gaps, and although inward industrialisation policies are also premised on tapping this market, there are some products and services that big capital is unlikely to provide. At the same time, the inward industrialisation strategy aims to encourage small business, and aspects of the legislation in this regard may inadvertently also aid co-op development, by easing license restrictions and cutting through red tape. However, this also means that co-ops aiming at township markets are clearly going to have competition, both from a nascent but growing black entrepreneurial class, and from monopoly capital too.

Given that co-ops in SA are subject to the characteristic weaknesses in relation to the circuits of capital outlined by Fairclough, the need to compete is likely to give rise to degenerative pressures. Furthermore, the priority being given to the growth of small business means that there may well be a range of subsidies and loans available, but from quarters that would see degeneration as a logical development in a co-op, rather than

1. Franks and Shane p4.

a short-coming. The terms of the support offered to Thusanang by Get Ahead Ltd indicates that this process has already begun.

It is thus in this context that co-ops will have to survive economically and politically, and I will turn now to assessing the terms on which this survival will be possible.

B. Countering Collapse and Degeneration in South African Conditions:

1. Co-ops need protection:

The importance of state protection for co-ops in countering collapse and degeneration has been illustrated with reference to Mongragon and Lega. In both cases, the state provided protection from the pressures of competition with international monopoly capital, allowing national capital - and co-ops - to survive despite their inability to match the pace of necessary labour-time set by international capital. In Spain, Mondragon also received direct subsidies through tax perks. In SA, state intervention to protect democratic co-ops is unlikely, and in fact degeneration is likely to be encouraged. This means that the other factors that can facilitate survival and counter degeneration that were discussed in Chapter Two become all the more important.

Firstly, the weakness of co-ops in relation to financial capital was seen as giving rise to particular degenerative pressures. This raises the issue of capitalisation. Firstly, there appear to be new sources of finance for co-ops, from Shell and Mobil to the SBDC. However, these are likely to be politically controversial, and in the case of the SBDC, have high interest rates attached to them. Thus it is likely that co-ops emerging within the framework of the democratic movement in SA will largely rely on donor agencies for their start-up capital. This raises problems of its own, that I have not explored. However, given the importance of the CLP to Mondragon's success, further research into the viability of larger-scale credit unions in SA is needed. The organic growth of such credit unions out of stokvels in the townships is an indication that there is a base from which to build in this regard.

Secondly, the Webbs and Luxemburg argued that a 'tied' or protected market was a key factor in ensuring co-op survival, and could also relieve some of the degenerative pressures on co-ops. They argued that links to a consumer co-op could provide this protection. The importance of such links is illustrated by both Mondragon and Lega. In SA, the development of the Craft Association has also illustrated the importance of collective marketing networks, particularly given the craft co-ops' high degree of vulnerability to both wholesalers and retailers. However, there is no developed consumer co-op network in SA, and this is thus an area that needs to be explored further.

However, tied or protected markets can take other forms as well. In Chapter Two, I raised the possibility that in the South African context, the trade union movement and community-based organisations may be able to use their organisational networks to provide protected markets for co-ops, and to mobilise consumer support for them.

There is an extent to which the organised unemployed are banking on this support for the co-ops they hope to initiate. Thus, a member of the Soweto Local Committee of the UWCC expressed the following optimism in this regard:

"The community will buy from us. We know that. We organised the people not to buy during the consumer boycott, so now we can organise them to buy."²

I will now draw together some pointers that have emerged in relation to the potential of the 'solidarity' market to provide forms of protection for co-ops.

Firstly, it seems that the more closely co-op products are linked to the real needs of the members of trade unions or community organisations, the more potential organisations will have to mobilise a solidarity market for co-ops. As discussed at a Cosatu workshop for the NUWCC, this highlights the need for consultation around the nature of the product or service provided.

2. Interview with the Soweto Local of the UWCC.

How best to tailor goods and services to organisational needs and build the link between organised sectors and co-ops is the question, however. On the one hand, there is some potential to feed directly into the demands being made by organisations, and the NUWCC cites the demand for housing as an obvious example. This provides potential not only for the development of building-construction co-ops, but also for sub-contraction in relation to everything from clearing plots to making bricks or building door and window frames.

In relation to building-construction co-ops, it is only with the recent privatisation of township land that the possibility has arisen for these to operate without depending on contracts from the local authority, a factor which may partly explain why this is such an underdeveloped co-op sector in SA. However, as discussed in Chapter One, housing construction is intended to kick-start an economic upswing, and is also a central part of the NSMS upgrading strategies. Thus it is still an area in which there will be both steep competition, and potentially complicated political dynamics to deal with.

The NUWCC is also calling on organised workers to use their strength on the factory floor to create opportunities for the organised unemployed. Thus in an example of this, workers at a certain factory in Johannesburg won an agreement from management that the UWCC could set up a co-operatively organised catering service within the factory, which would entail daily contact between the co-op members and workers, and an ongoing relationship between the co-op and the trade union, thus building the unity between them, and reinforcing the co-op members' identity as part of the working class. This deal fell through however, because of complications over finances within the UWCC.³

The case in Springs in which the unions negotiated that the unemployed would clean their overalls is another example. While this is more a labour supply system than a co-op, its members see it developing into the latter, and it does highlight the

3. Interview with the Soweto Local of the UWCC

potential for the organised working class to use their strength on the factory floor to 'make space' for service co-ops of the unemployed.

These examples do not provide clear precedents, and raise more questions than I am answering here; but this approach is one being discussed within the NUWCC, and these examples highlight the need to explore the potential of such strategies to provide service co-ops of the unemployed with a form of tied market.

At a different level, SAWCO relies on the solidarity market and on the networks of the democratic movement to market its products. However, as discussed in Chapter Four, the t-shirt co-op and the agricultural co-op in SAWCO can rely on different degrees of protection. Thus the t-shirt co-op is to some extent protected from the need to compete with commercial silk-screen companies; but the agricultural co-op has to face capitalist competition head-on. As argued, people are unlikely to be prepared to pay more for daily needs such as food, whereas t-shirts are an irregular expenditure, and a few extra cents may thus seem like a small price to pay for worker solidarity.

The SAWCO t-shirt co-op also relies on organisational structures for its orders, whereas the agricultural co-op sells direct to the broader township market. As this is the market on which many co-ops will have to rely, I will turn now to assessing the extent to which it can be relied upon to buy co-op products rather than those produced by manufacturing industry.

For co-ops aimed at this market, the politicisation arising from the events of the last few years is likely to facilitate the popularisation of such projects; and the widespread use of the consumer boycott as a weapon has heightened people's consciousness of their consumer power. The boycotts included a 'buy black' component, but shops owned by community councillors were boycotted, and 'approved' shop-keepers were expected to support democratic organisation. Thus people in many townships have a heightened awareness of who profits from their purchases.

Furthermore, in the NBCU survey, most of the respondents listed support for co-operative ideals as one of their top three reasons

for supporting the idea of a consumer co-op. This indicates a receptiveness to co-ops that extends beyond the organised sectors of the community.

However, it is likely that the greater the level of organisation in a community, the easier it will be to mobilise consumers to support co-op products. But in the current climate, community-based organisation has been decimated.

Furthermore, it seems that the concept of the solidarity market has developed a double edge to it, and there is a certain expectation within some communities that co-ops can produce goods and services more cheaply than commercial companies - thus showing solidarity with the consumers. As a result, co-ops may find themselves under additional pressure to undercut commercial prices, intensifying the pressures on them. Furthermore, their lack of a capital base means that even where they do match these prices, they may be weakened by their inability to offer hire-purchase arrangements for large items such as furniture, or 'six months to pay' deals for items such as clothing.

Rather than competing with existing products, it thus makes sense to attempt to find real gaps in the market, through providing a product or service that is unique. Nonhutuzelo's plastic lounge-suite covers fill just such a gap.

Thus with rare exceptions, the consumer support for co-ops that can be mobilised through organisational structures is likely to be contingent on their ability to match or improve upon commercial prices and standards for their products. This points to an important distinction within the concept of a protected market - the distinction between protection that alleviates the need to match the terms of necessary labour time set by capitalist industry, and protection that provides preferential access to markets where co-ops do manage to compete on these terms. It is primarily the latter that organisational networks will be able to provide. However, while this does not allow co-ops to escape from the pressures of matching necessary labour time, competition on the market is also about competing for a slice of that market in order to realise a surplus. It is this headache that such protection can alleviate, as well as limiting

the costs of marketing, and protecting co-ops in relation to retailers.

The potential to mobilise consumer support will vary in relation to different products, and different levels of organisation. Thus locally-based consultation as well as economic feasibility studies are a prerequisite for any kind of certainty.

Finally, the argument in the section above has been premised on the assumption that co-ops are aiming goods or services at the needs of their own community. This link makes sense in an urban context, but the rural areas face different conditions, as argued in relation to the Pfananani co-ops. In the rural areas, the local market is quickly saturated, people's spending power is very limited, and there are few products that are in sufficient demand to provide an ongoing income for co-op members. In this context, the potential of the solidarity market is very limited indeed. Thus in these areas, producing a high-quality product for the white middle-class market may make more sense as a means of bringing outside revenue into an impoverished community, although this means that the co-op cannot rely on even the relative degree of protection discussed above.

In sum, because co-ops cannot easily escape the necessity to match the terms of necessary labour time set by capitalist industry, the tendencies to collapse and degeneration are likely to apply on the terms discussed in Chapter Two. However, where co-ops do manage to provide a product or service that ties in with organisational demands, that fills an unmet need in a community, or that matches commercial prices and standards, democratic organisation may well be able to provide preferential access to markets, and in that sense, provide a form of protection from market competition.

This means that for co-ops, there are economic advantages to maintaining links with democratic organisations, and for being identified as part of that broad movement. This in turn provides a material basis for minimising the tendency to degeneration, as well as providing a basis for consistently reinforcing co-op members identity with a broader political movement, thus mitigating against the development of the

'collective egoism' discussed in Chapter Two.

2. Developing Appropriate Structures of Ownership:

The importance of the political consciousness of the members in countering degeneration has been identified. However, even where co-op members have a common experience of struggle, this is no guarantee that they will retain a sense of political identity with a broader political movement; because as the Thusanang experience shows, this identity can easily break down unless it is reinforced, allowing for degenerative trends to emerge. As indicated in Chapter One, the NUWCC is concerned to ensure that any co-ops that it initiates remain democratic, and remain part of a broader political programme.

This raises the debate over the appropriate relationship between co-ops and other democratic organisations, an issue which hinges partly around the question of the most appropriate structures of co-op ownership, and the extent to which these can or should constitute a structural counter to degeneration.

Each of the case studies in this dissertation has a different form of ownership. Nonthutuzelo is the only co-op based on the classic model; Pfananani's assets revert to Wilgerspruit if it is disbanded; and SAWCO's structure constitutes a form of social ownership. Thus in the latter three cases, the form of ownership does constitute some kind of structural counter to degeneration, although the terms of this vary.

In each of these co-ops, the form of ownership bears some organic relation to the terms on which the co-op started, the ways in which it was financed, and the consciousness of the members. Thus Nonthutuzelo is in a sense unusual in that its capital was raised entirely from amongst the members, and in that sense they do collectively own the co-op. Whereas at SAWCO, the capital used to build the co-op is based on donations that were intended as contributions to a workers' struggle, and the co-op does not therefore 'belong' to the individual members who work there, but is premised on a broader accountability. The relative merits of different forms of ownership need to be assessed in establishing co-ops, but within a framework that recognises the need for a

degree of flexibility and ongoing assessment; because as discussed, all of the above structures give rise to contradictions of their own.

Furthermore, the relationship between forms of ownership, levels of motivation and the growth of collective responsibility in a co-op remains a debate, but one with real effects on co-op productivity. Ishzaken argues that in marginal communities, it is a sense of ownership, not simply of control, that provides the basis of a sense of collective responsibility. This may well be the case where co-op members do not have any particular commitment to building workers control per se, and highlights once again the importance of member motivation in defining co-op direction. However, where co-op members do have an explicit commitment to building the co-op as part of building democratic control of production, there may be potential to build a sense of collective responsibility on the basis of democratic control rather than of juristic ownership, thus coming closer to anticipating socialist relations of production. However, at SAWCO, the form of social ownership that developed meant that workers did not in fact control the product of their labour in any direct way, which gave rise to forms of alienation.

What this points to is that the structures and forms of ownership must take cognizance of the consciousness of the members, and the origins of the co-op. Furthermore, to quote Nove on social ownership again:

"The important point is by trial and error to devise a pattern of personal interest which would incline the workforce to support economically (and socially) efficient decisions."⁴

In doing so, there is a need to avoid establishing structures that inadvertently embody an objective conflict of interests, as was the case at both Thusanang and SAWCO, where such a conflict of interests provided the material basis for divisions to emerge within the co-op.

In both cases, this conflict of interests hinged around the issue

4. Nove p217.

of the distribution of the surplus. At SAWCO, the issue also highlighted the extent to which material incentives constitute an important component of motivation. This was also clear at Hulisani, where the decision to move off a piece-work system led to a dramatic drop in productivity.

However, structures alone can't prevent conflicts emerging within a co-op, and at all the co-ops, a sense of group identity was seen as crucial to building the trust that is necessary when everyone's survival depends on collective responsibility. In most of the co-ops visited, this identity was facilitated by the fact that the members had shared hardships before, had fought struggles together, and were bound together by a common ideological commitment. Where such common experience does not exist - as at the Pfananani co-ops - there is a need to build it. This point is important if co-ops are going to be started amongst unemployed workers who come together because they need a job, but have no common basis to weld them together beyond that.

3. The Role of Internal Organisation:

In the final analysis, the mechanisms discussed above for ensuring co-op viability are irrelevant if the co-op is unable to organise production as effectively as possible within the framework of the objective constraints faced. And many co-ops face difficulties in relation to the democratic organisation of work.

Firstly, the issue of work-discipline remains a problem that limits productivity, and finding a balance between building a more humane working environment and becoming inefficient is not easy. The role of democratic management remains relatively undefined. Thus at the Pfananani co-ops, the members still tend to regard management functions as a waste of production time; at SAWCO, the role of the office-bearers has been controversial, with members of the t-shirt co-op accusing them of being unaccountable, while most management functions are still performed by the skilled staff; and at the carpentry co-op, they are attempting to rotate these functions, but not very successfully. Rotation seems to work well at Nonhutuzelo, partly because the co-op is so small, and partly because all the

members have relatively high levels of education, which simplifies the process.

The issue of skills and education levels is a key one; the ability of co-op members to control production in the full sense of the word is often limited by a lack of education and skills, which also limits productivity. This lack constitutes a pressure on economic viability, as well as facilitating the centralisation of control. This highlights the importance of education processes - starting with the development of literacy and numeracy skills - as a necessary component of countering co-op collapse and ensuring democratic control.

C. Building a Democratic Alternative:

There are clearly no simple formulae for building viable co-ops. But it is in grappling with these problems that co-ops potentially move beyond being merely a survival strategy, and make their most important contribution to strengthening broader processes of democratisation in our society. Because in the process of grappling with the difficulties of building democratic control of economically viable production units, they can provide key insights into the terms of a feasible socialism in the future.

Co-op members are also being empowered to take control of their lives with effects beyond the co-op.

In this sense, their participation and control provides the basis for a broader political efficacy. In contexts where democratic organisation has been thoroughly crushed, the co-op may provide one of the last avenues for this experience.

In the process, co-ops can provide their members with a sense of self esteem, and allow them to come closer to reaching their full human potential. This is in direct contrast firstly to the alienation that arises from undemocratic and hierarchical production relations in the traditional firm; and secondly, it is in direct contrast to the characteristically disempowering psychological effects of unemployment. Furthermore, in several cases, co-op members indicated that by building the co-op, they

have earned the respect of their community. Thus for the organised unemployed, co-ops have the potential to help overcome social rejection, thus minimising their social alienation and its divisive effects.

In this process, co-ops are building a very different form of organisation of work, and one specific to the complex conditions of SA's social reality, and integrated into the struggles to transform it. As such, and albeit on a limited scale, they nevertheless provide an alternative to the traditional capitalist enterprise in SA, and one that poses the possibility of a future society in which democracy is not only extended at a political level, but at an economic level too.

The growth of such a challenge to the traditional firm has potentially important implications in the current South African context. Capital formation in the black community is still minimal; but developing a black business sector is seen as a priority by both capital and the state. The development of a vibrant small-business sector in the townships is seen as making a key contribution to an economic upswing, to job creation, and to wooing black support for the free enterprise system. To the extent that co-ops develop as part of the growth of a small business sector in the townships, they have the potential to shift the terms on which this development takes place. Because to the extent that prices and quality are equal, co-ops have the potential to pose a direct and concrete alternative to small businesses that are developing within the framework of the traditional firm. As such, and although they are unlikely to be the predominant form of small business that emerges, they have the potential to add an extra component to the terms of competition in the townships, by setting the pace in relation to issues of community accountability, community service, and support for broader processes of democratisation, and by putting these on the agenda for the small business sector as a whole. This has potentially important implications for the development and consolidation of class alliances in the community. And in the process, co-ops have the potential to win broader support for economic democracy.

However, establishing a democratic economy in SA is a long way

away, and the struggle being waged in SA at present is a national democratic one. However, the seeds of a future socialism are nevertheless being planted in the present; and to the extent that these seeds start to grow in the course of national democratic struggle, they have the potential to influence the terms of a future democratic SA. Because the terms on which a future democratic SA is built will be crucially affected by the balance of class forces both within the national liberation alliance, and in society at large. Co-ops are unlikely to constitute the defining factor in this balance of class forces. But to the extent that they are politically and economically viable, they have the potential to put democratic control of production on the agenda as a real possibility, as well as providing practical lessons and experience in this regard. In this way, they can help maximise the potential to extend social ownership and democratic control of production within the framework of what is likely to be a mixed economy in the future.

However, within the framework of such a mixed economy, there will be potential to extend certain forms of economic democracy in SA. This potential is highlighted by the demand in the Freedom Charter for the nationalisation of the mines and monopoly industry. Such nationalisation can either allow for the growth of democratic workers' control, or it can lead to dependency and bureaucratisation. If the potential to build the former is to be realised, then a vast amount of practical experience will be needed. Co-ops are unlikely to be able to provide the advanced technical skills that will be needed in this regard; but they may be able to offer a wealth of practical experience of workers' control of production that can provide a basis on which to build. Because by grappling with questions about the forms of ownership, the distribution of the surplus, the relationship between productivity and material incentives, collective responsibility and discipline, the role of democratic management, questions of expansion and investment, marketing and competition - co-op members are developing an understanding of production relations in society that capitalist industry denies to workers.

However, co-ops in SA today are fragile and underdeveloped. One of the problems in making them viable is that they are being built on the margins of the economy, amongst the most

disadvantaged and desperate sectors of the community. Their role in the short term is primarily defensive, as a rear-guard against the worst ravages of capitalism under apartheid. This means that if they are to survive, let alone maximise their political potential, they will need a range of forms of protection, support and servicing from within the broad framework of the democratic movement in SA. Unless this challenge is met, co-ops in SA may well be doomed to follow in the melancholy footsteps of so many of their predecessors around the world.

ADDENDUM A

Production co-ops in South Africa:¹

| <u>Name</u> | <u>Product</u> | <u>Age</u> | <u>No. of members</u> | <u>Income per month</u> |
|----------------------------|--|------------|-----------------------|-------------------------|
| PWV AREA: | | | | |
| Zakalene | Sewing | 1987 | 7 | |
| Nthutuko | Sewing | 1983 | 4 | R15 |
| Imizamo Yethu | Sewing | 1987 | 15 | R150 |
| 16 Groups | Sewing | | | |
| Ukukhanya Candles | Candles | 1977 | | |
| Thandaza Rosaries | Rosaries | 1987 | 5 | R120/R280 |
| Sikhaya Building Co-op | Building | | | |
| Arethusaneng | Bookkeeping, carpentry | 1987 | 5 | |
| Amandla Esizwe | Printing material | | | |
| Tsakane Candles | Candles | | | |
| Riverlea Candles | Candles | 1986 | | |
| Thusanang (Brits) | Sewing | | | |
| Thusanang (Brits) | Brick-making | | | |
| NORTHERN TRANSVAAL: | | | | |
| Siloe Blind Workshop | Cane Products | | | |
| Tiakeni | Silkscreen fabric | 1979 | 23 | |
| Twananani | Block Print Fabric | 1983 | 26 | R70/R140 |
| Hulisani | Weaving | 1974 | 27 | R140/R200 |
| Khwatelani | Knitting, Spinning | 1985 | 19 | R100/R140 |
| Rivoni | Coffins, woodwork, bible covers, coat hangers, poultry, fencing. | | | |
| Olifants River Mission | Weaving | | | |
| Kangwane (E.Tvl) | 3 Sewing | | | |
| NUM T-shirts (Phalaborwa) | T-shirt silkscreen printing | 1988 | 50 | |
| Mafefe Youth Congress | Fencing | | | |
| ORANGE FREE STATE: | | | | |
| Itsoseng | General Projects | 1981 | | |

1. For a more complete and updated list, see Bridge 1989: An Index of Organisations at Work in South Africa, published by the Human Awareness Programme, PO Box 95134, Grant Park, 2051, Johannesburg.

EASTERN CAPE:

| | | | | |
|---|--|------|----|-----------|
| Co-op Development and Marketing Phumuzeluntu Zamani Sewing Industries | Handcrafts Sewing | | 32 | R100 |
| 9 PESHDA projects | Upholstery | 1980 | 4 | |
| | Home decoration, tailoring, printing etc | | | R280/R400 |
| Nonthutuzelo | Upholstery | 1986 | 6 | R70 |
| Zikhulise | Traditional Xhosa Sewing | 1976 | 9 | R70-R140 |
| Vukuzenzele | Sewing | 1987 | 3 | R150 |
| Zama | Sewing | 1982 | 8 | R150 |
| Elethu Bricks | Bricks | 1987 | 17 | |
| Masakhane | Sewing | | 5 | |
| Bandlakazi | Sewing | 1977 | 7 | R150 |
| Ms Enterprises | Sewing | | 8 | |

WESTERN CAPE:

| | | | | |
|----------------------------------|----------------------------------|------|----|--|
| Montagu-Ashton Community Service | Carpentry | | | |
| Atlantis Sewing Co-op | Sewing | | | |
| Nonkululeko | | | | |
| Vukuhambe | Sewing | 1987 | 9 | |
| Vukuhambe | Handcraft | 1987 | 7 | |
| Nomosh | Sewing | 1985 | 12 | |
| Lotus River Sewing Club | Sewing | 1987 | | |
| Launisma Enterprises | Mechanical Repairs, construction | 1986 | 20 | |
| Masifundise Sewing Project | Sewing | 1985 | | |
| Prodcom Woodworkers Co-op | Carpentry | 1982 | | |
| Phaphama Sewing Sisters | Sewing | 1987 | 6 | |
| Grasyd | Plumbing/electrician | 1987 | 9 | |
| Sizeko | Mechanical repairs | | | |

NATAL:

| | | | | |
|-----------------------|---------------------|------|----|------|
| Sarmcol Workers Co-op | T-shirts | 1985 | 18 | R200 |
| Ikusasaletu | Sewing, knitting | 1985 | 15 | |
| Gugulethu | Sewing | 1979 | 9 | |
| Zamokuhle | Sewing, pots beads | | 26 | |
| Themba Lethu | Sewing | | 12 | |
| Zamani Beads | Beadwork | | 38 | |
| Mdukutshani | Beadwork | | | |
| Springvale | Beadwork, grasswork | | | |
| Ngesandla Zethu | Grasswork | | | |
| Zulu Crafts | Crafts | | | |
| NUEPFCOR | Carpentry | 1987 | 5 | |
| Carpentry | | | | |

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