

TRADE UNIONS as CDA'S?



**Co-operative
Solutions**
ideas into practice

1. Introduction

This paper was first written in 1991 by Martin Strube (then of Northants CDA) and Tim Pearce (then of London CRS, now, sadly, deceased). It was intended as a discussion document within the wider TU movement. Its purpose was to broaden TU awareness and appreciation of what co-ops and the co-op movement have to offer.

It didn't have much impact then, but the points raised are still valid.

2. TU's are a Logical Response to an Illogical Proposition

The basic proposition of the Western economic model is that capital, the driving/creative force behind the "success" of the western economy, hires labour and "takes the risks". That is to say, capital stakes itself against the risk of total loss. Its reward is the chance to multiply itself infinitely. There is no defined limit to "profit" in terms of return on "risk".

Labour, on the other hand, is offered steady work, "security", protection from the vagaries of the "risk" taking world. In exchange for this "security", labour forfeits its right to any stake in the infinite multiplications of profit. It is deemed that labour chooses to plod along content in its security and preferring not to trouble itself with the high thought and stress of swashbuckling "risk" taking.

This proposition is, of course, nonsense. The distinction between capital's risk-taking and labour's security is totally false.

For one thing, labour IS taking the risk as well. If things go wrong, labourers lose not only the work and the income, but also the investment they have made in terms of time, training, living arrangements, and social setting. Loss of a job is deemed by profiteers to be neither a "loss" in the normal sense, nor a legitimate aspect of the initial "gamble". What labour stands to lose simply doesn't appear on the balance sheets of capital.

For another, the "risk" taken by controllers of capital is very often hugely exaggerated. It can be seen that much of the "risk" taking is actually stifflingly cautious and usually associated with enough safety clauses to eliminate stress from executive lunches. Capital, as every small business person who has negotiated with their bank manager knows, takes as little risk as humanly possible. The term "free market" is an insult to the intelligence (see JK Galbraith - 'The Myth of the Market'). Some of the busiest speculators in the "City" have nothing whatsoever to do with new ventures. The great majority of them are simply speculating on the backs of established businesses.

In responding to labour's need to organise to protect itself from the wilder vagaries of capital gambling, Trade Unions have provided a substantial historical bulwark. They have established themselves as illustrious and effective protectors of their members in an industrial system based on unfettered speculation.

However, because the initial distinction between the roles and rewards of capital and labour can be seen to be nonsense, the Trade Union's evolving role in response to this situation can be seen to be tragically wedded to that nonsensical distinction.

That is to say, Trade Unions, in their current role, can be seen to depend on the false distinction to the same extent as capital. If the false distinction between capital and labour disappeared, many TU officials would feel threatened, undermined.

3. Co-ops as "Hirers of Capital"

Worker co-operatives also have an illustrious history of providing protection from unfettered speculation - but in a different way. They have side-stepped the nonsensical distinction between capital and labour by recognising the risk-taking of labour and eliminating capital's

claim to infinite reward. They have done this by organising labour to HIRE capital - at a fixed rate - and to RETAIN CONTROL of the venture.

The co-operative strategy has not prospered as well as the Trade Union response for a number of reasons. Crudely, they break down as follows:

- a) Rapid proliferation of business based on the nonsensical distinction: This created a rapid proliferation of the NEED for protection based on that distinction. Trade Unions were best placed to provide it, and all their energies have been devoted to this task to the exclusion of other strategies.
- b) Hostility from economic powers: Co-ops have historically suffered from discrimination at the hands of banks, economic institutions, and successions of predominantly conservative governments. All the funds slowly centralising around the biggest speculators are drawn away from co-operative investment simply because co-operative investment cannot contribute to the infinite rewards and centralising power which these big speculators require.
- c) The "lame duck" approach: Co-ops have often been used as humanitarian afterthoughts applied to businesses already seriously collapsing. This has created "bad press", even among people normally supportive of co-operative enterprise. The "Benn" co-ops of the 70's were classic examples.
- d) Misunderstanding from the rest of the Labour Movement: There exists in the minds of many Labour and Trade Union activists the fairly plausible idea that worker co-operatives do not have a place for Trade Unions. After all, as this argument goes, if the workers are the employers, they don't need a Union to fight for their rights. In fact, this is far from the truth. There are many instances of Unions supporting co-op members in cases where the majority have, for varying reasons, discriminated against them. TU's also have a lot to offer in terms of advice on Health and Safety, on employment law, on contracts, even, through Unity Trust, on finance.

It is important to note that the co-op approach of hiring capital provides more stability and security for the workforce. This is because, even if profitability is down, as long as wages are being paid and loans are being serviced, the business is still worth maintaining. There are no distant shareholders clamouring for ever higher dividends in exchange for economic loyalty.

This stability factor should be a strong selling point in dealings with Local Authority economic development staff. These people should have an interest in assuring that the fruits of their efforts don't up and leave the Local Authority area as soon as a better scheme appears in some other part of the world. People who control their place of work are less likely to abandon their roots in a community at the drop of any financial whim that passes by.

4. Lateral Thinking

Why don't Trade Unions themselves become involved with the "hiring of capital" as part of their overall strategy?

We've already seen the formation of the Unity Trust Bank, the issuing of credit cards to members, the offer of retail discounts as an inducement to membership. It is clear that TU's are, in some degree, recognising the importance of a closer interest in the economic activities of their membership. After all, why should Barclays prosper from TU members?

But it could be argued that the TU's have not gone far enough in their reasoning in this direction. They maintain colossal pension funds. They keep a healthy liquidity in the event of industrial action. They have education and training and marketing budgets. They maintain wide ranging legal services. They have resources for keeping democratic lines of communication open.: And yet they don't entertain the idea of provision of capital and resources to members who are facing the sack or redundancy and might like to consider creating and controlling their own work - even if they are doing so in the form of a collective endeavour such as a co-operative; even if they express a willingness to stay in membership of the union.

It would appear that the reasons why TU's don't do any of the above are that:

- a) they still haven't understood or refuse to acknowledge' the fatal flaw in their purpose, and still maintain a narrow view of their own purpose as being essentially defensive,

- b) they still associate co-ops with declining TU membership and as a threat to standards of terms and conditions,
- c) they suffer from the inertia and resistance-to-change of all large organisations, and
- d) we in the co-operative movement have failed abysmally to persuade them otherwise.

5. History Intervenes

In many ways, of course, TU's were [at the time of writing – 1991] already dramatically shifting ground. Over the previous decade, harsh Thatcherite reality forced TU's to reconsider their positions deeply. Old tactics appeared to be less effective; new tactics had to be explored. At the time, some, like NUPE, recognised that the quality of their internal democracy left much to be desired and set about trying to overhaul it with education programs and grassroots initiatives. Some, like the GMB, began to look for new members among the self-employed - previously seen as a contradiction in terms.

More attention is paid to legal services and even financial advice. Most TU's now offer help & advice upon redundancy -- if only to stem the loss of members.

The crisis in the Trade Union movement could be seen, as with all crises, either as a threat or as an opportunity. The danger is always that the looming vision of the threat is allowed to obscure the very real opportunities. The changes forced on the movement by the relentless hammering of hostile legislation can be diverted to good effect. The momentum generated could be used by the cooperative movement to re-assert itself, in close conjunction with the Labour and Trade Union movement, and to re-establish some of the constructive fundamentals of the co-operative outlook

6. New Initiatives by Trade Unions The UCW story:

The Union of Communication Workers, which represents most staff at British Telecom, faced the threat of the hiving off of various sections of BT operation such as cleaning and staff catering. UCW set about enabling their members in the threatened sections to form co-ops and to submit bids for contracts. A "unit", headed by Assistant General Secretary Pat Dwyer, was set up specifically to do this. So far, four have been set up and more are planned. UCW has been assisted by local CDA's and by ICOM.

Other TU's:

GMB has publicly supported the co-operative cause with its support for the setting up of Plymouth CDA and with its publication of pamphlets helping to explain co-ops to members. The T&GWU has also made positive moves. Publishing Malcolm Lynch's book on ESOP's and ECOP's is only the latest. Both these giants have problems with their "public face" and private activities. Opposing privatisation is an important part of their visible policy. They feel that overt attempts to form co-ops would be interpreted as caving in on their principles.

The Welsh TUC has been very supportive of the co-operative cause. Their instrumental involvement in setting up the Co-operative Centre shows a real breakthrough in TU thinking.

- Martin Strube (Northants CDA) and Tim Pearce (London CRS) August /91
Both the authors are long standing Trade Unionists.

NOTE: In 1995 UCW merged with the National Communications Union to form CWU. In 1993, NUPE merged with NALGO (the National and Local Government Officers Association) and COHSE (the Confederation of Health Service Employees) to form UNISON.