

## **NUM Worker Coops Are Dead! Long Live Worker Coops!**

Kate Philips's recent article about the viability of worker cooperatives in South Africa attempts to immunise her perspective from critique by, on the surface, arguing from the standpoint of a grounded practical understanding of what can work in present-day South Africa. This is reflected in the title of her article: "A Reality Check-Worker Coops in South Africa" and her general argument which is suffused with a scepticism about worker cooperatives. However, unknown to most is that there is a disconnect between the past NUM cooperative experience (1987 till early 1990s) and present-day South Africa, because Kate Phillips speaks to us from outside the struggle to build cooperatives today: realism in her perspective is actually abstract prescription without being genuinely self critical about the past. This will be shown more clearly in the rest of this response.

### **The History of South African Cooperatives Versus the NUM Experience**

We should not make the mistake of reducing the NUM experience of worker cooperatives to being the defining moment for worker and other types of cooperative development in South Africa. Kate Phillip lays out her argument in this way. In a recent attempt to compile a comprehensive list of all publications about cooperative models and practices in South Africa the Cooperative and Policy Alternative Center (COPAC) has found 110 publications. Documented by institutions like SALDRU and Koinonia Center amongst others, this list of publications tells of attempts to build worker/producer cooperatives in the 1970s and 1980s, long before the NUM experience. Moreover, during the militant 1980s, besides union attempts at cooperative development, community initiatives to build worker cooperatives like on the Cape Flats were also taking place and were documented. Many of these research publications also point to experiences of non-worker cooperatives engaged in finance, housing, agriculture and so on. Many publications on this list also point to the problems and challenges that non-worker cooperatives were experiencing under conditions of apartheid and state repression. This is important because Kate Phillips tends to suggest that non-worker cooperatives (credit unions, housing, consumer cooperatives and so on) are almost without problems and hence more viable than worker cooperatives.

Another striking feature of this comprehensive publication list is that South Africa has a long and rich history of cooperatives. This history shows racial division given our past. However, the duality of white and black cooperatives should not take away from the need to learn from the entire history of cooperative development in South Africa. The oldest cooperative established in the white community was formally registered as the Pietermaritzburg Consumers Cooperative in 1892. In addition, the documented history of black cooperatives seems to go as far back as 1906. Currently, a committed activist at the University of Kwazulu-Natal is writing up a history of cooperatives in South Africa and her work is revealing a critical role played by Mahatma Gandhi, priests and later on Govan Mbeki and Dora Tamana amongst others in promoting cooperatives in the first half of the 20<sup>th</sup> century. To ignore this broader history and what it means for building worker and non-worker cooperatives in present-day South Africa, means we are denying an attempt to learn from successes, failures and mistakes made during a racialised but

common history. Most importantly, it means we reproduce a racial duality in the present, something that is also implicit in the logic of Kate Philips's argument.

### **Throwing the Baby Out With the Bath Water**

One of the main problems raised by Kate Philip against worker cooperatives relates to the nature of their management structures. In particular, she highlights the failure of the NUM cooperatives to 'delegate managerial authority'. This is an important point. However, let us not assume that all South African worker cooperatives then and now work with the NUM model of self management. The problem of failed internal management in these 30 NUM worker cooperatives is just that: a failure of the 'NUM model of worker cooperatives' and not a problem of worker cooperatives in general. Moreover, the lack of clarity on asset ownership in a worker cooperative suggests more a short-coming in Phillips's understanding of cooperative principles as defined in the South African legal framework and internationally .

The legal definition and principles of a cooperative are very straight-forward about ownership: assets of a cooperative are 'jointly owned'. The assets are indivisible and not linked to member share contributions. In other words, the capital sourced from a member contributes to the internal capital pool of the cooperative and on leaving the member is paid the value contributed – this has nothing to do with asset values and even 'profitability' in the cooperative. The flip-side of this question of ownership relates to whether an asset of a cooperative can be sold and whether members can individually benefit from this. An asset of the cooperative whether donated or purchased is the asset of an independent, legal entity – the cooperative - with full powers in the law to deal with the sale or purchase of assets according to its constitutional principles or bye-laws. In most instances, these provide for a decision-making procedure normally a special vote amongst members to dispense with the asset and its proceeds. This is not confusion in the worker cooperative model, as Phillips suggests, but the minimum required to maintain the genuine identity of a cooperative and to distinguish its institutional form.

However, in the real world no matter how intelligently the management arrangements and ownership principles are institutionalised, a host of other conditions internally and externally could conspire against the success of a cooperative. Hence the issues raised by Philips in relation to the NUM worker cooperatives force us to ask deeper questions about how these cooperatives were designed, capacitated and institutionalised as a model. In this regard Philips's version of what went wrong with the NUM cooperatives is clearly incomplete: it hides more than it reveals. It prompts the following questions: (1) Was there sufficient thought given to the institutional arrangements such that self-management was institutionalised in an efficacious way (it is not enough to refer to Italy and Spain now as 'best practice')? (2) Was proper education done with members about collective and member rights such that member understanding and discipline was achieved? (3) What was the role of the union in this situation? Did it assist or impede the development of the cooperatives? (4) What mistakes did the NUM and the Mineworkers Development Agency make in this process? (5) How did the state respond to the NUM cooperatives? In short, let us not generalise about worker cooperatives in South Africa, including their

limits and potential, based on the NUM experience, especially, and without understanding in a rigorous and honest way the particular contextual factors that might have contributed to its failures.

### **New Context, New Conditions and New Challenges**

Another disturbing aspect regarding Phillips's argument is how she selectively appropriates a part of a COPAC research report to suit her argument. The 2005 study done by COPAC finds conclusively that most cooperatives in Gauteng were initiated by the state and state support in crucial areas like finance, training and access to markets, for example, was not forthcoming. This COPAC study recognised that even under and because of post-apartheid conditions, that the state had to be brought into cooperative development. It was recognised that given the poverty and underdevelopment facing most communities the state was crucial in providing the necessary enabling conditions for cooperative development. However, based on the research evidence it was very clear that the state was not complimenting autonomous cooperative development in the name of BBEE, but instead was failing to be responsive to the start –up and growth needs of these cooperatives. It was actually pushing these cooperatives back into poverty. Kate Phillips does not recognise this bigger argument and conclusion of the COPAC research report but merely works with the observation about cooperatives failing (including worker cooperatives). Her failure to go into the explanation within the report also reflects her disconnect from current realities around cooperative development.

Further, she fails to recognise that post-apartheid cooperative development is happening in the context of important state policy and legal reform being put in place for cooperative development. Despite some weaknesses, this overall framework for cooperative development is progressive and affirms three crucial assumptions: (1) the state will compliment cooperative development in an enabling way; (2) cooperatives have a distinct identity from other forms of social or economic enterprise; and (3) cooperative development requires a cooperative movement from below. During the time of the NUM cooperatives this kind of policy support framework for cooperatives did not exist. At the same time, the South African cooperative development policy framework reflects a global shift towards affirming the genuine identity of cooperatives as distinct from capitalist businesses or state controlled enterprises. In this regard COSATU's role in securing this framework through national policy-making processes and international engagements are crucial. This includes ILO processes which produced a revised standard for cooperatives encapsulated in Recommendation 193 (2002).

To make the post-apartheid cooperative development framework work the assumptions underpinning this framework have to be realised. Currently, and as implementation is taking place short-comings are also coming through. In this regard, training for cooperative managers and more specialised training for cooperatives is not provided for. These needs for cooperatives are getting lost in the SETA system and therefore there is a need to enhance the policy support framework through a national cooperatives college, for example. In addition, the racial integration of the cooperative sector is inhibited by the BEE approach. In many instances the cooperation pattern from below between black and

white cooperatives challenges a 'BEE approach', from the standpoint of 'cooperative empowerment'. Also tax reform for post-apartheid cooperatives including worker cooperatives has to be seriously thought about, amongst other challenges, to improve what we have.

## **Conclusion**

There are many positive opportunities and exciting challenges facing worker and non-worker cooperatives in post-apartheid South Africa. Increasingly our debates about cooperatives must speak to these opportunities and challenges while being informed by history and the ongoing struggle to defend the genuine identity of cooperatives. Trade unions and the working class more broadly, need to claim the post-apartheid cooperative development framework as theirs, grounded in the experiences of the NUM cooperatives and more. In doing this we have to recognise that cooperatives, of whatever kind, have both strengths and weaknesses. Kate Phillips has a lot to teach us about these, but she also has a lot to learn as we struggle to deepen the conditions for successful post-apartheid cooperative development.

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