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CO-OPERATIVES AND SOCIALISM

Some Perspectives on Co-operative Management

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The democracy that socialism offers is one that is based on a reintegration of the 'economy' into the political life of the community, which begins with its subordination to the democratic self-determination of the producers themselves (Wood, 1981:20).

'Politics' and 'Economics' — The Mystifications of Bourgeois Ideology

Bourgeois society is able to offer widespread access to 'democracy' — political rights — because the coin it is offering has been debased. Wood argues in her article that this debasement is founded on capitalism's characteristic separation of the spheres of the 'political' and the 'economic'. This effectively means 'the separation of communal life from the organisation of production, and political life from the organisation of exploitation' (Wood, 1981:14). Capitalism as a specific mode of production, she argues, is not based in the last analysis in the political sphere but determined by the economic. She then goes on to argue that certain social movements, whose struggle is based around questions of political or social oppression, are not *necessarily* anti-capitalist in their dynamic.¹

Of course the argument cuts both ways. It proposes that struggles that commence in the realm of the economic are (also) not thereby automatically excluded from the political terrain. It is clear, for example, that trade union struggles around wages and working conditions (essentially the sphere of the economic) are not thereby *necessarily* excluded from developing into political struggles, that struggles against capital can develop into a struggle against capitalism. However, neither is this political development automatic with a working class politics developing spontaneously from workers' struggle on the factory floor.

Let us for a moment transpose this framework onto the arena of co-operatives. Some explanations of co-operative development claim that the very nature of the relations of production within a co-operative is in and of itself a

challenge to capitalist relations of production. This is the equivalent of the 'spontaneist' or 'economistic' notion in relation to trade union struggle (Lenin, 1961). Other writers suggest that it is necessary to superimpose a 'politics' onto co-operatives. This 'politics' often consists in a largely rhetorical sloganising about 'socialism' so that the most important task lies simply in the arena of ideological interpretation.

I will argue in this article that neither of these positions is correct. The 'politics' of co-operatives must be generated out of their internal life, in a long and grinding struggle to build the material conditions inside a co-op for real control of the whole process of production. From this struggle emerge concrete experiences which can be fertile ground for the drawing of important political lessons about the nature, process and relations of production. It is these lessons, drawn from the co-operative struggle and disseminated through the broader workers' movement, that are then able to link co-operatives into the general class struggle.

I say intentionally that this *can be* fertile ground, because the drawing of these lessons is not something which occurs automatically. On the contrary, it raises the question of conscious political agency. It then becomes necessary to begin to delineate the role of the activist who works to develop the real productive life of the co-op while also drawing out from it the political lessons.

Labour hires Capital

So what is the experience of a co-operative which contains these political lessons? In a capitalist firm, capital hires labour. A capitalist looks for a way to put capital to work in order to make profit. In order to begin that process, the capitalist assembles the necessary means of production and then goes into the marketplace to hire labour to do the work. The primary purpose of this whole exercise is not to employ people but to make a profit on the invested capital. If the business ceases to make a profit or if other ways emerge of making more profit, the capitalist ultimately will close down the business, move it to another part of the world where the conditions of exploitation are more favourable, or change the nature of production. The result for the workers will be unemployment. The more skilled amongst them may get work elsewhere. The less skilled will probably not.

But a co-op works on the opposite principle. A co-op starts with a group of workers coming together. Whatever their reason (whether it be ideological — maybe they want to prove in some way the superiority of co-operative work; or whether it be simply material — they have no jobs and no prospect of jobs) the starting place is always the same: a co-op starts with workers, with labour. Those workers, after discussion, decide what sort of production they want to take up. Often the decision is based on the types of skills they have. Some-

times it may be based on a gap they have identified in the market. In the vast majority of cases — certainly in South Africa — these workers have one major thing in common. They are poor; they have no capital. They then go out to look for capital as a way of profitably putting their labour power to work. They are workers in search of capital. When their co-op is functioning their priorities are quite different from those of a capitalist. They seek to sustain their own labour, to feed themselves and their families, if possible to earn a living wage and, if all the dreams come true, perhaps to do even better than that.

What is a planned economy?

At this point it is necessary to identify the link, and also the distinction between, co-ops and socialism. I will assume that by socialism we mean, amongst other things, a society where the dominant mode of production and exchange is characterised by a process of deliberate, prior, democratic choice about the allocation of that society's resources. This means that 'the producers themselves', planning for society as a whole through structured, co-ordinated planning agencies, make democratic choices about what is produced, how it is produced, how it is distributed and its price, and this is done *before* the goods or services are produced. Thus society makes these choices in a conscious way and allocates the resources necessary to achieve what it has chosen to achieve. It starts with human need, not the desire for profit, and encourages its elaboration through wide-ranging debate in order to determine priorities.

A capitalist economy works exactly the other way round. The operation of the market ultimately regulates production and exchange *after* it has taken place. The operation of the law of value in the market place means that the price of a product which is in abundance drops and it becomes less profitable to produce. Some capitalists stop producing because they are making less profit. The supply becomes less and the price rises again. In this way, the market regulates supply through prices. It is true that there is no capitalist economy which is regulated solely by the market, the effects of the market being mitigated most notably by state intervention and monopolisation. However the primary regulator is, in the end, the market.

This is not to say that there is no planning in a capitalist society. Any substantial capitalist company spends considerable resources on planning its production. In car production, for example, companies contain different plants for manufacture of engines, gearboxes, axles, etc. It is necessary for the company to plan in order to ensure that the plant producing engines produces the correct quantity in relation to the ones producing gearboxes, axles, etc. Also there is significant planning of the production of the whole company in an attempt to match a prior assessment of market potential.

However, there are two essential differences between this planning and that in a planned economy. Firstly, however carefully this company planning is done, it is still subject to the *subsequent* correction of market forces. It is impossible to gauge precisely in advance the desires of the market with all the variables which that market contains — production levels of competitors, the macro-economic policies of different states and their effects on income level, employment, consumption, interest rates, etc. The impossibility of this task has material consequences. It implies considerable waste of resources during these *ex post facto* 'adjustments'. The cycle of booms and depressions brings its inevitable concomitant of periods of mass unemployment, a familiar part of the capitalist landscape throughout its history.

But, secondly, and more importantly, this is planning of an enterprise in its attempt to make profit. This kind of planning conducted by a company producing cars must be contrasted with socialist planning of the entire transport needs of that society, based on political choices concerning resources spent on privatised modes of transport as against public ones, the effects of environmental pollution, the effective uses of scarce energy resources, etc. The latter kind of planning is inimical to capitalism. As a result, apart from the tremendous waste of natural and human resources, capitalism leads to ecological destruction and a transport provision which is adequate only for the rich.

Co-ops in a market economy

If this is what we mean by socialism, then it immediately becomes clear that the link with co-ops is at best only very partial. Co-ops are not a microcosm of a socialist society any more than socialism will be simply co-ops writ large. Firstly, co-ops in South Africa operate and compete inside a capitalist society. This is true of both production and service co-ops. A production co-op will not survive if it cannot produce goods of a comparable quality at a comparable price with its capitalist equivalents. A bulk-buying co-op will fail if it cannot provide a service as effectively as capitalist distributors are providing. Secondly, co-ops are isolated units of production and service which have a negligible impact on society or the economy as a whole.

A production co-op can choose what it produces and how it uses its labour within the general constraints of the capitalist market. It is engaged in an act which is clearly a political advance over capitalist relations of production; labour is no longer a commodity but rather a conscious agent of production. A co-op has recaptured control over its labour power and its product and thus it has, at least at a formal level, resolved the question of alienation. However, this is a long way even from our limited description of socialism.

If socialism was simply a multiplication of co-op production throughout society, then in a planned economy each group of workers in each production

unit would make its own decisions about what and how it produces. But this begs some of the most important questions of a planned economy — how are *the mass of producers as a whole* to choose and regulate production? What is to be the relationship between production units? How is it possible to ensure that the required quantities of raw materials are produced in order that society's choices about finished goods can be realised? What is to be the relationship between the productive sector and the service sector? How much of the proceeds of production are to be consumed by the workers themselves and how much are to be channelled to meet other social requirements — health care, social services, education, etc? None of these key questions about a democratically planned economy are addressed at all by co-ops.

In summary, a co-operative operating within capitalism is an enterprise which has significantly altered its internal relations of production but when it relates externally to the market, it does so on the same terms as any capitalist enterprise. It is able inside itself, but only inside itself, to lay the basis for 'the re-integration of the "economy" into the political life of the community' (Wood, 1988:22). It is here that the partial prefiguration of elements of socialism lies. It is from the struggle of workers to take control of the whole process of production in an individual enterprise that important lessons can be derived for the wider working class and the relations of co-operative production can effect in a limited way the 'subordination (of the "economy") to the democratic self-determination of the producers themselves' (Wood, 1988:22). There are many lessons for a future democratically planned economy here as long as we don't confuse this partial and limited process with the planned economy of an entire society.

Co-op management and bourgeois management

Co-op management may well require many of the same skills as bourgeois management but co-op management is managing something different. Capitalist management manages capital with labour as one of the commodities necessary to make a profit. Co-op management, on the other hand, manages labour with capital one of the component commodities. Capital needs labour in order to make a profit. If bosses didn't need to employ labour, they wouldn't, because workers have a tendency to be far too troublesome. But capital does not need any individual worker. One worker with a certain degree of skill is just as good as another. When bosses face problems, they put their workforce on short time, cut overtime or dismiss some of the workers.² Mass dismissals often favoured by South African management testify to this. A co-op however is composed of a group of particular workers who are members and owners. For them, any capital will do so long as it will allow them to work and earn a living but the workers themselves cannot be dismissed easily. Thus it is much harder for a co-op to adjust either to the immediate fluctua-

tions of the market or to the longer-term need to change the nature of its production because of technological or structural changes in the economy as a whole. The co-op membership is the workforce, and cannot dismiss itself without closing the co-op. Restructuring, therefore, requires retraining the existing membership, a slower and more complex process.

Co-op management must be democratic management

What implications do these differences have for co-operative management? The first and major implication both ideologically and technically is that co-operative management must be democratic management. This is so not simply from the standpoint of political principle but also from the standpoint of necessity.

Capital, when it hires labour, has at its disposal a wide variety of sanctions which it can use in its attempts to control that labour — from warning letters to mass dismissals. These sanctions are then opposed by workers organising themselves into trade unions. A co-op has no such weapons at its disposal. For serious offences, it may well be necessary for a co-op to dismiss a member but since a co-op is no more and no less than the assembly of the workers themselves, sanctions against those workers can never be a fundamental means of controlling what they do.

Means appropriate to co-ops can only be found in the development of a democratic mode of management. The role of management is to harness and organise the labour power of the worker-members in order to produce. All the means of production, including the capital employed, are collectively owned by those worker-members. Those occupying the role of management are essentially an embodiment of their collective will. They have been given that role by the worker-members, who have it within their power to take it away again, at least in theory.

Practice is however harder than theory

If there is a failure by the management to manage in a way that accurately reflects that collective will, the response is often not immediate dismissal from office. Frequently, there is a lengthy period of what can be called passive resistance — work is carried out more slowly, the quality slips, members arrive at work late, tea breaks and lunch breaks become extended. As Samary put it when writing about current examples of planned economies: '...the low productivity of labour is a result of relations of production in which labour power is no longer a mere commodity, but does not yet wield the power to decide for what purpose and how work shall be performed'. She calls this 'the

revenge of alienated labour' (Samary, 1988). This 'revenge', the result of a failure fully to democratise the management and planning process, is also often present in co-ops.

How can labour in a co-operative become alienated? The membership owns the means of production and the surplus but alienation is not simply a question of formal collective ownership of the surplus generated but equally centrally one of control. How then can a co-op management perform its function in a way which allows the membership to control the central activities of the co-op? This must be the key question of co-op management. Failure to make progress along this road leads to a decreasing commitment amongst the membership and a general decline in the co-op's activities. Commitment — voluntary motivation — can only be built through the real involvement of the members in all decision-making processes and through the co-op satisfying the desires of its members.

Why do people join co-operatives?

In order to understand the role of management, we need first to understand the nature of that commitment. Why are people members of co-ops? Sadly, at least for the political idealists of this world, the majority of members of co-ops are there simply because they want a reasonable standard of living; they want themselves and their families to eat properly.

This motivation may not be uppermost in their minds in the beginning. There have been many examples of co-ops arising from the ferment of intense political and social struggle — the Sarmcol Workers Co-operative in Natal³ was formed in such a situation and in the beginning the members worked without pay out of commitment to the struggle. In Zimbabwe, immediately after independence, the ex-combatants from the liberation struggle played a leading role in setting up a large number of co-ops.⁴ At that time, the motivation was clearly expressed by the name of the co-op newspaper, 'Vanguard'. The co-operative leaders saw themselves as the vanguard in the struggle for socialism but many others, perhaps even a majority, enter co-ops for the simple reason that there is no alternative. There are no jobs available to them on the market. Even for those who are initially ideologically motivated, daily life starts to wear away at the commitment if the price is a very low standard of living. People cannot live by ideology alone.

This is frequently seen in the response to training programmes for co-ops. A member enters a co-op without skills and consequently unable to get any other job. She/he then is given training and suddenly the world changes. The job market starts to open up a little to that person. Pressures from the family and personal commitments mount. A man's wife may start to complain that he is earning a pittance in the co-op when he could get a better paid job somewhere else. Eventually the material pressure tells and he really has no choice

but to find a job. This story has been re-enacted countless times in the Zimbabwean co-ops. The Zimbabwean Minister responsible for co-ops at one time called such people 'traitors'.⁵ Attaching a moral label to an individual, though, is an escape from the problem rather than any solution. And the problem must be solved. Failure to solve it at a material level leads to a cycle of impoverishment. The failure to produce reasonable incomes for members leads to a draining of skilled personnel which further weakens the co-op's capacity to produce surplus and hence members' income.

The tasks of co-operative management

So the tasks of co-op management should be defined as the development of a democratic mode of management in order to ensure that the members' needs are satisfied. Those needs can be varied; they are not always for a simple increase in personal income. Sometimes they can be a desire for better working conditions. People may be willing to sacrifice something by way of individual income for the sake of not having to work under the appalling conditions which often exist in factories or on farms (Jaffee, 1988). Sometimes the desire can be for an increase in what can be called the 'social wage' of the co-op — access to health care and education, decent meals, etc. But very often, particularly when individual incomes are very low, the primary need is for a living wage. It is clear that few, if any, co-ops in this country have come near to satisfying that need. In Zimbabwe only a handful have reached the level of the Industrial Minimum Wage, equivalent to about R250 per month.⁶

Democracy in practice

We have noted that it is the trajectory towards more and more democratic forms of control which conditions the nature of co-operative management as distinct from bourgeois management. It is that democratic direction which makes co-op management not only different from, but more difficult than, bourgeois management. Democracy is not only the formal right to elect and dismiss the co-op's leadership. In Yugoslavia, even though production is organised in a system which is known as Workers' Self-Management, where workers elect their managers and have the right to fire them, there is still a significant incidence of strikes.

In a co-op the membership must also know about all the essential aspects of the economic activity of which their labour is a part and to approve them. It sounds quite simple but in practice it becomes immensely difficult. To start at the most basic level, it is impossible for a member to have sufficient knowledge of the co-op if she/he is illiterate or innumerate. Yet co-op membership tends to be drawn from the least skilled workers in South Africa who are frequently illiterate. Those with skills are far more apt to get jobs.

It must be a fundamental and immediate task for every co-op to ensure literacy and numeracy amongst its membership in much the same way as it was an immediate task that was carried out after the revolutions in Cuba and Nicaragua. Literacy and numeracy are essential *political* questions — their absence attacks the very roots of democracy, 'the democratic self-determination of the producers themselves' (Wood, 1988:22). It disenfranchises members just as effectively as the simple deprivation of a vote in the co-op. Without these skills, it may be possible to preserve the appearance of democracy but not its substance.

It is equally important for all members to have an understanding of the financial position of the co-op. Key decisions will need to be made in relation to investment, individual income levels and all aspects of the co-op's business life. It is not enough for the membership to vote on these issues. Democratic decisions must be *informed* decisions, decisions taken on the basis of an understanding of the issues involved. A membership able to take such decisions must not be simply numerate but must have a developed understanding of how their co-operative enterprise functions.

The obvious, if difficult to implement, conclusion is that a co-op must train the membership in all these areas. To fail to educate in this way is to fail in the *political* task of a co-op, the task of 're-integration of the "economy" into the political life of the community' (Wood, 1988:22). In practice, failure leads in one of two directions. Either the co-op develops along more traditional 'management' lines, with a few members taking decisions and the majority simply following (or resisting) or it leads to the disintegration of the co-op into low-wage sheltered employment, the dependent plaything of liberal funding agencies.

Democracy and planning

One aspect of management which is often quite underdeveloped in co-ops is everything that can come under the broad heading of 'planning'. A co-op functions more in the manner of a planned economy as we described it above. The members of the co-op make conscious political choices about their priorities from which come their choices about what and how to produce. The material base of these political choices must lie in the information upon which they are founded and the democratic structures through which they can be made.

The ability to plan is one of the most difficult skills for a co-op to acquire. It requires the ability to assimilate a significant amount of scattered data in relation to labour time, market prices, cash flows, overall budgets, etc. It means the capacity to analyse this data and then put it together into a shape which results in a programme of the co-op's work. Ultimately, the co-op makes a series of choices in detail about future business activity. This plan has

to be produced in a form which can be monitored. Only on the basis of assembled data is the co-op equipped to make choices. These choices will then be influenced also by the nature of the production process and the members' choice about what kinds of work they are or are not prepared to do. However, social choice degenerates into idealism without a sound basis of knowledge of the economic implications. If a co-op's choice to work only in a certain way results in bankruptcy, members require a clear knowledge of this possibility before making their choice.

For example, an agricultural co-op growing vegetables must know *in advance* how much labour time is involved in growing each of a range of crops and the costs of all the inputs. It then requires the ability to assess the likely yield from production and the price that that yield will bring. From such costings, both in terms of labour time and in terms of money, a co-op can *make choices* about what it intends to produce. If its priority is to make surplus, it will obviously choose to grow the crops which are expected to give the highest yield in terms of labour time expended, land used (if land is a constraint), or capital invested. A plan must then be constructed which takes into account the differing labour requirements at different points in the crop cycle. This is harder to construct than for a capitalist farmer who can take on casual labour to meet peak demands.

Such a task requires a considerable array of skills, infinitely more complex than, for example, keeping the books for a trade union. The books of account need to be organised quite differently. Many people think that book-keeping is a kind of policing activity, a check to ensure that no-one is stealing money. But in a co-op accounts are a vital source of information. For instance a farming co-op must keep records which allow the assessment of expenditure and income for each crop. It may then be found, for example, that the surplus from one crop has been used entirely to subsidise another.

This information is what allows a co-op to make *choices* about its future production. It becomes in itself a process of learning, and hence it must be immediately accessible to the whole membership, otherwise the activities of the co-op cannot be said to be planned in any meaningful sense. Unplanned production is simply a collective version of the kind of spontaneous production which characterises the so-called 'informal sector' and there is no possibility of the co-op making the kind of conscious choices characteristic of the democracy towards which we are struggling.

We become the slaves of the donors

In fact, genuine planning is rarely present in South African co-ops. They tend either to make a loss or at best an extremely small income for their members but they are protected from this harsh fact by more or less well-intentioned donors. There is no problem about accepting funding from donors who

are itching to give it away so long as the money is used creatively. We don't need to protect the donors from their follies but we do need to protect ourselves. If we allow donor funding to become a *substitute* for the development of effective practices and allow it to *protect* us from our own ineffectiveness by hiding that money from ourselves, by pretending that it is just another part of our income, then we become dependent on it. We become just another capitalist welfare organisation rather than a fighting organisation in the broader struggle for socialism.

The central issue about donor funding is one of control. There is often talk about refusing aid with strings but the creation of dependency does not usually operate so crudely. There are often no visible strings, no clauses in a contract which openly dictates to the co-op. But there are always consequences to accepting aid, consequences which may differ according to how it is used. If it is used in order to build up a base of skills as part of a process of freeing ourselves from the necessity of funding while the methods of generating surplus are learnt, in creating a material base for the education and training that people have been denied, then it is serving the purposes of the co-op. If it is used as a cushion so members do not worry about such unpleasant things as achieving economic viability, then it destroys the will to struggle. Those are the real strings about which we have to worry.

The only way to free ourselves from these strings is to take control *in a real sense* of our own activity. That can only be done if we face the difficulties that confront us, the limitations to our achievements, the limited extent to which we currently are able to plan in the sense of conscious choice and then develop strategies which can begin to make an impact on our situation. The membership must know what money comes from donors. If that money becomes a *hidden* subsidy to the running costs of a co-op, we start to fool ourselves about our capacity to produce at market prices. If that subsidy is withdrawn, the whole basis of the co-op collapses.

Co-ops and intervention

Who will do the educative work which must be an intervention in a social and political process? Political lessons do not emerge spontaneously from experience. In precisely the same way, co-ops in the sense of organisations of planned production or distribution do not emerge spontaneously from the factory floor. In fact, most co-ops in South Africa seem to have involved the intervention of some outside agency — church, service organisation, trade union, or simply political activists. So we cannot escape from the responsibilities of intervention by sheltering in some form of idealist 'spontaneism' or by pretending that our intervention is somehow politically 'neutral'. This question assumes a particularly crucial form in South Africa. The majority of potential members of co-ops have had little formal education or skills train-

ing. Many are not fluent in either English or Afrikaans, the predominant business languages of the country.

It is interesting in passing to refer to the development of post-independence co-operatives in Zimbabwe in the light of this question. A relatively small proportion of those co-ops are flourishing whilst a large proportion remain dependent on external funding (Chitsike, 1988; Brecker, 1987). When close attention is paid to the more successful instances, it becomes clear that in many cases they had the advantage of the existence within their ranks of a layer of ex-combatant cadre, sometimes of a fairly senior rank,¹⁰ which has tended to form the leadership. It remains unclear from where an equivalent leading layer will be drawn in South Africa.

Are co-ops 'progressive'?

Questions are currently being aired about whether co-ops are or are not 'progressive', and whether we can construct them as progressive forms of organisation by linking them in some way to mass organisations. It is clear that co-ops are being seen as an important area of development by groupings with completely divergent agendas — from trade unions and groupings of unemployed workers to multinational oil companies. While some may have in mind embryonic forms of workers' control, others think to encourage, maybe in a masked form, the development of small business with a pro-capitalist orientation. Progressive activists become nervous that they may commit a lot of work to something which has the potential to become an integral part of the capitalist system. Yet precisely the same can be said of trade unions. In many advanced capitalist countries, trade unions have become a key component in regulating labour. What determines what they actually become, depends both on material conditions and political strategy.

Co-ops are one of many terrains of struggle. They are neither essentially progressive nor essentially reactionary. They do offer particular opportunities for political engagement. Production co-ops expose workers to the complexities of attempting to control their own production. They raise questions of democracy in very concrete ways — controlling leadership may literally become a question of life and death for a co-op. They expose workers to all the practical requirements of democratic decision-making and bring workers into confrontation with the capitalist system in a new way.¹¹ Service co-ops can play a somewhat different role. Organising communities around material needs — health, cheaper and better quality food — can provide an opportunity to establish democratic structures. Again, the *content* of those structures is by no means automatically determined but rather an arena of political struggle. The notion which has some currency in South Africa today that community organisation in one sphere, eg a service co-operative, can be easily

transferred to another, eg the building of militant civic organisation, is mechanistic.

There is one important question which has not been touched on in this paper — the relationship between co-ops and mass organisations. This is largely because it is a question which would require a paper of its own. However, it clearly affects some of the questions that have been addressed in relation to the 'progressiveness' or otherwise of co-ops. There are no simple structural solutions to this problem. Mass organisations are themselves mostly weak at the moment. Perhaps the orientation which may prove most useful is to look at the capacity of co-ops to play a role in building those mass organisations rather than to attempt to devise methods of constructing links with what may sometimes be semi-mythical bodies. If the problem is formulated as one where the co-op must relate to 'the community', this unrealistically presupposes that such a community already has some developed forms of organisation.¹² However, it is true that co-ops developed as isolated enterprises are in greater danger of degenerating politically. Debate on this question is needed so long as it is clear that such debate does not detract from the central tasks of building the viability of co-ops and drawing the political lessons from inside that process.

Conclusion

Both production and service co-ops can be in different ways fertile ground in the development of democratic struggle. Production co-ops suffer from the disadvantage that they tend to require substantial resources for activating a relatively small amount of people, a problem which has no simple structural solution. For all forms of co-ops, economic viability is a requirement. To surrender on this is ultimately to surrender control. In order to struggle for economic viability we must develop new forms of democratic management which require the constant education and training of co-op members. If we fail to do this work, no matter how many progressive slogans we dress ourselves in, our co-ops will be dependent creatures of foreign funding. Integrated into this work on management and viability must be the work of drawing the political lessons. It is not a separate activity, but rather part of the same process. This link is expressed well by a French writer on co-ops: 'A producer co-op which is an economic failure is automatically a social failure. A producer co-op which is solely an economic success is of no social interest' (ICOM, 1983).

Finally, it is necessary to be sober in our assessment of co-ops amongst the many other forms of organisation which are part of the broader struggle. Co-ops do not have the capacity to become themselves mass organisations within the South African market economy. They do not have the capacity ultimately to confront capital in any decisive way. Nor are they in any developed sense

prototypes of a socialist society. In this sense co-ops will always be relatively peripheral in the broader struggle. Only if we get them into perspective, can we begin to do the serious and often unglamorous work of their development.

Notes

1. For a further elaboration of these arguments, see Wood (1981).
2. We have seen many examples of what capitalists do when faced with the longer-term, structural changes. In Britain in the last few years in many of the major industries (coal, steel, newspapers) we have seen workers taking industrial action against managements who have tried to adjust to these changes by dismissing masses of workers in order to bring in new technologies or adjust to major shifts in the market.
3. I refer here to the Sarmcol Workers Co-operative, established in Howick, Natal, as part of the process of sustaining and promoting the struggle of nearly 1 000 BTR Sarmcol workers who were dismissed in 1985 after taking strike action for union recognition. For more on this see Dladla (1988).
4. For a general political assessment of the post-Independence co-operative movement in Zimbabwe, as well as some greater elaboration on this question of the role of ex-combatant leadership, see England (1987).
5. Speech by Moven Mahachi, then Minister of Lands and Rural Resettlement, to the first AGM of the Organisation of Collective Co-operatives in Zimbabwe at Rusununguko School, April 1985.
6. See Chitsike (1988). He was Permanent Secretary of the Ministry of Co-operatives. He uses a different framework and has different conclusions to mine, however. See also Brecker (1988).
7. There are notable exceptions in South Africa, for example in the shrinking motor industry.
8. There are many co-ops, to take a simple example, where the membership confuses turnover with surplus. The gross income of the co-op for the month was R10 000. There are ten members. Therefore each thinks he must get R1 000. When the leadership — the management — attempts to prevent this, to explain that when they have taken away the costs of production, the net profit is only R1 000 (or even a loss), and that then it is necessary to allocate some money to an investment fund, and other money to a reserve fund in case things get worse next month, and yet more money to a depreciation fund — the membership becomes confused and starts to think that the leadership is cheating them.
9. For further elaboration on this question of funding and dependency see England (1987:143-47) and Brecker (1987).
10. Such co-ops would include Simukai, an agricultural co-op and 'All Are One', a retail co-op.
11. An example of this may help to illustrate. A co-op growing vegetables must sell them on the market. In order to do this effectively, market fluctuations must be understood. Some are due to climate but part are due to the regulatory activity of supply and demand. From the fluctuations in the price of cabbages, it is not so far to observe the fluctuations in the price of labour. From there it is easy enough to see the need for workers to organise into trade unions in order to be less helpless than the cabbages from the workings of the market. Such are the lessons which can be learnt from the daily life of a production co-op but they will not be learnt automatically.
12. For an elaboration of this approach, see Van der Westhuizen (1988).

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