SHOULD TRADE UNIONS ENTER BUSINESS?

The entry of the Australian Council of Trade Unions into retail business and its plans to enter into other spheres of business activity such as consumer credit, insurance and housing have evoked very little serious discussion in the labor movement.

When the ACTU Executive resolved in August 1971 that it favored in principle the ACTU entering these business activities, ACTU President Hawke described it as the most important decision ever made by the Executive.

The Executive also welcomed offers that had been conveyed to Bob Hawke by the West German trade union enterprises to provide assistance to the ACTU. Yet curiously this decision was endorsed by the ACTU Congress which followed it (August -September 1971) without producing a serious discussion about the aims, perspectives and likely consequences of such a step.

This is indeed strange. In March 1972 a German delegation of nine representatives of trade union-owned enterprises in the Federal Republic of Germany visited Australia as guests of the ACTU to assist in the conduct of studies into the feasibility of the ACTU entering this range of economic activities.

The decision of the ACTU to enter into such enterprises has aroused more serious comment abroad than it has in Australia. Apparently the implications of involving the trade union movement in large-scale business operations is more clearly understood in a country like Germany, which is the model for these plans.

The German big business paper Handelsblatt in its issue of May 9, 1972, devotes a long article to the ACTU plans under the heading: “Australian Trade Unions Re-think -- Employer Role in Accordance with the German Recipe Against being Strike-happy.”
These are some of its more significant comments:

"If the partnership between the ACTU and the DGB (German equivalent of the ACTU) works out, the surplus energies of the militant trade unions will be diverted to new functions - the establishment of trade union industrial undertakings, according to the German pattern."

"These ambitions of the Australian trade union movement signify a moving away from the hitherto official policy of socialisation of industry."

The writer goes on to say that the Australian trade union movement "has become bogged down in the ideas of class struggle," and bemoans the fact that "demands for co-determination with the employers in the industries have not yet forced their way through in Australia."

Interestingly, this big business journal estimates that "... the help of the DGB in the establishment of trade union enterprises could contribute to the diminution of Marxist influence inside the Australian trade union movement." And, "the DGB thrust into Australia is based on the conception to set the Australian trade union movement on the road to 'People's Capitalism' ... "

The well-known West German paper Frankfurter Allgemeine (April 17, 1972) in a detailed analysis under the heading "Australian Trade Unions Enter into Business Enterprises" notes that "The plans of the ACTU are apparently much further advanced than is frequently assumed in Australia. But in the final analysis this will be above all a question of finance... The other weakness of the plans is that at the moment the whole idea stands and falls with the personality of Bob Hawke."

The comments, which reveal a considerable insight, highlight the paucity of discussion about these plans in Australia, as well as the fact that they have no real mass base. They stand or fall with one man. This raises some pertinent questions about democratic methods, about rank and file involvement in decision-making in the trade union movement.

It is certainly a serious state of affairs that plans are made to take the trade union movement in the direction of large-scale business undertakings without an elaboration of the underlying conception and the social and economic perspectives involved, and without an informed public discussion.

The ACTU REVIEW of July 31, 1972, carries this comment by Bob Hawke:

"Dividends from the ACTU Store will increase supporting unions' funds for the benefit of their members."

"Trade unionism, in its early and formative years, was heavily and almost exclusively focused on matters which can shortly be described as 'industrial,' that is, matters pertaining to hours of work, days of work, conditions of working, rates of pay, overtime and other penalty provisions, staff amenities, holidays and sick leave. Whilst all of these things are of great importance in regulating relationships between employee and employer, they have no final bearing on the ultimate question of what effective standard of living is promoted for the mass of the community because they ignore the very vital matter of the purchasing power of the wage and salary earner's take-home pay. To continue to increase, through bitter, difficult and prolonged struggles, the number of money units going to make up a pay packet loses much of its meaning, force and effect, if the purchasing power of those money units is subject to continued and uncontrolled erosion, because of the inability of the consumer to exercise any restraining influence on the price levels."

"But now, shopping at the ACTU Store guarantees members a fair price and also enables them to take a personal part in the fight against retail exploitation."

"More support for Bourke's will hasten the development of other ACTU enterprises for the good of the whole community."

Comments such as these can hardly be treated as a serious analysis of the economic and political issues and consequences involved.

Bob Hawke knows very well what other factors are involved in inflation. West Germany, the model of this type of enterprise, has a high and even rising rate of inflation.

In the absence of a serious discussion it is little wonder that the ACTU plans have the support of a strange alliance of forces.

The Board of Directors of Bourke's has Ralph Marsh, Rightwing Sydney Labor Council secretary, as well as Bob Hawke and Harold Souter as members.

In light of this it will be useful and indeed necessary to turn to the experience of West Germany, which is the model for these plans.

At first, as seen through the eyes of British orthodox economists, Management Today, a big business magazine published by the British Institute of Management, The Financial Times and The Economist, had this to say in its January 1971 issue, which is devoted to the West German economy:

"The (pound sterling) 1700 million Bank fur Gemeinwirtschaft, fourth largest commercial bank in Germany ... is wholly owned by the German trade
unions. It makes neither a secret of its ownership, nor has it any shame over wearing a strictly capitalist hat, striving after the same rewards as any other major bank...

"As a result its achievement in banking terms is good. If its achievements in social terms appear modest, that too is for good and sufficient economic reasons."

In an article under the heading "The Bank that Unions Built" Tom Lester writes: "Critics may argue that the Bank fur Gemeinwirtschaft's philosophy, however admirable in itself, will be no more effective in promoting the common good than the cooperative movement in this country (Britain): in practical terms, Marks and Spencer, for all its pure capitalism, has probably done more for the man-in-the-street than any dividend- or profit-sharing scheme could ever do...

"The unions do not, Hesselbach (the bank's General Manager) stresses, influence the day-to-day decisions made by bank executives according to commercial interests. In theory if a strike hit a client firm, the bank would lend the client money to help it over a cash crisis; but would also lend money to the strikers to help them with hire purchase instalments. That is the essence of compromise." Perhaps -- but it also keeps the hire purchase companies solvent.

"Many of the B.f.G. executives are indeed card-carrying Social-Democratic Party members as well as unionists ... while extremists from either Left or Right wings would be excluded." "The bank makes no political distinction in granting credit ... All parties and churches receive equal treatment, but the exception is made of extremists, Left or Right..."

"That the Bank fur Gemeinwirtschaft is free to act in these capitalist ways is its saving grace -- it has no inhibitions about making profits where they are appropriate and in Hesselbach's philosophy they provide a stimulus which serves the general good. In this respect, it is very lucky that the German unions are willing to stay right out of the day-to-day running of the B.f.G..... Bank executives emphasise that the unions have never attempted to influence the granting of credit -- to do so, it is felt, would destroy the bank's credibility. 'We are a bank dealing with money, not ideology,' says personnel manager Frau Radke, herself an active trade unionist."

All this is a foreign big business view. Let us look at the views of the German leaders involved in these enterprises. For unlike here in Australia, they have spelled out quite clearly the concepts, the theoretical premises that guide the German trade union movement in their business enterprises. They are put forward by a trade union leadership that is openly committed to the preservation of the capitalistic private enterprise system, but seeks to mitigate some of its more glaring evils. It is a philosophy that accepts the consumer society and its values without question. It only seeks to improve it.

Dr. Hesselbach in a talk in 1970 (published in a booklet called Commonweal Enterprise [meaning public and cooperative enterprise]) states: "We must emphasise the fact that the commercial type of enterprise is completely justified. However, this latter type of enterprise ought to lose its monopoly. According to our ideas commonweal enterprises should appear in all markets. The competition between real entrepreneurial efforts can only function satisfactorily, in a social and operative way, if there are different competing types of enterprises with different roles of behavior, alongside the competition between private entrepreneurs," and "... commonweal enterprise will be able to compete with private enterprise under conditions of free competition."

Certainly, German capitalism, big business and monopoly has not been weakened at all as a result of this type of enterprise. Nor has it opposed it. West German strike figures are the lowest in advanced Western countries.

No wonder that West German big business papers evaluate the Australian efforts to enter this field positively.

Hesselbach, after dealing with the attitudes of the old-style producers' society, "who thought that its deadly enemy was the private industrial capitalist entrepreneur," contrasts this with the attitude of the commonweal enterprises.

"They do not encounter any concrete adversary, no class or group which they would like to eliminate. They are no longer aiming at being the only victor in the end, on the battlefield, they only tackle concrete public grievances, working in general in such a way as to regulate prices, and they do not do this in order to deprive somebody of profits, but chiefly only in order to keep the wheels of price competition going which are an instrument of planning par excellence. On the other hand, they are quite ready to join coalition with private enterprise, from time to time, whenever necessary... They do no longer think of themselves as adversaries of the market economy, on the contrary they are its most active partisans" (emphasis added -- B.T.)

"Nowadays, the German Workers' Movement does not demand that the State protect them against exploiters or under-cutting. Instead the German Trade Unions have proposed to take the necessary steps in order to defend the existing market order and to improve it."

This attitude of the official West German trade
union movement reflects a situation where the extensive trade union enterprises have inevitably become integrated into the highly developed West German monopoly capitalist economic structure.

For all practical purposes these enterprises have become indistinguishable from other capitalist enterprises, with at best only marginal benefits, including jobs for trade union officials. On the negative side they have a strong integrative effect. The scale of the investment of funds involved gives the West German trade union movement a considerable stake in the system.

It has also adapted the trade union movement more strongly to consumerism, and the values generated by it. Large-scale trade union involvement in business ventures would have the same effect in Australia. It is interesting that the real debates in the West German trade union and working class movement today are not about these enterprises -- they are about co-determination or participation (Mitbestimmung). The trade union enterprises have become irrelevant as part of a socialist strategy. It is almost taken as natural that the trade union-owned bank lends money to Krupp, acting in the same way as any other commercial enterprise. As a result, capitalism is under less challenge in West Germany today than it might be.

In any case, it is very doubtful whether the conditions which made the large trade union enterprises possible in the Federal Republic of Germany apply to Australia. Germany had a tradition of trade union enterprises going back over 100 years. Moreover in the post-war situation after 1945, with the need for large-scale reconstruction, the union enterprises got in on the ground floor. They also had large surplus funds to invest. None of these conditions applies here. We already have a developed capitalist economy. In fact, it would take a considerable diversion of trade union efforts and energies to create the basis for any significant trade union involvement in economic ventures.

The conditions in Israel are still less applicable to us. The Histadruth (the Israeli equivalent of the ACTU) play a very significant part as a collective employer. But this arose in specific historical conditions, and certainly preceded large-scale private capital investment. In any case, it acts as a bureaucracy based on the commercial principles of the existing capitalist economy. It certainly is no threat to the capitalist system and as in West Germany reinforces consumerism.

For these reasons, it is very doubtful whether these efforts can succeed in Australia today. But the more serious question is whether the Australian trade union movement should direct its energies and efforts in this direction, or in another direction.

The struggle against the resale price maintenance had a positive effect. Bob Hawke, who came out strongly against the monopoly practices of big business, struck a chord in most people's hearts. His victory over the Dunlop Company was seen by many people as the trade union standing up successfully to big business, and was applauded.

Nevertheless, what has been its long-term effect? The profits of the big retailers have not declined, despite the period of some economic decline in the country. In fact, Bourke's Store seems to be facing some problems. It is complaining that some unions and unionists are not giving their support to Bourke's. It asks unions to suppress advertising material from other firms and offers 2½% to unions on all purchases of its members who participate in this promotion scheme (as well as an extra 1% to the parent body, THC or ACSPA).

Big business has great powers of adaptation and absorption. The big stores and manufacturers find new ways of getting over or recouping concessions they have been forced to make. It does not necessarily cut into their profits.

It is an illusion that this is the way to challenge capitalism. There can be no objection to unions running their own establishment or organisation to serve their members, such as research organisations, printeries, legal departments, even medical research into industrial diseases, credit unions, etc. The crucial question is whether these things are subsidiary, enabling unions to do their MAIN job better, or whether they become the MAIN preoccupation of trade unions, diverting them from their more significant objectives.

In our view trade union strategy should focus on widening the horizons of the workers and involving the workers directly in the great social struggles -- it should show them that the system itself needs to be challenged, and how to do this in practice. This involves active struggle against bureaucracy, against integrative trends, against the ethos of the consumer society, which trade unions have traditionally gone along with.

It means raising demands which are concerned with control, which challenge established "sacred" property rights, and help to overcome deeply ingrained prejudices and capitalist-fostered values in the ranks of the working class.

Demands for workers' control, for a decisive say in all the things which affect the worker's life -- his surroundings, his children's education and health, the destruction of the environment -- need the active encouragement of the trade union movement if it is to act as an instrument for a real and lasting protection of the worker's living standards and conditions and his eventual liberation from his oppressed condition.