

Co-operatives and Trade Unions

CONSUMER CO-OPERATIVE EXPERIENCE: AUSTRIA

by

DR. A. E. RAUTER

(Executive Director on the Board of
Zentralkonsum, Austria)

There have been close relationships between Trade Unions and Consumer Co-operatives in Austria for many years. To understand these ties, some knowledge is needed both of the existing economic and political system in Austria, and of how the system came into being.

Austria has a population of over 7m. Of the 2.7m. who were employees in 1975, 1.4m. can be classified as blue collar, and 1.3m. as white collar workers. Splitting them another way, 1.6m. are men, and more than 1m. are women. They work primarily in trade and industry (about 1m.), in construction, in private sector services (0.9m.) and public sector services (0.5m.). The total of self-employed who come under National Insurance is 300,000, so one can see that Trade Unions have one of the largest groups in Austria to represent. Wages and salaries account for more than 78% of the National Product. Income from property and business accounts for 25%.

In recent years, other countries have shown interest in the way Austrians collaborate to manage their economy. Since 1966, it has been possible to handle recessions better than before. In this period, unemployment has been kept well below 3% (1972, 1.9%; 1973, 1.6%; 1974, 1.5%; 1975, 2.0%). At the same time, the Trades Union Movement has been able to achieve its aim of at least 3%

increase per year in the real value of earnings. For all these reasons, the Trade Unions and their officials are well respected in Austria. Their collaboration with the Consumer Co-operatives has thus a sound basis on which to work.

Parliament is not the only place where economic policy is made in Austria. Representatives of the various interests work together and search for agreed solutions which can then be made into laws. Two clear examples of this were the increase in the minimum holiday period to four weeks, and the introduction of co-determination in industry. After 1945, the Austrian Trades Union Congress was formed as a single apex for all Trade Unions. This ensured great influence for the Trades Union Movement. Both the major political parties are represented within the Austrian T.U.C. so that the Unions have a direct line to both parties. Membership of Trade Unions is voluntary.

Trade Unions and Labour Organisations

The Labour Organisations or Arbeiterkammern are different in this respect. Every worker has his dues paid for him. These Labour Organisations were formed in 1920 to meet the wishes of the still fragmented Trade Unions. They were to counterbalance the organisations which represent the interests of industrial employers and farmers (Kammern der gewerblichen Wirtschaft and Landwirtschaftskammern) as well as the professional bodies for doctors, lawyers, pharmacists, etc.

'It must be emphasized that nearly all officials of the Labour Organisations are also Trade Union officials.'*

* (Thomas Lachs, Wirtschaftspartnerschaft in Österreich, pub. Verlag des Österreichischen Gewerkschaftsbundes, Vienna, 1976, p. 22.)

Thus, when considering collaboration between Trade Unions and Consumer Co-operatives, one should bear in mind the fact that many Trade Union officials can also, in their capacity as officials of the Labour Organisations, speak for employees as a whole. The Consumer Co-operative Movement aspires to stand for all consumers. Everyone is a consumer, but because employees are such a large proportion of the gainfully employed in Austria, there is a close coincidence between 'consumers' and 'employees'.

The Consumer Co-operatives have always aimed at social and economic reform. In this way they are in contrast with all conservative groups such as, for example, the private retailers who, to this day, see the power and growth of the Consumer Co-operatives as a threat to their own prospects. In this, Austria is not very different from other European countries. These days, however, the Consumer Co-operative Movement keeps renewing initiatives to end the old enmity. We stress again and again that we want to work together and that we welcome collaboration in the interests of the consumer. We want fair competition. However, there are indications that private enterprise is still not happy to accept the existence of strong Consumer Co-operatives. Spokesmen for the private trade make no bones about their pleasure whenever economic factors make the Consumer Co-operatives go through difficult times. This has led to great efforts being put in recent times into enlarging our market share. The Consumer Co-operatives have increased their selling space threefold since 1964. Only this way have they been able to negotiate from strength with suppliers and with public bodies. But before we consider the development of Consumer Co-operatives, we should take a look at the political situation in Austria.

Co-operatives and Politicians

In Austria, the Socialists are the majority party. This has not always been so. After the Second World War, the Social Democrats in Austria were in coalition with the hitherto conservatively inclined Austrian People's Party, and the two worked closely together at solving social problems. After this coalition ended, the Austrian People's Party had a brief period of governing on its own. Since 1970, Austria has been ruled by the Socialist Party. Through all these years, an attitude of collaboration has continued in the Trade Unions, in the Labour Organisations, and in the institutions which had been created for reaching agreed decisions on economic and socio-political matters. One of these was the Joint Prices and Wages Board. This Board considers increases in prices and wages and, although it has no disciplinary powers, it generally manages to get the important parts of its rulings accepted. In the decades before the Second World War, this collaboration had not been so good, and the Social Democratic Party also failed to complete its programme. Only in the immediate aftermath of 1918 was there a time of great significance for Austria, which was marked by numerous reforms. There was thus a natural tendency for the Consumer Co-operatives and the Social Democratic Movement to come closer together in the late 19th and early 20th century. They were slow in coming together partly because the Socialists in their early years sought rapid reform of society, and partly because the Co-operative leadership was often conservative and middle class. Furthermore, the young Socialist Party did not want to be handicapped by the Consumer Co-operatives at a time when, though successful societies were being formed, there were also many abortive attempts which just led to liquidation. Closer collaboration had to wait till the turn of the century. From then on, many people came to be active in the Consumer Co-operative Movement because, as

leaders of the Socialist Party, they saw possibilities in this form of trade for solving problems which faced the workers.

It became apparent that the Unions and the Party should be working for improvements in wages, while the Co-operatives should be making it possible for the extra money to be well spent. The influence of the Party was particularly strong in the period before the First World War. After the First World War, it was somewhat weaker. The Consumer Co-operatives wanted to preserve their neutrality so as not to come to harm as participants in the bitter political struggles. They thus managed to remain in being even after 1934 when Austria came under a conservative dictatorship, and the Socialist Party was dissolved and banned, together with the institutions which it had created. The hallmark of today's collaboration is that the same people take on several leadership roles in the Trade Unions, the Party, and the Consumer Co-operatives. Each of these Movements has its own programme and shapes its own goals. All are based on democratic principles. All work to help those who can be called the weaker sections of society. In principle, people who are not active in the Socialist Party could hold office in the Consumer Co-operatives. In practice, it is rare for people who are conservatively inclined to want to work actively in the Consumer Co-operatives. The Consumer Co-operatives are thus neutral, but their activists come primarily from those who are committed to progressive democracy.

Strength of Co-operatives

Austrian Consumer Co-operatives can be recognised as among the most successful in Europe. There are not many countries where it has been possible in the last ten years to increase membership considerably (700,000 members in 1977), to enlarge sales space, and to improve sales and market share much faster than the average for

the trade. At the same time, Consumer Co-operatives have been leaders among Austrian retailers in bringing in fundamental reforms for the benefit of the consumer. They led with the first self-service shop in Austria in 1950, the first supermarket based on self-service in 1964, and the first true 'Consumer Market' in 1969 and 1970. In addition, the Consumer Co-operatives have stuck to the principle of patronage refund and shown that they have the financial strength to afford this bonus for membership consistently. The rest of the retailers have long since abandoned the rebate system which was their nearest equivalent.

The Consumer Co-operatives had a market share of 7.64% of Austrian retail trade as a whole in 1974. Their share for the sector of retailing in which they traded was 11.3% and, in the narrower sector of comparable food trade, their share was 22.1% in 1974. It has risen since then. There are about 7000 lay leaders active in the Austrian Consumer Co-operatives, as well as more than 18,000 full time workers. Not too much will be said here about the organisational structure of the Austrian Consumer Co-operatives since major reforms were begun in 1976. It is a matter of merging the central bodies and then giving the separate Societies the opportunity of amalgamating with this new apex body. This opens the way to a single Consumer Co-operative for the whole of Austria. It is still not possible to say whether three, five or more years will be needed to reach this goal. At present there are 16 large Consumer Societies in Austria as well as many local ones. However, it must be realised that the three largest societies account for much more than half the Co-operative retail sales. A comprehensive survey of the Consumer Co-operative Movement is to be found in a book edited by Anton E. Rauter called Verbraucherpolitik und Wirtschaftsentwicklung published in Vienna in 1976 by Europaverlag.

We live in a time of rapid social change. Major problems have still to be solved to prevent a crisis which could endanger human existence. Social change shows many facets. Ever more people become concerned about problems that only a few used to take seriously. Examples of this are concern for conservation of energy sources and discussion about atomic power; the fight against pollution and worry about the overall economic future. Consumer Co-operatives have been controlling themselves democratically for many years, and this means that both the lay and the professional leadership are in the forefront in tackling the new problems.

Neutrality, but Common Leadership with Unions

There is another aspect which shows even more clearly the importance of the collaboration between Trade Unions and Consumer Co-operatives. In Austria, we realise that the problems of a capitalist economy can be solved neither by a planned economy as Communist countries understand it nor by giving support and more freedom to private enterprise. One of the best alternatives available is the Co-operative idea. It combines representation of the interests of large sections of the population through democratic decision and common ownership with policies aimed not at private profit but at the general good. This is recognised by those whose beliefs incline them to work for a better society. More equal opportunities, increases in freedom, and greater democracy will not be achieved by ignoring the economic aspects. All social change has implications for business, and this means that a political activist should possess good understanding of business. Two recent examples show how this collaboration works out in Austria. For some years, the President of the Austrian T.U.C. has been Chairman of the Supervisory Board of the biggest Austrian Consumer Co-operative. He perceives that he can serve the interests of hundreds of thousands of people by combining these two posts. An official of the Austria T.U.C. has

recently come on to the Management Board of the largest Austrian Consumer Co-operative. Hitherto it has been his job to make well founded demands on behalf of the workers which the business sector could meet without suffering loss. By coming over to the Consumer Co-operative, this man, whose responses have so far been primarily ideological, will have the opportunity to help to put into practice the things which he had previously called for.

These are two examples of how ties through common leadership give more collaboration between the Trades Union/Labour Organisation structures and the neutral Consumer Co-operatives than the formal pattern of organisation would lead one to expect. The Consumer Co-operatives offer opportunities for future politicians and leaders of progressive organisations to try their mettle. Co-operatives combine theory and practice. This benefits all concerned. The Consumer Co-operatives, although their 700,000 member households make them a force to be reckoned with in their own right, can still gain from the fact that on important matters they are in agreement with the Trade Unions and Labour Organisations. These bodies for their part have the opportunity to use their influence on the Consumer Co-operatives to realise aspirations which later become the common property of the whole Austrian economy. Thus the 40-hour week came to the Consumer Co-operatives before it was general in the rest of the economy. In the critical negotiations, it could be pointed out that experiences in Consumer Co-operatives showed that a 40-hour week could be introduced without the difficulties prophesied by conservatives. Other social benefits have been similarly introduced in the Consumer Co-operatives before the law or collective bargaining brought them to the rest of the economy. At the same time, the officials of the T.U.C. and the Labour Organisations maintain, through their activity in the Consumer Co-operatives, the contact with the business world which is so vital

for them. It would be open to objection if officials were to make demands at the negotiating table without knowing from their own continuing business activity the limits of what a business can manage.

- And with Socialist Party

The same is true also for the leaders of the Socialist Party. Several members of Parliament and of Local Authorities work as lay leaders in the Co-operatives. This enables them to represent the business point of view within the Socialist Party. The economic policies of the Austrian Socialist Party are currently being shaped with very considerable collaboration from Co-operators. Similarly, in the government committees which determine allocation of public resources and adjudicate on claims, the Co-operators are well able to represent the interests of all consumers. The personnel of Consumer Co-operatives see themselves always as working for the public good. It is not just a matter of benefiting the members. The facilities of Consumer Co-operatives are open to non-members in Austria. This gives all consumers the opportunity to meet their need for goods and services in modern retail establishments. Under prevailing conditions of competition, private trade often has to follow where the Co-operatives lead. Thus all consumers get the benefit. This means that when people for our sister organisations work for the Consumer Co-operatives, it is not just the actively trading members they are helping. It is also a means by which the Trade Unions and Labour Organisations attain their objective of working for the interests of all Austrian workers.

In sum, it can be said that there has been close collaboration for many years between the Trade Unions, the Labour Organisations and the Consumer Co-operatives. It goes without saying that the three organisations

each preserve their autonomy. However, the sharing of officials provides a very effective means of promoting common interests. It is to be expected that this collaboration will continue into the future. The Austrian way has proved its value, and there is no reason to make significant changes in this partnership.