

Forward to a People's Co-operative Bank!

By Blade Nzimande, SACP General Secretary

THE IMPORTANCE of savings, access to credit and how large financial institutions must be transformed was highlighted by last week's Savings Week focus. It is partly out of recognising this importance that during the 2003 Red October Campaign, our Party will launch the Dora Tamana Savings and Credit Co-operative (DTSACCO), the communist stokvel! Since October 2000, our Party has led a campaign to transform and diversify the financial sector in our country. One of the central demands in this campaign is the building of a co-operative banks in our country.

The banks campaign has gone a long way towards creation of the necessary awareness of the need for co-operatives and a supportive policy environment. Whilst pushing for creation of the right policy and legislative policy environment, it is time now to act and mobilise our people, the workers and the poor to actually build these co-ops. By forming DTSACCO we are beginning to do this and leading from the front as the SACP, as we have done with the financial sector campaign as a whole, though we are not the first SACCO. There are already about 24 SACCOs which make up the Savings and Credit Co-operatives' League including a SAMWU SACCO, a NEHAWU SACCO and more than 3000 members of NUMSA in Alrode.

The NEDLAC Summit on the Financial Sector, held in August 2002, reached a substantial agreement on what needs to be done to promote a co-operative banking sector. Following this Summit, the Reserve Bank has engaged various stakeholders on possible regulations and legislation, and has recently agreed to raise the cap for SACCOs from R10 million to R50 million. Whilst these initiatives are welcome, however there is no established process in place to focus on the development of purpose-built legislation on co-operative banking. Some of sections of capital are lobbying for non-profit community development institutions with no specific focus on SACCOs and the co-operative banking option. Such a route will undermine the development of co-operative banks in a serious way.

Through the DTSACCO initiative, the SACP is making a clear statement that nothing less than purpose-built legislation and other supportive measures are required to create a conducive environment for the promotion of co-operative banking. SACCOs are not co-operative banks, but a foundation of co-operative banks. This is why we need tailor-made legislation for these, and not exemption from the Banks Act. Therefore there is a strong need for the Reserve Bank to engage with SACCOs from the standpoint of the interests of SACCOs, not merely to protect the big banks.

Further, the struggle to build SACCOs as a foundation for co-operative banks is a clear rejection of the call by sections of black business for workers' pension, provident and other savings to be used to promote a black elite. We are as equally opposed to this, just as we are opposed to the continued usage of these monies to benefit the white bourgeoisie, hence our financial sector campaign on these and other related matters. We need to highlight here the experiences of the Afrikaner working class, whose savings were used to build an Afrikaner capitalist class (the ABSAs, Sanlams, AVBOBs, etc), but which has now dumped that Afrikaner working class.

DTSACCO Advantages, Members, Products and Services

The DTSACCO will be a primary savings and credit co-operative providing comprehensive savings, credit and basic insurance products to its members at reasonable interest rates. DTSACCO membership will be open to SACP members through their common bond of SACP membership.

DTSACCO members will collectively mobilise savings outside of the exploitative private commercial financial system. This will build the financial muscle of people currently excluded or dissatisfied with the exploitative private commercial financial system.

Members' savings will be returned to them through loans. The money of members will work and stay within the members. The DTSACCO will work to ensure that savings and loans are generally better

than rates given by private commercial institutions. This is generally the case with other SACCOs. The reason for this is that SACCOs have very low overheads as compared to private commercial institutions who pay low interest on savings but charge a lot of interest to cover their overheads and high profit margins. Through the DTSACCO starts, thousands of people will take greater control over their financial life.

The DTSACCO will join the Savings and Credit Co-operatives' League which is a member of the African Confederation of Co-operative Savings and Credit Association which in turn is a member of the World Council of Credit Unions.

The DTSACCO will also work to ensure that it addresses community issues through developing and facilitating savings, investments and access to credit in building of other SACCOs, building of a People's Co-operative Bank and facilitating access for Co-operatives and SMMEs to affordable credit.

Even though the DTSACCO is initiated by our Party, primarily for its members, it will be an independent organisation from Party structures, and will be controlled by its members, with its own board democratically and directly elected by DTSACCO members.

Why Dora Tamana?

Dora Tamana was a woman of remarkable strength and dignity. She was born in 1901 in Hlobo, Transkei. Her childhood centred around the many tasks demanded of a young girl growing up in rural South Africa. When she was twenty, her father and two of her uncles were among the 163 people shot dead by police in the Bulhoek Massacre. She moved to Queenstown where she tried to eke out a living by collecting thatching grass in the surrounding hills to sell in the location.

During this period three of her nine children died later she joined her husband in Cape Town. Experiences in the squatter community of Blouville aroused her political awareness. She became a member of the Communist Party of South Africa in 1942. She joined the ANC Women's League and in 1954 became a member of the first national executive committee. She was banned under the Suppression of Communism Act and, to the end of her life, suffered constant police harassment.

One of her sons, Bethwell, was captured during the Wankie guerrilla campaigns of 1967 in a skirmish with South African and Rhodesian soldiers. Dora visited him in Khami jail. After 1976 she was told she had to use a Transkei passport. As a disciplined communist, she refused to accept this decision and therefore did not see him on his release after Zimbabwe's independence. She died of the age of 83, an example to all who knew her as a communist, a women's leader and a tireless fighter for liberation.

Importantly, Dora Tamana was one of the first communists in our country to experiment with co-operatives through bulk buying of milk, vegetables, other basic foodstuffs and literacy co-operatives.

A successful Dora Tamana Savings and Credit Co-operative will be the best honour to her memory.

SACCOs will contribute to Savings Mobilisation, freeing poor and working people from Loan Sharks and the building of People's Co-operative Bank

The importance of SACCOs as a medium term strategy to kill omashonisa, and provide accessible and affordable micro-credit to workers and our communities, needs to be emphasised. As the Party, we have been concerned about the practices of omashonisa, as well as the political dangers of the high indebtedness of South Africa's black working class.

It is therefore important that the trade unions, churches, civil society organisations all understand their strategic role in leading the building of SACCOs, and later worker owned co-operative banks. It therefore becomes useful that the coming COSATU Congress makes a clear statement in this regard.

The importance of mobilisation of workers' savings as part of promoting a culture of savings in our country cannot be over-emphasised. In the context of high levels of household debt, poverty, increasing unemployment and a real decrease in wages and salaries paid to workers in the formal sector, the need

to cultivate a resilient, responsive and transformative savings culture and consciousness within South African households is critical. This needs to be linked to increasing the ability of households to save through economic growth and development, employment and productive investment. We need to find sustainable ways to ensure that ordinary people are able to save for their own development and future.

However it is not adequate to just promote savings in isolation from who controls such savings, where the monies are invested, and who benefits from such investments. The critical importance of SACCOs for us is that they will be controlled by members themselves for the benefits of members, though this will contribute to savings in the country.

We are calling for the formation of more and more SACCOs as an important step towards a people's co-operative bank, providing savings and affordable credit and other services to the workers of our country. The SACCOs and co-operative banks are critical in beginning to build working class power in the financial services sector. As the working class and poor communities we are already controlling billions of rands through our stokvels and burial societies. Let us convert these into a viable savings and credit co-operative movement as part of defeating the mashonisas. The SACCOs and co-operative banks must be seen as part of building social capital which is in the hands of the people. We call upon each trade union, each church and each religious denomination to form its own savings and credit co-operative as part of this overall offensive to build the financial muscle of poor and working people.

At the end of the day, the sustainable growth and multiplication of SACCOs everywhere is our guaranteed weapon to open the doors and ensure that the legislative and regulatory environment favours the optimal growth and development of the co-operative banking sector in our country. Through building and sustaining SACCOs everywhere we would be building our own financial and mobilisational muscle whilst also triggering the legislative process.

Why the Co-operative option?

A co-operative is broadly defined, by the International Co-operative Alliance, as an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly owned and democratically controlled enterprise.

Co-operatives are extremely important for the social values that they can help to nurture. Co-operatives build on traditions of collective endeavour, they are more attuned to the spirit of vuk'uzenzele (than free market competition) that we are seeking to deepen, and they can, therefore, play an important role in the moral regeneration of our society.

Co-operatives can be an important response to the poverty crisis in our society – they offer a feasible strategy to pool scarce resources, collectivise efforts and help to build sustainable local communities.

In the South African context, co-operatives can be formed in various areas of economic activity that poor and working people would benefit from in terms of the goods and services produced and supplied. Substantial benefits, in the form of reduction of costs, reduced prices and returned dividends can be reaped in these areas. Co-operatives can build big economic organisations based on popular initiative capable of replacing or complementing the capitalist apparatus because are ideal for collective enterprise development. Co-operatives can also be a base for the extension of a democratic, accountable and efficient public sector.

The Financial Sector must still be Transformed

By promoting SACCOs, we are not abandoning our struggle for the transformation of the banks and the formal financial sector as a whole.

Through the SACP-led campaign to make banks server the people, we have repeatedly advanced arguments on how the financial sector in our country fails to contribute to economic growth and development through, amongst other things, creating a suitable environment for savings and productive investment.

Many of our people do not get appropriate banking services and are denied access to credit through redlining and archaic approaches to creditworthiness. This affects their ability and capacity to save and invest productively. It is as if our people do not have a culture of savings whereas they do. Stokvels, savings clubs, burial societies, and so on are part of this culture. But even these and their transformative potential are undermined by the practices of the financial sector in our country. Many of our people are listed by this faceless Credit Bureau. Again, this affects their ability to save. In addition, we still see the following:

- ❖ A contraction of banking services to working people and the poor;
- ❖ Cherry-picking of affluent clients and services by banks and the rest of the financial sector;
- ❖ No significant improvement in the involvement of the banks in provision of finance for low cost housing or SMMEs;
- ❖ The continued "red lining" of areas in which black working people live, albeit in a more concealed form than in the past;
- ❖ An increase in the utilisation of micro-lenders by our people and thereby their exploitation by micro-lenders;
- ❖ A lack of participation in investment decisions made by asset managers of insurance companies, pension funds, etc;

This is not to say that the SACP-led campaign has not led to important shifts in the banking industry. When we launched the campaign in October 2000, the retort thrown at us by the banking industry was that the demands and issues raised by the campaign were not possible. Three years later, the discourse has now become that of banks asking themselves questions about how they can make changes and improve services. And thus FNB introducing a charge-free banking card for recipients of welfare grants in the Eastern Cape, the Financial Services Charter, and other important developments. As a result of mass pressure, AVBOB announced last week that it will remove HIV/AIDS discrimination in its funeral insurance policies. Since this victory, other funeral insurance companies have begun to take steps to remove this discrimination.

But these shifts are not about to change the capitalist character of the financial sector in our country. Instead, many in the financial sector are using these shifts as a basis for new accumulation. In other words, the struggle to transform and diversify the financial sector in our country continues. The promotion of SACCOs and the struggle to build co-operative banks is part of the overall struggle to create a financial sector in our country that is responsive and substantially controlled by the people themselves.

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