

# TRADE UNIONS AND CO OPERATIVES

## THE COMMON BASIC FEATURES

*Success will be achieved only if the Government and peoples of the country are fully committed to the task of development. said Tun Razak in opening the Asian Seminar on "Trade Unionism and Co-operation" at the University of Malaya on 2nd August, 1966. He pointed out that trade unions and cooperatives have a number of common basic features.*

I have always attached the greatest value to Seminars of this nature, because they provide the opportunity for people from various countries with different backgrounds and experiences to come together to discuss problems of common interest, find possible solutions, plan future action, and in the course of it all strengthen the bonds of friendship and goodwill between countries. It is upon such personal bonds of friendship that a real foundation for peace between nations can be built. However this Seminar is in fact only one of a long series of regional and international activities sponsored or organized by the MTUC dealing with a great variety of subjects of current interest to workers. These educational activities, must have enriched the knowledge and experience of all those who had taken part in them, and promoted a deeper understanding of the many labour and social problems faced by their respective countries.

The Malayan trade union movement has through the years earned a high place in the international labour field, not only because of its continued concern with the development of sound trade union educational programmes but also because its activities overseas and its international relationships have brought about greater understanding between countries.

I would like to take this opportunity to express my appreciation of the valuable service. the Friedrich Ebert Foundation of Germany has been rendering in the cause of adult education for democratic life and international understanding, not only in its own country but in other areas, particularly in the developing countries.

The history of some developed and developing countries provides good examples of the role that responsible trade unions can play in the economic and social development of nations. The positive

contribution that can be made by trade unions in our countries should surely be grasped.

Most of us gathered here today come from developing countries. Our efforts at national economic and social development must be made to succeed. Only in this way can there be increases in income and consumption per head and expansion of employment opportunities for our growing labour force. Success, however, will be achieved only if the Governments and peoples of our countries are fully committed to the task of development. Needless to say the commitment of labour is indispensable. To the extent that trade unions can facilitate this commitment, their contribution will be invaluable.

While pursuing their traditional objectives of better wages and living conditions, labour unions can, not only assist in improving the way of life of their members but also help to secure their willing and whole-hearted participation in the development process. The> will also directly contribute to overall economic development by helping to correct abuses in personnel policies, by forcing management to become efficient and by giving labour a sense of pride and identification with work. It is not too much, however, for any country to ask that in the interest of national development the demands of organized labour should be tempered by a sense of responsibility. For example, demands for higher wages and better conditions of work which are consonant with increased productivity would be certainly within the right of labour to make. However, demands for wage increases and better living conditions without corresponding increases in production would act to the detriment not only of the whole country but also organized labour itself. A major consequence would be inflation which would be to the advantage only of certain privileged groups and speculators. To say the least, this is a luxury which developing countries cannot afford.

I fully appreciate that if labour unions were to abide by the principle of relating their wage demands to productivity increases, then the improvements that would be realised would be gradual rather than dramatic. It must be emphasised, however, that such gains cannot be sniffed at. Even gradual rises in income levels will accumulate to substantial improvements in a relatively short period.

As for Malaysia, for example, real income per capita will rise only gradually during the next few years. Although this expected

rate of increase under the First Malaysia Plan is modest, it will be a considerable achievement in the face of relatively unfavourable external economic factors to protect per capita income levels from declining and help them to rise slowly at the same time as the foundations for a new economic structure are being laid. If wage demands which did not take these circumstances into account were to be acceded to, then inflation would result and investment designed to create a strong economic foundation for progressive income and employment growth would be impeded. It should be remembered that with inflation, labour may be granted increases in their money incomes or take-home pay but certainly the real purchasing power of their pay-packets would have decreased. It should be all too obvious that such a situation must be avoided not only in the national interest but also in the interest of labour itself.

In view of these stark facts, which confront the whole developing world, I am pleased that you have taken the constructive step of considering ways and means of stretching your pay-packets to the maximum extent possible. At this Seminar, you will be discussing how this may be done through the instrument of the Co-operative Movement. In fact, trade unions and co-operatives have a number of common basic features. Both have the same motivation—to raise the economic well-being of their members; both are democratically controlled by officers elected by the members themselves; and both are supported by contributions from members who share equal risks and benefits. In view of the greater organisational experience which the trade union movement has had in most of our countries and the administrative ability which it has developed during this period, I am confident that the contribution that it can make to the development of co-operatives is vast. Those co-operatives which have failed and there are many—have met this fate because of lack of leadership. The contribution of leadership by trade unions to the co-operative movement would be, very definitely, to the advantage of both.

You may be discussing the question of whether your involvement in co-operative activity should take the form mainly of creating co-operatives within the trade union movement or whether it should take the form of encouraging your members to participate actively in cooperative societies established outside your movement. I am sure that you will agree with me that there is no simple answer to this question. We have to be pragmatic.

would say that where there already are co-operative societies, you should encourage your members to join them and you should lend your leadership abilities to these societies in every way possible. Where there are no societies to cater to the needs of your members in any particular trade or locality, then you should certainly establish societies within the movement. It would be very desirable, however, if the membership of these new societies was not restricted only to union members. It must be appreciated that both movements have a very desirable social and economic function. Competition, duplication and lack of co-ordination in co-operative activity will not serve the best interests of the members of both movements.

It cannot be emphasised too often that your role in society and in the economic and social development of nations is a vital one and that your responsibility is enormous. It is therefore incumbent on you to ensure at all times that your leadership is wise and judicious. The general interest of labour would be best served if you concentrated your efforts on collective bargaining, day to day grievances, organising the unorganised, collecting dues and building stable, democratic and truly autonomous organisations. You have a right to be concerned about political and ideological issues. But preoccupation with these must surely blunt your ability to deal with matters directly affecting the welfare of labour. Above all, it will only contribute to economic and political instability. If in political subservience to the party in power, labour unions do not constructively and effectively advance the interests of labour, they will be acting as irresponsibly as those that resort to strikes and ill-timed demands in the hope of undermining rival political parties.

This Government is intent on continuing to create all the conditions required for the effective functioning of responsible trade unionism.

It is also intent on getting trade unionists to participate and advise in the shaping and implementation of national economic and social policy. In this connection, the Government has recently announced its intention to establish a key Advisory Committee to our National Development Planning Committee on the Development of the Private Sector of the economy. This Committee will enlist the talents of trade leaders along with those of individuals from private enterprise and employers' associations and Government officials.