

a selected chapter from

**THE ART OF ASSOCIATION:
Essay on a Trade Union Perspective for the Nonprofit Sector**

by [Franco Archibugi](#) and **Mathias Koenig-Archhibugi**

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**CHAPTER 3: AN ACTIVE ROLE FOR THE TRADE UNIONS:
INNOVATIVE PATHS**

1. Trade union exchange networks
2. Trade union financing for the third sector
3. Redefining the unions' role in post-industrial society
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REFERENCES

On the basis of a critical analysis of the more recent developments of the third sector, in this chapter we would like to explore two ways in which the trade unions could contribute to improving the essential aspects of third sector development: the question of the organisation of time and labour, and the problem of the financing of activities of a societal nature.

Not only interesting experiences have developed with regard to the third sector and its prospects, some of which have seen the trade unions involved. But there has also developed a supporting literature, which besides attempting to interpret it and explain it (we gave a brief look at this in Chapter 1), has also tried to suggest ways and means of realisation¹, especially in two main directions:

- how to provide a suitable institutional context, in the form of the

¹It goes without saying that this vast discussion on the third sector will be influenced by the logic and organisation that have been used in the analysis and interpretation stages.

insertion of the third sector (following its more precise institutional definition) in the juridical and operative orders of the various national contexts;

- how to deal with the conditions of its functioning, and in particular with the modalities of its financing, with reference to the many financial instruments which today exist for any economic activity, or which could be created, and in consideration of the peculiar characteristics of the third sector.

It is not our intention to attempt to sum up and discuss this literature, which is now very developed. Since nevertheless we intend to underline in a specific way the possible role of the trade union organisations in the development of the third sector, and since this vision of the specific role of the trade unions derives to a large extent from a sort of interpretation of the significance and role which the third sector has in the transformation of contemporary society (which was rapidly discussed in the last paragraph of Chapter 1), we think it is necessary to anticipate the indications concerning some possible developments of trade-union action² some considerations recalling the interpretative background and the reading of the transformations underway on which the said "new" role of the trade union has been founded.

The two directions in which according to the authors the role of the trade unions could develop in the strengthening and expansion of the third sector, are:

- that of the development of informal exchange networks of services; and
- that of a financial organisation of support for the development of a trade-union self-management of the services themselves.

Therefore in this chapter the essential outlines will be presented of two proposals in the above-mentioned directions, in the hope that they may generate a productive debate.

Nevertheless both the proposals will be, in this chapter, anticipated by a brief reference to some structural and conceptual foundations, which constitute the background itself of the proposals.

Trade-union informal exchange networks

Transformations in the relations between employment, income and labour market

As is known, the de-industrialisation of contemporary society is causing a

²In line with the renewed interest, which we have rapidly documented in Chapter 2.

reduction of the mercantile area of exchange to the benefit of the growth of a non-mercantile area³. This has an important effect on the working and exchange relations. One of the most important economic aspects of the third sector concerns in fact the link between monetary income and employment. The area in which employment is nourished by the labour market is diminishing. This constitutes one of the factors of growth of the third sector. It in fact represents the expansion of services demanded socially which are ensured only with difficulty by the growth of entrepreneurialship aimed at profit. The state (welfare state) on the other hand, which has been entrusted with the provision of such services in a nonprofit logic, is burdened by the overload deriving from the growing importance of the demand for these services, and therefore or provides them in a poor or shoddy way, or does not provide them at all. Thus is born, "do-it-yourself"⁴, the self-management of those who satisfy their needs without private enterprise or state: the third sector, authentically understood.

Thus identified and structured, the third sector has some undoubted consequences on the forms of employment and on the forms of monetary exchange. In reality the organisation of the exchange within the "self-managed" sector (the third sector) may occur using monetary means of exchange or not, and forms of labour for wages or not; in all cases it is different from the normal exchange on the market (of goods and labour).

Since the third sector (whose structural birth and development and nature we have summarised) does not live in an autonomous cosmos, but interacts with the outside represented by the for-profit market sector and the state sector, not unlike the other two sectors *it may operate in the market*, acquiring productive factors on the market (with purchasing prices or wages for labour). But albeit moving in the market, *but not for the market*, it will try as much as possible to exchange goods and labour without the entrepreneur's markup of profit (without the marxist plus-value).

The possibility is created thus of realising a circulation without profit (with the use or not of currency) and an exchange of goods and services in a preferential circuit, that which the traditional market and now a large part of the labour supply are abandoning.

The development of the third sector in fact allows a participation in the

³This is exactly the inverse movement that in Western economic history has accompanied the process of industrialisation, and which has been so efficaciously described by Karl Polanyi (1944).

⁴Toffler has called this new social and operative reality pro-consumerism, and its protagonists procons, which unite in one person the functions of producer and consumer. The "market" in the traditional sense of the word disappears here.

labour market that is more flexible to preferences and the aptitudes of the labour supply, which - having satisfied in many ways the essential needs of life, or satisfying them with a increasingly lower share of both individual and household incomes - may afford to ask for work only for favoured jobs and refuse those which are not favoured. The traditional labour market, on which the trade unions have amongst other things developed their numerical growth and specialisation, is reducing its area of presence and influence.

And if the trade unions do not equip themselves for following the transformations (and for our point of view for provoking them, and "institutionalising" them) they risk seeing reduced - together with the traditional "labour market - their influence and their *raison d'être*. As children of the *industrialisation* process, they do not demonstrate themselves capable of adaptation and reconversion to the process of de-industrialisation. They thus risk being reduced to becoming the trade unions only of the former workers of the former labour market, i.e. of the retired.

The growth of opportunities for activities (with the connected integrated labour demand-supply, offers - as has been said - also the opportunity to acquire non-monetary (therefore invisible or intangible) income which however has the effect of diminishing the need for monetary income, and therefore the supply of wage-making jobs. This effect of reduction of the demand for monetary income produces in fact a slowing-down of the real supply of work in the monetary (official) labour market itself: and above all a slowing-down of full-time work, corresponding in practice to the average of the formal working-hours, annual, weekly or daily. Such a slowing-down is still stronger if we consider certain segments of the official labour-market: for example, young people, women and the elderly. This phenomenon however is not reflected in the official statistics of the labour market and employment, and above all it does not get transferred to that of unemployment, since this preference for work at no charge or unremunerated is taken into consideration neither by surveys on employment, nor by the lists of employment agencies.

Because the virtual reduction of supply of labour is expressed primarily in a reduced availability for full-time work, or a greater supply of part-time work, this phenomenon does not appear in the official statistics which continue to register an indifferiated and unsatisfied supply of work, when in reality this supply is very differentiated and very much conditioned: as is manifestly evident when concrete job opportunities, made available to those signed-up on predetermined lists, are subsequently abandoned by the same people in the face of the real conditions of the

work itself⁵.

In order to correctly evaluate the phenomenon we are talking about it would be necessary therefore to heavily correct the meaning of employment and unemployment statistics⁶. Associative economy implies a non-remunerated occupation (monetarily speaking) which diminishes the worth of a demand for a remunerated employment. A non-active person could be - with the development of associative economy - a person who is in reality only partially inactive, because employed in an informal manner, but not as a result of this any less productive or less remunerative (from a non-formal point of view).

In this regard it appears pertinent, even if not exhaustive, to use the definition "informal economy" to designate associative economy. In this age of post-industrial society in which an informal economy (informal because not formally perceptible in official systems of accounting of production and employment) develops rapidly, the formal value of employment (and of non-employment or of unemployment) is not the same as it was in the age in which society was becoming industrialised, in which informal (non monetary) economy tended to disappear and in which the exchange of goods and services, and therefore also of employment, tended to be monetarised. Until associative employment (including that which is not remunerated monetarily), is also taken into account in employment and unemployment statistics, the worth of employment (and of unemployment) of today will be very different from that of the age of industrialisation: according to our personal estimation its worth should be roughly halved⁷.

And as long as associative employment is not also accounted, the employment-effect of the increment in the associative sector will be - as other things belonging to the change in post-industrial society - buried, or hidden or simply distorted.

This is therefore, the context in which some manifestations of "informal exchange networks" of activities and labour, in which the trade union that becomes aware of the structural changes of contemporary society, may be able to assume a dominant if not hegemonic role.

⁵The changes in the behaviour of the employment market, above all on the part of the supply, in post-industrial society, have been the subject of a very vast literature, also projected towards the exploration of the envisageable future. Among many works, we would like to single out Gershuny (1978), Gershuny and Miles (1983), the essays collected by Henry (1980), and a rich bibliography in South (1980).

⁶On the fallacy of unemployment statistics, the reader is referred to the works of Guttmann (1978 and 1979), Clarkson and Meiners (1977), Foudi et al. (1982).

⁷Further considerations may be found in the lucid essay by W. Leontief (1982), and the work in cooperation with Faye Duchin on the "social impact of new technologies" (Leontief and Duchin, 1986).

Let us look at some particular manifestations⁸.

The "Service Credits" system in the United States

During the 1980s in the USA several states have implemented through legislation networks for non-monetary exchanges of services, putting into practice the "Service Credits" model (developed mainly by Edgar Cahn⁹). The initiatives known so far do not permit a reliable assessment of the effects and overall merits of this model, and thus the academic and political discussion still keeps mainly to the theoretical plane. The "Service Credits" model is based on the formation of a local network made up by people willing to provide and/or receive services - mostly of a personal and domestic kind - using not money, but vouchers valid inside the network itself. In the centre of each network there is an organization, such as a welfare association, parish, hospital or trade union. This organization acts like a bank, which puts the service voucher into circulation. The network is endowed with a starting capital provided by a public agency and/or private individuals. In addition to its managers, in the network three kinds of people participate: the "donors", the "recipients" and the regular participants. The donors provide voluntary services to the other participants without receiving vouchers in return. Their motivation can be of an altruistic/philanthropic kind, but they may also be seeking personal benefits, such as the possibility to attend training courses in social services and subsequently to offer the acquired skills on the labour market. The position of the recipients is the opposite, since, due to illness or age they are exclusively consumers of services. Lastly, the regular participants are both providers and consumers of services: in return for the services given they are entitled to services of equal value provided by other members of the network.

The system lends itself to many possibilities of expansion: several local associations can establish connections and provide a common and varied "pool" of services, so that also services not supplied by a particular organization could be obtained from an associated organization. In such cases a controlling authority would be established, which could function like a "central bank".

Experiences in exchange networks in The Netherlands

Since the mid-eighties several informal exchange networks for services

⁸The information reported in the rest of this section derive from the fundamental work by Offe and Heinze (1990, 1992). For a first evaluation of the Italian experience of the so-called "time banks" see AREA (1996).

⁹Edgar Cahn is a Professor of Law at Florida International University, and was an Advisor to the American Government. He is actively involved in civil rights movements.

and goods have arisen in The Netherlands. Most of these networks originate from initiatives taken by the National Association of Centres for Voluntary Work (*Landelijke Vereniging van Vrijwilligercentrales*). They are non-commercial projects directed primarily to people with low incomes and much free time, and have attracted the interest of Dutch political circles, who are engaged in tackling the "Welfare State crisis".

In these networks the principle that "one good turn deserves another" is generally followed, i.e. no attempt is made to differentiate the services according to their quality. The unit of measure is the quantity of work spent, which is measured in hours or otherwise. When goods are exchanged, sometimes a point system is used. Most networks have set up a central office which keeps accounts of the "debits" and "credits" of each participant, and works like a Stock Exchange. These central offices are often actively engaged in matching demand and supply of services, continually informing the various members of the existing opportunities. Some initiatives have renounced the principle that only imposed "paying" for services obtained with other services, have admitted the possibility of paying for services rendered by the organization with money. Some volunteers also work in the networks, who help very needy people, and whose activities sometimes receive external support through donations and public assistance. However, the normal situation is that of reciprocity, which has the advantage of avoiding the sense of one-sided dependence that the recipients of volunteers usually suffer from.

Although the expressed aim of the networks is that of bringing economic benefits to their members, by avoiding recourse to the market for certain types of services and goods, research has shown that the principal motive of the participants is of a rather immaterial nature. Belonging to a network creates a sense of community among the participants, and permits them to establish contacts with other people and sometimes to escape from situations of isolation. The essential condition for the perdurance of the project seems to be, however, an organizing and administrative structure composed of able and motivated people.

The Offe and Heinze Model

Claus Offe and Rolf G. Heinze formalized and organized their concrete experience in a model called by them "cooperation circle" (*Kooperationsring*)¹⁰. It foresees an exchange network of services between households, whose number can vary from a few dozen up to about 500¹¹. This size, according to the authors, should, on the one hand, assure the

¹⁰See Offe and Heinze (1990, 1992).

¹¹The authors exclude single members of households and firms from their model.

"local" character of the circle, and, on the other hand, assure results of specialization and create economies of scale. The exchange would be based on the principle of equivalence; it would not, however, be based on money, but on a special currency of certificates or vouchers, which would not be convertible into money.

The currency is expressed in terms of time (hours), among other things, to avoid mechanisms such as price formation and to favour the participation of people with little money but a lot of time, with favourable results in terms of social integration. This means that the system stops differentiating and evaluating services rendered according to quality, that is, according to the ability, effort and experience of the person carrying it out. Offe and Heinze, however, retain that there would be a standardization of the services and a definition of "normal" and "acceptable" quality.

The services exchanged in the circle will be particularly concentrated around the family, personal care and domestic activities. It is supposed that in these fields the necessary abilities are already largely held by the people concerned, and the advantages of the system would thus be obvious from the beginning. Moreover, such a limitation would prevent the opposition of professional suppliers of more complex services and their associations, making the achievement of the model easier. Specialist services for special categories would not be objects of exchange, because otherwise a disproportion would be created between supply and demand. Only "everyone's services" for "everyone's needs" would be exchanged.

According to Offe and Heinze, exchange networks of this kind cannot emerge exclusively on the initiative of the people concerned. The predominance of the market and etatism caused by the process of modernization has led to the partial loss of the socio-cultural abilities needed for the discovery of spontaneous forms of reciprocity and selfhelp. Schemes like the one outlined by them should therefore to be promoted by the local authorities or others. As far as organization is concerned, a "cooperation circle" could emerge *ex novo*, preferably under the legal form of "association", or on the basis of one or more pre-existing organizing structures, such as associations, religious communities, cooperatives and trade unions. The subjects indicated could also help the public authorities to create incentives for the high rate of circulation of the vouchers, for example, making available to circles that surpass certain levels of activity, people who take care of administration and formation.

One reason why this proposal should be of great interest to the trade unions is that, according to its authors, it is strictly linked to a demand that in recent years has become increasingly more intense: the reduction of working hours. The diffusion of "cooperation circles" would help to remove some obstacles that oppose this reform.

In fact most people with a job might be willing to accept a cut (or lack of increase) in their wage that would follow a reduction of their working hours, if they were sure that this would result in new opportunities of employment for others. But because they cannot be sure that their "sacrifice" would really have this effect - in fact, companies could react to this change with strategies that would not cause an increase in employment - they will tend to privilege their immediate personal interest and oppose the reduction in working hours and wages. Because the employed and their families represent most of the population, proposals to reduce working hours meet with a serious obstacle. The diffusion of informal networks of exchange of services could contribute to remove this obstacle, increasing the value that the single worker would give to an added unit of free time. He could occupy part of the time gained in an informal network, obtaining the services that before he had to buy on the market, and that would compensate him, at least in part, for the reduction in income.

From the point of view of the whole economy, the "loss" of hours of work could not any longer be considered a "waste" of working potential, but a precious resource that would be translatable into useful work outside the monetary economy.

If the informal networks of exchange can function as a catalyst for a reduction in working hours, this, in its turn, creates favourable conditions for the diffusion of informal networks, giving people more free time. The informal networks and reduction of working hours - to which Offe and Heinze add the introduction of an unconditional guaranteed income ("basic income")¹² - therefore constitute a "package" of reforms whose elements support and promote each other.

The creation of trade-union informal exchange networks

The essence of our proposal is contained therefore in widening the typology of the experiences rapidly discussed and making it become a predominant role in the trade union, in as much as it is the most equipped, "competent", authoritative organism to assume the initiative of the formation of the above-mentioned exchange networks. The rhythm of expansion of this trade-union initiative should be inversely proportional to the rhythm of shrinking of the labour market area in which the trade unions operate as legitimate representatives of the workers. This objective condition of the trade unions, has led to the imprecise and predictable accusation that they look after the workers and not the unemployed. The truth is that they have looked after the workers only because their model of action has corresponded until now to a labour market model characterised

¹²On minimum guaranteed income, see also Offe (1992).

by the for profit business demand for labour; or by nonprofit businesses (government agencies included) which however took on labour on the market and without special final aims apart from the qualified labour which they demanded. The day when - like the ancient mutual aid societies and guilds - the trade unions offer also aid-oriented services to their members, and in newer and newer social demand sectors, then the trade unions will become also representatives also of the workers as users and consumers, and as organisers of self-production, self-consumption and champions of self-management.

This is why the trade-union federations should systematically promote the constitution, by their local organisations, of informal exchange networks operating according to the rules described above. The trade-union associations could provide the initiative, organisation and the publicity needed to "launch" the single networks, and subsequently to continue to provide the necessary personal and material logistical support (telephone, fax, photocopiers, etc.). The single networks, made up presumably of a few hundred people, could then be connected up amongst themselves, exploiting the lines which already unite the local trade-union organs amongst themselves and with the regional and national organisations.

In perspective it can be imagined that the coupons valid in the single networks will develop into a *trade-union currency*, governed by rules that are more communitarian and close to the trade-union values than those which govern the formal sector of the economy.

Trade-Union financing for the third sector

What financing?

Among the problems met by the third sector in its development, the difficulties met by the nonprofit organisations in getting the resources necessary for their activities stand out.

In the vast debate that has opened up on the third sector financial problems have acquired a primary position almost prevailing over all others. As we have already warned, we certainly do not intend to specifically examine financial problems in particular in a discussion of the various financial instruments that may be more or less suitable for ensuring the best functioning of the third sector.

Here we would like only to identify - from the financial aspect also - a specific trade union role. But, at the same time, we believe that such a specific role would not be either understood suitably or comprehended in the correct manner, or well realised unless reference is made, let us say, to

