

Consumer unions as a way of combating capitalism

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1 Introduction

This is a brief whitepaper introducing some consumer-oriented ideas for combating capitalism. More specifically, these ideas regard a new type of consumer union in which consumers use their plans for future consumption as leverage against companies in order to make them reduce their profits and instead spend that money e.g. on lowering prices, giving workers a higher salary or better working conditions, or on reducing pollution, etc.

Here and in the following text, ‘capitalism’ is loosely taken to mean a system which is ‘governed by the interests of money’, following the same terminology as Wright [1]. It is thus *not* taken to be synonymous with just a ‘free market system,’ and in fact, the ideas introduced in this paper are all supposed to function within a free market system.

The scope of this whitepaper is quite limited and does not include any in-depth analysis of the ideas introduced. The paper instead simply aims to introduce the overall concept of the ideas and give just a few arguments for why they might merit further research.

2 Motivation

One of the major concerns with capitalism as it functions today is that whenever workers generate value in the economy, the owners of the means of production will be able to take a part of this value as profit. The owners of the means of production will thus be able to increase their wealth on the back of other people’s work. Apart from the fact that might seem unfair on the microscopic level, the big concern about this system is that it seems to lead to an increasing wealth inequality in society on a macroscopic level.

There are several ways in which individuals in a society can try to combat capitalism. First of all, they can vote for political parties who want to enact anticapitalistic policies. Second, they can be selective about what job offers they take, which in practice often implies joining and agreeing to the terms of a labor

union. Third, they can be selective about where they buy their goods and services as consumers. And fourth, they can be selective about where they invest their money, e.g. in terms of what pension funds they choose.

In the past there has been a lot of focus on the first two ways combating capitalism, i.e. the political struggle and the struggle of workers to demand better conditions for themselves and their peers. But perhaps the last two ways mentioned here have been slightly overlooked so far, and in particular the third way of being selective as consumers, which is the topic of this whitepaper.

Indeed, if we think about the term ‘consumer union,’ it is commonly associated with an organization that fights for transparency and consumer safety. These are important things to fight for, of course, but how about another type of consumer union that actually aims to be for consumers what a labor union is for workers? In other words, how about a union that uses its members’ future consumer habits as leverage in order to put pressure on companies to lower their profits and spend that money on offering better deals for their workers and/or their costumers instead?

It does seem that there could be some potential in this idea, and that consumers might be able to gain quite a lot of power by unionizing and using their future consumer habits as leverage in negotiations with companies. If we for instance consider the part of the tech industry that gains revenue from collecting and selling their users’ data, the value of which is mainly due to how it can be used to predict future consumer habits, the fact that so much money is involved in that business paints a picture of how valuable it is for companies even to just *predict* these habits. And if we then go on to consider the enormous amount of money and effort that companies spend on public relations and advertising, it shows how valuable it is for the companies to try to influence consumer habits. So if consumers are able to band together and somehow use their future consumer habits as a kind of trading commodity and/or bargaining tool, they might be able to gain a considerable amount of money and/or power thereby.

3 Possible goals of these consumer unions

Consumer unions who want to use their members’ future consumer habits as leverage can do so for several possible reasons. One possible goal of such a consumer union could simply be to support certain labor unions, simply providing a different way that the workers of these labor unions can get leverage over their employers. One could thus imagine group of labor unions who are sympathetic to each other’s causes coming together and founding a consumer union for all their combined workers to join (as well as any other individuals who are sympathetic to the same causes). This then makes it possible for these workers to start applying pressure on their employers from two sides in order to get the concessions that they want, both as employees threatening to go on strike and as consumers threatening to boycott the companies.

Another aim of such a consumer union could be to negotiate lower prices of goods and services for consumers. So instead of persuading companies to reduce

their profits in order to spend that money on better conditions for their workers, the union might instead aim to get them to spend that money on lowering the prices for their customers. The potential advantage of this is that it might make it easier to attract members to the union, since it would make the union rely less on solidarity between trades and more on the direct desires of the members to get a market of goods and services that is more favorable to the average consumer.

Such consumer unions that focus more on lowering prices for consumers rather than raising the pay of workers also have to then consider if the aim should be to get the companies to lower their prices in general, or if they should instead strive to get desirable deals specifically for their own members when they can. The latter option might require a higher level of organization for the union, as we will briefly discuss in the next section, but the advantage might be that this would make it easier for the union to attract a large number of members, simply because these would miss the good deals otherwise. And the more members a consumer union has, the more power it has to get make companies change their directions.

Consumer unions of this kind also do not have to focus solely on getting economic benefits. They can strive for other political goals as well, such as better working conditions, less pollution, and so on. Now, it might happen that some consumers come together to form a union with some specific goals in mind, e.g. such as not allowing companies to make too big profits on their behalves, but then later find themselves disagreeing on what other political goals the union should strive for. If the union is relatively small, a simple solution could then just be to make it a democratic decision what other goals to strive for. But when the union is large enough, it could be more beneficial for the members to agree to divide the union up into separate parts. These could then go on to strive for individual goals whenever they disagree, but still work together when it comes to the issues on which they agree.

4 Possible approaches of these consumer unions

Similarly to a labor union, a consumer union of this kind could have a democratically elected leadership, whose task it is to first of all analyze what actions to take as a union in order best to strive for its goals. Such actions would often include negotiations with companies, and the leadership could also be responsible for these. As leverage in these negotiations, the leadership should then be able to mobilize the members of the union and persuade or require them to change their consumer habits. Thus, if the decision is to put pressure on a specific company in order to get certain concessions, the union leadership will likely ask or require all its members to reduce their demand for the goods and services of that company, possibly by changing their demand to other companies instead.

In a simple version of such a consumer union, the union leadership can simply ask its members to do so, and not do anything further to monitor whether the individual members follow these instructions/recommendations or not, other than to monitor the general sales of the company in question to see how much they

decrease as a consequence. If the boycott then seems to not be as strictly followed by the members as expected, the union leadership can then simply try to make further communications to the members in order to persuade them to live more up to the commitment that they agreed to when signing on to the union.

This simple version might be preferable whenever the goals of the consumer union are somewhat altruistic in their nature, for instance if the aim is to support labor unions, or to make companies reduce their prices for all their customers, not just for the members of the union itself. In these cases, it would not make sense for the unions to try to make the agreements of the members specifically binding. For if the goals are altruistic, the members should only have to commit to the cause exactly as much as they want to.

However, if the strategy of the consumer union includes striving for better deals specifically for the members of the union, it would then be natural to take steps to ensure that the members fulfill their parts of the agreement. Otherwise everyone would just join the union regardless of how committed they are to changing their consumer habits.

One potential solution for this is for the union to set up some sort of group purchasing organization (GPO), owned and run democratically by the members of the union. The clients of this GPO are then also the members of the union themselves, which means that each member can choose to spend part of their budget for consumption through this GPO, and if they do so, the GPO can use the collective buying power of the committed members as leverage in order to get discounts for them.

This GPO could for instance function much like an online store, with a catalog over products and services from various companies. If any given company does not agree to give the certain discounts that the GPO requires of it, the GPO can then threaten to remove that company's products and services from its catalog. Assuming that the members of the union are generally committed to spending part of their consumption budget through the GPO, removing a company's products and services from its catalog would thus lead to a decreased demand for these overall, which gives the GPO leverage over the companies. And even though there might be an initial phase for each negotiation where the GPO has not yet obtained any discounts, as long as the members stay committed to spending money through the GPO, it will likely be able to eventually use the leverage that this commitment gives it in order to get some discounts for the members.

In order to be able to attract more commitment from the members in these initial phases of negotiation where the GPO has not yet achieved the desired discounts for a certain type of product or service, the GPO might implement some sort of system where the members can earn points whenever they spend money through the GPO. When the GPO then finally achieves the discounts that it seeks, the members might then get individual discounts based on how many points they have earned. This could serve to give an extra incentive for the members to commit themselves to the GPO even before it achieves the discounts that it seeks.

5 The potential of these consumer unions

We can obviously not conclude anything exact about the potential that these consumer unions might have in this short whitepaper. The ideas requires further research before any such conclusions can be made. But we can at least look at a few arguments for why it is possible that they could have quite a big potential.

As mentioned above, changes in future consumer habits can have a big impact on companies, hence the large amount money spent on public relations and advertising. A significant part of a company's market value is thus often quite dependent on the (predicted) future consumer habits. This means that the consumers in principle have the power to make financial assets decrease or increase in value, and this power could in principle be used either for political or monetary ends. Of course, the consumers of a society include all people in it. One can therefore not expect that they will all agree to take the same actions. But if the consumers organize themselves in unions of peers who all share some of the same interests and agree on some of the same issues, the unions might then be able to utilize some of this potential power.

If we then look at the simple (altruistic) versions of these consumer unions where the union leadership simply encourages its members to make certain changes in their consumer habits, but does nothing towards being able to monitor the habits of the individual members, the effectiveness of this approach will obviously depend on how committed the members can stay when there are no consequences for breaking their commitment. In other words, the union might be successful in attracting a lot of members, but if these members do not really follow the instructions/recommendations by the union, the effectiveness of the union will still be limited. However, it might turn out that the members of such a union *will* be committed to follow its recommendations, perhaps due to the positive feeling of being part of a movement that achieves real political goals, and therefore this version of a consumer union might turn out to be quite effective still.

Regarding the version of a consumer union which includes a GPO, it will of course first of all take some more work to establish such a GPO in comparison to the simpler version. But this effort might be rewarded if the union can then offer economic advantages specifically for its members as this might increase the general interest of consumers to join the union. It might also increase the union's negotiating power since it could allow the members of the union to make more binding commitments to spend part of their budget for consumption through the GPO. A consumer union which includes a GPO might thus get more leverage over the companies thereby.

A potential critique of these types of unions is that some consumers might not want to restrict their choices thus. And indeed, there are people who are very specific when it comes to the brands that they go for. But for many people, the brands themselves are often not that important; only the specifications of the products or services, the prices, and perhaps some political considerations as well, such as environmental impact or working conditions for the workers. So as long as

there are competitive alternatives to a certain product or service that a company provides, which there usually is, most people would probably not complain if the union requires them to go for some of these alternatives instead.

Furthermore, another potential benefit of a consumer union is the fact that it might be able to help the members analyze and test products and services on the market. The union could do this either by gathering and analyzing feedback from its own members or by employing researchers to analyze products and services on behalf of the members, or a combination of both. This could yield a more efficient way for the members of the union to analyze products and services as a group, rather than letting it be up to each individual to do their own market research. So in addition to perhaps being able to obtain better prices for goods and services, the union might also help ensure that the quality of the goods and services meets the expected standards. This might prevent a lot of frustration for the members, e.g. of experiencing buying a certain product only to see it break right after the warranty has expired. The union might also help the members gather information about companies in terms of their operations as well as that of their suppliers. This might save a lot of work for members who want to make good political choices as consumers, such as not supporting companies who have a bad environmental impact, who use sweatshops or child labor, etc.

6 Final remarks

Let us conclude this whitepaper with the following remarks. In regards to the idea where the consumers come together and leverage their collective buying power through a GPO, one can ask: If GPOs are successful for businesses in order to negotiate better deals from other businesses, why could the same concept not also be successful as a way for consumers to negotiate better deals for themselves?

And in regards to the overall idea for consumers to gather in unions in order to use their future consumption as a political bargaining tool, let us consider the vast amount of combined effort that people already put into other political organizations and unions. This effort for instance includes being politically active in these, arranging and taking part in demonstrations, communicating ideas and beliefs to others and engaging in political discussions, in real life and online. Even though most individuals probably do not expect that their own effort will lead to a big political change by itself, the idea is often that ‘every little thing counts.’ Well, if indeed every little thing counts, then there is absolutely no reason not to give the subject that this whitepaper has discussed further consideration, and thus look further into whether unionizing as consumers could indeed lead to greater political power and influence for various groups of people.

References

- [1] E. O. Wright, *How to Be an Anticapitalist in the Twenty-First Century* (Verso, La Vergne, 2019).