

Cosatu investment companies

What connection with socialism?

In a previous *Labour Bulletin* article **Melikaya Rubushe** wrote that trade union investment companies are not reflecting the choices of their membership. Here he takes this further and argues that such companies directly contradict Cosatu's socialist aims.

JT Murphy in 1936 declared that socialists are interested in trade unions because they want them to be instruments of the struggle for the defeat of capitalism, and not instruments for delaying the workers' struggle for socialism.

Long before this declaration by Murphy, socialists had an interest in what role trade unions could play in the struggle against capitalism.

Marx and Engels, at least in their early analysis of trade unions, saw a potential in these organisations to unite the workers into a class 'for itself'. The idea of 'schools of war' carried an expectation that trade unions would serve as the 'war room' where workers were going to learn the fight against capitalism as a system. Ross in 1981 explained this as based on the centrality that socialists place on the working class in the struggle against capitalism and the fact that trade unions represent an advanced form of workers' organisation.

Accompanying this positive outlook on trade unions, were concerns regarding these organisations' capacity to engage in a sustained onslaught against capitalism as a system instead of only engaging it in an episodic way. At different times, Lenin, Trotsky and Gramsci pointed to a variety of

weaknesses that prevent trade unions' from sustaining the war against capitalist relations of production.

Gramsci, in particular, pointed to what he saw as the trade union leadership's proneness to accepting concessions from capital at the expense of a sustained sabotage of the capitalist system. He thought it absurd to maintain that trade unions in themselves possessed the capability to overthrow capitalism. He argued that unions are no more than a commercial company, of a purely capitalist type, bent on securing the best possible price for the commodity of labour.

I argue here that the trade union investment schemes of Cosatu (Congress of South African Trade Unions) unions, in their current form, represent a confirmation of a lot of the early criticism levelled against trade unions within a context of the struggle for socialism.

I show that Cosatu trade unions, through their investment schemes, advance a capitalist accumulation path and the emasculation of the ordinary workers. To illustrate this point, I examine how these schemes can either enhance or tarnish the socialist credentials of

South African trade unions in terms of their contribution to wealth creation, wealth collectivisation and the entrenchment of workers' control.

INVESTMENT SCHEMES AND WEALTH-CREATION

There can be no doubting that trade union investment schemes raised their worth in the years of their existence since the mid-1990s. One of the major criticisms levelled at investment schemes, however, is that they produce a few rich individuals with little material benefit accruing to ordinary members of the unions and the rest of society.

A number of analysts point to this 'deficiency', noting that a few former unionists have become super rich on the back of these schemes while ordinary members cannot claim the same results. This poses a serious challenge given that one of the central features of a socialist order is the collective ownership and equitable distribution of economic resources.

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chance in life through education. But so have all other traditional capitalist-run companies. They call it social responsibility which, far from creating conditions for the eradication of capitalism broadens its scope of influence.

The point is that union investment schemes operate much like the old established capitalist owned companies. Wealth is created for the sake of wealth creation, to feed the insatiable needs of a few at the expense of many. Whatever accrues to the rest of society is as a result of a trickle down effect. How often do we hear about millions of rands that are pocketed by a few individuals who sit on the governance structures of these schemes?

COLLECTIVISING WEALTH?

More than ten years into their existence, people continue to criticise union investment schemes for functioning in silos without visible coordination or working towards a common objective.

Dale McKinley in 1998 noted that the investment companies of different Cosatu affiliates compete against one another. A classic example of this contest was between the Mineworkers Investment Company (MIC) and Hosken Consolidated Investments

(HCI). At a time when MIC had a stake in HCI, it supported a bid by Primedia, a competitor, in a contest for a television station licence.

There have long been calls for Cosatu to enforce consolidation and coordination among the companies of its affiliates. Sadly, though, there continues to be very little visible practical corrective response from either Cosatu or its affiliates to change this situation.

One would expect drastic steps by Cosatu to intervene in this respect because this coordination would give legitimacy to its declared commitment to socialism. We should recall that collectivisation is a central feature of socialist ideology. In spite of several Cosatu resolutions to this effect, the problem of coordination of union investment companies continues to be a main source of concern even for unions themselves.

WORKER CONTROL?

The issue of worker control is about the extent to which the schemes represent in their operations the primacy of the working-class perspective. But the presence of corporate governance principles and a few worker faces sitting in the meetings of the boards only represents a superficial semblance

of workers being in control of the investment companies of their unions.

It is indeed a mere superficial semblance because while one may see boards of directors with representatives of unions, more often than not, this does not reflect the extent to which unions and ordinary members have real influence. To ensure worker control there has to be more than just rights of consultation, representation and participation. Central to the worker control ideal is the achievement by workers with real power to take key decisions that have a direct bearing on their lives.

CONCLUSION

Without demeaning the standing of South African trade unions in the history of the struggle for national liberation, unless there is drastic change to how these union investment schemes are run, the socialist credentials of these organisations will further be compromised. LB

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