

Foul play?

the crisis in FAWU

The Food and Allied Workers' Union (FAWU) dismissed its Assistant General Secretary, Ernest Buthelezi, last month after a disciplinary hearing found him guilty of "abusing his powers and defrauding the union". The action followed suspensions, counter-suspensions and the removal of three senior office bearers over alleged irregularities related to the financial activities of the union.

While the contents of the alleged charges against the union's first Vice-President, Ernest Theron, second Vice-President, Papiki Moeng, and National Treasurer, Richard Mpungose, are not known, it is rumoured that they were ousted because of their "political association" with Buthelezi, giving credibility to allegations that the crisis is rooted in old "factional differences" within the union.

It is believed the move to oust Buthelezi was sparked by his accusations of misconduct against the union's General Secretary, Mandla Gxanyana, as far back as November last year.

The crisis in FAWU signals the potential dangers of unions venturing into uncharted waters - namely, financial speculation.

This is not the first time the union has been torn apart by conflict. In the late 1980s a political rift between factions in FAWU resulted in a split in the union in the Eastern Cape and the establishment of an organised 'sect' in Cape Town. What followed was growing disunity among rank and file members and the formation of splinter unions in Cape Town.

Allegations of corruption in FAWU have resulted in the dismissal of one senior official and raised questions about the involvement of another. The crisis in the union highlights the potential pitfalls of trade union investment activities. Malcolm Ray reports.

A union official recollects the conflict. What was at issue, he says, were the very basic principles of worker control and democracy. The open expression of differences and dissidence was dealt with by repression. All power shifted to a few members of the National Executive Committee (NEC), which emphasised the authority of the leadership over ordinary union members.

At the time, a veil of mystery clouded the conflict. The same official maintains that the political faction was organised on the basis of the personality of its leader. If you were in favour with this individual, you were in favour with the faction. If you fell out of favour, you risked losing your position or being kicked out of the organisation.

Eventually, he says, workers lost control of the organisation. Corruption was alleged

to be rife throughout the union, *not only* in the sense of alleged misappropriation of money. The leadership had become a law unto itself, in obvious violation of the constitution. Consequently, union officials were dismissed and expelled. Many workers lost confidence in their leaders and either resigned or joined rival unions. The seeds of alleged corruption that were sown during this period are bearing the bitter fruits of the present crisis.

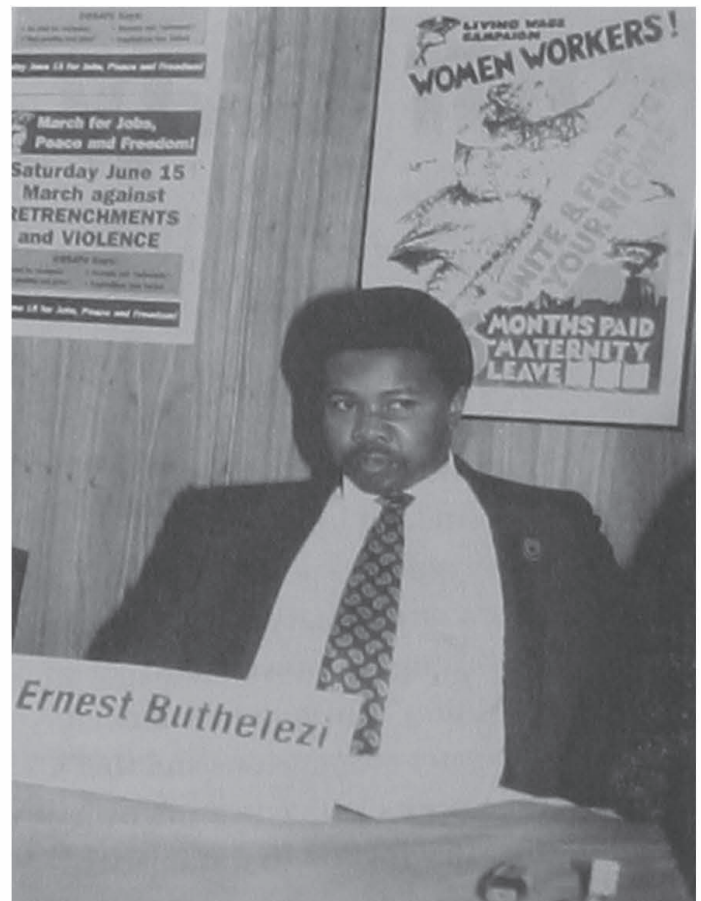
Is history repeating itself in FAWU? Despite some fundamental differences, the latest controversy bears similarities to earlier conflicts in the union. It once again brings to the fore questions of internal democracy and worker control that have long haunted FAWU. This time there is a new element: the question of union investments.

Fraud?

The involvement of union officials in FAWU's investment company, Ikhwesi, has long been a bone of contention in the union. Accusations of fraud against union leaders have graced the pages of newspapers and featured as the subject of independent commissions of inquiry.

FAWU leadership is tightlipped about the issue, but indications are that corporate investments have become a new terrain for old factions in the union to fight out their differences. This has been compounded by the alleged lack of accountability and democracy that has plagued FAWU for the past seven years.

An ex-FAWU official, who refused to be named, put the issue simply: "When undemocratic political practices and financial problems of accountability intersect, the result is corruption." In the recent crisis, members of the NEC found themselves at the centre of a storm of controversy around allegedly fraudulent activities totalling many thousands of rands. Accusations and counter-accusations have



been the order of the day, with many of the core issues being sidelined.

Suspensions, counter-suspensions, dismissal

The last few months have seen witch-hunts and infighting at the national leadership level on an unprecedented scale. Not since the controversial 'campaign for democracy' and the expulsion of several leading union members in the late 1980s has the union been so hard hit.

Mandla Gxanyana says allegations of a political power struggle within the union are "preposterous". He cites "irrefutable evidence" against Buthelezi and claims that his dismissal was due to his violating standing union policy.

The findings of a pre-disciplinary inquiry by the Independent Mediation Services of South Africa (IMSSA) into alleged misconduct by Buthelezi confirms shocking details of "unauthorised payments" of large sums of money for his accommodation in a furnished Cape Town apartment over a

three year period.

In his defence, Buthelezi reportedly told the commission that the union executive committee "approved this arrangement as part of his relocation costs" from Johannesburg to Cape Town, where the FAWU head office is based. According to the recommendations of the report, Buthelezi could, at worst, therefore be guilty of a "minor infringement" of the union's standing policy which allows head office officials up to three months free accommodation.

Based on the recommendations of the commission, the union's disciplinary committee found that Buthelezi was aware of FAWU's accommodation policy, but deliberately abused his position to "intentionally defraud the union for 'R38 236". It recommended his dismissal.

Leadership purge?

Buthelezi maintains his 'minor infringement' of union rules was insufficient grounds for

his dismissal. Commenting in the *New Nation* after the verdict, he insisted that this dismissal was merely the continuation of a tradition of 'undemocratic' practises by political factions within the FAWU leadership. He claimed that none of the charges had any substance and could only be viewed as a "conspiracy to get rid of certain individuals at the leadership level". He recently commented that he is a "victim of a personal vendetta as a consequence of a power struggle within the union ahead of the national congress".

While Buthelezi has not substantiated these allegations, some union leaders share his suspicions. They maintain that undemocratic tendencies have been developing within the union for some time.

Writing in the *Labour Bulletin* (Vol 15 No 3) in 1990, the former General Secretary of FAWU, Jan Theron, argued that a 'corrupt caucus' had taken over the union, employing purges to get their way. Against the background of growing disunity



Mandla Gxanyana.

following the removal of the entire Cape Town branch leadership and the dismissal of a leading branch official by the national office bearers in 1989, Theron maintained that the union was tainted by an 'undemocratic' national leadership. The purges, he wrote, were simply a continuation of a power struggle by a faction at the national leadership level to consolidate their control of the union.

Old struggles, new interests

A former FAWU official claims that, while corruption is not new to the union, the difference this time is that the scale of mismanagement is potentially more damaging. This is because of the "huge financial interests that leaders have in union corporate investments." Investments have become a new source of power struggles between union leaders fighting for a piece of the pie, he says.

An intriguing aspect of Buthelezi's defence was his exposure of earlier problems within the union leadership relating to investments. Last year Buthelezi and several other NEC members sparked an investigation by labour lawyer, Clive Thompson, into Gxanyana's possible violation of FAWU's policy on corporate investments. Thompson found that at least two transactions were "never authorised" either in terms of the union's constitution or by way of accepted union practice.

In the first case, about 135 Krugerrands were purchased for the sum of R256 200 from Investec Metboard in 1994 using union investment funds held by the company. The Thompson report disclosed "startling anomalies" between the "exorbitant amount actually paid and the value added to the financial transaction". In other words, Gxanyana, apart from doing a deal without authorisation, could be guilty of fraud, Thompson found.

In the second instance, a questionable

deal by FAWU Investments (Pty) Ltd, represented by Gxanyana, in collaboration with a black business consortium, was concluded with the fishing company Oceana Holdings.

The Thompson investigation could not make a "conclusive finding of a conspiracy to defraud the union's investment company" as there was no evidence of personal enrichment.

However, the report raises a number of concerns which go to the heart of basic trade union principles. It concluded that: "The lack of transparency surrounding the entire transaction leaves serious unanswered questions and problems."

Worker control and democracy

A conspicuous feature in the Krugerrand and Oceana transactions was the complete absence of rank and file membership or shop steward involvement. Consistent with this, Thompson points out, has been the failure of union officials and their investment advisors to subject themselves to checks and balances, such as the disclosure of information.

Then there is the question of the governance of the investment company. Ikhwesi, FAWU's investment arm, was established in 1994 as a separate entity from the union's constitutional structure. It was thought that separation would pre-empt corruption. But Gxanyana's involvement in the two transactions points to problems of accountability resulting from the separation.

Where there is no control of investment decisions by members, investments can become a source of power struggles. With the shift from political to economic empowerment since 1994, power struggles will increasingly be associated with personal enrichment, casting doubt on the role of union leaders in the corporate world. This, if nothing else, is the lesson of the crisis in FAWU. ★