

Union investment schemes 10 years in

In a recent study **Melikaya Rubushe** contends that ten years later many union investment companies are still not reflecting the choices of their membership.

A year or two into their existence, trade union investment schemes generated high interest from commentators. They started off amidst hope for a people-driven contribution to the transformation of the apartheid economy of private accumulation and it was hoped the redistribution of benefits would be equitable. The contradictions that soon became apparent however would shock even the most cynical.

Analysts have revealed several areas of weakness and concern in investment companies. *SALB 21.3 and 23.6* and *Transformation 46* for example raised a number of issues. These included:

- an absence of coherence in how the schemes operate;
- the introduction of commercial values which could cause lasting damage to the union movement especially with the decision to invest speculatively;
- the abandonment of a working class ideology in investment companies' conceptualisation; and
- a lack of direct involvement by ordinary members in the affairs of these schemes.

It is this last issue that I address.

MEMBERS CENTRE OF UNIONS

The history of the South African labour movement shows much evidence of ordinary members being at the centre of union activities and decisions whether one looks at Sactu (South African Congress of trade Unions) in the 1950s or the early 1970s and 1980s.

In keeping with this tradition Cosatu's (Congress of South African Trade Unions) core principles declare that workers must control the structures and committees of the federation. This approach aims to keep the organisation vibrant and dynamic, and to maintain close links with the shop floor so that workers will be equipped to determine their own futures in politics and in the economy.

When critics examine the culture of internal democracy within unions they focus on the formal structures of representation. So if there is a shop stewards' council that meets regularly the conclusion is that the unions' internal democracy is healthy. What gets lost in this approach is the extent to which such structures provide for a dynamic interaction between ordinary members and the leadership.

Some commentators believe that the best approach to examining the

state of internal democracy within unions is by looking at the day-to-day interaction between members and the decision-making processes of organisation. Central to this interaction would be a two-way process of engagement.

With respect to how union members interact with issues of investment schemes it was clear to me that they are limited to receiving reports from the upper structures of the unions. At a superficial level this may appear a genuinely democratic process - members receive reports to keep them up to date with issues that affect them. But there is clearly no day-to-day interaction between the members and decision-makers.

The shortcoming of such reports is that they tell members what has already taken place. In addition there is no evidence of the matter having originated from workers' desires in the first place. There is a serious rupture in the organisation's internal democratic processes.

I am not suggesting that such consultation should happen with every single decision that has to be taken but the overall sense from my study is that leadership acknowledge this shortcoming but attribute it to members' lack of interest in debates concerning the investment companies. If we accept this argument it would also be true, therefore, that even the giving of reports is an artificial attempt to demonstrate compliance with basic principles of democracy.

Accepting as fact that members are disinterested in complicated issues like the investment choices of their unions' companies, can only indicate how disempowered these

members have become as a consequence of lack of involvement

This 'lack of interest' could also be seen as members' disowning' their investment companies as the content of reports differ from what they would have preferred to see. This was clear in my study when a worrying gap between the investment choices of some union investment companies and the preferences of members was revealed.

In a seminal speech in the history of the South African labour movement, Fosatu's (Federation of South African Trade unions) Joe Forster once declared that the culture of internal democracy was a defining characteristic of the democratic unionism of post-1973 South Africa. Central to the culture, according to Forster, was the ability

to produce leaders who can speak from a clear and democratically obtained mandate from ordinary workers. I argue that the easiest way to assess the extent to which this applies is by making a comparison between the preferences of ordinary members and decisions coming out of leadership structures.

When comparing the investment choices of trade union investment companies and the preferences expressed by ordinary members the gap is notable. The investment portfolios reflect choices that range from real estate, lottery, sporting pools, leisure, media, entertainment, private health-care and financial services. Ordinary members on the other hand provide a wish list that is nothing like the investment choices listed above.

This is because ordinary members

only 'get involved' after the fact so they have no way to influence the kinds of investment choices they would like to see.

Moses Mayekiso, a prominent figure in the South African labour movement in the 1980s, recently declared that the strength of progressive unions in those times was that they were open and accountable. Apart from my own study, a number of other studies have also pointed to the progressive decline in the significant involvement of ordinary members in the internal processes of their organisations. ^{LB}

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ISBN 978-0-7021-8464-2

R380.00 (incl. VAT)

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