

Union investment strategy

socialist unionism or 'social capitalism'?

It is good that the debate on union investment companies has resurfaced in the pages of the *Labour Bulletin* (vol 23 no 4, August 1999). Since the 'early' days, when the establishment of such investment companies caused a great deal of head scratching and heated argument, an uneasy silence has descended. This is not merely about money matters or union control over investment decisions. At stake is the political and organisational future of trade unionism in South Africa.

From Etienne Vlok's article, it is clear that union investment companies such as the National Manufacturing Workers' Investment Trust (NMT) and SARHWU Investment Holdings (SIH) (and presumably most others), alongside a large portion of union leadership, are well on their way to becoming bona fide members of the 'capitalism with a human face' club. When a union leader confidently defends capitalist investment strategies as a socialist means to 'ensure that the means of production are owned by the workers', alarm bells should be ringing. Not surprisingly, this kind of thinking has much in common with the assumptions underlying the country's macro-economic strategy - GEAR. First, much like GEAR's neo-liberal assumptions regarding the role and character of the state, these arguments assume that capitalism's new round of global accumulation means that unions' core role and character has changed. It is becoming commonplace to

Dale T. McKinley critiques current union investment ideology and strategy and proposes a reconceptualisation of investment that is based on strengthening the working class' capacity to struggle for a socialist political economy.

hear unionists arguing that, because of the 'hegemony of capitalism' and 'new global realities', unions must fundamentally alter their strategic vision in order to remain 'relevant'. In other words, 'if you can't beat them, join them'.

This line of thinking is consistent with the view that the April 1994 democratic breakthrough signaled some kind of 'end-game' for union struggles guided by a socialist political programme. In other words, the days of unions placing the active political struggle for socialism at the top of the strategic agenda are over; or at the very least, must take deep cover in the bowels of an ongoing National Democratic Revolution. The dominant strategic focus of South African unionism now appears to resemble a combination of narrow workerism and 'social capitalism'. As a result, most organisational resources and

political energy are given to 'shopfloor' issues, participation in corporatist forums and capitalist investment schemes, as well as participation in a classless 'nation-building' exercise. It is argued that this 'new' unionism will:

- ☐ provide greater benefits to union members;
- ☐ make the organised working class more 'influential' in a situation where overt class-based politicisation of workers' struggle is neither appropriate or 'pragmatic'.

It is more than unfortunate, for the workers themselves, that such thinking and practice has taken hold. In South Africa, just as in the rest of the capitalist world, the reality of the content (not form) of class oppression and ownership has not changed. The underlying assumptions of the 'new' South African unionism are a great deal more 'unrealistic' than alternative socialist strategies grounded in an overt political unionism linked to the realities of class struggle.

While aspects of the 'objective conditions' under which the workers' movement now finds itself have changed, the fundamental programmatic role of unions has not. This is the case precisely because as long as (capitalist) private property constitutes the basis for the continued existence of collective worker organisation (ie the exploitative relationship between wage labour and capital) so too is there the necessity to struggle for working class economic and political power. Some of us still like to call it socialism. The question then becomes how should unions struggle for socialism in South Africa, when they face a difficult environment with new possibilities?

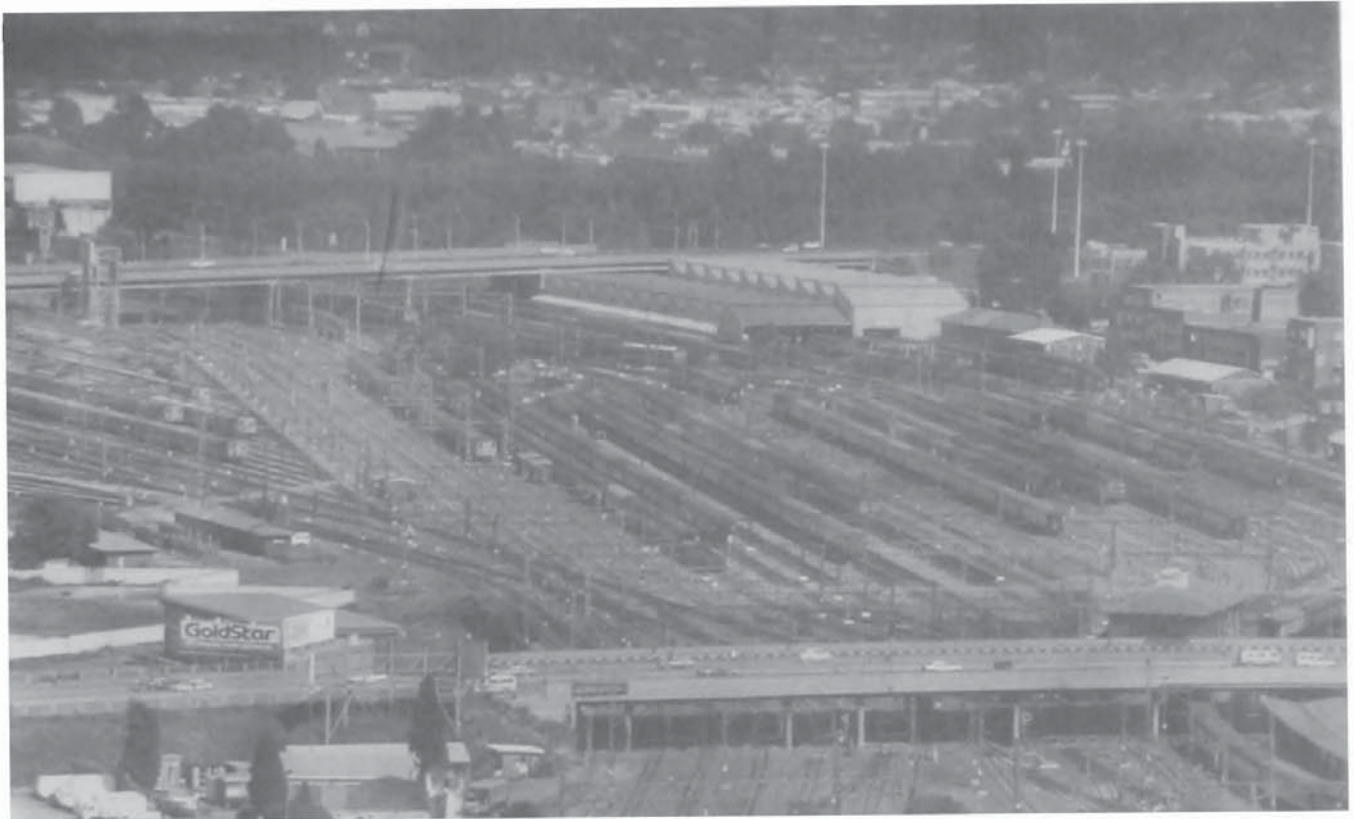
Conceptualising investment

If we accept the strategic challenge posed by the above question, then our departure

point should be that there is nothing inherently wrong or unprincipled with finding new and creative ways to strengthen the working class's capacity to struggle for socialism. In relation to union investments, this is something quite different from a starting point that views a union's use of capital as a means to merely make more capital.

This kind of approach is exhibited by NIT chief executive officer, Charles Millward, when he claims that 'we have a responsibility to make money'. Clearly, many union investment strategies have been 'realised' against the dominant background of jumping on the bandwagon of the 'black economic empowerment' trend. The underlying mentality behind such initiatives rests on the notion that union investment companies represent 'business with a conscience', and should thus be seen as a 'credible partner for empowerment'. Workers are being told that unions must 'get a piece of the action now', or potentially lose out on the 'gap' open to politically correct, aspirant black capitalists.

If this kind of approach informs union investment initiatives, then an 'investment' can only be viewed as a means by which the union can make more capital. Union investment strategies thus become no more (or no less) than the parallel investment strategies of a capitalist finance house. We should remember that the tradition of socialist struggle in South Africa has never been one in which the movement has adopted capitalist strategies as a means to defeat the capitalist system. This is exactly why the South African working class still remains one of the strongest and most vibrant in the world. While it was easy to reject such capitalist strategies when capitalism was in bed with apartheid, it now seems that many unionists have no problem



Public public partnerships with the state ensure real joint ownership.

accepting the same strategies under the umbrella of a deracialised capitalism. When the investment criteria of NIT rest solely on growth potential, the presence of affirmative action and the transferral of skills to black managers, it is clear that there remains only a pretense to an anti-capitalist union investment strategy.

The union movement needs to re-think what an investment is. What would constitute such a re-think at a strategic level? The fundamental principle underlying any 'investment' must be based on strengthening the working class' capacity to struggle for a socialist political economy. This means that union investments cannot, and must not, be reduced to an attempt at playing politically correct games in the capitalist market-place. It is thus essential that any initiative be aligned with the political programme of the union (and the Federation) itself. The two cannot be separated.

The starting point for such a strategic re-think should be first at the federation

(COSATU) level where a common set of principles and strategic guidelines can be adopted that would lay the basis for affiliate initiatives. This means much more than the present situation where the COSATU CEC resolution on union investments merely sets out a more 'democratic' bent to the present set-up. It is simply not good enough for a union federation, that is programmatically committed to socialism, to view union investment companies as tools to mitigate the negative side of capitalist class and social relations at the workplace.

New strategy guidelines

The practical implementation of any investment should be guided by the following:

Building union strength

Investments should be guided by the need to build the political and organisational strength of the union itself on a

democratic platform. This does not mean merely concentrating on 'shopfloor' issues, although these are important. It means an investment in serious political education and worker campaigns that will go a long way in rectifying the Achilles heel of the union movement - the gap between political/programmatic commitments and the ability of workers to give practical content to those commitments. If unionists are truly serious about benefits for members, then they should understand that building the political and organisational confidence and ability of the working class will carry much greater material and social benefits than any distribution of 'social' capital. An investment must be seen (and practiced) as part of a class struggle that is trying to fundamentally change society, not as another slice of the capitalist pie that allows the capitalists the upper hand in the battle for hegemony over the kind of political economy we operate within - ie, GEAR.

Building political organisation

The practical implementation of an investment strategy must be guided by the need to build and be active in working class political organisations. In terms of existing formations, this would apply mainly to the SACP. However, investing on this front always throws up the possibilities of new forms of political organisation. An investment here means, for example, using the financial muscle of the union movement to ensure that working class political organisation is independent in both organisational and intellectual terms. It also means engaging in joint campaigns that, for example, have the capacity to seriously wage a war of ideas. Without finding the means to confront the ideological primacy of capitalist neo-liberalism amongst the workers and poor, unions are in danger of

putting themselves in an economic box from which it will be very difficult to emerge. This is an absolute necessity given the present situation internationally as well as the need to give political content and leadership to the ongoing struggles of the unions themselves.

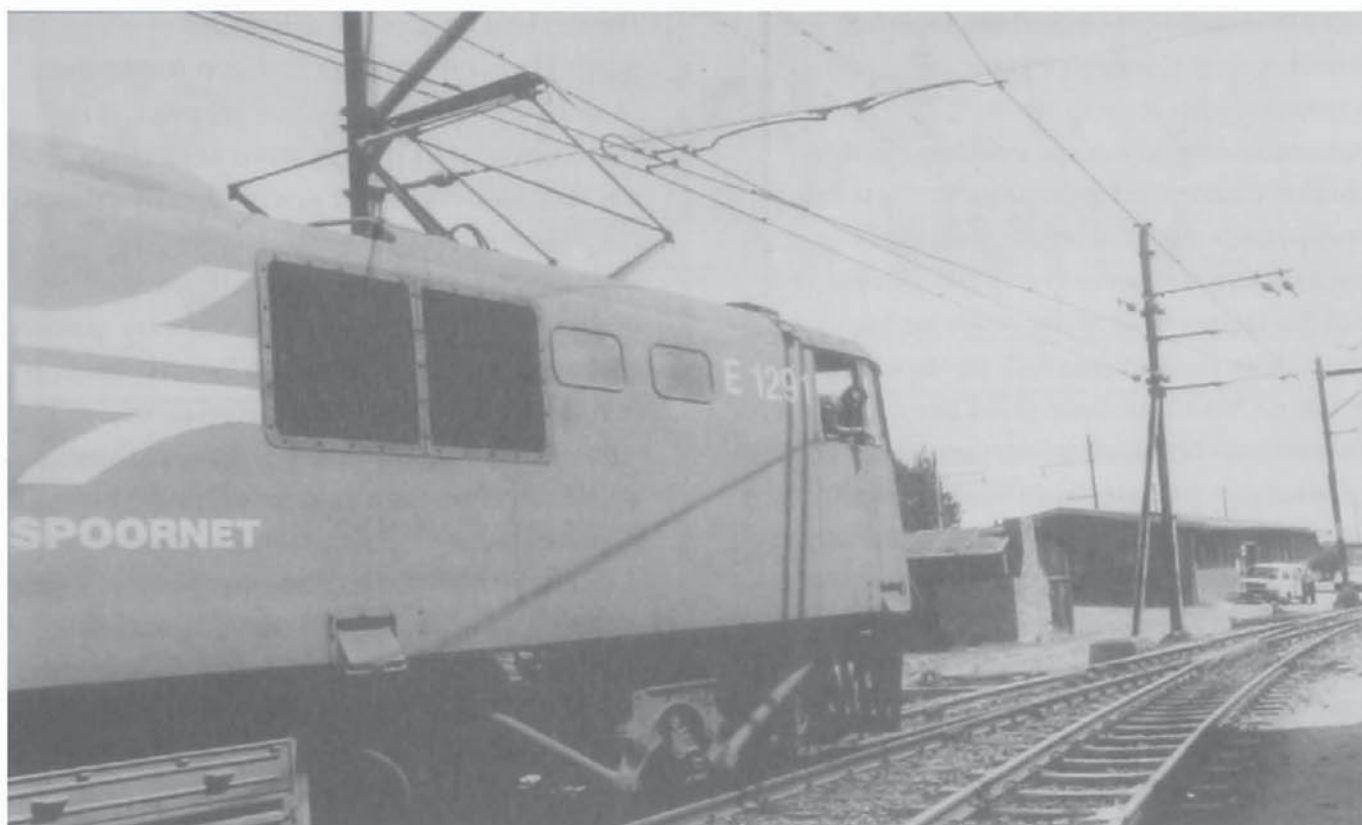
Transcending 'intra-capitalist' circulation of capital

Rather than seeing an investment as an ad-hoc means to singularly 'influence' the use and distribution of capital, union investments should concentrate on building the necessary strength to fundamentally transcend the 'intra-capitalist' circulation of capital.

For example, instead of buying shares on the Johannesburg Stock Exchange (JSE) or engaging in joint-ventures with private (black economic empowerment) capital to become 'players' on the capitalist markets, unions need to begin using capital to start a process of changing the ownership/control of the real economy (ie the productive side of capital). This might mean, for example, 'buy-ins' with the state when it comes to 'restructuring' of the public sector (not the purchasing of privatised state assets). Instituting such 'public-public' partnerships would enjoin the union movement to exercise real joint ownership with the state. This would fundamentally effect the actual control of productive decision-making and the delivery of 'de-commodified' basic goods and services. Additionally, worker (union) controlled trusts could act as investors in the independent production and use of knowledge.

Internationalist control of capital

On the international front there exist possibilities for joint investment initiatives with other union federations and progressive movements. No longer would



Union investment in relation to the state must be rethought.

internationalism be confined to political solidarity, but would encompass the internationalist control and use of capital. Resources could be pooled to fund internationalist public-public partnerships with progressive public sector entities at different levels of government. Other examples of internationalist investment would be in an international research capacity on key issues and the establishment of publications' initiatives. In addition, more overt political investment can be made to those struggling without resources, but whose struggles directly affect the well being of all workers across the globe.

A socialist approach

We must reclaim a political approach to the entire issue of union investment. We must reclaim a process that is politically driven by a working class perspective. This allows for investment to be conceptualised and implemented in terms

of the socialisation of capital (ie creating a system of dual power). Such an approach opens up the possibility for the working class to fundamentally alter the way in which capital is produced (a productive/ownership challenge) as well as the way in which capital is circulated (a distributive challenge). It is, at one and the same time, a strategy that is aware of national specifics and internationalist possibilities. This is a socialist approach to the question of investment!

An investment strategy that plugs into the existing 'market' by attempting to 'influence' the distribution of capital, or, in a few cases, to grab a share of the pie through prioritising notions of vague 'black economic empowerment' cannot, and will not, fundamentally empower workers. Such a strategy will not contribute to any sustainable struggle for socialism, let alone provide material and social benefits to union members. Similarly, notions such as those expressed by

SATAWU national organiser, Derrick Simoko, that through better 'communication and sharing of information' corporate entities owned and/or controlled by union investment companies will empower union members are tantamount to arguing that workers can be better and more responsible capitalists than capitalists themselves.

All COSATU unions (and the COSATU federation) have adopted programmes that ground the primary role and central principles of the union within a struggle for socialism. It is these programmes that must act as a guide to any subsequent strategic activity. Clearly, it is from this base that any investment strategy must arise. Ultimately, it is a matter of finding the best 'fit' between the two. In other words, a strategic challenge!

It is this strategic challenge that has not been taken seriously, or, at best, has been sidelined over the last several years. The vast majority of union investments have embarked upon the search for the so-called transitional 'gap' that allows for the 'let's get into the game now, or we'll lose out' approach. This has created a 'quickie' strategic approach that is essentially devoid of class content, programmatic (ideological) accountability and a participative democratic process. As a result, the present investment schemes undertaken by unions, serve to solidify existing capitalist relations of production and distribution.

The fact that such schemes might succeed in re-directing small amounts of capital into new ventures with new 'bosses' in no way effects the core operation and logic of capitalism itself. Instead, such schemes slot into the role of new 'players', who must abide by the capitalist ground-rules in return for a 'piece of the action'. The new strategy of dominant capital (commonly referred to

these days as globalisation) is sophisticated enough to have made the leap from broad-based social pact processes with progressive sectors of society to new, more specialised forms of the same social pactism. It is in the interests of big capital to encourage corporatist investment schemes by unions. By bringing the unions 'on board', even if the union schemes must give more priority to socially useful criteria, they succeed in further co-opting one of the key weapons in the hands of the workers – ie the fruits of their labour!

The arguments (and more specifically, the practice) of some present, and former unionists, are no more than well-disguised 'salesmen' manoeuvres. They are 'selling' the notion that the best unions and their constituent members can do is to get onto the playing field and hope that through shrewd 'investments' workers will be empowered and be able to 'influence' the way the game is played.

We have heard these kinds of arguments many times in different and failed contexts. And, what have such strategies delivered for the working class in places such as Australia and the US, not to mention current attempts in places such as Argentina and Thailand? There is a world of difference in unions becoming 'players' in the capitalist game of accumulation and surplus distribution, and unions seeking to use capital (in a capitalist-dominated world) as a means to undermine and transcend the game itself. It is ultimately the difference (and choice) between having a socialist strategy and making excuses as to why you cannot have one (regardless of the difficulties). ★

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