

**TRADE UNION INVESTMENT SCHEMES: A BLEMISH ON THE SOCIAL
MOVEMENT UNIONISM OUTLOOK OF SOUTH AFRICAN UNIONS?**

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Dedication

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Abstract

South African trade unions affiliated to Congress of South African Trade Unions (COSATU) have taken advantage of the arrival of democracy and newly found opportunities available through Black Economic Empowerment to venture into the world of business by setting up their own investment companies. The declared desire behind these ventures was to break the stranglehold of white capital on the economy and to extend participation in the economic activities of the country to previously disadvantaged communities. Using the National Union of Mineworkers and the Mineworkers' Investment Company as case studies, this dissertation seeks to determine whether unions affiliated to the Congress of South African Trade Unions (COSATU) are advancing the struggle for socialism through their investment schemes. Secondly, the dissertation determines whether, in the activities of the schemes, internal democracy is preserved and strengthened. The theoretical framework of this dissertation emerges from arguments advanced by Lenin and Gramsci on the limitations of trade unions in terms of their role in the struggle against capitalism. In addition, the argument draws on the assertions by Michels regarding the proneness of trade union leadership to adopt oligarchic tendencies in their approach to leadership. Of interest is how, according to Gramsci, trade unions are prone to accepting concessions from the capitalist system that renders them ameliorative rather than transformative. Drawing from Michels' 'iron law of oligarchy', the thesis examines whether there is space for ordinary members of the unions to express views on the working of the union investment companies. By looking at the extent to which the investment initiatives of the companies mirror the preferences of the ordinary members of the unions, one can determine the level of disjuncture between the two. The study relies on data collected through interviews and documentary material. Interviews provide first-hand knowledge of how respondents experience the impact of the investment schemes. This provides a balanced analysis given that documents reflect policy stances whereas interviews provide data on whether these have the stated impact. What the study shows is a clear absence of space for ordinary members to directly influence the workings of union investment companies. It is also established that, in their current form, the schemes operate more as a perpetuation of the capitalist logic than offering an alternative system.

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ACRONYMS

| | |
|--------|---|
| AMWU | African Mineworkers' Union |
| ANC | African National Congress |
| APF | Anti-Privatisation Forum |
| AZASO | Azanian Students Organisation |
| BBBEE | Broad-based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| BP | British Petroleum |
| BPSA | British Petroleum South Africa |
| CEC | Central Executive Committee |
| CEO | Chief Executive Officer |
| CIWU | Chemical Industrial Workers' Union |
| CIWUSA | Chemical and Industrial Workers Union of South Africa |
| COSAS | Congress of South African Student |
| CPSA | Communist Party of South Africa |
| COSATU | Congress of South African Trade Unions |
| CUSA | Council of Unions of South Africa |
| DBSA | Development Bank of Southern Africa |
| EBMTC | Elijah Bharayi Memorial Training Centre |
| Ecsecc | Eastern Cape Socio-Economic Consultative Council |
| FOSATU | Federation of South African Trade Unions |
| FSC | Financial Sector Coalition |
| GEAR | Growth, Employment and Redistribution |
| HCI | Hosken Consolidated Investment |
| ICEM | International Federation of Chemical, Energy, Mine and General Workers Union |
| JBMETF | JB Marks Education Trust Front |
| MAWU | Metal and Allied Workers Union |
| MDA | Mineworkers Development Agency |
| MIC | Mineworkers' Investment Company |
| MIT | Mineworkers' Investment Trust |
| MK | UmKhonto we Sizwe |
| MNP | Marula Natural Products |

| | |
|--------|---|
| Naledi | National Labour Education and Development Institute |
| NEC | National Executive Committee |
| NEDLAC | National Economic Development and Labour Council |
| NEHAWU | National Education, Health and Allied Workers Union |
| NE Tvl | North Eastern Transvaal |
| NIT | Numsa Investment Trust |
| NUM | National Union of Mineworkers |
| NUMSA | National Union of Metalworkers of South Africa |
| Pebco | Port Elizabeth Black Civics Organisation |
| PSC | Public Service Commission |
| PWV | Pretoria-Witwatersrand-Vereeniging |
| RDP | Reconstruction and Development Program |
| SAAWU | South African Allied Workers Union |
| SACP | South African Communist Party |
| SACTWU | South African Clothing and Textile Workers Union |
| SADTU | South African Democratic Teachers' Union |
| SALB | South African Labour Bulletin |
| SARHWU | South African Railway and Harbour Workers' Union |
| SLPA | Socialist Labour Party of America |
| SWOP | Sociology of Work Unit |
| UCT | University of Cape Town |
| UDF | United Democratic Front |
| USAID | United States Agency for International Development |

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INTRODUCTION

The subject of trade union investment companies in the South African context has, in recent years, drawn a lot of commentary and criticism from a variety of sources. Social scientists, interest groups such as locally based social movements and trade union activists have been at the forefront of the drive to understand and explain the logic of the schemes. The questions relate to whether these schemes are an appropriate response by the unions to the challenges of social reconstruction and economic transformation facing the country. Specifically, the question arises because of the socialist outlook that the South African labour movement has adopted in engaging with issues of social transformation. The intrigue becomes even more pronounced because the investment schemes under review, in their current form, have been observed to be acting in a manner that is a perpetuation of the capitalist ethos instead of posing a challenge to it. Central to this ethos, according to these observations, is the accumulation of wealth by business entities with no observable desire or plan to distribute the wealth equitably.

More intriguing, in the case of these investment schemes, however, is the fact that the unions in question are also in an alliance with the ruling party, the African National Congress (ANC). According to Iheduru (2001:1), the ANC has embraced globalisation and market reforms. Central to this has been the adoption of the Growth, Employment and Redistribution (GEAR) strategy, a macroeconomic strategy criticised for limiting the government's capacity to intervene in the areas where social inequalities are most felt. The reductions in the state capacity affect areas such as healthcare provision and access to education. It is commonly accepted that those affected most by the reductions in state expenditure are, to a large degree, members of these very unions. The expectation, therefore, has been that the unions would have chosen to use their financial muscle to intervene in these areas.

In addition, this research arises in the context of severe criticism levelled at the ethos dominating in the operations of the schemes. They contradict the socialist stance of the unions that established them in the first place. Historically, the South African trade unions have adopted militant opposition to apartheid and capitalism. For this

reason they adopted socialism to undo the stranglehold of capitalism in society. In contrast to this known stance of the unions, critics see the schemes to be acting as flirtatious partners to capitalism instead of its militant opponents. A question that arises is how the schemes affect the social-movement outlook of the South African labour movement. As shall be seen in Chapter 1, the definition of social-movement unionism appears to fuel this controversy. This is the case because, in the midst of growing misery for the poor, the expectation is that the unions' investment companies should be intervening to make a significant difference in the lives of those who feel the effects of GEAR most. The question is whether the schemes are a strategic intervention aimed at helping turn this situation around for the benefit of the poor or a vehicle for opportunistic and selfish exploitation of the economic opportunities that have arisen with the arrival of democracy. This is explored further in Chapter 1, where the views of critics such as McKinley (1998) are discussed. This interest in the impact of these schemes focuses on how effective they are in helping unions deliver on their declared desire of contributing to the transformation of the economy in favour of the poor.

With the South African trade unions having been central in the struggle against apartheid, and in the process assuming a social-movement character, it is important to see what impact these schemes have on this identity and orientation of these trade unions. It will be recalled that, central to social-movement unionism are the very aspects that this thesis is attempting to examine. These are commitment to radical transformation of society and internal democratic practices. In the case of the South African labour movement, this commitment to transform society is articulated and will be examined through the unions' declared commitment to a struggle for socialism. Questions arise concerning the compatibility of the unions' outlook with what critics see as a 'capitalist ethos' driving the schemes. This provides a basis for extensive criticism of the unions' involvement in these schemes, given the perception that the schemes operate in direct opposition even to the objectives declared by the unions when the schemes were set up. Trade unions affiliated to the Congress of South African Trade Unions (COSATU) are known for projecting themselves to be on the side of the marginalised in their militant struggle for better economic conditions. It is due to these reasons that critics assess these initiatives in terms of their on the unions' ability to meet this obligation.

This thesis examines whether unions are able to make use of the financial muscle of the investment schemes in order to realise the ideals that propelled the struggle for national liberation and economic emancipation. This research investigates whether investment schemes, as presently constituted, can enhance the unions' contribution to the struggle for socialism, thereby giving the previously disadvantaged people of South Africa a better life. Secondly, the research will establish whether the schemes nourish the other identified basic tenet of social-movement unionism, commitment to internal democracy. The research focuses on the National Union of Mineworkers (NUM) and its investment company, the Mineworkers' Investment Company (MIC) in order to help develop a model and source of reference for the unions in their struggle to contribute to the fight for the economic emancipation of the previously disadvantaged people.

SCOPE OF THE RESEARCH

The scope of the research is national, benefiting from interviews with the leadership of NUM at local and national levels as well as ordinary members of the union. As pointed out in the preceding section, this study is an examination of how the social-movement outlook of the South African labour movement is affected by the decision to venture into the world of business. The impact of this decision is examined by focusing on two key tenets of social movement unionism, which are commitment to radical transformation of society and commitment to internal democracy. The intention is to establish whether these two tenets can endure within this context. The point of departure of this study is based on the arguments advanced by Gramsci that trade unions represent nothing but commercial companies aimed at securing the maximum price of labour (1978:76). Secondly, Gramsci (1921:171) points to what can be described as an inherent lack of sustained ideological centeredness among unions as a serious shortcoming undermining their ability to sustain an onslaught against capitalism. Is it all possible that these trade union investment schemes and their attendant controversies are a confirmation of these assertions by Gramsci? The study also considers the contributions of Hyman (1975, 1989, and 2001) and Kelly (1988) in order to crystallise debates around trade unions and the struggle for socialism.

In order to provide a historical background on how the South African labour movement earned the social-movement outlook, the study uses works such as, among others, Baskin (1991), Friedman (1987), Lambert and Webster (1988) and Maree (1987). Lehulere (2003), Baskin (1996) and Bramble (2003) as well as critics of the union investment schemes such as McKinley (1998), Collins (1996) and Dexter (1997) were works considered in the study's examination of the impact of investment schemes on the outlook of South African unions. Leading figures in the MIC, ordinary members of the NUM, and leaders and members of other unions affiliated to COSATU were interviewed. For a balanced critique, the research sought and found views from other unionists not affiliated to COSATU and therefore not sympathetic to positions taken by COSATU unions like NUM.

CONTEXT OF THE RESEARCH

With the arrival of democracy in South Africa, a phenomenon began to unfold where COSATU unions with a long history of militant opposition to collaboration with oppressive systems like apartheid began venturing into the world of business. This made the researcher want to probe the matter further in order to establish whether the longheld traditions of these unions could endure in the context of these ventures into the world of business. Specifically of interest is whether these unions can sustain the longheld commitment to internal democratic practices and the transformation of society. The researcher wanted to see how the investment schemes could be seen to assist these unions advance their cause of attaining socialism. Secondly, the researcher wanted to see whether, in the workings of the investment schemes, the unions' history of commitment to internal democratic practices continued to have a prominent place or not. All of this came against the background of severe criticism of the investment schemes of the trade unions coming from a variety of quarters. Critics like McKinley (1998, 1999 and 2003), Collins (1996) and Dexter (1997) accuse the schemes of being no more than mere flirtations with capitalism. This in complete contrast to what one union leader had declared to be the driving force behind the decision to set up the investment schemes. He had boldly declared that the intention of the ventures was to "erode the stranglehold of capital on the economy and to facilitate economic redress" (Nondwangu, 2000).

Nondwangu argues that this intervention is necessitated by the effects of apartheid-capitalism's exclusion of the majority of South Africans, the workers, from the wealth generated through their toil (Nondwangu, 2000). In examining whether these investment schemes are assisting COSATU unions to advance their declared goal of socialism, the researcher uses the arguments of Gramsci (1921). Michels' (1959) argument regarding the iron law of oligarchy forms the basis for the examination of how the schemes contribute to the promotion of the South African labour movement's long held tradition of commitment to internal democratic practices. Michels (1959:143) argues that leaders of organisations like trade unions invariably tend to exercise oligarchic leadership.

What the researcher does, therefore, is to highlight the social-movement identity adopted by COSATU affiliates over the years and their stance on the struggle for socialism with the intention of examining how this is affected by participation in investment schemes. The controversy, in other words, is that unions like the NUM have declared a commitment to the struggle for a socialist future, yet they have acquired a stake in capitalism through their investment schemes.

GOALS OF THE RESEARCH

Using the strategy and methods outlined below and discussed in detail in Chapter 1, and interacting with written material on the subject, the research intended to establish the impact of investment schemes on the social-movement unionism character of COSATU unions with specific focus on critical tenets of this brand of unionism. The first tenet of focus is a commitment to internal democracy and the participation of ordinary members in the running of the affairs of the union and, in this case, the focus is on the overall running of the trade union investment schemes. The second critical tenet of social movement unionism that is examined is the commitment of unions such as NUM to the radical transformation of society.¹ The intention is to see whether unions are working to ensure that this commitment continues to endure.

¹As pointed out earlier, this aspect of the identity of COSATU unions is best examined by looking at these unions' declared socialist aspirations.

Over the years, several terms have been used to identify or classify trade unions in South Africa. Common among all the terms used to categorise South African unions is that they are derived from the outlook adopted by these unions in their approach to dealing with socio-political issues. In tracing this metamorphosis of trade union identities, working with factory-based activists, intellectuals from different universities and events like the 1973 Durban strikes gave rise and expression to a brand of unionism referred to by commentators as 'democratic' unionism (Southall, 1995:22-5). These unions subscribed to internal democratic practices and placed emphasis on strong shop floor structures in what was seen as a deliberate intention to avoid the 'errors' of the 1950s and 1960s (Southall, 1995:22). The unions developed a focus on building shopfloor structures for members to take part in union activities. Southall (1995:22) also points out that the unions emerging from this era were regarded as 'independent' because they were, at least initially, not aligned to any political organization.

They became involved in political campaigns and as a result became influenced by the climate of political resistance (Maree, 1987:7). In part, this was also a direct result of efforts by organisations like the United Democratic Front (UDF) to involve unions in the fight against apartheid (Maree, 1987:210). With the birth of COSATU, emerged an approach that, according to Adler and Webster (2000:141), acknowledged the "integrity of unions" while remaining committed to the participation in the struggle for national liberation. Adopting an approach in post-apartheid South Africa which is referred to as 'strategic' unionism, these unions argued for direct engagement with the system through participation in forums such as NEDLAC and initiatives such as BEE. Union leaders argued that such an approach was intended to advance the cause of the workers and influence the reconstruction process that was to unfold as the country made the transition to democracy.

This combination of commitment to independence, readiness to take part in political campaigns and militant opposition to workplace repression earned these unions the title of 'social-movement' unionism. This brand of unionism, according to Adler and Webster (2000:144), was "not doctrinaire adherents to classical notions of revolutionary rapture" and were a group "whose broad goals could not be comfortably contained in the neo-liberal orthodoxy of contemporary development".

The central feature of union activity during this period was the emphasis placed on the role of ordinary members in shaping the decisions of their organisations. For this reason, the unions were seen to be openly committed to internal democracy.

The research explores whether the participation in investment schemes entrenches this commitment to placing ordinary member at the centre of shaping the direction of the organisation. Furthermore, some critics view the readiness by COSATU unions to engage in investment schemes as flirting with a capitalist ethos which, as Von Holdt (2003:2) puts it, leads to unions losing power because of the gradual disappearance of a direct link between union leaders and the general membership. As indicated earlier and as shown in Chapter 4, this aspect of the character of COSATU unions will be examined by looking at their declared commitment to the struggle for socialism. Saul (1990:4) argues that "the very project of socialism – especially as cast within a Marxist framework – is both subject to different interpretations and diversely affected by different class imperatives which tend to emerge within the transition process". This research is not about the existence or merits and demerits of the different types or models of socialism and, therefore, such models are not dealt with as part of this research. What the researcher attempts to do is to establish whether there is any semblance of struggling for radically different relations of production as far as the activities of the investment schemes of unions like NUM are concerned.

Given that Marxists like Gramsci have always expressed reservations about unions and their capacity to emancipate the working class from capitalist exploitation, it is important to see whether union investment schemes represent a typical capitulation by trade unions in the face of enticement by the system. For example, Gramsci (1921:76) argues that unions are creations of the capitalist system, are only capable of negotiating for a better capitalist deal, and are incapable of overthrowing the system. McKinley (1999:2) identifies the same challenge in pointing out that the ventures, as part of a combination of other factors, drive unions into relegating the struggle for socialism to a less important and therefore less urgent business. Consequently, McKinley (1999:2) argues that these investment companies can succeed only to give capitalism a more acceptable face because they do not empower the working class in order to be able to defeat capitalism.

RESEARCH METHODS

Babbie and Mouton (2001:270) advise that anyone studying behaviours in their natural setting should do that through qualitative research. They also argue that a study of phenomena within their natural setting is about naturalistic inquiry. This research fits into this type because of its intention to understand the views of the members of NUM regarding the effects of investment schemes on the union's struggle for socialism and commitment to internal democratic practices. This is in line with what Babbie and Mouton (2001:272) argues is a central intent of qualitative research, which seeks to understand the actions of research subjects. The idea is to benefit from what Gerson and Horowitz (2002:199) identify as the benefits of qualitative research. These include paying attention to the dynamics of processes instead of static categories.

It should be noted the questions to which this research tries to find answers are posed within a particular context. Thus in formulating them, it is taken into consideration that the unions under review have adopted specific political postures. It is such postures that inform the formulation of the questions in order to see if theory matches reality. Babbie and Mouton (2001:273) describe this as a desire to understand events within their concrete and natural context. In the context of this research, this is achieved by allowing ordinary members of NUM to share how they experience the impact of the investment schemes with specific reference to the two tenets already referred to. Given these arguments, this research is deemed to be qualitative in nature, as a result of which this research benefits largely from:

- interacting with written work on the subject; and
- interviews conducted with respondents, who are:
 - leaders of NUM at different levels,
 - ordinary members of the union,
 - former unionists,
 - those currently involved in the union companies,
 - participants in projects supported by MIC,

- experts in the field of unionism.

In this particular instance, it would be counter-productive to adopt a quantitative approach because the exercise would end up producing a thesis that ignores important contextual factors that have a bearing on these union investment schemes. For example, if the intention is to see whether internal democratic practices still endure in the context of unions venturing into the world of business, one would have to listen to those affected tell this story without being obtrusive. The researcher seeks to blend among respondents without imposing himself and his own views on the respondents. This, according to Babbie and Mouton (2001:271), is a direct opposite of quantitative approach, which emphasises control over the variables being observed. This is referred to as emphasising insider perspectives of the events being investigated. Insider perspective, according to Babbie and Mouton (2001:271), is about looking at the world through the eyes of the actors.

SUMMARY OF THE CHAPTERS

Chapter 1 sets the context by providing an understanding of how COSATU unions developed their current political outlook, which is now a basis for some of the controversy the research is trying to unravel. It also provides an insight into the controversies that accompany the phenomenon of trade union investment schemes. Specifically, the chapter elucidates important theoretical arguments around issues relevant to trade unions. These include the character of social-movement unionism, which is identified as fitting COSATU unions like NUM. The chapter attends to this aspect by focusing on how two critical tenets of social movement unionism endure in the context of these unions venturing in the world of unionism.

The two tenets form the basis for this research because, as will be seen in Chapter 1, these two have come to define the unions under review. Central to the discourse in this chapter is a need to establish whether, through their involvement in business, unions like NUM confirm arguments advanced by Marxists such as Gramsci that unions are prone to being accommodative of cosmetic changes to the system of capitalism. As will be shown in this chapter, Gramsci (1921) points out that unions lack consistency of ideological orientation to conduct a struggle against the system.

The chapter also discusses the concept of socialism generally in order to show what COSATU unions understand the ideology to mean and whether their actions promote the ideology. This is meant to provide a standard against which the current activities of these unions can be assessed. It is in understanding what they mean when they declare themselves to be for socialism that one can test if activities of the investment choices contribute to that objective. Socialism, in the context of this research, focuses on providing a broad standard against which the practices of the investment schemes can be measured. In addition, the discussion of NUM's understanding of socialism is not intended to show whether theirs is a 'correct' understanding of socialism but merely to understand what they understand socialism to be.

Chapter 2 deals with the design of the research and the methods used to gather the data for this thesis. The chapter also profiles the respondents with whom interviews were conducted, how they were selected, and to what extent they constitute a representative collection of views on the subject under investigation. With a view to tracing the union's development and assessing its outlook, Chapter 3 profiles NUM by looking at:

- the union's history; and
- its outlook or ideological orientation.

The focus on NUM's ideological orientation is intended to provide background information to the criticism that is levelled at unions like NUM for what is seen to be taking place within trade union investment schemes. Hence, the focus on NUM's political outlook assists in establishing whether the union can, indeed, be seen to be actively pursuing the goal of socialism. Insofar as this can be ascertained, it becomes reasonable to then comment on the union's investment choices based on such choices can advance this broader cause. This chapter also looks at MIC in order to establish whether the company operates in a manner that enhances the union's declared political aspirations.

Chapter 4 presents data on trade union investment schemes focusing on how the schemes can advance the struggle for socialism. This is necessary if one considers the criticism levelled at trade unions as potential agents for the fight against capitalism. The arguments advanced by Gramsci (1921) and McKinley (1998) suggesting that unions are prone to accepting cosmetic changes to capitalism with no capacity and will to take a struggle against capitalism beyond such reforms, are important factors in the decision to examine the trade union investment schemes. Added to that is abundant evidence reflecting the proneness of the schemes to be copybooks of established capitalist enterprises.

Chapter 5 articulates the views of the respondents as well as practical illustrations with regard to the impact of trade union investment schemes on the unions' commitment to internal democracy. This being one of the identified core tenets of social-movement unionism, it is important to establish whether, in the context of these investment schemes, unions like NUM are advancing the participation of ordinary members in decision making around the union's company.

Chapter 6 outlines observations, findings and conclusions drawn from analysing the data. The chapter also lists challenges encountered during the research and points out possible areas for further research on the subject of trade union investment schemes. Specifically, the chapter outlines the conclusions reached on analysing the data generated through the research. As will be seen, the chapter focuses on conclusions drawn regarding whether the schemes are contributing to the advancement of the struggle for socialism, and whether, in the context of the schemes, commitment to internal democracy remains in place.

This study is an attempt to establish the impact of trade union investment schemes on the social-movement outlook of COSATU unions like NUM. As highlighted earlier, central to the study is to see whether the arguments by Gramsci (1921) and Michels (1959) about trade unions' weaknesses as far the practices of internal democracy and a sustained struggle against capitalism are proven accurate by the conduct of the schemes. It should be born in mind that in the South African context expert authors have over the years bestowed on the labour movement the honour of being an embodiment of the working class onslaught against the system of capitalism.

While Friedman (1987) and Maree (1987) provide detailed accounts of how the South African labour movement earned this honour, guarded scepticism has been expressed by Bramble (2003) and Lehulere (2003).

CHAPTER 1

SOCIAL-MOVEMENT UNIONISM AND TRADE UNION INVESTMENT SCHEMES

1.1 INTRODUCTION

Buhlungu *et al.* (2008) acknowledge the South African labour movement as being a source of inspiration to unions in the rest of the world. Top of the list of factors that, according to Buhlungu *et al.* (2008:1), have earned the Congress of South African Trade Unions (COSATU) this adoration is the federation's ability to meet and contest the neo-liberal reforms that came about after 1994. The adoration also flows from what is seen as COSATU's ability to retain and re-energise the ordinary members of its affiliates. These assertions by Buhlungu *et al.* (2008) make for interesting reading given that they are related to the focus areas that this research seeks to examine. For example, the suggestion that COSATU unions have managed to contest neo-liberal reforms implies something very important for this research. In this case, the suggestion could be that over the years COSATU has managed to sustain a principled commitment to the struggle against capitalism.

The above acknowledgment is not out of touch with reality because COSATU really is the envy of many unions in the world. Its history is awash with achievements in the face of stiff resistance and challenges. It is, however, its participation and that of its affiliates in investment schemes that has generated considerable controversy and debate among trade union activists, social scientists, commentators and critics that prompted this research. This is pertinent given the perceptions regarding what is considered to be the schemes' brazen embrace of capitalist tendencies, which can be seen in the manner in which they conduct their business. These flirtations with capitalism, according to Iheduru (2002: 51), contribute to a movement away from the socialism espoused by many in the labour movement. For this reason, they generate the controversy referred to earlier. With years of involvement in the struggle, these unions also distinguished themselves for their commitment to democratic practices.

It is through COSATU affiliates' commitment to these tenets, among other factors, that they are now categorised as social-movement unions.

Given that this research will establish whether the investment schemes can help enhance these unions' commitment to the struggle for socialism and the cherishing of internal democratic practices, it carries significance for future debates on this subject. In addition, this research will provide evidence to either dispel as unfounded or confirm as valid the criticism that is levelled at the schemes by those critical of the move by unions to engage in these business ventures. This chapter reviews the literature and examines several views on South African trade unions focusing on the social-movement character of these unions to see how they are affected by the involvement in investment schemes. Of interest is how this involvement affects the identified tenets of social-movement unionism, which are identified as pivotal to the sustenance of the outlook – i.e. a commitment to internal democracy and the radical transformation of society.

For the purpose of this research, the COSATU unions' commitment to fundamental transformation of society is best examined by looking at their involvement in the struggle for socialism. For a balanced examination of the issues identified above, it is necessary to start with a brief examination of the various outlooks that unions can adopt. This enables one fully to appreciate the outlook that COSATU unions have adopted and to follow the logic of the critique that is central to this thesis.

1.2 A BRIEF LOOK AT THE IDENTITIES OF DIFFERENT TRADE UNIONS

As pointed out earlier, the controversy that this research is addressing arises because of the possible contradiction between the social-movement unionism character of the COSATU unions and the conduct of the investment companies that are associated with these unions. For this reason, it is necessary to provide a brief understanding of the different possible outlooks that unions may adopt. This makes the task of comprehending the source of the controversy much easier and arguments that are advanced in debating the matter clearer.

As unions were making an impact in the struggle for national liberation, their involvement in this struggle was also making an impact on their outlook. As a result, at different times and in response to different challenges and phases of the liberation struggle, the unions assumed different strategies, attitudes and approaches. Accordingly, different terms were used to characterise COSATU unions at different times of their metamorphosis during the struggle. Hyman (2001:1) makes sense of the different names given to unions by explaining that the identity that trade unions adopt is a function of a multiplicity of contextual factors, which vary from differing conceptions of the purpose of collective organisations to opposing models of strategy and tactics and different national contexts to conditions under which these organisations emerge. Cella and Treu (1987:223) support this argument by showing that attempts to categorise trade unions or develop models of unionism are influenced by variables such as union density, workplace organisation, relations with political parties and the political context of industrial relations.

Scipes (1992:2) takes the argument further by pointing out that:

Labour movements can be discussed from different perspectives. At very least, they can be discussed by the categories of activities in which observers theoretically place them; they can be discussed by the factors their observers consider to be the most important to their development; they can be discussed according to the way observers see them act in society; they can be discussed according to how they see themselves.

Lambert and Webster (1988:20-1) add to this by explaining that how one characterises trade unions depends on “the way observers see them act in society”. This specific argument has particular importance for this research because if one characterises unions according to what one sees them do the question arises as to whether, in the context of the schemes, COSATU unions should continue to be seen as they were before 1996. It is for this reason that this research should be seen as asking whether COSATU unions should continue to lay a claim to the social-movement identity if, through their schemes, they are seen to be acting against the ethos of this category. For this reason, the issue of having the reader appreciate that, in terms of its history, COSATU has earned the right to belong to this category.

Once that is dealt with, the reader is in a position to see that the identity of these unions and how one characterises them is important because it is only on that basis that one can make a sound analysis of the appropriateness of their strategies and actions. Lambert and Webster (1988:21) identify three broad categories of unionism: orthodox, social-movement and populist unionism. Orthodox unionism is seen as:

A form of trade unionism which concentrates almost exclusively on workplace issues; fails to link production issues to wider political issues; and finally encourages its members to become politically involved without necessarily engaging itself in the wider political arena, believing that this is best left to other organizations more suited to the task. Common to this orientation is an accommodation and absorption into industrial relations systems, which not only institutionalizes conflict, but also serves to reinforce the division between economic and political forms of struggle so essential to the maintenance of capitalist relations in production, in the community and in the state (Lambert and Webster, 1988:19).

Owing to what Hyman (2001:2-3) refers to as de-radicalisation over time, this type of unionism has become driven by a desire to secure a 'fair day's wage for a fair day's work' by prioritising collective bargaining. Populist unionism, by contrast, is defined as the type of unionism in which trade unionism and struggles in the factory are downplayed with a tendency that neglects struggles over wages, supervision, managerial controls at the workplace and job evaluation. It places in its stead a political engagement that only serves to dissipate shop floor struggles (Lambert and Webster, 1988:20). In the South African context, these unions were known as community unions and Buhlungu *et al.* (2008) describe them as having linked workplace injustices with wider political campaigns against apartheid.

Social-movement unionism facilitates an active engagement in factory-based, production politics and in community and state power issues ... and that asserts the need for a co-ordinating political body that is democratic and therefore able to relate to political unionism in a non-instrumental manner (Lambert and Webster, 1988:21).²

² Lambert and Webster (1988) also use the term political unionism to refer to this category of unions.

Johnston (1994:4) sees social-movement unionism as born not only in response to workplace challenges, but also to broad societal challenges. He defines it as a brand that is involved in collective bargaining issues as well as in broader political conflicts over the public agendas that guide and fund public sector work. Social-movement unionism in South Africa embodies the three broad categories of functions that Hyman (2001:1-2) identifies as schools of war in a struggle between labour and capital, advancing social justice, and raising the status of workers in society. COSATU unions continue to be at the forefront of struggles for better working conditions, they continue to raise issues that affect workers like food prices, and they continue to be vocal in their declaration of commitment to the struggle for socialism.

One need only look at the history of South African unions, especially those affiliated to COSATU, to confirm the above view and see how these unions played an important role in the struggle against apartheid and its legacy. Von Holdt (2003:96-9) sketches a picture of COSATU unions, the National Union of Metalworkers of South Africa (NUMSA) in this case, becoming central in the struggles of communities around Witbank. With clear instructions from the local COSATU leadership, NUMSA activists joined their communities in the struggle (Von Holdt, 2003:98). In a sense, through such activities, these unions positioned themselves in a category that Scipes (2003:1-3) categorises as agents for radical social change.³ This is one of the reasons why the researcher chose social-movement unionism as an appropriate category in which to place COSATU unions. As indicated earlier on, it is this outlook of social-movement unionism that prompts one to investigate whether the heritage of this outlook survives in the context of union investment schemes.

It is, however, important to concede that the above characterisations are a mere placement of trade unions in broad categories and they are in line with Hyman's (1997:319) four possible focus areas for consideration as critical agendas for trade unions. These are bread-and-butter collective bargaining, the use of the collective strength of union members to limit the arbitrary power of employers and to influence policy direction of the state and broad issues of the environment (Hyman, 1997:319).

³ This aspect is best understood by looking at the unions' struggle for socialism.

A central feature running through Hyman's argument on all of these agendas is the recognition of contextual factors as, potentially limiting as far as what unions can achieve on all of these agendas. One is reminded of Allen (1967:242) who point to a dichotomy between the unions' short-term and long-term goals. This consideration compels one to be mindful of such potentially limiting factors when examining the possibilities of social-movement character of COSATU unions in the context of investment schemes, especially with regard to the commitment to socialism. One has to accept that the struggle for socialism is a long-term one and, therefore, has to be open to the possibility that unions view their schemes as playing the short-term.

Buhlungu (2006:14) provides a more detailed presentation of some of these potentially limiting factors with regard to how far unions can go in pursuit of their long-term goal. Specifically, he points to factors such as changes in the profile of the membership of COSATU unions. He points out that as members grow older, acquire more chances for upward mobility at work, they tone down on their demands and political rhetoric (Buhlungu, 2006:15). Therefore, if one is to advance a balanced criticism regarding whether the schemes are in conflict with what social-movement unionism is about, broadly speaking, one should show interest in these limiting factors. For example, is it realistic to argue that the investment schemes can operate on an ethos foreign to capitalism given that their immediate context is one of the dominance of the capitalist ethos? Moreover, considering the inherent capacity issues, would it be realistic to expect ordinary members of a union like NUM to engage reasonably intensely and rigorously with issues of investment choices? In the final analysis, though, Allen (1967:242) points out that when acting the short-term, one has to have the long-term in mind because it is consists of a succession of short-term activities.

The points raised by Allen (1967) and Buhlungu (2006) have more than just mere significance for this research, they are instructive in terms of how one should go about analysing the conduct of the South African labour movement. Theirs is a clear directive for one to remain cognisant of what Adler and Webster (1999:142) referred to as the great irony in the current political moment. This stems from the inexplicable capacity of forces previously radically opposed to phenomena like apartheid to be found working side-by-side with their adversaries in pursuit of neo-liberal policies.

Essentially, therefore, the value of the preceding section is not in its presentation of a complete set of factors that define social-movement unionism. The definition should be viewed in line with the broader examination of the conduct of COSATU unions like NUM against a set of principles compatible with social-movement unionism. The examination is done with full recognition of what Hyman (2001:4) identifies as a social framework which unions aspire to change but one which also limits the choices unions can make. In other words, as unions engage in activities like collective bargaining, they strengthen the system of capitalism which they are supposed to be opposing. The examination also considers Hyman's (2001:1) assertion that the dominant identities of trade unions not only reflect the contexts in which they emerge but also shape the interests and agenda they pursue.

It is readily conceded that an examination like the one outlined above cannot be carried out in isolation of these limiting factors. Therefore, even if one expects the activities of social-movement unions to reflect a systemic assault on the tenets of capitalism, one must acknowledge that even such unions may be compelled to accommodate the existing social order. There has to regard for a possible conflict between the unions' long-term struggle and the short-term economic interests of the members they represent (Hyman, 2001:4). That is, it is possible for unions to talk socialism with a long-term view while acting differently in the short-term as long as the short-term can be shown to have some bearing on the long-term.

This, in itself, would not be un-socialist but would be an exploitation of current conditions in order to advance the struggle for the long-term objective. Lenin (1975:166) explains this as the recognition of struggles for measures that improve the conditions of the working class without destroying the power of the ruling class. The challenge is whether the schemes demonstrate this long-term focus in their day-to-day activities in a manner consistent with what Lenin (1975:166) refers to as the use of reforms to press ahead with the struggle for the ultimate prize of an overthrown system of capitalism. Therefore, the examination of union investment schemes, in this context, is not without regard for the long-term nature of the struggle for socialism. What is essential is for these schemes to show, through their activities, an approach driven by the ultimate goal.

That this research focuses on the outlook of COSATU unions' commitment to radical transformation of society stems from the day-to-day assertions by these unions in their declaring themselves to be committed to a socialist struggle. Hyman (2001:2) points out that this category of unionism is based on a goal of being anti-capitalist with an emphasis on militancy and socio-political mobilisation against the core tenets of the system. For this reason, the schemes are examined against the background of whether they can contribute to such a struggle. Having considered all of the above factors, the research proceeds to ask questions aimed at establishing how and whether the tenets of social movement unionism endure in the context of investment schemes. If COSATU affiliates are committed to the radical transformation of society guided by socialist principles, one should see a clear link between these ideals and the conduct of the investment companies. In addition, it should be possible to see a common thread linking the historical commitment to internal democracy to the manner in which the schemes operate.

1.3 COSATU AND SOCIAL-MOVEMENT UNIONISM

1.3.1 The expression of internal democracy

The history of South African labour movement is awash with examples of how the ordinary members were the central power behind the activities and major decisions about the future. For this reason, it becomes all too easy to imagine that this tradition of internal democracy is self-sustaining without bothering to follow up with deliberate investigations as to how it has endured over time. This research uses the phenomenon of investment schemes to achieve exactly this point. Can this tradition be seen to endure within the context of union investment schemes? Are ordinary members the identifiable force behind the functioning of these schemes? Central to the focus of this research is the assertion that:

In the unions, the authoritative character of the leadership and its tendency to rule democratic organisations on oligarchic lines, are even more pronounced than in political organisations. Innumerable facts recorded in the history of the trade-union organisations show to what extent centralised bureaucratic tendencies can divert a democratic working-class movement from democracy.

In the trade union, it is even easier than in the political organisation, for the officials to initiate and to pursue a course of action disapproved of by the majority of the workers they are supposed to represent (Michels, 1995:143).

In crystallising this argument, Michels (1959) refers to several instances where the leadership of unions ignores the views of the majority and grant to themselves the right to decide what is right for the members. In this way, the leaders make themselves an oligarchy and leave to the rank-and-file no more than the duty to simply swallow and accept decisions that the leadership will have taken already. This conduct is often justified through suggestions that the members do not possess the required knowledge to be able to decide on important matters. While such an argument could have had some validity in the 1980s, a lot has changed since then and the profile of the majority of the ordinary workers is no longer that of an illiterate individual who could not read or write. What has to be seen is whether the investment schemes of COSATU run in line with the tradition of internal democracy or in line with what Michels (1959) refers to as the 'iron law of oligarchy'.

In demonstrating how unions organising African workers had grown by the mid-1980s, Friedman (1987:304) shows how, during engagement with employers, unions always obtained mandates from ordinary members. This demonstrates how central internal democracy was to the activities and survival of these unions. It comes as no surprise, therefore, that commitment to internal democracy is acknowledged as one of the central features of the unionism that emerged in South Africa in the 1970s. In fact, this is one of the critical points raised by Njikelana (1984:254) in his contribution to the debate on the relationship between unions and multi-class organisations like the United Democratic Front (UDF). Njikelana argued for maximum participation by ordinary members in the decision-making processes of unions.

Sayers (cited in Naidoo, 1991:170) agrees and points out that the re-emergence of the unionisation of African workers, especially in the Western Cape, was launched through shopfloor committees. Unions used these structures to sustain the organisational power that was used to secure recognition in the mid-1970s (Sayers, cited in Naidoo, 1991:170-4). Friedman (1987:93-6) also shows how trade unions used workplace-based representatives to secure their presence in factories.

Essentially, this meant that ordinary members were empowered to influence the conduct of the representatives in their interaction with management. Friedman (1987:99) also shows that through this power ordinary members were able to call unions to order when they attempted to impose individuals who were not elected by them as shop stewards. Because of the resistance by ordinary members, the imposed individuals could not function as representatives since the workers were not responding to them (Friedman, 1987:99).

Another example of the strength flowing from the strategy of worker-based democracy was visible in unions like the Metal and Allied Workers' Union (MAWU) and the National Union of Mineworkers (NUM). According to MacShane *et al.* (1984:66-7), these unions used factory-based stewards to launch effective recruitment drives that resulted in noticeable growth in the number of members. A federation like the Federation of South African Trade Unions (FOSATU) operated on the basis that the strength of their organisation was founded on factory-based structures, which were driven by shopfloor representatives of the workers (MacShane *et al.*, 1984:152). Baskin (cited in Maree, 1987:44-5) sketches a scenario where workers belonging to different FOSATU-affiliated unions in the Germiston area met three times every month to give reports on the activities of their different unions and plants. The view of FOSATU was that this type of organisational structure ensured empowerment of the representatives of the workers and thus a democratisation of the federation's structures (MacShane *et al.*, 1984:152).

Considering that, according to Baskin (1991), the birth of COSATU was a merger of this FOSATU tradition and others, it is reasonable to suggest that the culture of internal democracy would have found its place within the new federation. That being the case the researcher asks whether, in the case of investment schemes, this aspect of the social-movement character of COSATU unions reflect what Friedman (1987:99) presents as the ability of ordinary members to call to order any representative that was seen to be attempting to impose decisions from outside the structures of the union. After all, the birth of a unified COSATU was as a result of the ordinary members from the factory floor prevailing over their representatives during the unity talks between unions (Friedman, 1987:407-8).

In Chapter 5, evidence will be presented to show whether this ability to call the organisation and its leadership to order still finds expression within COSATU unions as far as the investment companies are concerned. The suggestion is that if the above reflects how vibrant internal democracy has always been among these unions, one should be able to see internal democracy in practice when it comes to how the investment schemes take important decisions. This aspect is dealt with extensively in Chapter 5, where ordinary members of NUM reflect on how they experience this aspect of their company.

1.3.2 COSATU and working class politics

In lamenting the limited nature in which the study of trade unions has developed since the work of the Webbs, Hyman (1975:1) points out that most of the work done on unions has focused on whether union activity possesses the potential capable of facilitating the revolutionary transformation of capitalist society. In their early analysis of this aspect of trade unions, Marx and Engels are shown to recognise some potential in trade union activity that could challenge capitalism. They advance an argument that trade unions contribute much in moulding the hatred of the workers against capitalism (Hyman, 1975-24).

Later on in their examination of trade unions, Marx and Engels expressed reservations owing to the lack of revolutionary activity and embourgeoisement of the working class. For Lenin, this lack of revolutionary activity owed its origin to the lack of revolutionary ideology among unions. According to Lenin (1963:85), the use of revolutionary socialist ideology was the only viable approach not only in order to change unions from fighting for profitable terms for the sale of labour, but also to achieve the annihilation of the social order that forces the have-nots to sell themselves to the rich. On their own, unions would not be able to do this, given that they operated as segments of trade and fought their fights against sectarian employers. The struggle for socialism, according to Lenin (1963:86), must be by the working class not against a given group of employers but against the system as a whole, hence the urgent need for the political education of the working class.

While the above arguments form an important part of the logic of what this thesis seeks to advance, it is mostly the arguments advanced by Gramsci (1978) as far as trade unions and the struggle for socialism that are critical. Kelly (1988:52) credits Gramsci, unlike most Marxists of his time and before him, for having left a coherent body of work on the subject of trade unions under capitalism. In seeking to understand how the phenomenon of trade union investment schemes are contributing to the unions' struggle for socialism some of Gramsci's work forms the departure point of this thesis.

Consider an assertion advanced by Gramsci (1978:76) where he declares it absurd and puerile to maintain that the trade union in itself possesses the capability to overthrow capitalism. He goes on to argue that trade 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. Central to this is an assertion that trade unions, by design, do not act with the intention of overthrowing capitalism. As will be shown below, COSATU unions declare themselves as having transcended this restraint and place themselves in the camp of those fighting for socialism. COSATU's most senior official, the General Secretary, makes bold to declare that the federation and its affiliates, through their daily activities, continue to engage in a systematic struggle against capitalism. This assertion disputes the argument that Gramsci advances in the preceding paragraph. What this research intends to show is whether, in the case of the investment schemes, COSATU unions are engaged in a day-to-day struggle against capitalism.

Chapter 4 presents evidence that answers this question by showing whether the schemes' day-to-day activities are an onslaught against capitalism or a confirmation of the argument advanced by Gramsci (1978:76). If Chapter 4 shows the scheme to be functioning in conflict with the central assumptions placed on the struggle for socialism, one would argue that they confirm another aspect of Gramsci's criticism of trade unions. In 1923, Gramsci wrote that trade unions are prone to abandoning any action potentially assaultive of capitalism at the appearance of the slightest concessions by the employers. This tendency is attributable, possibly, to what Hyman (1992) explains as the disaggregative effect of the unions in the broader realm of working class struggles against the day-to-day manifestations of capitalism.

Essentially, the concept of disaggregation relates to trade unions having to, at different times, make choices that may be seen to contradict the needs of some of their constituency or the broad goals of unions themselves. Chapters 3 and 4 elaborate more on the dynamic interaction between the disaggregative function of trade unions and their role in the broader struggle against capitalism. Gramsci (1978) attributes this to the lack of ideological centredness on the part of trade unions. He declares that this lack of ideology is the main reason for the defeat of the Italian revolutionary parties (Gramsci, 1978:171).

The remainder of this section looks at how the South African labour movement has acquitted itself in advancing the working class's struggle for socialism. The role and participation of COSATU unions in the struggle for the radical transformation of society should be examined in terms of policy declarations and practical actions of COSATU unions like NUM. Such an examination will establish the compatibility of such declarations with the activities of the investment schemes in their current form. The fact that unions like NUM have always positioned themselves at the forefront of the struggle against capitalism cannot be disputed. In fact, in sketching a picture of South African politics from the mid-1980s, Callinicos (1988:59) places what he calls 'independent' unions⁴ at the centre of black working class activities.

Friedman (1987:430) takes the matter further by suggesting that the very emergence of independent unions in the 1970s was a product of the desire by workers to have a say in shaping political change, and by the 1980s, workers were saying that when Mandela becomes Prime Minister, they would have to control him. What Callinicos (1988:59) does is put beyond dispute the prominent place occupied by COSATU unions in working class struggles in South Africa. Even though they emphasise different points, both Callinicos (1988:60) and Baskin (1991:9198) show that the involvement of these unions in working class politics was dominated by heated debates on the extent and form that their involvement in the struggle against apartheid should assume.

⁴ MacShane *et al.* (1984:34) uses this term, together with 'progressive', 'black' and 'non-racial', to refer to unions in FOSATU, CUSA and those that were not affiliated like SAAWU. The researcher borrows this term to refer to COSATU.

On the one hand, there was a view that organised workers should form part and parcel of other organisations of popular resistance like the UDF, while on the other hand there was the view that workers should build a workers' movement independent of such multi-class organisations. The former view was advanced by unions like the South African Allied Workers' Union (SAAWU), while unions affiliated to FOSATU argued for the latter view. The one side of the debate between these two views was about the need for the working class to engage in the struggle focused on defeating the racism of apartheid and emphasise on national liberation. The other view agitated for the working class agenda to be the central force in any struggle. Central to this argument was the recognition of the link between apartheid and capitalism and hence the need to focus on the struggle to defeat capitalism and not its symptoms.

The former view became known as populism and the latter as workerism which Slovo (1988:1-3) defined as a view that the involvement of the working class in multi-class alliances undermines working class leadership. It also elevates economic struggles that take place between workers and employers to the status of the class struggle (Slovo, 1988:1). Cobbett and Cohen (1988:14) point out that populism has its origins in Latin American struggles, where the term was used to refer to non-class-based movements. In the South African context, the term, according to Cohen and Cobbett (1988:14), was used to refer to alliance or coalition politics. Cohen and Cobbett (1988:14) point out that the term workerist was used loosely to refer to all those who argued for a worker-led and worker-based revolution and who opposed populism.

According to Lambert and Webster (1988:28-9), this tension played itself out through the activities of unions from the two viewpoints. Unions like the South African Allied Workers Union (SAAWU), participating in community struggles around East London, argued for a radical route to transformation, a revolutionary rapture and advocated for abstention from any involvement in the apartheid state and all its institutions and a direct involvement of the unions in the struggle for liberation (Webster, 1985:139). Unions like NUM placed themselves squarely in this category, declaring that they were part of the liberation movement as led by the African National Congress (ANC).

In fact, NUM declared its acceptance of the policies of the ANC and its approach to the struggle for national liberation (NUM, 1989).

Unions from the FOSATU tradition were either completely anti-populist or cautious about getting involved in popular struggles (Lambert and Webster, cited in Cobbett and Cohen, 1988:29). The logic of the stance by FOSATU unions is revealed in a speech by its general secretary, Joe Foster, in 1982. He identified potential within the ANC to turn on the working class once they came to power and argued that:

it is, therefore, essential that workers must strive to build their own powerful and effective organisation even whilst they are part of the wider popular struggle. This organisation is necessary to protect worker interests and to ensure that the popular movement is not hijacked by elements who will in the end have no option but to turn against their worker supporters (cited in Plaut, 1992:1).

The view flowing from FOSATU unions was that the experiences of the 1950s and 1960s had shown that the active involvement of trade unions in the struggle for national liberation "had the potential to subordinate the workers' struggle for socialism to the demands and campaigns of the Congress Alliance and the National Democratic Struggle" (Isizwe, 1986:63-5). This argument soon became true as state repression crippled community unions through the continuous detention of leaders for their involvement in community campaigns against apartheid. FOSATU unions withstood such challenges due to their strong presence on the shopfloor.

The tensions between workerism and populism remained even after the launch of COSATU, and according to Baskin (1991:92-3), it could still be seen during the first meeting of the new federation's central executive committee (CEC). This committee, tasked to formulate a resolution on the political stance of the new federation, found itself having to steer a middle course between populism and workerism and eventually pronounced COSATU as committing to engage in political struggles without sacrificing the independence of the federation and the interests of the working class, both at a political level and at an economic one (Baskin, 1991:95).

The bottom line is that, in spite of all this apparent difference, COSATU unions continued to pronounce on the subject of the struggle for socialism.

Unions like MAWU and NUM declared their commitment to this struggle in their respective national congresses held in 1986 and 1987, respectively. Various views have been expressed regarding what influenced the unions to engage in politics. Hindson (cited in Maree, 1987:208) cites factors like a wave of protests that swept through South African townships in the late-1970s and the concessions won by workers in their workplaces as having shown union leaders the power within the labour movement which could be used for the benefit of broader struggles in society. Multi-class organisations like the UDF nationally, and the Port Elizabeth Black Civics Organisation (PEBCO) at a local level, are also credited with having played a role in this respect (Hindson, cited in Maree, 1987:210).

The birth of COSATU, as pointed out earlier, effectively merged the two streams of views expressed here and so, in a way, COSATU would have inherited the working class orientation from these predecessors. COSATU's General Secretary crystallises the commitment of COSATU unions to the struggle for socialism through a point he made when addressing a gathering in Cuba, declaring that:

COSATU remains committed to the struggle to attain socialism. In fact in our view, socialism can only be attained through the National Democratic Revolution. In the context of our country we do not see the struggle and attainment of socialism as an event. Socialism will not fall in [sic] the sky like the manna. On a daily basis we are involved ... to in the belly of the capitalist beast build socialism. We are not however seeking to transform a capitalist system; we require a total political defeat of the system. Irrespective of economic blockade that has lasted for forty years, you have continued to make tremendous gains for the revolution. Today very few if any country can boast your success at the social front. Your literacy is standing at 95% with 13000 schools and free and compulsory education for all. You are not matched by any one when it comes to provision of free and high quality health care to all your people (www.cosatu.org.za).

The value of commitments like the one Vavi makes here, at least for this research, is whether they are mirrored in the activities and value system of the companies that COSATU unions have set up. That is why it is necessary that the next section sketches a picture of how the companies operate with a view to comparing whether their activities match the commitments made by the political leadership of the unions. Vavi boasts that on a daily basis COSATU unions are involved in a struggle to build the elements of socialism. This raises the question whether this struggle is advanced through the workings of trade union investment companies www.cosatu.org.za).

1.4 TRADE UNION INVESTMENT SCHEMES

1.4.1 Context of investment schemes

The arrival of democracy in South Africa brought with it hope for improved living conditions for the majority of citizens. The end of apartheid was meant to end a life of poverty, want and misery and usher in a life of well-being and opportunity. In a context where the focus was shifting from resistance to reconstruction, COSATU unions, like many other organisation involved in the fight against apartheid, had to try to adapt to a new environment in an attempt to remain relevant. Though not entirely supportive of how union companies were doing business, Dexter (1999:82) does concede that the post-1994 period has brought opportunities for the restructuring of the economy, which has provided assets, resources and economic opportunities that are up for grabs. His argument is that unions could not have been expected to let such an opportunity pass. Similarly, a special correspondent of the *South African Labour Bulletin* (SALB) sketches the context of the post-1990s period, as far as it affected unions, thus:

The 1990s have opened up a new field of work for the labour movement. Trade unions now control substantial financial assets and they have to decide how and where to invest this money. Union-initiated retirement funds have accumulated around R20 billion in assets, which have to be managed. The unions themselves also have far stronger cash flows. Gone are the olden days when labour organisations used to operate on huge overdrafts.

COSATU unions are reputed to generate half a million rand every month in excess of their running expenses. A further complication is the drive for 'black economic empowerment'. Companies and merchant banks are offering unions seemingly lucrative 'deals' in return for their participation in investment schemes. A great deal of confusion surrounds union investment. Very little discussion or enquiry has occurred. Secrecy surrounds many of the union initiatives and in many cases one union-owned company is found to be competing with another or with the ANC's investment companies. Union companies are buying into companies outside their own sectors. Some of these companies' practices and objectives are at odds with COSATU policy (1996:49).

Naidoo (1997a) attributes some of the shortcomings listed above to what he calls a lack of coherent strategy and control by unions and union members. Baskin (1996) argues that this problem is a reflection of unions not having succeeded in comprehending and exploiting the gains that they have made with the fall of apartheid. McKinley (1998:103) points out that these shortcomings are as they are because unions have, in deciding to go the investment route, jumped on the bandwagon of black economic empowerment. Because of this poor conceptualisation, McKinley (1998:103) argues that unions have adopted a mentality of grabbing a piece of the cake while there is still space, which makes the union investments mere capitalist transactions.

The empowerment that McKinley (1998:103) refers to occurs because, according to Motlanthe (1996), the fall of apartheid brought with it a new struggle whose main focus is dealing with the legacies of apartheid by focusing on social reconstruction, the creation of opportunities and economic restructuring. The picture sketched by Motlanthe (1996) is the background against which the union investment schemes come into existence and forms the basis for the questions of this research because one needs to see how unions use their newly found financial muscle to deal with the challenges he lists. Adler and Webster (2000:2) point out that the end of apartheid arrived at a time when the rest of the world was experiencing an economic decline.

For this reason, Adler and Webster (2000) pose a question as to the extent to which COSATU unions have been able to sustain its role in the consolidation of democracy and achieve their own goals without this having any effect on their strategies.

In the environment sketched by Motlanthe (1996) and McKinley (1998), there was a drive for the inclusion in the economy of the previously marginalised through Black Economic Empowerment (BEE). According to Buhlungu (2006:15) this was intended to give a slice of the economic pie to those formerly excluded. As noted by Southall and Tangri (2006:116), BEE, in its earlier form, provided only for the development of crony capitalism and failed to address the old patterns of ownership and ownership. In fact, Iheduru (2002:56) asserts that the strategy was part of a plan to legitimise aspirations to enter the capitalist class as part of liberating the formerly disadvantaged to redirect their energy and ambitions towards those of the rulers. This is the kind of space that union investment companies should be moving into in order to contribute positively in the drive to defeat the vestiges of apartheid and capitalism.

As can be seen from Naidoo (1997a), though, there is very little evidence to suggest that this is what drives these companies. Iheduru (2001:4) refers to this as labour capitalism, which is about unions paradoxically embracing capitalist accumulation through their multi-million rand investment companies. This is paradoxical because the unions in question have declared themselves to be socialist in outlook. Adding to the paradox is what other critics point out that, whichever way one looks at the schemes, central to their wealth creation is the exploitation of labour. The most objective way to establish the veracity of the arguments advanced by Naidoo (1996) and others is to look at the investment initiatives of these union investment companies.

1.4.2 Investment initiatives

The trade union investment schemes are criticised for getting involved in deals that focus on profits instead of reflecting the values that the unions have come to be associated with. By 1999, two years after the first investment companies came into existence, Vlok (1999:1) notes that the companies are worth in excess of R10 billion.

While unions continue to project themselves as agitating for a radical transformation of society, the union investment companies feature in speculative deals that benefit only a few individuals (McKinley, 1999:3). Iheduru (2001:9) adds that the investments by the union companies stretch from those with other empowerment companies to those with foreign capital and consortia of every description. The 'of every description' resonates with an argument by McKinley (1999:3-6) that the value system of conservative capital dominates in the companies. As a result of this they adopt a 'business is business' approach which suggests that in pursuit of profits, these companies should be expected to do their business along the ethos of capitalism which disregards the objectives for which they were set up. According to Vlok (1999:1) the schemes were set up to intervene in areas like the provision of housing, education and health-care benefits for members.

Due to this approach, the companies focus on making as much money as possible with little benefit accruing to the poor. The expectation would be to see companies set up by the unions fighting for socialism engaging in a new struggle aimed at introducing a new ethos to how they conduct business and the main focus of their business. Central to such an ethos should be investment in ventures that have direct benefit for ordinary people with a specific focus on areas like housing, education and healthcare. Union companies have been purchasing stakes in companies operating in the leisure and travelling sector, the financial services sector and the media. For example, Kopano Ke Matla of COSATU was once involved in a bid to buy Aventura Holiday Resorts from the government in 1998 (Southall and Tangri, 2006:135).

All of this took place at the time when COSATU was engaged in a struggle against the privatisation of state assets. Apart from this being hypocrisy or opportunism, a question arises as to how this was to intervene in any way in improving the lives of the poor, because these resorts service the rich. A senior official in the South African Railway and Harbour Workers Union (SARHWU) defended their buying into privatised entities by arguing that there is a difference between slogans about owning the means of production and making practical attempts to implement it (Ray and Matlala, 1998:94). In other words, buying into privatised entities was a route to owning the means of production. The only plausible deduction one can draw is that the aim must have been how much money was to be made from these ventures.

After all, when Collins (1997:80) criticised the speculative nature of the investments by some trade union companies, Copelyn (1997:75) defended their investment choices by arguing that the choices were the fastest way to build the capital base of the companies to ensure a continued tradable form of existence. In fact, this is the same defence offered by the NUMSA investment company, NUMSA Investment Trust (NIT) regarding why it chose to invest in areas such as information technology, catering and health care funding (Vlok, 1999:4).

Interestingly, the bid for Aventura by Kopano Ke Matla, the COSATU investment company, was to be funded by a consortium of Malaysian businesses, but fell through when they failed to raise the required funding (Southall and Tangri, 2006:135). It is difficult to imagine that the funders went into these deals for any reason other than the returns they stood to make and thus advance their own long term objectives. How COSATU could not have been aware and considerate of the same remains a mystery and can only be explained by referring back to the 'business is business' approach outlined above. The Aventura saga is not an isolated case because, according to Adam *et al.* (1997:16), the privatisation chorus was swelled by people formerly from the ranks of the socialists.

The Mineworkers' Investment Company (MIC) of NUM lists such companies as FirstRand, British Petroleum South Africa and Primedia Limited as business partners. It also has interests in diamond polishing, talk and music radio through radio stations like Highveld and Cape Talk, cinemas, soccer clubs and television (Buhlungu, 2006:134). Iheduru (2001:9) confirms that through SA Teemane (Pty) Ltd, MIC has ventured into diamond polishing and that the company polishes up to R100 million worth of diamonds each year. The company is also reported to be a 25 per cent shareholder in Tracker Network Holdings. Having started off as a small entity worth about R3 million in 1995, by 2001 the company's worth was around R1.0 billion (Iheduru, 2001:10). As a result of this, Iheduru (2001:10) declares that by mid-2001, the MIC had become a huge conglomerate of businesses with a reach in real estate, catering and food, beverages, freight handling, lottery and gaming machines and even retail stores.

The investment company of the South African Clothing and Textile Workers Union (SACTWU) has interests in Sun Hotels, Vukani Gaming Corporation and Midi-TV while NIT has interests in companies like Avis and Rent-a-Bakkie. SACTWU has interests in e.tv, Clover, Tsogo Sun and Johnnic (Financial Mail, 2008-01-18:33). While it may be argued that these ventures will bring returns on investment which will benefit the workers, the question should be asked as to how investments in Tsogo Sun, a gaming business, assist a union like SACTWU, which organises in a sector that has been hit by job cuts, to support the affected members.

McKinley (1998:106) criticises this approach to investment for serving only to solidify existing capitalist relations of production and distribution. The argument goes further and points out that while the investment schemes, in their current form, may succeed in redirecting small amounts of capital into new ventures with new bosses, they do not affect the core operation and the exploitative logic of capitalism as a system. Even though focusing on pension funds and not union investment companies, Mbeki raises similar concerns in suggesting that the focus of union investments should be more than just the highest possible returns. He argues that unions need to concern themselves with issues of development as well (Sunday Times, 13-10-2002). To illustrate his point, Mbeki refers to cases in the United States where trustees of provident funds have been investing savings from the funds in projects to uplift underprivileged areas like Harlem in New York. Mbeki argues further that the provident funds in the US did not collapse because they have taken this route; in fact, they remained viable.

While clearly arguing from a different point of departure, Mbeki's point has significance because it raises an important principle of focus. Why are unions, whether through provident funds or investment companies, more for profit when they attack capitalism for the same reasons? Elsewhere in this chapter, McKinley (1999) expresses a strong belief that trade union investment companies, in their current form and with their current approach to investment, can only succeed in giving capitalism an acceptable face. Were the assertion by McKinley (1998) to be considered accurate, the only likely scenario would be one where the trade union companies adopt the role of being stakeholders within the capitalist system rather than opponents of a system whose effects are felt mostly the unions' constituency.

Hutton (cited in Kelly *et al.*, 1997:3) describes this as stakeholder-capitalism. This brand of capitalism propagates the social and economic inclusion of players like trade unions into the setup of a capitalist economy (Kelly *et al.*, 1997:3). This analysis would fit in well in the context where these companies are viewed as interested only in grabbing as much of the economic slice as possible by taking advantage of the opportunities that BEE presents in post-apartheid South Africa.

It must be said, though, that stake holding as an approach implies that the party that becomes a stakeholder agrees to become an integral part of the system of which it is a stakeholder. According to Kelly *et al.* (1997:3), as one accepts being a stakeholder in, say, capitalism, one accepts that the central purpose of existence is being included rather than seeking to transform the entity of which you are a stakeholder. In the case of these schemes, Iheduru (2002:51) provides an indicting observation which categorises the scheme as contributing to the creation of 'comrade capitalism'. There are several basic contradictions with this approach when one considers that the schemes exist for a purpose bigger than making a profit. If the companies exist within a context of a struggle to alter ownership patterns and to change the power relations in society, their investment choices should reflect this broad goal and the returns must be seen to go into projects that achieve this goal.

What becomes clear from the above discussion is that the schemes are focused more on making money. Iheduru (2001:13) points to some critics decrying this approach as being foreign to the labour movement. The critics argue that:

Unionism is not about making money. It is about social issues, about using workers' solidarity at plant, industry and national level to improve living and working conditions. This has no commercial rationale. Yet involvement in investment companies inserts commercial values which tend to squeeze out union values (Koch and Day in *Mail and Guardian*, January 27, 1997).

1.5 ARE UNION INVESTMENT SCHEMES COMPATIBLE WITH SOCIAL-MOVEMENT UNIONISM?

While expressing a view that the arrival of democracy in South Africa and the new political structure that came with democracy nurtured the dynamism that made COSATU unions an explosive force for change, Bramble (2003:187-90) poses a question about these unions' ability to sustain the key elements of social-movement unionism. The elements referred to are internal democracy, independence from political parties and broad social justice objectives. This research shares the same desire as that expressed by Bramble (2003:187) because the researcher is keen to see if these elements endure in a context where unions have ventured into business.

In the context of this thesis, the critical tenet of the social-movement unionism that demonstrates commitment to internal democracy is examined in terms of the extent of the involvement of members in the decision-making processes of the investment companies set up by unions through the investment schemes. The other critical tenet of social movement unionism that focuses on the commitment to social justice is examined in terms of the unions' declared commitment to a socialist future. The questions that Bramble (2003) raises carry even more significance for this research when one considers assertions by Lehlere (2003) that in the period between the late-1990s to the mid-2000s there was a shift to the right in COSATU's economic and political strategy. Should these investment schemes be viewed as illustrations of the shift to the right to which Lehlere (2003) refers?

Appolis (2006:101) holds similar views and asserts that the South Africa labour movement⁵ has, through its impotence in challenging the neo-liberal agenda of capital in the new South Africa, entrenched neo-liberalism. To what extent can the schemes be seen to affirm this criticism through their own operations, especially considering the criticisms by McKinley (1999)? The assertions by critics like McKinley (2003) suggest that the union investment schemes are a reflection and confirmation of the shift referred to above and an example of how these unions can be seen to have contributed to the entrenchment of neo-liberalism.

⁵ The author, Appolis, cited in Gunnarsen *et al.* (2006:101), explains this term as referring to the dominant federation of unions, i.e. COSATU.

1.5.1 Can unions advance socialism through investment schemes?

Before debating whether investment schemes can be seen as being a strategy to advance the struggle for socialism, one needs to get a broad sense of what socialism is. Wikipedia (2006-10-21) defines socialism as a system that envisages a socio-economic system in which property and the distribution of wealth are subject to social control. This control, according to Wikipedia (2006-10-21), may be exercised either directly through popular collectives such as workers' councils or indirectly through an agent like the state. Answers.com (2006-11-21) sees socialism as a system in which the collective ownership of the economy under the dictatorship of the proletariat has not yet been successfully achieved.

Bottomore (1991:500-2) takes a different view, pointing out that Marx and Engels do not suggest a blueprint for socialism that fits all situations, but view it as a product of revolutionary historical processes driven by the proletariat. These revolutionary historical processes eventually culminate in the complete destruction of the capitalist system to be replaced by a system where there is an equitable access to resources. This same point is emphasised by Wilczynski (1981:531), who argues that socialism, as a political and economic system, is maintained by the working class through various institutions depending on prevailing circumstances.

These arguments are used as a point of departure in conceptualising this research because as long as there is a possibility of varying approaches to socialism, one should be open to the possibility that these union companies contribute to the struggle for socialism. In other words, the point is whether the schemes reflect a deliberate strategic intervention by the unions to empower the working class in an assault against capitalism. One needs to look at the picture sketched in the preceding section where the schemes are criticised for their business-is-business approach. In the same section, the schemes are shown to choose projects that have no immediate relevance to the economic imbalances that capitalism creates. For example, the companies make investment decisions informed only by the possibility of maximum returns. For this reason, they even prefer venturing into private healthcare ventures instead of projects that bolster public healthcare.

Section 1.2 above shows how COSATU unions earned the identity of social-movement unionism with specific focus on these unions' commitment to socialism and internal democracy. Section 1.3 unpacks the conduct of the companies that were set up through the trade union investment schemes. It is against this background that one can follow the controversies that this research is trying to unravel. In fact, it is this kind of background that got Collins (1997:80) demanding to know from Copelyn and Golding⁶ how their speculative investment of workers' funds was going to achieve collective wealth.

It is important to recognise that there have always been questions raised about the role trade unions can play in the struggle against capitalism. Therefore, section 1.3.2 outlines arguments by Marxists like Lenin and Gramsci dealing with these questions. Gramsci (1978) is specific in his criticism and regards unions as mere commercial companies whose product of business is the labour of the employed people.

Even though Engels recognised unions as possessing the potential to be 'schools of war', this potential is always linked to prevailing economic conditions because, as Marx and Engels argued, capitalism at certain times is able to give some economic benefits to organised workers, as a result of which the benefiting workers may be won over to the side of capitalists (cited in Kelly, 1988:15). If, as Gramsci (1978) argues, trade unions abdicate any duty to overthrow capitalism at the slightest indication that some concessions may be obtained, it is possible that the trade union investment schemes represent another capitulation by organised labour in the face of capitalism offering limited access to economic resources. The gravity of such a scenario is best captured by Yermakova and Ratnikov (1986:126-7) who categorise such actions as economic struggles whose only outcomes are occasional concessions to the workers by the bourgeoisie. Central to the class struggle, therefore, should be a conscious political programme to eliminate capitalism (Yermakova and Ratnikov, 1986:128). Such a conscious political plan stands no chance of taking off without structured political education of the potential beneficiaries of this struggle (Yermakova and Ratnikov, 1986:128).

⁶ Marcel Golding and Johnny Copelyn were senior leaders in NUM and SACTWU respectively. They formed a company called Hosken Consolidated Investments, which was to direct workers' funds for investments. They have gone on to be recognised as among the richest individuals in the country.

It is also worth considering that if the schemes represent capitulation, the extent to which they reflect a lack of ideological centredness on the part of trade unions is something to ponder as well. This research will show that the unions' involvement in investment schemes is yet another indication of their inability to shed their reformist nature, a shortcoming of unions that is clearly identifiable in the above illustration. Limitations like this are probably one of the reasons why Lenin is said to have been very critical of trade unions when he wrote 'What is to be done' in 1902. Kelly (1988:29) refers to this text in showing Lenin as having attacked unions' proneness to become obsessed with economic struggles. Briefly, this tendency advances an argument that economic struggles by trade unions are sufficient to create revolutionary consciousness among their members, thereby negating the need for a revolutionary workers' party (Kelly, 1988:29). It must, however, be borne in mind that COSATU unions are in an alliance with a communist party, and have resolved in many forums to struggle for socialism. This surely goes a long way to counteracting this 'limitation' and for this reason it becomes reasonable to expect that these unions are politically astute enough to have anticipated what the investment schemes should and could contribute to the broader struggle for socialism.

Besides, Nash (1999:98) shows that even though the debate on what role trade unions can play in the struggle for socialism was hotly contested among unions in South Africa, there was always consensus on the need for a workers' party to play the vanguard role. The same party must, through its political work within the unions, counter the threat of bourgeois ideology diluting the struggle for socialism and from gaining ascendancy within the trade unions (Kelly, 1988:31).

Given that Marx and Engels offered what can be termed contradicting views on unions, the value of their contribution, as pointed out by Kelly (1988:25), is in exposing inherent shortcomings of trade unions instead of either condemning or singing the praises of these organisations. This research will contribute to the debates because, if the investment schemes reflect an inherent shortcoming on the part of trade unions' thinking around socialism, it should prompt a fresh examination of these organisations and the identity they have assumed.

The intention is not to generate ammunition for what Hyman (1975:3) refers to as the pessimistic assessment of trade unionism which, essentially, argues that union activity cannot facilitate a fundamental transformation of society. What has to be established is whether the decision by trade unions to establish investment schemes and the subsequent route these have taken reflect their inability to comprehend the nature of the class struggle and thus the trajectory of a struggle against class domination. If the trade union investment schemes are shown to be operating in a manner that defeats the very struggle they should advance, it may well be that the unions, through the lack of ideological clarity referred to in section 1.3.2, did not conceptualise the schemes properly. Indeed, it must be examined whether the very label of social-movement unionism continues to be appropriate when referring to these trade unions. This is the case because, as shown in the first section of this chapter, central to the outlook of social-movement unionism is a commitment to the radical transformation of society. This examination of investment schemes is made more important given that, more recently, the arguments of Gramsci, Marx, Engels and Lenin on the subject of trade unions and the struggle for socialism, which are cited in the preceding sections are reiterated by, among others, Lehlere (2003). Lehlere (2003:25-38) argues that since 1994, COSATU's position on the economic policy of post-apartheid South Africa has shifted dramatically towards neo-liberalism. To illustrate his point, Lehlere (2003:37) tracks the evolution of COSATU's economic policy stance. The evolution, according to Lehlere (2003:26), may be divided into three phases: 1985 to 1992; 1993 to 1996; and 1996 to 2003.

The milestone of the first phase is identified as COSATU's economic policy conference in 1992, for the second phase it is the adoption of the RDP as the manifesto of the ANC, and in the third phase, it is the Social Equity and Job Creation document (Lehlere, 2003:26). For Lehlere (2003:29), the first of these phases was characterised not just by an undiluted articulation of working class bias, but COSATU was practically staking a claim to be at the centre of the struggle for socialism in South Africa. For example, central to the first and second phases, according to Lehlere (2003:25), was COSATU's commitment to developing economic policies that are in the interests of the working class. Lehlere (2003:26) further points out that COSATU had, in the first two phases, argued for the wealth to be democratically controlled and shared.

The same undertone is evident when, at the launch of the federation, Ramaphosa of the NUM pointed out that the federation was intent on exposing to the workers their exploitation as a class (cited in Bramble and Barchiesi, 2003:27). In 1987, the same federation expressed a view that the envisaged national liberation would have to restructure the economy in order to manage wealth democratically (Lehulere, 2003:27). Lehulere (2003:28-30) also notes that beyond 1992, the momentum was not lost completely with COSATU prominent in calls for a central role for the state in the drive for economic transformation in the new South Africa. Nationalisation was a prominent feature of COSATU's envisaged economic growth path with calls for antitrust legislation.

The above arguments add to the 'credentials' of the federation and its affiliates as far as commitment to the struggle for socialism is concerned. Also, one can see these commitments on the part of COSATU are consistent with the views articulated by Vavi (in COSATU, 2003) in the preceding sections. What one would expect to see happening is whether these assertions are identifiable in the activities of the investment schemes. Much like the arguments of this thesis, it is plausible to suggest that Lehulere would want to see how the schemes contribute to these noble ideals. Lehulere (2003) advances an argument, even if for different reasons, that there is a shift to the right in terms of the strategic approach to socialism on the part of COSATU. Given that Lehulere (2003) makes no direct reference to the schemes, it is important to point out that elsewhere in this thesis, McKinley (1998 and 2001) identify the schemes as a reflection of this loss of proper strategic focus on the part of COSATU.

Furthermore, there is the matter of what the core priorities of a union are in terms of their work. Specifically one has to consider an assertion by Hyman (1997:310) that, in carrying out their functions, trade unions filter and prioritise multiple interests of the members. Hyman (1997:311) further argues that, in the process of filtering priorities, unions make choices on the basis of what are considered to be the opportunities, benefits and risks of choices made. With this in mind, one wonders if acting to advance socialism would be top of the list of priorities of trade unions.

After all, it is highly unlikely that members will be overly concerned with whether their union contributes well to the struggle for socialism as opposed to how well it fights for their conditions of employment. Hyman (1997:311) confirms this suggestion when suggesting that unions acquire their legitimacy in the eyes of the members as a result of their perceived ability to deliver on immediate needs, which is why they must be seen to go through an exercise of aggregation focusing on the issues of immediate importance. However, all of this provides grounds for a suggestion that the investment schemes operate as they do because unions do not intend them as a vehicle to the ultimate goal of socialism. The catch, however, is that as one makes such suggestions they are confirming the arguments raised by Gramsci (1973) as quoted earlier.

In the eyes of the majority of trade union members, the delivery of the goods is associated with the protection of these members against arbitrary actions of management and the securing of a better wage deal at the negotiations table. After all, it is these issues that attract members to trade unions, which Hyman (1997:319) refers to as the core agenda of bread-and-butter collective bargaining. In simple terms, union members can reasonably be expected to turn their attention to broader issues of society only once these core issues have been successfully dealt with. In his elaboration of the concept of disaggregation, Hyman (1992:152) points to potential occasional antagonism of interests between, either the sections of unionised workers or between the unionised and the non-unionised workers. The altruism that is sometimes required for trade union members to be able to accommodate demands that do not have immediacy for them is, according to Hyman (1992:152) not always in abundant supply.

What this research must show is whether observations like these, regarding trade unions as drivers of the class struggle, are evidence of the shortcomings referred to at the beginning of this chapter by Marxists like Gramsci and Lenin, and what the implications are for social-movement unionism and its core tenets. Primarily, it needs to be seen whether these unions, through their involvement with investment schemes in their current form, confirm these 'inadequacies' or whether there is some hidden capacity to achieve what Hyman (2001:2) refers to as an ability to be a force for socio-political mobilisation in opposition to capitalism.

1.5.2 Is internal democracy still alive?

Cherry and Southall (2006:75) indicates that during the years of the struggle against apartheid, union practices were characterised by participatory democracy, which provided for direct involvement by members. Webster (1985:234) makes the same point in showing that due to their being accountable to the membership, shop stewards demonstrated a clear form of direct democracy. It is a fact that unions have been criticised for what Michels (1959:145) describes as their proneness to undermine direct democracy through the oligarchic tendencies of their leaders. In other words, there is an inclination for ordinary members' views to be overlooked as elected officials adopt bureaucratic styles. Critics like McKinley (1997) support this assertion by arguing that over time, union leaders develop so much influence over the functioning of the unions to become irreplaceable with members viewing them as heroes to be worshipped rather than as servants to be held accountable. Given that some critics argue that the schemes, as they are currently constituted, have not shown themselves to be excelling with respect to internal democracy, it is essential to examine how involved the rank-and-file is.

This research examines the extent to which there is direct participation by the rank-and-file in the decision-making processes of the investment schemes. Clearly, as can be seen in the section dealing with investment schemes, there are challenges and one has to dig further to either confirm or disprove whether the tendency that Michels (1959:145) refers to has crept into the running of the schemes. If oligarchy has crept into how the schemes do business, the investment schemes cannot be strengthening commitment to internal democracy and social-movement unionism. Michels (1959:146) argues that the highly skilled union officials in leadership positions impose their own policies on the organisations. So one needs to establish how much of this factor drives the approach of union leadership in terms of the manner in which they deal with the business of the schemes. It has also to be seen whether the conduct of the leadership of the schemes continue to represent the interests of the workers that elected them or whether they have succumbed the social differentiation that Michels (1959) refers to.

1.6 THE CENTRAL ARGUMENTS OF THE THESIS

As shown earlier in this chapter, Bramble (2003) lists observations that suggest a possible waning, especially within COSATU and among its affiliates, of the critical elements of social-movement unionism such as commitment to internal democracy. Although the study by Bramble deals with different issues, it is relevant in-so-far as it provides basis for the possibility that what this thesis is investigating has a bearing not only for the unions under review, but for social-movement unionism itself. This is the case because, if social-movement unionism is about unions being able to achieve what Webster (1987:4) refers to as the ability to shape the social system, we must see how trade union investment schemes, with the identified controversies, contribute to such a process. These issues are analysed in Chapter 5. Section 1.3 above sketched a picture of organisations that fought against the injustices of the past demanding a socialist future for South Africa.

In the 1980s, the independent unions, according to Webster (1987:10), organised workers through shop stewards councils across the factory and union divide. This enabled them to congregate as a class instead of as employees belonging to a particular sector or company. In other words, workers were responding to their conditions as a class. Hence, it is correct for Webster to refer to these initiatives as belonging to the social movement category (1987:11). The investment schemes must, therefore, be examined against their ability to sustain this tradition and whether they reflect an appropriate response by the unions in the struggle against capitalism.

If these unions used to view their activities as a political expression of the desire to hurt the economy of the apartheid regime as identified by Von Holdt (2001:288), it should be possible to see how the investment schemes advance the struggle to transform the economy. Looking at the schemes, one should see them realising the anti-capitalist potential that Hyman (2001:18) says is present in unions. The schemes should be seen to contribute, through their activities, to the unions' struggle to influence the transition period as suggested by Webster and Adler (2000:5), who plead for unions to continue to be a force to reckon with in advancing the struggle for social reconstruction.

Specifically, the schemes, through their activities, should contribute to shaping the transition to benefit the poor majority. In other words, in the current time the schemes must be seen to be acting with the long-term in mind. Adler and Webster (2000:1-2) outline an important role that the trade unions under review have played in the struggle against apartheid through resistance and through policy contributions to the post-apartheid society. In pointing out that there are questions about these unions' capacity to sustain this involvement within the new context, Webster and Adler (2000:2) speak directly to the questions of this research. For example, in a context where South Africa has adopted policies that minimise social costs, it has been shown that union members have had to bear the brunt of cuts in social spending that characterised government spending in the mid-1990s and early-2000s.

Unions challenged the conservative economic positions of the government through protest action and argued for a more radical transformation agenda. It becomes somewhat of a poser if the same unions miss an opportunity to make use of their own resources to turn the situation around through their investment companies. From the picture sketched in the preceding sections, the schemes are shown to be working to entrench a system that these unions have declared themselves to be against.⁷

Even more interesting are the observations of Bramble (2003:188-203) suggesting a gradual decline in the commitment to the basic tenets of social-movement unionism among the unions under review. This research will go some way towards providing important information about social-movement unionism itself. If the schemes are an affirmation of the tenets of social-movement unionism, one has to establish whether the apparent contradiction between the declared objectives of the unions and the operations of the investment companies is a reflection not of the unions' failures, but what Johnston (1994:208-209) argues is their ability to adapt their strategies to suit the conditions of the time. The challenge is that if unions are to be seen as agents for social change as Scipes (1992:1-3) suggests, they cannot be satisfied with mere pursuit of marginal economic improvements within the status quo as Hyman (2002:21) argues.

⁷ Zwelinzima Vavi was on national television around August 2007 declaring COSATU's hatred for capitalism.

1.7 CONCLUSION

This chapter has discussed the social-movement character of COSATU unions and has shown how this identity was built over years of involvement in bitter struggles for the liberation of the country and the restoration of the human dignity of African workers. In unpacking social-movement unionism, the chapter paid attention to its two central tenets. These tenets – i.e. a commitment to internal democracy and the pursuit of a radical transformation of society – are discussed against the background of the arrival of trade union investment schemes. The intention is to establish whether, through their involvement in these schemes, the unions are continuing their tradition of commitment to these two tenets.

Discussing this aspect is also important because it was during the time of their involvement in the struggle that the unions sharpened their socialist vision for a post-apartheid South Africa. Through this research, one can establish whether the vision becomes clearer or blurred as a result of the involvement of COSATU unions in investment schemes. In attempting to understand the validity of COSATU unions' claims regarding their commitment to a radical transformation of society through socialism, the chapter also dealt with material that critically examines trade unions and their role in the struggle against capitalism.

Specifically, the writings of Gramsci (1921-6), Lenin (1963), Marx and Engels and Hyman were considered, especially their focus on the inherent shortcomings of trade unions when it comes to the struggle for socialism. The intention is to establish whether the investment initiatives of trade union companies can be seen as a reflection of the shortcomings these writers identify. Specifically, the writings of Gramsci, Lenin, Hyman, Marx and Engels were considered in relation to their assertion that, as creations of the system of capitalism, unions do not have the capacity to overthrow this system. Gramsci (1973) asserts that trade unions, due to a lack of firmly grounded ideological orientation, always have a high propensity to drop demands for radical change at the slightest indication of concessions from capitalists.

The chapter also shows that trade union investment schemes arrived on the South African scene against the background of the government's BEE strategy aimed at deracialising the economic ownership patterns in post-apartheid South Africa. This being the case, the chapter considered the broad criticisms of BEE and its ethos. Southall (2006:175) quotes Ben Turok, an ANC member of parliament, as having expressed a worry that BEE, as it was then, was contributing more to the entrenchment of greed-based capitalism.

Strong views by McKinley (1997 and 1998) on the schemes are also considered with a focus on his assertion that the schemes, in their current form, only succeed in giving capitalism an acceptable face. In looking at the shortcomings of the trade union investment companies and their investment choices, the chapter also raises the possibility that the companies are more interested in being stakeholders of the capitalist system than in being its opponents. Stake holding is discussed by drawing on the view of Hutton (cited in Kelly *et al.*, 1997), who argues that the approach limits parties to the system to calling for access instead of seeking to transform it. It is with this in mind that the researcher sought to locate the impact of the trade union investment schemes on the social-movement character of COSATU unions, especially their commitment to radical transformation of society through socialism. As has been shown in this chapter, there is the view that trade unions are prone to veer off the ideological path to socialism due to a lack of ideological centredness and proneness to accept capitalist reforms uncritically. Critics like McKinley (1996 and 1997) show these schemes to reflect the presence of these shortcomings. The research will present evidence to either dispel or confirm these contentions.

The second area of focus in the chapter was the level to which internal democracy prevails in the context of trade union investment schemes. To this end, the chapter accentuated arguments raised by Michels (1959) around the proneness of trade unions to be run along oligarchic lines with little regard for the views of the ordinary members. This will be tested against evidence to be presented in Chapter 5.

CHAPTER 2

METHODOLOGY AND RESEARCH DESIGN

2.1 INTRODUCTION

This chapter elaborates on methods used to find answers to the questions of the research. The intention is to demonstrate both the effectiveness and appropriateness of the chosen methods, thereby providing an indication of how valid the findings of the study can be seen to be. The choice of the methodology is informed by, among other factors, the intention to address not just the incidence of the phenomenon of trade union investment schemes but also the value, challenges, and impact of trade union investment schemes within the South African context, which resonates with what Mason (2002:1) views as the benefits of the approach. According to Mason (2002:1), these benefits include an ability to “explore a wide array of dimensions of the social world, including the texture and weave of everyday life ... the ways that social processes, institutions, discourses or relationships work, and the significance of the meanings that they generate”. These benefits apply to the research given that it directly enters the world of the intended beneficiaries of trade union investment schemes. These lives were entered in a manner similar to that sketched out in Gubruim and Holstein (1997:4), who call on the researcher to “get out there, into the nitty-gritty, the real world”.

2.2 PROBLEM STATEMENT

This research explores the phenomenon of trade union investment schemes and the companies set up through these schemes in order to establish how these schemes impact on the social-movement character of COSATU unions. This need for this examination arises from two critical tenets of the social-movement unionism outlook, which Von Holdt (2002:284) lists as commitment to internal democracy and the struggle for a socialist transformation of society.

The focus is on the manner in which the involvement in business affects these two tenets of the identity of the COSATU unions. The central proposition is that, because of their venturing into business schemes, COSATU unions produce a watered-down version of what social-movement unionism should be about and, therefore, confirm the long held scepticism for trade unions as agents for the overthrow of capitalism. Luxemburg (cited in Kelly, 1988:35) criticises unions for being more concerned with short-term reforms and suggests that they are capable of having only a limited impact on the conditions of the workers under capitalism. Gramsci (1923) argues that trade unions are products of capitalism and are, therefore, more given to relent at the slightest indication of concessions by capitalists.

COSATU unions have earned themselves recognition as being in the mould of unionism that Scipes (2003:2) refers to as agents for radical change. For this reason, and given the lingering scepticism about their inclination towards reformism, it is important that this aspect of the COSATU unions be put under scrutiny. This is even more necessary when one considers that the investment schemes, in their current form, have invited heavy criticism especially from left-wing critics. Critics, like McKinley (1998:105), argue that the schemes fail to use their financial muscle and the access they have to capital to transform the relations of production in society, but instead appear to be more focused on becoming players in the game of the capitalists, thus achieving only cosmetic changes to the system of capitalism.

Lehulere (2003) argues that since 1994, there has been a decline in the labour movement's commitment to the overthrow of capitalism. Other critics argue that this decline can be seen in how these unions embrace BEE, a policy whose main focus is the mere extension of economic benefits to a few black people. The researcher latches onto assertions like these and wishes to see whether the schemes in their current form are a reflection of the decline to which Lehulere (2003) refers.

2.3 AIMS OF THE STUDY

This thesis is intended to investigate the impact of trade union investment schemes on the social-movement character of COSATU unions, NUM in particular. The study places emphasis on how these unions' long held commitment to internal democracy and declared aspirations for a socialist future are impacted upon by their involvement in the world of business through investment schemes.

2.4 LIMITATIONS OF THE STUDY

Firstly, this thesis, in its analysis of the impact of trade union investment schemes on the character of COSATU unions, will use data about one affiliate, the National Union of Mineworkers (NUM). While this is the biggest affiliate of COSATU, it is possible that contextual factors applicable to NUM may not be relevant to other unions. This possibility may have undesired effects on the findings and conclusions of the research. Moreover, trade union investment companies remain under-explored, which means there is very little data in the public domain. The companies themselves are not keen to 'open themselves' for deep scrutiny which makes it difficult to get the sort of data one needs to conduct a thorough examination.

Secondly, there are two tenets that characterise social-movement unionism, which are not the focus of this research. These are alliances formed with other social movements, and independence from influence by political parties. Some of the writings considered for this thesis refer to these as possible deficiencies in the social-movement claims of COSATU unions. Lehulere (2003) argues that COSATU unions are prisoners of an alliance with the African National Congress (ANC), a party that is in government, which makes it difficult for COSATU to join hands with other social movements such as the Anti-Privatisation Forum because these movements oppose the policies of the ANC government.

Lastly, while this thesis touches on questions that relate to socialism as an ideology, it is not about socialism *per se*. There are aspects of socialism that are not considered as extensively as they would be if the examination focused on socialism. An example of such aspects which do come up, but in a very limited form is the

extent to which political education is given for purposes of entrenching the ideology to those receiving bursaries from these investment companies. Such political education, one would argue, would be with a view to making the bursars cadres for the advancement of the struggle for socialism instead of being aspirant capitalists created through the toil of ordinary members of these unions.

2.5 THE VALUE OF THE STUDY

As indicated in the preceding section, there has been very little engagement with the subject of trade union investment companies with the intention of showing how they impact on the workings of the unions. Furthermore, if a commitment to the radical transformation of society is central to social-movement unionism, the question arises how these schemes advance that objective. Specifically, the unions have pronounced themselves to be for socialism, and in fact this assertion has tended to be dealt with as uncontested. The study will contribute to a better understanding not only of COSATU unions, but also of the underlying assumptions of social-movement unionism.

2.6 RESEARCH DESIGN AND METHODS

Apart from outlining and defining the methods used in the research, this section provides a map followed by the researcher in searching for answers. Defined by Bless *et al.* (2006:71) as the specification of the most adequate operations to be performed in order to test the specific hypothesis under given conditions, this mapping is an important step in the completion of research project. Owing to the qualitative nature of the study, the pursuit for answers to questions of the research, the research generated data for analysis through:

- interviews;
- other documentary sources; and
- appropriate sampling techniques.

The choice of these methods ensures compliance with the suggestion of Robson (2002:19) that a research project should always be approached scientifically. Approaching research scientifically implies an approach that is systematic, ethical and sceptical. According to Robson (2002:20), this ensures that research is about finding the truth about the subject being researched. Further, given that Creswell (1998:14) characterises qualitative inquiry as an exploration of social or human problems that is conducted in a natural setting looking into the views of informants, the listed methods are most appropriate for this task.

The theoretical basis for the identification of the appropriate category in which the COSATU unions are placed flows from the body of knowledge developed over years on the subject of the re-emergence of democratic unions in South Africa and their role in the struggle for national liberation, and subsequently their role in post-apartheid South Africa. Writings on trade unions and the struggle for socialism also form an important part of the basis for this study. Data on the political stances of the unions under review is found in several articles in the *South African Labour Bulletin*, the COSATU and NUM websites and newspaper articles. As can be seen in the discussion of the data collection methods that follows, there was extensive use of interviews with identified respondents.

2.6.1 Interviews

Henning (2004:1) points out that a decision to “work with qualitative data is linked to the type of inquiry that a researcher conducts”. Investigating the social impact of a phenomenon requires data that can only be acquired by listening to those impacted upon by the phenomenon being investigated. Therefore, what a researcher wants to find out will have an influence on the choice of research techniques (Henning, 2004:1). In the case of this thesis, the desire was to hear how ordinary workers experience the benefits, if any, of their unions’ investment initiatives; hence there was a deliberate focus on hearing their views as well.

The choice of interviews is on the basis of an assertion by Henning (2004:3) who calls for an environment where variables are not usually controlled and in order to achieve the provision of the environment where variables are not usually controlled because interviews are chosen as one of the methods. After all it is exactly this freedom and natural development of action and representation that the research intended to capture, due to the importance attached to the respondents' views as far as the topic under scrutiny is concerned. Interviews will provide the researcher with direct views of the respondents because of the belief that from the articulations of the respondents, one will be able to construct a view of how trade union investment schemes affect them.

Given the qualitative nature of the research and the desire to provide interviewees with a free environment, standardised interviews were deemed to be less effective because of their shortcomings in lending themselves to this type of inquiry. Berg (1998:60) views standardised interviews as using a formally structured schedule of interview questions. For this exercise, such an approach has to be used in such a manner that provides the responses that would show the exact manner in which the interviewees experience the impact of the union investment schemes.

The reality of this research has been that as one approaches a leader of a trade union to ask for an interview, by the time of the interview, the leader will have formulated views on the exercise. This has potential to dilute the true feelings of these individuals. On occasions, one got the sense that researchers are not always well received and potential respondents try to avoid them as much as possible. This seems to arise from a perception that researchers are only interested in punching holes in other people's arguments. For this reason, respondents are both extremely cautious and guarded in their responses or simply do not pitch for interviews. The challenge requires the use of an approach that permits the interviewer to ask questions that are not entirely predetermined. The benefit of such interviews is that the interviewer is able to adapt to the situation of each interviewee by rephrasing questions through follow-up probes so that the central purpose of the exercise does not get lost. Berg (1998:61) calls them unstandardised and states that they are helpful because they can create a rapport between the interviewer and interviewee.

For this research, the most valuable benefit of this type of interview was in helping the researcher handle unexpected situations arising from insufficient background information about the interviewee.

For example, meeting a former trade union leader at the Cape Town international airport, unaware that he had become a rich person and putting it to him that union investment schemes enriched only a few, it became clear that he was extremely unimpressed and the question had to be rephrased or the interview was gone. Even with the type of interview discussed above, it cannot be suggested that it creates complete loss of control for the researcher given the need for some structure in the interview process without which the process becomes chaotic.

Mason (2002:63) identifies another form of interview, semi-structured, which he sees as valuable for qualitative inquiry. These are interactional, relatively informal, fluid, flexible and contextual (Mason, 2002:62). The experience of this research exercise confirmed what Mason (2002:67) identified as an inherent value of qualitative interviewing: certain data required by a researcher may only be feasibly available through interviews. Anyway, most of the chosen interviewees for this exercise preferred that interview sessions be relaxed, contextual and unstructured given their desire not to be limited in their responses. As shown above, interviews are the preferred tool for purposes of establishing facts that had not been in the public domain prior to the interviews. There were, however, some challenges associated with unstructured interviews. The biggest challenge arose from the positions of most of the interviewees who are very influential and were therefore always on guard when answering questions.

The situation with respondents being guarded necessitated that one always came across clearly as far as questions are concerned. This became necessary in order to avoid ambiguity regarding questions that leads to confusions between the participants leading to misunderstanding where a probe for further information may be construed as being disrespectful to affected respondents. This kind of experience bore out the view expressed about interviews being “social performances” where even the choice of words is important (Berg, 1998:59).

The challenge, considering the above, is one of successfully dovetailing the roles assigned to the interviewer. These, according to Berg (1998:60-82), relate to being able to be an actor, the subject of the interaction, the director of the process and a choreographer. Essentially, this involves keeping a balance between being the one who directs and participates in the process and maintaining the focus of the research. The chosen respondents made it easy because of their own passion for the subject under discussion, and therefore they were always forthcoming with elaborate responses.

2.6.2 Other documentary sources

Mason (2002:103) identifies the analysis of documentary sources as producing socially researched information. Henning (2004:99) concurs and argues that no document that carries relevant information should be overlooked. In the drive to find answers, therefore, the value of written material should not be overlooked. This is so because most of the individuals targeted for interviews have written published documents on one or another aspect of interest to this research. For example, some of these individuals have written papers on the route to a socialist future. They have also written on the subject of reformism, which can be relevant when reviewing any socialist undertones the schemes may claim to have.

The above should reveal to the reader that the research made extensive use of both primary and secondary sources of material. Marwick (cited in McCulloch, 2004:30) states that the former refers to material generated within the period studied while secondary sources are generated later. The primary sources targeted for this research exercise included, but were not limited to, documents developed at the time when the unions, NUM in particular, were contemplating setting up investment companies. Secondary sources included documents written in response to the move into investment ventures by trade unions. The documents used for this research that were accessed through the internet confirmed an assertion by McCulloch (2004:34) that this source provides unprecedented access to documents that would have otherwise have been available only to a few persons. Sites such as <http://www.africafiles.org> were invaluable as they provided important documents containing historical data on trade unions generally.

2.6.3 Sampling

Bless and Higson-Smith (1995:85) define sampling as a scientific and technical accounting device to "rationalize the collection of information, to choose in an appropriate way the restricted set of objects, persons, events and so forth from which the actual information will be drawn". May (1993:94) identifies two forms of sampling: probability and non-probability sampling. Probability sampling is defined as a form where each subject within a population stands an equal chance of being selected to be part of the sample. Non-probability samples use either quota sampling or purposive sampling. Quota sampling is a form where general characteristics of a population are already known from other sources. The researcher therefore targets a proportionate quota of the subjects with such characteristics. May (1993:95) defines purposive sampling as a 'fit for purpose' approach. Mason (2002:124) argues that purposive or theoretical sampling is valuable because it allows the researcher to select categories of subjects for a sample on the basis of their relevance to the researcher's questions and the explanation being developed.

In qualitative studies, sampling can, according to Babbie and Mouton (2001:287), be undertaken in one of several ways. In the case of this research, a predetermined pool of respondents was based on criteria considered pertinent to the study. Potential respondents were identified in terms of whether they were considered to be in a position to provide the required answers as far as the questions of the research are concerned. For example, the choice of senior figures within NUM was because they are expected to be in a better position to explain the logic and the aims that formed the basis for the union's decision to venture into the world of business through the investment schemes. For example, these leaders should be in a position to articulate how the union believes the schemes contribute to the union's broad political goals and the retention of its commitment to the culture of internal democracy. The ordinary members of the union, on the other hand, provide firsthand experience of how the effects of the investment schemes regarding the two tenets are experienced. Sampling enables a researcher to draw certain conclusions about either a phenomenon or a group without having to get the views of every individual belonging to the group.

The use of the word 'scientific' places a burden on the researcher not to choose the selected individuals arbitrarily, hence the deliberate decision to include the two categories of NUM members in the sample. Bless and Higson-Smith (1995:85) argue that the chosen group must lead the researcher to draw accurate conclusions. In terms of this approach, therefore, the researcher would have to find people who are representative of the group of people affected by the phenomenon of trade union investment schemes.

For this reason, theoretical samples do not always have to be based on the need to be representative (Mason, 2002:124). With this kind of sampling, a researcher is able to sample on the basis of analysis. In other words, a researcher may choose to broaden the scope of targeted subjects as new information emerges. Mason (2002:138) refers to this as snowballing, and it occurs as the researcher is referred to new sources of information by an interviewee. With this definition of purposive sampling in mind, and its benefits considered, the researcher chose this approach for sampling purposes. The individuals listed below are some those selected for finding answers to the research questions.

2.6.4 Profiles of the respondents

In direct deviation from what can be seen as the ethnographic tradition regarding the use of pseudonyms to comply with anonymity and confidentiality understandings, the researcher chose to seek each of the respondent's consent to use their real names. With exception of four respondents, all consented to the use of their real names. This is due to the belief that given the nature of the subject, it is important to attribute views to an individual in order to protect the integrity of the outcome of the research. After all, these individuals are considered the 'big guns' in the circles where issues such as the questions of the research are likely to be debated. The respondents will deal with different aspects of the research and below are profiles of each.

2.6.4.1 Gwede Mantashe

Mantashe is well known within the progressive labour movement both in South Africa and internationally. He served the National Union of Mineworkers in different capacities as follows:

- 1985-1988: NUM regional secretary;
- 1988-1993: National organiser;
- 1993-1994: Regional coordinator;
- 1994-1998: Assistant General Secretary; and
- 1998-2006: General Secretary.

Other important areas of involvement:

- Elected as local government authority councillor: 1995-1999.
- Currently a member of the Central Committee and the politburo of the South African Communist Party.
- In his capacity as the General Secretary, he also served in the structures of COSATU (Central Executive Committee), the International Labour Federation, and ICEM.
- Appointed into the Executive Management position at the Development Bank of Southern Africa in 2006.
- elected to the position of General Secretary of the African National Congress at its 52nd elective Congress in 2007.

2.6.4.2 Andrew Murray

Murray is the Executive Director of the Eastern Cape Socio-Economic Consultative Council (ECSECC), which is a policy research engine of the Eastern Cape Provincial Administration. He is a sociologist and has worked in the research field for ten years. He brings a wealth of insight into the challenges facing poor communities in the province and the country as a whole given the amount of time he has spent working with communities in development projects.

2.6.4.3 Enoch Godongwana

Godongwana is a former high-ranking trade union official of the National Union of Metalworkers of South Africa (NUMSA). Before joining the Eastern Cape Provincial Legislature as an MPL, he was the General Secretary of that union. He went on to become a Member of the Executive Council (MEC) for finance before leaving to pursue business interests in Gauteng. Between 1996 and 2006, he served as the deputy chairperson of the African National Congress (ANC) in the Eastern Cape.

2.6.4.4 Sisa Njikelana

Njikelana is one of the leading pioneers of progressive trade unionism in the country, having inspired many workers to join the activism that characterised the politics of his time. Together with the late Thozamile Gqwetha⁸, they mobilised East London and surrounding areas into an epitome of the ungovernability of the late 1970s and 1980s. He served as the General Secretary of the South African Allied Workers' Union (SAAWU) in the late 1970s. After 1990, he was part of the national leadership of the National Education, Health and Allied Workers' Union (NEHAWU) where he also served in the union's investment company. He is currently a member of parliament based in Cape Town.

2.6.4.5 Mzwandile Msoki

A former unionist, Msoki is currently the Eastern Cape Provincial Commissioner for the Public Service Commission. He has worked for several community-based organisations and serves on the Provincial Disciplinary Committee of the ANC in the Eastern Cape.

2.6.4.6 Azwell Banda

Azwell is a researcher with strong socialist beliefs. He works with provincial structures of most unions in the Eastern Cape. He is a director at ECSECC.

⁸ Mr Gqwetha was a prominent trade union leader and community activist around East London.

2.6.4.7 Eddie Mojadibodu

After rising through the local leadership ranks within NUM, Mojadibodu has gone on to become the union's Projects Officer and is based at the union's headquarters in Johannesburg. He handles political education projects for the union and is often fielded to deal with questions on the positions the union takes on a variety of issues.

2.6.4.8 Jan Theron

Based at the University of Cape Town, Theron has vast firsthand experience of trade unions having been a union official himself. He is passionate about what trade unions can do to improve the lives of not just the members, but the community at large. He is currently working on a project of piloting co-operatives among poor communities.

2.6.4.9 Bonile Tuluma

An employed official at the East London office of the National Union of Metalworkers of South Africa (NUMSA), Tuluma has wealth of experience in trade unionism. He first became involved in the early 1980s and also serves in a local branch of the South African Communist Party although he is reluctant to call himself a communist.

2.6.4.10 Thuli Mofutsanyane

Mofutsanyane is the Principal Officer of the J.B. Marks Educational Trust Fund set up by the NUM to assist the children of former and current miners. She handles all bursary related matters for the targeted beneficiaries.

2.6.4.11 Jeremy Cronin

Cronin is the Deputy General Secretary of the SACP and is well respected for his ability to approach his arguments with ideological clarity. He also serves as a member of parliament for the ruling ANC.

2.6.4.12 Collette Caine

Caine is a member of the Financial Sector Coalition, which comprises COSATU, the SACP, the South African Council of Churches and several non-governmental organisations. She is a communist and interacts regularly with debates around the financial sector, which places her at the centre of the discussions around trade union investment schemes.

2.6.4.13 Paul Nkuna

Nkuna, the current Chief Executive Officer of the Mineworkers' Investment Company, is a former miner who started working as a teacher before joining the mining industry in 1977. He joined NUM in 1984 and served as the union's Treasurer General for 10 years. The union credits him for having played a leading role in the transformation of local government in Gauteng.

2.6.4.14 Karl von Holdt

Von Holdt is a senior director and researcher with the National Labour and Economic Development Institute (NALEDI). He has contributed a great deal of material on the subject of trade unions in South Africa with papers published in a variety of journals. He has also worked as the editor of the *South African Labour Bulletin*, a journal that provides a platform for discussion on a variety of subjects related to trade unionism. He has written books on the subject of trade unions in the context of a changing South Africa.

2.6.4.15 Dinga Sikwebu

Sikwebu is a former senior official of the National Union of Metalworkers of South Africa (NUMSA), having worked in the Education department of that union. He works for the Sociology of Work Project (SWOP) as a researcher and a lecturer in the Sociology department at the University of Witwatersrand. His research interests include trade union education.

2.6.4.16 Moloantoa Molaba

Molaba is a researcher with NALEDI and a senior official within the National Education, Health and Allied Workers Union (NEHAWU). He is deployed at NALEDI by his union in order to assist in the research around the state of public healthcare in the country. He declares himself to be a communist and serves in NEHAWU's negotiation team.

2.6.4.17 Bheki Ntshalintshali

Ntshalintshali is the current Deputy General Secretary of COSATU. He previously worked for the Chemical and Industrial Workers Union of South Africa (CIWU) as an organiser before being elected to the post of Assistant General-Secretary of the same union. He has a wealth of experience on the evolution of the South African labour movement, having been around long enough to have witnessed several milestone moments in the evolution of the same movement.

2.6.5.18 Beauty⁹

Beauty is part of the management of a company called Marula Natural Products (Pty) Ltd, which works in partnership with the Mineworkers Development Agency through a trust called the Marula Natural Products Trust. The trust has set up a project that employs women to harvest Marula fruit to sell to MNP (Pty) Ltd.

2.6.5.19 Tyelovuyo Mgedezi

As NUM's regional coordinator around East London, Mgedezi is the engine that drives the union's activities in the area. He has received extensive training, including labour law, and expressed a lot of indebtedness to NUM. For this reason, he says that he does not intend to seek better employment elsewhere until he has paid back the union by serving its members.

⁹ Not her real name since she opted for anonymity.

2.6.5.20 Mbuyiseli Hibana

Currently the Regional Secretary of the Carletonville area, Hibana has also received extensive training by the union and has been a member for many years. He has a strong rural upbringing, having been born to farm workers around Kei Mouth.

2.6.4.21 Andile, Zwayi and Mzi¹⁰

These men are members of NUM from separate plants in Port Elizabeth and met with the researcher while they were attending a session of the union in East London. These members represent the most ordinary of NUM's membership. They are not highly educated; in fact, they are barely literate to a point of being shy to even express views on issues raised with them.

2.6.5.22 Zoe

Zoe works for MDA and is a central figure in the sourcing of funds for identified projects. She is also central in the identification of projects to be funded depending on whether such projects meet the specifications and also chose anonymity.

2.6.5.23 Grace Kalebe

Grace is a beneficiary of the NUM bursary scheme and, through the scheme, managed to complete her degree in law. She now works in the Human Resources Management section of a security company in Gauteng.

2.6.5.24 Mzwanele Breakfast

Mzwanele works for Eskom as an electrician and is stationed at an Eskom office or plant in King William's Town. He has worked for Eskom for over 7 years and claims to have been a member of NUM for as long as he can remember since he joined Eskom. He lives in a rural town of Ilitha near Berlin.

¹⁰ They are NUM members from around Port Elizabeth who also opted for anonymity.

This sample of interviewees snowballed as respondents referred the researcher to other individuals either to confirm points that they raised or for information the respondents were unable to provide themselves. After all, there is no limit in terms of the size of the sample since, according to Robson (2002:199); one could go on adding data until a point where additional data adds nothing new to the research. Views of ordinary members of the unions carry as they speak to what benefits they have seen since the union started.

2.7 DATA ANALYSIS

According to Bogdan and Biklen (1982:154), data analysis involves working with data, organising it, breaking it down, synthesising it, searching for patterns, discovering what is to be learnt and deciding what the researcher tells others. This view is supported by Jorgensen (1989:107) who explains data analysis as the breaking up, separating, or disassembling of research materials into pieces, parts, elements, or units. With facts broken down into manageable pieces the researcher sorts and sifts them, searching for types, classes, sequences, processes, patterns or wholes with a view to assembling or constructing the data collected in a meaningful or comprehensible fashion so that it makes sense to whoever interacts with it at a later stage (Jorgensen, 1989:107). Yin (1994:103) suggests that the researcher also needs to have a general analytical strategy since the ultimate goal is to treat the evidence in such a way as to produce compelling conclusions and rule out alternative interpretations. In support of this view, Hart (1993) points out that data analysis allows one to identify conversational patterns and observe connections among the experiences of the respondents. The discovery of these patterns offers the researcher alternatives to generalisation. For Lincoln and Guba (1985:203), the importance of data analysis lies in its making sense of the field data. They also argue that data analysis is aimed at uncovering hidden information with a view to making it explicit through “unitizing and categorizing” efforts.

As we shall see in Chapter 4, this research follows the same approach during the analysis process as that given by Lincoln and Guba (1985), who suggest that using the process known as unitising, the researcher defines units, separating them along their boundaries and identifying them for subsequent analysis. Through categorising, the unitised data is organised into categories that provide descriptive or inferential information about context or information.

2.8 ETHICAL CONSIDERATIONS

Robson (2002:19) argues that an essential component of any research is that the exercise has to be ethical. In this respect, the researcher has to be seen to be following an approach that is considerate of the interests and concerns of those taking part in the research and those likely to be affected by the study. Central to this is the need to balance the desire to create a body of information through research against the rights of participants to privacy and dignity. Denzin and Lincoln (2000:32) argue that this is what ensures that scholars perform their work of inquiry in a socially responsible way. Interviews, as one of the methods used in this research, have ethical considerations that pose some challenges for the overall validity and reliability of the study.

This necessitates that there be strict observance of protocol in order to guarantee honesty throughout the research. This is in line with Powney and Watts (1987:39), who argue for the researcher's honesty and openness with respondents in order to gain the confidence of the respondents. Pursuant to the same, before engaging all respondents the researcher introduced himself and explained the purpose of the research thoroughly. It is only after a clear understanding that appointments for interviews were made. This gave respondents time to consider whether they wanted to continue with the interviews and also gave them time to collect additional information for their answers. Even though the last chapter of this thesis deals with the challenges encountered during the research in detail, it is necessary to note that except for a few individuals, there was encouraging cooperation by the respondents.

Another consideration is the obligation to respect the rights, needs, value and desires of respondents Creswell (1994:165). This has significance because interviews have the potential to be invading the life of respondents and sometimes respondents share information they would otherwise not declare. It therefore becomes extremely important to seek permission from each respondent to publish the views he or she expresses during interviews. It is also important to establish a good rapport with respondents, even though one had to be cautious so as not to compromise the purpose of the research. Jorgensen (1989:31) sees this as an important factor in making the respondents more relaxed during interview sessions. More often than not, there was a need to convince respondents of the value of the research as far as their own areas of interest were concerned. In other words, it was necessary to show what value accrues to the respondents by setting aside time to respond to the questions. While very few of the respondents seemed concerned about the use of their names in the document, it was pointed out to them that anonymity was something they were entitled to if they so desired. In other words, those respondents quoted in the thesis consented to their names being used instead of pseudonyms.

Being able to show who participated in the research will go a long way towards giving the findings some credence when put under scrutiny. After all, Robson (2002:67) seems to create space to exercise judgement on the issue of confidentiality by indicating that there may be instances where it can be in the interests of the researcher, the participants and those likely to be affected by the study to know the source of views captured in the research. Besides, assurances were given to the respondents that the information given would be used only for this research. One also had to be alert to the possibility that respondents could say what they thought the researcher wanted to hear. In other words, respondents could be shielding their true feelings on a particular subject. This could also affect the validity and reliability of the research. With open-ended questions and in-depth probing, however, it is possible to strengthen the internal validity of the study. Given the nature of the subject under review, it would have been unlikely that respondents gave answers that they thought the researcher wanted to hear as opposed to expressing their true feelings.

2.9 CHALLENGES ENCOUNTERED DURING THE RESEARCH

The biggest challenge facing the researcher during the course of this project was the ability to gain access to targeted interviewees and/or organisations. Bell (1993:53) observes that no researcher can demand access to an institution, to an organisation or to materials. This assertion is a reminder that the researcher enters the lives of respondents on condition that he or she will respect the wishes of the respondents. For purposes of this research, therefore, one had to purposely seek to secure the permission of all those targeted for interviews and those organisations in possession of relevant material. The necessity of having to go through formal processes of trying to secure appointments and having to provide explanations always posed the threat of targeted interviewees pulling out of interviews. In spite of all of this, all of the individuals who participated in interviews during this research received formal requests for interviews. The pool of possible interviewees snowballed from the first respondent, Godongwana. Access to him was gained through friends who had close relationships with him and they secured appointments for me.

For all possible interviewees a detailed explanation regarding the purpose of this research was provided, in part to ensure that they had a clear understanding of what the research was about, and to give them a clear sense of what I expected from them, which included assurances related to what would happen to the information they gave. This was necessary before they could decide whether to participate or not because informed consent implies that the subjects have a choice about whether or not to participate (Cohen and Manion 1994:350). The second challenge the researcher had to deal with relates to funding for the project given that it was necessary to do a lot of travelling to link up with potential interviewees across the country. Given that the researcher depended entirely on the assistance of the employer, a lot of the travelling was borne by his own resources. It is a seriously limiting factor in terms of how far one can go in terms of accessing valuable data. Most of the documentary evidence relevant to this exercise is located in far off offices in areas such as Johannesburg. An alternative source that came in handy as a substitute in instances where visits to Johannesburg would not be possible was the internet. The website of the National Union of Mineworkers was not always updated to meet the exact needs of the research.

For example, it was almost impossible to access the most recent electronic resolutions of NUM and so it is necessary to scour around for union members who have copies of the needed documents. The most serious of these challenges, however, was juggling between the demands and responsibilities of being a fulltime employee and also having important deadlines of this research that one had to meet. As a result of the demands of work, the researcher faced the serious possibility of data collected becoming too old to reflect the current state of affairs. This meant having to regularly be in contact with interviewees that had given specific responses to questions posed in the hope that it would provide for protection against the views being different some time later.

2.10 CONCLUSION

This chapter explained the different research methods used in this thesis and showed why certain methods were chosen. Interviews were conducted not only to gain answers to simple questions, but also to delve into issues during the two-way interaction and discussion to gain a better understanding of the various aspects of the phenomenon that is being studied. The semi-structured interviews allow the researcher to gain meaningful information on the views of the respondents. People who represent a cross-section of the targeted respondents were interviewed so that they could provide the information needed to discuss the impact of investment schemes on the political outlook and the socialist credentials of the trade unions concerned.

Ethical considerations have been accommodated to ensure that the research was conducted honestly and that respect for the respondents was an overriding consideration. Interviews were conducted with due consideration of the respondents' rights within the "informed consent" practice (Cohen and Manion, 2000:350).

CHAPTER 3

A PROFILE OF THE NATIONAL UNION OF MINEWORKERS AND THE MINEWORKERS INVESTMENT COMPANY

3.1 INTRODUCTION

This chapter profiles the National Union of Mineworkers (NUM) and its investment company, the Mineworkers' Investment Company (MIC) in order to provide a broad picture of NUM and MIC in relation to the two tenets being investigated. In other words, the picture that emerges from this chapter makes it possible for the researcher to conclude that the broad assumptions formulated about the character of the unions affiliated to COSATU also apply to NUM. The same applies to MIC as well because this chapter profiles the company with similar objectives in mind. If the points raised by critics in Chapter 1 about investment schemes are shown to prevail in MIC, it would be reasonable to criticise the company on the same grounds.

The primary purpose of the chapter, therefore, is to present data that can be used to examine NUM and MIC against the central questions of the thesis. As the data on both NUM and the MIC is presented, it sets the scene to ask whether NUM practises what it preaches as far as the struggle for socialism and the commitment to internal democracy is concerned. As pointed out in Chapter 1, the social-movement unionism character of unions like NUM is examined in terms of their commitment to internal democracy and radical transformation of society. This chapter directs attention to possible areas of controversy as far as the data relating to NUM and its investment company is concerned. The data presented here provides an insight into the history, the political outlook of NUM and the activities of MIC. The issues that have been raised in Chapter 1 which were generalised to the South African labour movement are now focused on NUM.

3.2 PROFILE OF THE NATIONAL UNION OF MINEWORKERS

3.2.1 History of the National Union of Mineworkers

NUM, which organises in the energy, mining and construction sectors, was launched at a national congress in Klerksdorp in December 1982 with 14 000 members spread over four regions (i.e. Carletonville, Free State, Westonia and Klerksdorp). By the mid-2000s, the union had grown to be the largest single trade union in the history of South Africa (Buhlungu, 2006:245). Of the over 200 000 members that the union had by 2004, the majority came from the mining sector followed by the construction industry with the energy sector with the least number of members. The representation, by sector, was:

Table 1: NUM membership per sector

| <i>Region</i> | <i>Mining</i> | <i>Construction</i> | <i>Energy</i> |
|---------------|---------------|---------------------|---------------|
| Carletonville | 30 143 | 166 | |
| Eastern Cape | 59 | 7 274 | |
| Free State | 38 668 | 269 | |
| Highveld | 21 023 | 1 807 | |
| Kimberly | 5 995 | 553 | |
| Klerksdorp | 25 410 | 744 | |
| Natal | 2 197 | 1 099 | |
| NE Tvl** | 12 932 | 2 141 | |
| PWV*** | 24 940 | 8 877 | |
| Rustenburg | 55 352 | 1 624 | |
| Western Cape | 4 199 | 3 356 | |
| Sector total | 220 918 | 27 910 | 10 979* |

Source: NUM 2004

Note: * Regional breakdown for the energy sector not available.

** This refers to North Eastern Transvaal

*** This refers to the Pretoria-Witwatersrand-Vereeniging region.

According to NUM, the history of the union is embedded in the contradictions between capital and labour, and hence a struggle for social justice where there is equal access to economic fruits as well as political rights (www.num.org.za). This is a fitting characterisation for NUM considering the symbiotic nature of the relationship that existed between apartheid, capitalism and the mining industry. As Allen (1992) shows in the paragraphs below, the constituency of NUM was targeted, through apartheid laws, as an exclusive cheap supply of labour for the mining industry. It is fitting, therefore, that the very birth of NUM is traceable directly to mineworkers' struggles against the injustices visited upon them in the context of their employment. Even the months preceding the launch of the union saw violent rejection by black mineworkers of unilaterally determined wage increases for workers. This was a rejection of low wages and the racist undertones that underpinned the move unilaterally to impose the wages in the first place.

According to Allen (2003b:79-80), between June and July 1982 several mines saw a wave of protest actions by mineworkers who were refusing to go underground in support of the rejection of the unilaterally determined wage increase. The confrontation between these workers and the security personnel of mines supported by the South African police saw scores of workers being beaten up, imprisoned and killed. It could not have been coincidence that the resistance by the workers was crushed through the cooperative force between the mine bosses and the state security forces. In fact, according to Bezuidenhout and Buhlungu (2007:245), the union was born against the backdrop of sporadic resistance against racial abuse, the hostel system and pass laws. It is probably for this reason that most people link the birth of NUM to the struggle for social and political transformation (Bezuidenhout and Buhlungu, 2007:245-6).

Further insight into the environment into which NUM was born is presented by Allen (1992:35), who provides an instructive analysis of the history of the evolution of the mining industry and the life of an African mineworker. According to Allen (1992:35), employment in this industry was always intended to provide secure supply of cheap labour force for the needs of the mining industry and profits for mining entrepreneurs. While this is not peculiar to the mining industry, its value lies in how this need led to the uprooting of African men from the rural areas to meet the demand for labour.

Thus, even the process of recruiting Africans as labourers to the mines was premised on what was a broad political programme of the colonisers to assume complete authority over the colonised through, among other strategies, the ruination of peasant agriculture (Allen,1992:79). According to Allen (1992:82), central to this was a deliberate elimination of any possibility for blacks to retain their ability to be economically self-sufficient: they had to be flushed out of their farming life completely so as to have them available in the labour market. By the late 1800s, a variety of strategies was implemented to squeeze Africans out of their traditional way of life and compel them to seek employment either on the farms of settlers or in the mines. For example, Allen (1992:82) demonstrates how Africans had to be prevented from flourishing even as small-scale subsistence farmers for fear of losing them as labour providers in the labour market. Given the importance of the mineworker for the capitalist, it was important to make sure that miners were never exposed to views that challenged the status quo. Allen (1992:330) shows how the employer controlled every aspect of an African mineworker's life and how any form of dissention was brutally eliminated. For this reason, it was extremely difficult to organise African mineworkers.

It was in the early 1930s that the work of members of the Communist Party of South Africa (CPSA) such as J.B. Marks led to the formation of a union of black mineworkers which became known as the African Mine Workers Union (AMWU) and which laid the foundation for NUM. The AMWU's activities dwindled by the mid to late-1940s and the union disappeared after 1952. This was due to the mine management's strict control over the movements of employees who, according to Allen (2003:192), were insulated within strongly guarded mine compounds which had a number of informers who were there to smoke out any potential troublemakers. While this would have been a setback, it did not completely stop the momentum towards a union of African mineworkers. The insulation of mineworkers in compounds was an illustration of what Burawoy (1985:228) called colonial despotism. This is a presupposition of a ready supply of cheap African labour. The supply is enforced through a variety of managerial strategies that were intended to enforce coercive production relations which enabled the employer unlimited control over the workers. In the case of the compounds, Burawoy's (1985:228) analysis suggests that they provided totalitarian surveillance of the African mineworkers.

Through the compound system, the employers were able to extend their control over workers to beyond the workplace (Burawoy, 1985:228). In the preceding paragraphs an argument is advanced that the rejection of unilaterally determined wages by members of the AMWU was, by implication, a rejection of the system that underpinned the unilateral determination in the first place. Burawoy (1985:219) strengthens this assertion as he points to clear linkages between the political mechanisms that generated the supply of labour to the economic forces that needed the labour. Allen (1992:35) makes the same point in arguing that, broadly speaking, the squeezing of African men out of their traditional way of life was always intended to maintain the supply of this cheap labour.

It is not surprising, therefore, that the adoption, by the African National Congress in 1949, of a militant programme of opposition to apartheid became another impetus to this drive. Owing in part to the political climate that came about as a result of this programme, and the deteriorating conditions of employment within the mining sector, several protest actions appeared on the political landscape in South Africa and in the mining industry. According to Allen (2003:2004-5), this period saw a number of strikes in the mining industry. These took place in response to calls by political leaders for people to observe days like 1 May 1949 as a day of protest. Into the early- and mid-1970s, however, the black employees in the mining industry 'observed' several milestone political events such as the 1973 Durban strikes, the 1976 uprisings and the Wiehahn Commission of 1979 from the insulation of the compounds without showing any signs of being affected. In other words, there were no visible signs that the industry was being affected by these milestone moments in the history of African unions in South Africa.

Indeed, it took an initiative by a group of mineworkers from Kloof goldmine that realised that their protests had not borne positive results given that they went back to work without any redress of their grievances, to kick-start the rebirth of organised activities for mineworkers. This group approached the black consciousness-aligned federation, Council of Unions of South Africa (CUSA), seeking assistance to form a trade union for black mineworkers (Allen, 2003:82). According to Allen (2003b:87), delegates at the CUSA congress resolved to support the black mineworkers to form a union. In fact NUM went on to become an affiliate of the federation.

Soon thereafter, several initiatives were under way to secure funding for the project of forming a union for mineworkers and to find people who would drive the project. This, according to Allen (2003b:90-1), is when people like Cyril Ramaphosa and Alfred Mphahlele came to the fore. With the assistance of volunteer students and employees like James Motlatsi, they were distributing membership forms to potential members. By October 1982, the union had signed access agreements with Anglo-American and Rand Mines and the union scored its first victory in October 1982 when it secured the release of workers who had been arrested as part of a crackdown against the wage protests that took place earlier in that year (Allen, 2003:97).

With its inaugural conference held on 5 December 1982, one can argue that from the above evidence it is easy to see that NUM, as an organisation, was born into the teeth of apartheid. While this point is beyond challenging, what remains to be shown is how the union would respond to the challenges it was to face within and outside of the workplace. According to the now-retired General Secretary of NUM, Gwede Mantashe, the launch of NUM was as much a turning point in the history of the unionisation of African employees as were the 1973 Durban strikes. He notes:

Follow our history and you will realise that you are walking on the footprints of a giant in the history of unionism in South Africa. If you follow the history of COSATU, the federation, you will see that it is littered with milestone contributions of the National Union of Mineworkers, our organisation, which has ensured not just the survival of trade unionism in South Africa, COSATU unions in particular, but also the political direction the federation has taken. We were the first to adopt the [Freedom] Charter as a guiding document in 1987. I can think of no other union that had done so by the time we did. We used NUM positions to argue for this move and to influence other unions COSATU (Mantashe, 10-06-2006).

A year after its launch the union more than doubled its membership and claimed to have reached 40 000 by the end of 1983 (www.num.org.za). It should come as no surprise, therefore, that the four areas where NUM first announced its presence are known as the nerve centres of the mining sector (Mojadibodu, 01-12-2006).

Mantashe (10-06-2006) also points out that the second milestone in the history of the union came when it decided to leave CUSA after a bitter internal conflict among activists of the union. Allen (2003:163-4) points out that the breakaway from CUSA was based largely on the differences that existed between the leadership of NUM and CUSA around what approach should be adopted towards unity among trade union federations. It was in January 1985 that NUM made its break from CUSA official after the union resolved in its Congress to join another federation given CUSA's negative attitude towards unity with other unions (Allen, 2003:164). Later that same year, Elijah Barayi led a NUM walkout out of a CUSA conference thus sealing the split. In shedding more light on the events leading up to the split, Mantashe explains:

The pro-CUSA lobby was slaughtered because the feeling of the majority of our activists was that we could not continue operating on the basis of some belief that only black mineworkers could be part of the onslaught against the contradictions of capitalism within the industry. Just like the ANC was arguing, we were saying that all progressive South Africans mineworkers should join the struggle (Mantashe, 10-06-2006).

The contest between the pro-CUSA lobby within NUM and those opposed to the union's continued association with a black consciousness-inclined federation, according to Mantashe (10-06-2006), resembled the debates of the 1980s within and among unions regarding the role trade unions in the struggle for national liberation.¹¹ On ditching CUSA, the union went on to adopt the Freedom Charter as the guiding principles of the union. This decision effectively placed NUM within what is known as the Congress Movement. Since then, NUM has grown to become the largest recognised union in its sector. It is also the largest affiliate of COSATU with close to 300 000 paid-up members (www.num.org.za). From the above one can highlight two important and instructive observations which are, firstly, that the union was born into an environment that could only have compelled it to adopt a stance of militant rejection of the status quo. Allen (2003) paints a picture of extremely hostile working conditions for mineworkers.

¹¹ The nature and content of the workerism and populism debate is dealt with in more detail in Chapter 2.

Secondly, given the intertwined nature of the relationship between what was taking place within mines and what was obtaining in the country, it became an obligation for NUM to throw itself into the struggle against the broader system of apartheid. Granted, the union does demonstrate appreciation for these two points, and it is probably as a result of this stance that it took the decision to adopt the Freedom Charter. As will be shown in the last two sections of this chapter that focus on NUM, the union did take decisions that reflect this appreciation. The union is shown to have sought to involve itself in the struggle against national oppression and also decided to be part of those struggling for socialism. What has to be answered is the question of whether in the context of its decision to form an investment company it can advance the goals of socialism. NUM is an affiliate of the International Chemical Energy, Mining and General Workers Union (ICEM). Writing in *Business Day*, 18 December 2006:7, Buhlungu confirms the extent to which NUM grew in stature in pointing out that:

Founded in 1982, it is the largest single trade union in the history of [South Africa] and its successes in pushing back the frontier of despotic control and exploitation in the mining industry is a monument to the tireless struggles of thousands of black mineworkers. NUM did not only improve the wages and working conditions of hundreds of thousands of mineworkers, it also produced some of the most important political and business leaders of contemporary South Africa. [These] include business leaders like James Motlatsi, Marcel Golding and Paul Nkuna. Mantashe, a former miner and past general secretary, is now a senior banker at the Development Bank of Southern Africa (DBSA).

That NUM has played an important role in not just the numerical growth of COSATU membership but also in its political maturity, can be seen in a speech delivered by the COSATU general secretary, Zwelinzima Vavi, during Mantashe's farewell function in 2006. In his speech, Vavi praised Mantashe one of the most clear-sighted comrades and leaders. He credited him for his ability to think, anticipate and plan that led to the NUM adopting the ten-year plan and COSATU creating the September Commission and later the organizational renewal program (www.cosatu.org.za).

The arguments advanced by Vavi and Buhlungu reflect the kind of recognition that NUM has earned among fellow unionists and the recognition of its leaders for their role in contributing to the building of the kind of unionism that is represented by COSATU and its affiliates. Chapters 4 and 5 will provide insights into whether the foresight referred to by Vavi above and the tutelage of the leaders with communist leanings has any influence on the activities of investment companies such as MIC. One should consider that in the same farewell speech in honour of Mantashe, Vavi noted that:

Last year I took my family to Gwede's house in the rural Cala. I saw some of his family and brothers. I came back understanding why Gwede Mantashe is what he is – a peasant, a worker, an organic intellectual, a Marxist and African Communist ... [He] is a communist, a worker because he came from a village of migrant labourers and peasants. There is no electricity in his homestead, no clean running water or proper sanitation (www.cosatu.org.za).

Vavi continued to say that Mantashe leaves a union with R70 million in reserves from subscriptions alone even before on factors in the resources owned by the MIC and others like the Mineworkers Development Agency. In the same speech, Vavi expressed delight at the secretariat report to the NUM congress in 2007 which indicated that the union through its bursary scheme – the J.B. Marks Education Trust – has produced 425 graduates since 2000 and approved 220 new graduates in 2006 alone (www.cosatu.org.za).

It is important to point out that the issue of bursaries appears to be a major point of reference for NUM in reflecting on the union's achievements. What is missing, though, is that as people like Vavi and Mantashe gloat about these bursaries they offer no reflection on how this should be seen to contribute to the struggle for socialism. It is not cynical to ask how these bursaries can bring about significant qualitative change in the lives of communities like the one that Gwede comes from, or indeed how they alter the relations of power in society. Many conservative companies offer similar schemes in the name of social corporate investment, and what such companies do is to offer employment to those who benefit from the bursary scheme.

This lays bare the motive behind the scheme, it is intended to provide the company with a pool of people from which it can employ and thus improve its skills base, thereby assuring it of competitive advantage. There can be, and there should be, no extension of benefits like bursaries with no checks and balances in place to ensure that the beneficiaries do not become active enemies of that which the funder stands for. It is not farfetched to suggest that a beneficiary that completes his or her studies may, on tasting the fruits of life of a well-paid individual, may choose to oppose any suggestion that there is relevance for an argument that promotes common good of members of society.

Even though this matter is engaged with in more detail in section 3.3 of this chapter, it has to be asked whether it is coincidence that Vavi singles out bursaries as achievements of MIC or as a reflection of how union leaders are resigned to imagining that the extension of bursaries to a few students should be considered to contribute in advancing working class struggles for equitable distribution of wealth. While it is an accepted fact, as Bezuidenhout and Buhlungu (2007:246) argue, that NUM played a role in bringing about and shaping South Africa's transition from an apartheid society, it still needs to be established whether the traditions built over years of involvement in the struggle are compatible with the union's activities, especially those carried out through the MIC. It might be all too easy to analyse NUM from the angle of it being a union organising a migrant worker and operating in an industry that has a history of having been a strong source of energy for apartheid. Such an approach, though, would be an error given the number of changes that the union has had to come to terms with.

The change in the profile of members, as shown by Bezuidenhout and Buhlungu (2007:261), is one such change. Consider the fortunes of shaft stewards who, according to Bezuidenhout and Buhlungu (2007:261), become well-off employees of the company by virtue of having served as stewards. This results in a significant number of members of the union to change priorities and focus. As these changes take place the union has had to find sophisticated means of retaining members. In the analysis of whether the union's long held traditions still endure, it is important for one to be open to the possibility that, even initiatives like investment schemes are a response to such challenges (Bezuidenhout and Buhlungu, 2007:260).

3.2.2 NUM and South African politics

In the mid-1980s, South African trade unions, in collaboration with other anti-apartheid organisations, inflicted a lot of damage on the apartheid state. During this period, according to Allen (2003:192), the unions affiliated to COSATU exploited legal rights accorded to them by the Labour Relations Act to embark on paralysing stay-aways, which constituted a constant source of economic pressure on government. NUM's involvement in these stay-aways could be linked to their decision to leave CUSA, given that Allen (2003:192) shows that COSATU unions were at the forefront of these struggles. Hence, NUM's decision to leave CUSA would have been a turning point in the history of the union because it was within the Congress Movement that the union was to make its biggest impact.

According to Allen (2003:179), NUM leaders played an important role in deepening the crisis faced by apartheid in the mid-1980s by becoming ambassadors of the campaign for sanctions against South Africa. An example is given of how Motlatsi and Ramaphosa, in their capacities as president and general secretary, led the campaign for sanctions against South African mining products during their visit to the United Kingdom in 1986 (Allen, 2003:179). By this time, according to Allen (2003:195), NUM had given indications of supporting the African National Congress. The union's fourth Annual Congress in 1986 adopted resolutions that resonated with the political positions of the ANC on issues such as the state of emergency and political prisoners.

Further, as indicated earlier, NUM saw itself as a product of the struggles against the contradictions of capitalism in South Africa. As we noted earlier, the struggle against the contradictions of capitalism in South Africa was linked to the struggle against apartheid. Therefore, NUM's struggles within the mining sector were attacks against the system because as NUM was fighting for better working conditions, it was undermining some of the pillars of apartheid. An example would be struggles for better living quarters, which can easily be seen as an assault on an important pillar of apartheid, the subjugation of the Africans whether at home, school or work. One need only recall the arguments advanced by Allen (1992) and Burawoy (1985) in section 3.2.1 to appreciate the validity of this assertion.

Mojadibodu (01-12-2006) links NUM's decision to adopt the Freedom Charter to the acceptance of the argument that the struggle for socialism in South Africa could not be separated from the struggle against apartheid. In other words, while NUM saw itself as socialist in orientation, their adoption of the Freedom Charter effectively meant committing themselves to the national liberation struggle as well. Mantashe (10-06-2006) confirms the links with the ANC when he explains that the decision by NUM to adopt the Freedom Charter was, in part, due to the influence of a multi-class organisation like the United Democratic Front (UDF) and the work of the underground activists of the African National Congress (ANC). Mojadibodu (01-12-2006) argues that, for the union, participation in the struggle was not about being 'fashionable'. He notes:

Our members knew, because our political work taught them that well, that participating in the struggle for national liberation was about sacrificing one's own choices to focus on the needs of the nation. Young activists gave their youth and threw their lot in with those fighting against apartheid. Mineworkers formed a great majority of those people. They knew that death was always lurking given the brutality of the system we were wanting to defeat (Mojadibodu, 01-12-2006).

In committing itself to the struggle for national liberation, NUM suffered a great deal of injury at the hands of the repressive state. According to Allen (2003:193), the union lost many leaders around 1986 to detention and arrests. Members like T. Ralane and V. Siphambo died pursuing the underground work of the ANC, while many other members became members of the ANC's armed wing, Umkhonto We Sizwe (MK). NUM's commitment to the struggle for the transformation of society has continued even after the defeat of apartheid. For this reason, the union has continued to be part of struggles aimed at transforming the country. The union even released some of its most senior leaders to serve in the first democratically constituted parliament (Mantashe, 10-06-2006).

Nkuna (09-05-2007) believes that NUM has been able to sustain its commitment to continued involvement in the struggle for a better life for South Africans because of its 'holistic'¹² approach to developing its leaders' capacity to analyse the contradictions of the South African society. This 'holistic' approach to leadership development, according to Mantashe (10-06-2006), is informed by the union's decision, taken at its 1987 Congress, where it was resolved that the union would cooperate with democratic organisations with a proven record of involvement in the struggle. He says:

Engaging with other organisations fighting apartheid compelled one to empower himself on the working class perspective. You could not just say the struggle must take this or that route without justifying your arguments. Remember, some of our own members had been COSAS [Congress of South African Students] activists and, like I say, we were also engaging in debates with activists from other organisations. The young lions from AZASO [Azanian Students Organisation] would eat you alive if you were not sure; so you had to make sense when advancing an argument (Mantashe, 10-06-2006).

At the 1987 Congress, where NUM took the decision to cooperate with other organisations in the struggle against apartheid, Winnie Mandela was invited as a guest speaker; a move that, according to Lambert and Webster (in Cobbett and Cohen, 1988:34), indicated the union's commitment to cooperating with other political organisations.

From the last two sections, one should be able to see NUM as an organisation that was born into the teeth of the system of apartheid. Consequently, the union is seen to be throwing its lot in with those fighting against the system. The union participated in strikes against apartheid carrying demands for an end to the system. NUM adopted the Freedom Charter as a guiding document, thus subscribing to its basic demands for a new society. All of this suggest that the union is clear about where the country comes from, what its challenges are and what the effects of apartheid on the majority have been.

¹² The term is used to show NUM's emphasis on the linkages between the national liberation struggle and the working class agenda for socialism.

This assumption places a burden on the union to adopt strategies that attack the vestiges of apartheid. In other words, the union has to be seen to be carrying the principles that drove it to be part of this struggle and not adopt the attitude referred to by McKinley (1997) in Chapter 1. It should be remembered that McKinley (1997) suggests that, after 1994, COSATU unions have abandoned the working class ideology as a strategic axis around which their activities are built.

3.2.3 NUM and socialism

In his opening address to the 1987 Congress of NUM, Motlatsi, then the union's president, declared that the union believed that only a socialist order could resolve what he saw as 'the crisis of apartheid'. In the same address, Motlatsi pointed out that mineworkers form an important part of the struggle for the socialist order. In the same year, NUM published a response to an advertisement by Anglo-American in which the company condemned violence in the mines. According to Allen (2003:276), the response by NUM effectively exposed the union's vision of a future society by declaring that the solution to the country's challenges was for the workers to take control of all aspect of their lives in a socialist order.

A more recent articulation of the NUM's positioning within socialists forces was during an opening address to NUM's 2006 National Congress where Motlatsi's successor, Senzeni Zokwana, called on all union members to continue advancing the union's working class orientation and building a leadership that was grounded in working class politics (NUM, 2006). In the same speech, Zokwana called on members of the union to ensure that 'the [sic] working class perspective' becomes the dominant approach to analysing the challenges facing South Africa in the twenty first century (NUM, 2006). What Zokwana was agitating for in this speech can be found in the majority of decisions taken in NUM's decision-making structures.

In the union's 2001 Central Executive Committee meeting, it was resolved that all NUM members should remain vigilant in defence of working class interests given that South Africa continued to be dominated by capitalists (NUM, 2001). In fact, as can be seen in Chapter 3, there is a belief among senior NUM and COSATU leaders that this union has made an indelible mark as the champion for social transformation.

In other words, the union is acknowledged as having played a significant role in mobilising organised workers around the struggle for social change. In paying tribute to NUM, Vavi suggests that NUM should take pride that it has consistently produced diamonds and gold for the liberation movement like Gwede Mantashe, Kgalema Motlanthe, Cyril Ramaphosa, JB Marks and Elijah Barayi (www.cosatu.org.za).

Mojadibodu (01-12-2006) echoes Vavi's sentiment in this respect and declares proudly that J.B. Marks is a product of mineworkers' struggles against the contradictions of capitalism, a stalwart among communists, and that NUM produced the likes of Marks¹³, and Mantashe. The union always emphasises the need to exercise vigilance in defence of working class interests whenever its leaders and members in general gather to debate union matters and the challenges facing society. According to Mojadibodu (01-12-2006), this consistent focus on ensures that NUM members debate politics because one of the key challenges facing socialists in a capitalist society is the battle to ensure the dominance of a working class ideology. For this reason, the union has to ensure that its leadership and the membership as a whole sharpen their understanding of the ideology of socialism.

In its drive to keep members abreast of developments around working class struggles, NUM demands that in every mine where the union has members there must be a branch of the SACP in order to keep political education alive (Mantashe, 10-06-2006). This point is confirmed by Mojadibodu (01-12-2006), who points out that the union's commitment to socialism is informed by a clear commitment to the ideology which flows from structured political education. Even within COSATU, Mojadibodu (01-12-2006) says, NUM is among the loudest in always agitating for continued commitment to the struggles of the working class in the federation's policy decisions.

The preceding paragraphs confirm NUM's belief that the union is a force on the side of those fighting for the defeat of capitalism and for the institution of a socialist order.

¹³ The direction of causality in the relation between Marks and African mineworkers' unions that preceded NUM is not as simple as Mojadibodu seems to think. For example, Allen (1992:349) refers to Marks' role in resuscitating the African Mine Workers' Union in 1942. At the time when Marks was resuscitating African Mineworkers' Union, he was already a member of the Communist Party of South Africa (Allen, 1992:310-2).

What remains unsaid is what NUM means when it stakes this claim, so the next few paragraphs deal with this point. In their outline of the union's political role in a democratic South Africa, NUM declares an intention to work within the ANC-led alliance to advance socialism. Specifically, the union explains their vision of socialism as a future where there will be state ownership of the commanding heights of the economy, access to free education, free access to comprehensive health care, and access to clean water (www.num.org.za).

The broad thrust of NUM's vision of socialism resembles the aims listed in the SACP's constitution where the SACP commits to organise for the defeat of capitalism and to replace it with a socialist system where there will be common ownership of the means of production (www.sacp.org.za).¹⁴ The SACP further commits to educate the working class and its potential allies on the thrust of Marxism-Leninism in order to capacitate the working class to take leadership of this struggle. NUM makes the same point in agitating for the working class to involve itself in the activities of the national liberation movement so that the working class can eventually exercise leadership over the progressive forces in the South Africa. The 1995 strategic perspective of the SACP points out that central to their vision of socialism is democracy, equality, freedom and socialisation.

The SACP points out that the democracy they speak of has to be characterised by direct involvement of ordinary people. Further, equality relates to the abolishing of income, power and wealth differences. Freedom is conceived as being free from any forms of want and hopelessness and is about increasing the collective choices available to people. This also resonates with NUM's vision of socialism given the emphasis placed on access to free healthcare, education and basic services such as clean water (www.sacp.org.za). This section has presented facts that attest to the NUM being a union committed to the struggle for socialism. This sets the scene for the analysis in Chapters 4, 5 and 6. One can juxtapose the union's vision of socialism and the claims made by leaders with what the union does through its investment company in order to see if any links exist between the declared political programme and what other arms of the unions such as its investment companies do.

¹⁴ The SACP's vision of socialism is relevant for purposes of extrapolation given that NUM, through COSATU, is in an alliance with the SACP.

It is this turnaround in the views and positions of former union leaders like Motlatsi, Copelyn and Golding, coupled with the shortcomings of the investment schemes highlighted in Chapter 1, which generates part of the controversy being investigated here. As we saw, McKinley (1998:101) observed that what is taking place in the investment schemes reflected thinking within unions, such as NUM, that the days of a socialist political programme guiding union work were over.

Allen (1967:244-9) presents an argument which raises important points that are relevant to this discussion. What can be deduced from what Allen presents is that: the involvement by trade unions in collective bargaining for better working conditions has the effect of making capitalism more viable and, therefore, more difficult to alter. This, according to Allen (1967:257), may be imposed on unions by the nature of trade unions and is irrespective of what unions declare as their long-term goal which, in this case, is socialism. Central to such arguments is what one terms a whirlwind of factors which create a contradiction between the unions' declared militant opposition to capitalism and their short-term activities such as collective bargaining which are seen as vitalising this very system to which unions claim to be principally opposed.

Buhlungu (2006:15) appears to follow the same analysis in pointing out that, specifically, as the profile of the members of COSATU unions changes; they are likely to settle for more reformist outcomes. According to Buhlungu (2006:14-15) lists factors such as the increase in chances of upward mobility at the workplace as contributory to organisations formerly belonging in the social-movement toning down on their political rhetoric. Buhlungu (2006:15) argues that with these factors, even union members may feel that they have a stake in the system. In the case of individuals like Motlatsi and Copelyn, who cannot be said to be at back of the queue to the benefits of capitalism, it can only be a natural response for them to claim a stake in the system.

It will have become obvious by now that the thesis, essentially, is advancing a view that the declared commitment to a socialist future places a specific set of obligations on the part of unions like the NUM that should flow the basics of the ideology of socialism. Central to these should be the need to act in a manner that gives rise to an organisationally driven programmatic assault against the system of capitalism.

Gorz (1999:53) presents a similar challenge to trade unions belonging to the category of social-movement unionism. He calls on them to be seen active, jointly with other movements, in the struggles of society for existential sovereignty power to control their economic destiny. So, even when one is open to considering a variety of, potentially, limiting factors, the ultimate test has to be about the overall contribution in the struggle for the overhaul of capitalism. The examination of the schemes, as pointed several times, is against such a background. The examination, as indicated in Chapter 1, is based on the arguments of classical Marxist literature of writers like Lenin and Gramsci. In this respect the thesis relies extensively on Gramsci (1978), who argues that unions are prone to accepting concessions from the capitalist system. For this reason, it is argued that unions cannot be relied upon as key drivers of the struggle against capitalism and this is the argument that runs through in Chapter 1 and part of this section.

At various points in Chapter 1 and section 3.2, reference is made to what may be seen as compelling circumstances that may force unions to 'deviate' from the expected script of conduct in the context of a struggle against capitalism. The whirlwind that is referred to in the preceding paragraph is about the recognition of factors who have the potential to limit unions in what they can do. In this regard, the thesis uses Hyman (1997) and Allen (1967) who provide suggestions of some of these factors. As can be seen in the arguments of Hyman (1997), trade unions display a list of, sometimes, competing priorities. In what one may term a paradox of intentions, while committing to the struggle for socialism as a long-term goal, their actions in the immediate may reveal a contradictory character in order to secure the best deal possible for the membership. Allen (1967:256) argues that unions express long-term goals that require an alteration of the capitalist system while they derive benefits from processes that give longevity to that very system. Allen (1967:257) presents this contradiction as an inconsistency between the short-term activities of trade unions and their ability to participate in action directed at long-term aims.

3.3 THE MINEWORKERS INVESTMENT COMPANY

3.3.1 A Brief History

The Mineworkers' Investment Company (MIC) was established by NUM in 1995 through the union's investment trust, the Mineworkers' Investment Trust (MIT). Through MIT, NUM gave MIC seed capital amounting to R3 million. MIC claims that apart from this contribution, NUM gives no financial assistance to the company (Nkuna, 09-05-2007). The company consistently strives to identify investments and related opportunities that have the potential to make a difference in the lives of working South Africans (MIC, 2007). With this in mind, MIC claims to pursue opportunities that have the potential to impact positively on society over and above their potential to provide good returns on investment (MIC, 2007). In expatiating on this point, Nkuna points out that:

Our union is focused on using the financial muscle of its investment company to uplift both the members of the union and the community at large. For this reason, it becomes important for the company to generate as much capital as possible so as to be able to increase our participation in projects that lead to a better life. That is why it is in our interest as a company to make investment choices that guarantee returns (09-05-2007).

The company lists as one of its broad strategic goals the need to influence the strategic direction of the companies MIC invests in through active participation at executive level, driving the change of ownership, decision-making and management structures in line with the country's black economic empowerment (www.co.za). In the view of Mojadibodu (01-12-2006), central to this MIC goal is the union's desire to change ownership patterns of the South African economy by taking over the companies through a gradual process of buying stakes until full control is attained. Mojadibodu believes that as ownership of companies change, the objective of working class ownership of the economy gets closer to realisation, and once that is realised the goal of socialism is realisable (01-12-2006). If Mojadibodu was to be believed, then we would have to accept that the struggle against capitalism, especially in South Africa, is intended as replacement of capitalists by another.

Missing from Mojadibodu's argument is an appreciation of the material life of the working class that must be the outcome of the interaction of the forces of production when these takeovers occur.

The company also intends to engage fully in the process of workplace transformation by facilitating the conceptualisation and implementation of well considered equity plans, and the implementation of affirmative procurement policies and procedures. The MIC also interests in the identification, sourcing and securing a portfolio of assets that provide a consistent and sustainable cash flow (www.mic.co.za). The company has four broad areas of business focus, which are food and leisure, financial services, media and technology, and industrial and retail holdings (www.mic.co.za). While some may see a disjuncture between these areas of focus and the desire of NUM and, by extension the MIC, to intervene in a meaningful way in the lives of South Africans, Nkuna (09-05-2007) and Mojadibodu (01-12-2006) support the idea that these sectors offer the company the greatest potential to make a secure return on investment. Nkuna (09-05-2007) adds that, from such returns, MIC can give more to MIT so that bursaries and other development and community empowerment initiatives of the union can continue.

Apart from the Chief Executive Officer, Paul Nkuna, MIC has seven other directors, three of whom are drawn from NUM structures. Among the companies that MIC has entered into partnerships with are FirstRand, Lekana Employee Benefits and CMS Group in the financial services bracket. In the industrial and retail holdings, there are BPSA, Mthomo Group Ltd, Massana Petroleum Solutions, Metrolife and Easlvaal Motors. In the media and technology category, there are Primedia, Tracker and Izazi Solutions, while in the food and leisure category there are Marang East Rand Gaming Investment and Peemont Global Tusk Holdings (www.mic.co.za). The table below provides a clearer picture of the business interests and investment areas that the company has targeted over the years of its existence.

Table 2: Fields of accumulation of Union investment companies

| Company | Investment Stakes* | Sector of the Economy |
|----------------|---------------------------|------------------------------|
| MIC | 100% NUM Property Ltd; | Real Estate |
| | 60% Royal Foods Services | Food & Catering |
| | 15% Rebhold | Food, beverage, freight |
| | 5% NAIL/Johnnic Holdgs | Financial services/Media |
| | TAB Betting | Lottery; sporting pools |
| | Marange Gaming | Casino company |
| | Global Capital | Finance Services |
| | Midi TV | Media/entertainment |
| | Mathomo | Retail chain |
| | Primedia Ltd | Outdoor advertising |

Note: * The figures are only for illustration and may have changed.

Source: Iheduru (2002)

The companies listed above with which the MIC is in partnerships are, no doubt, reputable companies with established track records in the world of business. What is difficult to establish is a strategic link between what informs their operations and the expected ethos of a union company like MIC. Banda (21-07-2006) decries the list of business partners as reflective of union companies selling their souls to the highest bidder. He says that trade unions are traders in a capitalist market selling the labour of their members for what is the best deal attainable. For this reason, he argues that, to expect that companies that they set up will seek to bring about radical transformation of how business works is to fail to recognise this fact. The relationship between trade union companies and established companies is based on finding the quickest buck available and the established white companies are milking the situation to earn BEE mileage (Banda, 21-07-2006).

3.3.2 Benefits profile

The MIC works with other organisations to build a better future for mine, energy and construction workers and their dependents using implementation agents such as the Mineworkers Development Agency, the Elijah Barayi Training Centre and the J.B. Marks Bursary Scheme (MIC, 2007). These agencies, which access assistance from MIC through MIT, fund projects that focus on local economic development, poverty alleviation, enterprise development and job creation (MIC, 2007). Even before one looks at these three entities, it is worthwhile to note that in spite of noble targets set for each, when the MIC lists its 'successes', little is said about local economic development and too much is made of the number of bursaries issued and the number of graduates. This is the same observation that Iheduru (2002:75) makes when pointing out that the schemes, and specifically the MIC, has shown undue focus on sectors that promise faster growth than those with potential for immediate benefits for the workers.

3.3.2.1 Mineworkers Development Agency

The MDA was formed in 1987 as the job-creation arm of NUM, and was transformed into a non-profit organisation in 1995. It focuses on skills development for members of NUM, education support, and community economic empowerment (MIC, 2007). It also assists NUM in developing social plans for retrenched employees, assists beneficiaries of projects to draw up project plans, conducts needs assessments, and assists miners to set up projects that empower communities (www.mic.co.za). Among its highlights, MDA mentions projects such as Marula Natural Products, which has enabled over 400 rural women to earn an income by providing the project with fruit and kernels. According to Beauty (23-01-2008), there is a relationship between the MDA and Marula Natural Products through a trust called Marula Natural Products Trust. In fact, the company was formed in 1998 through funding from the Kellogg Foundation, the Ford Foundation and USAID. The MDA entered into a partnership with a local community to form the company, and the trust referred to by Beauty is MDA's partner in owning the company.¹⁵

¹⁵ For more on MNP (Pty) Ltd see www.btrust.org.za/images/programmes/art_cip_webstory.pdf

The trust has engaged women in a project that offers them double benefits. They are employed to harvest the Marula fruit which MNP (Pty) Ltd sells to a company called Bronpro (Pty) Ltd for processing (Business Trust, 2007). The juice extracted is sold to companies like Ceres. Nuts that remain after the process of juice extraction at Bronpro are returned to MNP (Pty) Ltd, which gives them back to the rural women. The women then dry and crush them, and sell the kernels from the nuts back to MNP (Pty) Ltd for the production of liqueur oil. The project currently has an impact on more than 42 villages in the Bushbuckridge area (Business Trust, December 2007).

As at 12 December 2007, women in the nut-cracking component of MNP (Pty) Ltd earned R40 per week producing 2 kilograms of kernel per person, per day. This is a direct spin-off of the introduction of new machinery, which saw the productivity increasing from 500g of kernel per person per day to 2 kilograms. From the kernels, MNP produced no less than 7 500 litres of marula oil with a litre selling for R209. From December 2007, a company called Arch Personal Care had undertaken to buy all of MNP's oil stock for 2007 at dollar-denominated prices. The company, in terms of its ten-point turnaround strategy, is already piloting new technology to increase its cracking capacity. The company is also looking to expand its oil production, increase capacity to process kernel from communities, and redesign its ownership structure to allow private companies to buy an equity stake into the company (Business Trust, December 2007).

3.3.2.2 The J.B. Marks Education Trust Fund

This fund was established in 1995 by the MIT in order to facilitate the further education of NUM members and their dependants. It has a bias for science and engineering studies as these are fields that have the greatest relevance for the sectors in which NUM operates. This also informed by the desire to alter the fabric and the face of the sectors in which NUM organises by increasing the number of black graduates entering these sectors (www.mic.co.za). Since it came into existence, the fund has given assistance to more than 1 747 qualifying beneficiaries with bursary assistance towards attaining a tertiary education qualification of their choice even though emphasis is on mining and other related areas the economy.

The Principal Officer of the trust fund, Thuli Mofutsanyane, explains how the trust has changed the lives of many young people by helping them achieve their dreams of education:

There can be no better feeling than watching a young person's life change from despair to excitement, desperation to hope because, through our financial assistance, they get a chance to better their education. When they get better education qualifications, they increase their chances to secure better jobs and thus improve their lives and those of their families (Mofutsanyane, 20-04-2006).

She also adds that NUM hopes to transform the mining and energy sectors. Since the trust has a bias towards qualifications in engineering, as more graduates emerge, they can secure jobs in the energy and mining sectors and increase the representation of African people (Mofutsanyane, 20-04-2006). The nobility of initiatives like these cannot be faulted even by the worst of cynics. However, in the context of this research, the issue is whether the issuing a bursary in itself advances the broader cause of socialism. Therefore, one would expect to see a situation where students who receive this aid are taken through some basic political orientation. One can expect that the latter would raise the level of political consciousness of the students.

The expectation is that, because of this orientation, the students would be expected to engage in community upliftment projects, thereby becoming proponents of the cause for which the union is fighting.¹⁶ Mofutsanyane (20-04-2007) conceded that the scheme's engagement with students is still limited to life skills training aimed at preparing students for university. Consider the story of Nancy Kalebe who, as a dependant of a former mineworker, who was also a member of the union, became eligible for a full bursary provided by the union through its J.B. Marks Education Trust Fund. She went on to obtain a law qualification after coming close to not even fulfilling her longheld dream due to lack of funding before completing her studies.

¹⁶ After all very few organisations, if any, give out bursaries with no attached expectations. Some require the bursars to work for them for some time after completing their studies. Why can MIC not channel their bursars to projects that help the poor?

With the assistance of the trust, she managed to complete her studies and went on to obtain an LLB degree (Financial Mail, 28-09-2007).

Kalebe currently works in the human resources management unit of a security company in Johannesburg where she also handles some litigation work for the company (Kalebe, 25-01-2008). Confirming the life skills talk referred to by Mofutsanyane, she recalls attending a workshop in 2007 to address a group of students that had obtained the same bursary. The part of the workshop that she was able to attend was more about life at university than anything else and apart from her, the other speaker was Mofutsanyane (Kalebe, 25-01-2008). During her time as a student, Kalebe's interaction with NUM, MIC or the trust was limited to enquiries about payments and her progress (Kalebe, 25-01-2008). What this could be seen to suggest is that the relationship between the bursars and the donor in the case of MIC is no different to that of other established companies.

As for Kalebe, there can be no doubting her desire to help the needy:

Before taking up law, I wanted to study psychology because I believed it would afford me an opportunity to help troubled people with their problems. Law still provides space for me to do this though. For example, during my stint with the Benoni Justice Centre, I assisted people free of charge. Even here at my current work, I help people with their legal problems (25-01-2008).

Consider a situation where, as an example, Kalebe progresses to become a senior officer within the company that currently employs her. She will go on to earn a high salary, get a flashy vehicle and a classy house in an upmarket neighbourhood. All the issuing of a bursary to this deserving person achieves is to produce another member of the middle class who, unfortunately, provides no reason to think that socialism features in her immediate and long-term plans. This is exactly the point that was made by Caine when she argued that:

in the context of a struggle for socialism, the empowerment of individuals whether through bursaries or other means has to show a deliberate intention to transform beneficiaries of the empowerment into agents of the struggle.

The struggle for socialism cannot rely on the individual having some conscience to do the right thing; one requires consciousness, which is a product of education (23-05-2007).

All of this seems lost to senior MIC people like Nkuna who wax lyrical about the important part the MIC plays in the empowerment of society. For example, Nkuna points out that the MIC has intervened in the lives of many young boys and girls by offering them bursaries so that they can further their studies in the fields of their choice even though NUM has a strong bias towards engineering studies because we hope to have the newly qualified engineers coming back to make an impact in the industries NUM organises (Nkuna, 09-05-2007).

As noted above, the mere issuing of bursaries does not necessarily reveal a commitment to a socialist struggle. Specifically, the issuing of bursaries alone can only succeed in improving the conditions of an individual and not of society, which may perpetuate an ethos where an individual focuses on their own ambitions at the expense of the collective. Initiatives like these are no different to what established profit-driven companies do, which is to issue these benefits as part of small portion of their wealth that trickles down to society. The 'boys' and 'girls' that are granted bursaries may well go on to become doctors and engineers, but all that can do is increase to the numbers in the pool of the middle class with no direct spin-off for society. This strategy needs to show ability or potential to overhaul power relations in society for it to be seen to be contributing meaningfully to the struggle for socialism.

Chapter 1 emphasised the importance of political education as an essential requirement to ready the working class for the struggle against capitalism. Gramsci (cited in Kelly, 1988:53) considers the absence of ideological training as the real reason why trade unions lack the ability to launch sustained assaults against capitalism. Clearly, inherent in all of this is an assertion that without a structured programme of political education, it is difficult to see how these bursars are going to be turned into soldiers against capitalism. It is probably for this reason that the Sinmun (2008-10-05) declared that:

The socialist idea is the life and soul of socialism. The advantages and the invincible might of socialism are guaranteed by the socialist idea. The socialist society is the one which develops by dint of the might of ideology ... The consolidation and development of the socialist society and its destiny depend on how to conduct ideological work and prepare people ideologically. The victorious advance of the cause of socialism would be unthinkable without the development in depth of the socialist theory and unremitting ideological work. Nothing is more primary and important than the ideological education for the party struggling for cause of socialism.

3.3.2.3 The Elijah Barayi Memorial Training Centre

As the name suggests, this is the training arm of NUM, which targets members and leaders of the union. It was founded in 1993 as a section 21 company that offers services such as hiring venues to interested parties when not in use for NUM activities (MIC, 2007). By training union leaders from across organised labour, the centre contributes to the stabilisation of industrial relations in the sectors where NUM organises. As a result of the training that workers receive from the centre, an educated workforce capable of meeting the demands of the economy is created (MIC, 2007). In partnership with established educational institutions, the centre has developed educational and training courses in computer literacy, basic economics and leadership training for over 500 trainees annually (www.mic.co.za).

Mojadibodu points out that:

This Centre exists because of the longheld belief that NUM should produce rounded leaders and members who are capable of adapting to dynamic needs of society in terms of capacity and skills. With the kind of training they receive there, they will be able to survive even if they are forced to go live in the far-flung rural areas of this country because they have skills to set up income-generating initiatives. They can be central in any community-based cooperative, for example (01-12-2006).

3.4 GOVERNANCE OF THE COMPANY

As indicated in Chapter 1, of the ten current members of the MIC board of directors, three are drawn from the ranks of the union. This suggests that NUM has a say in how the company operates. The presence of these individuals, however, answers only a very small number of the questions about the extent to which the union have control over the activities of its investment company and thus to influence its decisions. The question is whether NUM has measures to prevent ‘underhand dealings’¹⁷ in the company. Given the reluctance on the part of union companies to be open in terms of their governance ethics, we can only extrapolate from what has been shown to happen in other investment companies to draw conclusions about the MIC.

In other words, the researcher proposes to use evidence of what has been shown to happen in other union companies to challenge the MIC to show itself to be different. As shown in section 3.3.1, the governance structure of MIC replicates that which is seen in other union companies. For example, in Chapter 1, the investment company of SACTWU is shown (even though this is not in a structured discussion) to have representatives of the union on its board of directors. In addition, similar to MIC, the CEO of SACTWU’s company is a former official of the union. In Chapter 1, the critics of union investment scenes point out several shortcomings on the part of the schemes, including irregularities that relate to the ownership of the companies.

The suggestion is that unions are not always able to exercise real control over the companies due to how the relationship is structured. To illustrate this point one can look at Hosken Consolidated Investments (HCI), the investment company of SACTWU, and specifically at its relationship with the union and a subsidiary known as Ortaga.¹⁸ According to Rose (2008), the concern raised relates to the direction of authority and mandate giving between SACTWU, Ortaga and HCI.

¹⁷ Any activity of those deployed in the company acting in a manner to the detriment of union goals.

¹⁸ The portion of this chapter that focuses on HCI is taken from an article written by F. Rose appearing in the *Financial Mail* of 18 January 2008.

The controversy arises from a preference share afforded to Ortaga, which is structured in a manner that accords Ortaga more influence over HCI than SACTWU. HCI CEO, Copelyn, defends this arrangement, not by denying that it has the potential to compromise SACTWU's power over HCI, but by stating that the political leadership of the union was briefed every step of the way. This may be the case, but the General Secretary of SACTWU is also quoted as indicating that the management of HCI is left in the hands of its administrators and that the union trusts them. This suggests that the union is not on top of all activities of HCI.

As indicated earlier, similar challenges have been identified with other union companies as well. What needs to be seen is whether the MIC has identifiable checks in place to avoid falling into similar traps. If the picture does not show any differences between MIC and companies like the one of SACTWU, there should be concerns about how a union like NUM conceptualises the principle of worker control over the activities of the union and its decision-making processes. If NUM cannot show itself to be central to the running of the company it owns, it cannot claim to be in control of the company's direction and decision-making. Secondly, if NUM cannot show itself to be in charge, it cannot guarantee that the union's broad social goals are the driving force behind the investment decisions of the company.

3.5 THE MINEWORKERS' INVESTMENT COMPANY, SEED CAPITAL, GOVERNANCE AND THE ENRICHMENT OF INDIVIDUALS

This section focuses on the controversies around investment companies that were discussed in Chapter 1, to see whether these controversies are replicated with MIC. In addition, this section provides an opportunity for MIC to share any other challenges that may not necessarily have hitherto been subject to public debate. In a way, this helps one get a sense of the insight of the leadership of MIC, which can provide important knowledge for use in looking at other investment schemes. From what MIC lists as challenges, it is possible to see whether the issues that are identified as sources of controversy around the schemes have been dealt with by other union investment companies so as to provide a reference point when other companies look for solutions.

From the future plans of the company, one should be able to see whether it is reasonable to expect any significant changes to the current shortcomings of the schemes. In other words, from these plans one should be able to discern whether there is any effort to deal with the identified shortcomings.

3.5.1 Seed Capital

The controversy around this aspect relates to what has been found by commentators to be reflective of most trade unions who use union members' pension or provident funds as seed capital to set up investment companies (Naidoo, 2007:4-9). In this respect, NUM claims to have approached things differently. As Nkuna (09-05-2007) and Mantashe point out, the MIC never used mineworkers' funds as start up or seed capital. Instead, the company took out a loan of R3 million from the NUM with conditions similar to those that the company would have had to face from any other lending institution. He says:

we were so confident of our fundamentals that it was decided that the company would not receive special favours from the union when it came to repaying the loan. Also, there was a clear desire to steer clear of the controversial approach adopted by other companies where provident funds were allegedly used to set up investment companies (Nkuna, 09-05-2007).

3.5.2 Enrichment of individuals at the expense of the collective

There are instances where top officials of these schemes have been known to enrich themselves by taking a slice of every cent they bring to the company whether in the form of stock or cash. The examples of Copelyn and Golding have been dealt with in other parts of this thesis to illustrate the point. The MIC is confident that if anyone traces its history from its inception there will be no case of individuals enriching themselves by making themselves part-beneficiaries of deals struck on behalf of the company. Nkuna says that the appreciation of the goals of the company, who formed it and the many people expecting to have their lives improved through the work of the company makes it impossible for one to steal from the company because that would be a betrayal of the sacrifices of its members. Fortunately, according to

Nkuna, the entire team that is active in the different entities of the company are as passionate about its work as the visionaries that conceptualised it (Nkuna, 09-05-2007).

Despite the above views, considering the recent revelations about the goings on at HCI, one has to suggest that conscience and consciousness alone should not be considered as sufficient deterrents to corrupt practices such as officials pocketing benefits that should accrue to the company. Giving Nkuna the benefit of the doubt, one would imagine that what he is saying is that, on top of the expected checks and balances, the consciences of those running MIC entities would deter them from any form of indiscretion. Mojadibodu agrees and points out that MIC has a track record for sound management practices and that is why even among competitors it is considered the best-run company of all the trade union investment companies (1-12-2006).

NUM leaders see the training that the union gives to its members and leaders as a contributing factor in producing what they consider to be the 'most well run' union company. Mantashe says:

People like Nkuna, who you see as the CEO of MIC, are former leaders of the union. They went through the kind of training only NUM can give, so they see the union and its initiatives like MIC in exactly the same perspective that ordinary mineworkers see it. They know and were part of the painstaking struggles to build the union into the powerful brand it is today. Further, there is good leadership at the level of the union, which ensures a dynamic interactive relationship between the company and the union (Mantashe, 10-06-2006).

3.5.3 Governance of the company

In the arguments above, the challenges identified at HCI were used as a representation of the overall challenges confronting trade union investment companies as far as governance is concerned. It is true that there is a presence on the boards of directors of the companies of individuals representing the unions and reports are provided to higher structures of unions about activities of the companies.

It is also true that as can be seen from the HCI case that decisions which cannot be said to be in the interest of the union or its members continue to prevail in trade union investment companies.

The MIC and the NUM leadership reflect no difference in approach to that which is seen in SACTWU as far as the union leadership's attitude towards the management of the company. Much as the case is with SACTWU, there is readiness on the part of NUM leaders who sit on the board of the MIC to leave appointed officials to handle the running of the company with no interference. There is a strong belief among NUM leaders that the MIC leaders are people of integrity who have a long history with the union and would, therefore, never betray its cause. One needs only to read what Mantashe says about the current CEO of MIC. As quoted in the preceding section, Mantashe is convinced that the union has infused enough political education among its leaders that they can appreciate the strategic value of MIC in the broader cause for which the union is fighting (10-06-2006). Mojadibodu adopts the same approach in declaring that:

Our leaders who have been deployed in MIC have strong characters, they are individuals of integrity who do not require to be policed to do the right thing for their union, their [sic] mineworkers and society. MIC has become a well-run entity due to their efforts and we cannot say they are like other bad apples (01-12-2006).

Examples, some of which were mentioned in Chapter 1, show that a long history of association with a union is not a sufficient deterrent for errant behaviour. For example, as shown above, the HCI project of SACTWU, with its Ortaga arrangement initiated by Copelyn who, prior to becoming CEO of HCI, had a long, illustrious history with SACTWU. The Communication Workers Union also concedes that it has lost control over the CEO of its investment company, largely due to the autonomy accorded to the management of union investment companies. Mgedezi is as convinced as Mantashe and Mojadibodu that the leaders of MIC are products of "our struggles and will respect our cause". Members and dependents receive financial support to "pursue their education through the work of these comrades and they do not need the leadership of the union interfering in their work" (Mgedezi, 12-02-2008).

3.6 CHALLENGES AND PLANS FOR THE FUTURE

Paul Nkuna expressed serious concern that there is a possibility for union investment companies to be no more than providers of black economic empowerment components to established white companies (Nkuna, 09-05-2007). Essentially, this refers to situations where these companies never become owners and managers of the entities in which they invest. The drive, therefore, should be for takeover bids. To this end, he also indicated that an announcement was on the cards (Nkuna, 09-05-2007). It must be stated that the announcement in question was to be about the MIC acquiring a majority stake in a major media company. The excitement with which Nkuna made this point gave away one could sum up as little consideration for the relations of production that emerge from these acquisitions and a focus on accumulation of assets in a drive to boost the asset base and the share value of the company.

The second challenge is the transformation of the companies in which MIC has an investment stake. This transformation focuses on ownership, equity, skills transfer and the provision of opportunities for small, medium and micro enterprises (Nkuna, 09-05-2007). The folly of imagining that, through the purchase of stakes in big companies, the MIC can alter the functioning of capitalism is dealt with in Chapter 5.

3.7 CONCLUSION

With a view to providing further data regarding unions, their investment schemes and the struggle for socialism, this chapter presented a profile of NUM and its investment company, MIC. As indicated earlier, the data presented here is intended for use to establish whether the controversies listed and discussed in Chapter 1 apply to NUM and the MIC. The chapter shows that among its main projects, the MIC has a bursary fund scheme that benefits mineworkers, former mineworkers and their children. This, it would appear from the views expressed by NUM and MIC respondents, is one of the MIC and NUM's flagship projects. It is argued in this chapter that if this is a flagship project, as it appears to be, the political leadership of the union should be showing deliberate plans to use to advance the struggle for the economic emancipation of the previously neglected and disempowered communities.

As demonstrated in the engagement with Mofutsanyane's submission, if this is intended as part of the broader struggle to exert working class hegemony it should have a strong element of political education for the beneficiaries. After all, political education is an essential element of the development of any revolutionary commitment to the cause of socialism.

Secondly, the chapter outlined other projects that the MIC refers to as strategic initiatives. These include the Marula projects around Bushbuckridge where women form part of a project that processes the Marula fruit for juice and nuts. While NUM and MIC would like this project to be seen as empowering the participating women, the facts show that these women are no different from those employed on farms and elsewhere as wage labourers. Again, there is a lack of any deliberate attempts to use the union's influence to alter the relations of production in projects like the Bushbuckridge Marula project for them to be seen to drive the socialist project, which NUM professes to be pursuing.

Further, the chapter has highlighted the elements that form the basis for NUM being characterised as belonging to social-movement unionism. Specifically, this focused on the union's involvement in the struggle against apartheid and its pursuit of a socialist agenda as a reflection of its drive for fundamental transformation of society. The need for the presentation of these facts arises from the desire to juxtapose these with what is happening within the MIC as a way of establishing whether there is any synergy between the two. In other words, the researcher desires to establish whether what is happening within MIC is compatible with what is the declared political outlook of the union. It is this line of argument that forms the basis for Chapters 4 and 5, where these aspects will be explored in greater detail.

CHAPTER 4

TRADE UNION INVESTMENT SCHEMES AND THE STRUGGLE FOR SOCIALISM

The Socialist wants the Trade Unions to instruments of struggle...and not instruments for the retarding of the workers' struggle. – J.T. Murphy (in Murphy, 1936).

4.1 INTRODUCTION

The subject of trade unions and their involvement in the struggle for socialism has long been an area of interest for social scientists and union activists. Marx, Engels, Lenin (1963), Trotsky (1975), Gramsci (1978), Murphy (1936) are some of those who pioneered work in this respect. McKinley (1999) represents some of the more recent examinations of the same subject. As has been shown in Chapter 1, the central feature in all of the work done on the subject is the question relating to whether trade unions possess the required acumen to advance the working class struggle against capitalism. Lenin (1963), Trotsky (1975) and Gramsci (1978) can be summed up as arguing that inherent deficiencies in the make-up of trade unions militate against these organisations being capable of advancing the working class cause against capitalism. More recently, McKinley (1999) has expressed an argument that the trade union investment schemes represent a confirmation of the arguments advanced by these other critics.

This chapter focuses on whether trade union investment schemes can make a positive contribution to the struggle for socialism, to which COSATU unions like NUM claim to be committed. In Chapter 1, these unions were shown to belong to the category of social-movement unionism. The same chapter also showed that one of the key tenets of social-movement unionism is commitment to the radical transformation of society. The approach that this research adopts is to examine how the investment schemes affect this tenet of their brand of unionism by looking at their involvement in the struggle for the overthrow of the exploitative system of capitalism.

It is an uncontested fact that, at various times, COSATU unions have adopted resolutions declaring them to be fighting for socialism and, in Chapter 3, NUM was shown to belong to this category as well. In this chapter we examine whether such a commitment plays itself out in the activities of the MIC.

While COSATU affiliates like NUM have always projected themselves as committed to the struggle for socialism, there have been questions raised about their capacity to reflect the same commitment in their day-to-day activities. Lehlere (2003:25-33) chronicles a series of economic decisions taken by COSATU from the late 1990s to suggest that there has been a systemic shift by the federation towards the adoption of what he calls rightwing policy stances. Bramble (2003:191-204), though focusing more on the role of the ordinary member and the culture of democracy, also presented findings to show that there is a general decline and erosion of the social-movement character of COSATU unions. Iheduru (2002) confirms this and suggests that, [in their current form], the investment schemes represent a contribution by the labour movement to the attainment of what he terms social concertation that has shifted away from the socialist aspirations in favour of the broader capitalist agenda. The schemes contribute to this concertation, according to Iheduru (2002:52), by creating an environment where the extension of capitalist privileges to a few blacks is masqueraded as the liberation of the masses. So the schemes, some might argue, may be yet another indication of this erosion of social-movement unionism through the legitimisation of capitalism as unions become stakeholders in the system. This is central to what this research aims to unravel.

The examination of whether these schemes contribute to the struggle for socialism, for purposes of this thesis, is in terms of the two elements considered significant tenets of this system, namely collective ownership of economic resources and the question of worker control. So, as pointed out above, the investment schemes of unions like NUM should be examined against the background of whether they enhance the unions' capacity to attain socialism or are a reflection of a shift to the right suggested by Lehlere (2003). The concerns raised by Bramble (2003) and Lehlere (2003) have their roots in what one can describe as the scepticism of Marxists like Gramsci (1921) and Lenin (1902) in their critique of trade unions as organs of class resistance.

4.2 TRADE UNION INVESTMENT SCHEMES AND THE STRUGGLE FOR SOCIALISM

4.2.1 Defining Socialism

As pointed out in Chapter 1, this thesis is not about understanding what socialism is, nor is not intended to argue for or against one model of socialism over another. It remains necessary, however, to depart from a basic understanding of socialism. This understanding is drawn from the positions of NUM carried in the previous chapter and the views offered by respondents in response to questions around this aspect of the research. From the definitions that the respondents offer, one should get a sense of their understanding of the system. A point that needs to be made from the onset is that apart from broadly worded resolutions on socialism, there is little that explains what unions like NUM mean when they talk of 'socialism'.

Section 3.2.2 presented a broad idea of what NUM and the SACP mean when they talk of a struggle for socialism. In that section, NUM declares that in a socialist South Africa there will be access to free education and quality healthcare as well as access to clean water and energy (NUM, 1998). The SACP (05-01-2009), of which NUM is a strong supporter, presents similar issues as well as the collectivisation of wealth. Like the SACP, most of the respondents interviewed, especially those associated with the trade unions, place emphasis on collective ownership of the economy as an essential element of socialism. For example, Mantashe (10-06-2006) sees socialism as a system where the people, through whatever agency they may choose, are in control of the means of creating wealth in the economy. Such a system differs qualitatively to what obtains currently because of the collective ownership which prevents exploitation of one by another since everyone is working for the same end goal, equitable access to economic resources and opportunities (Mantashe, 10-06-2006).

In articulating sentiments similar to those of Mantashe (10-06-2006), Mojadibodu argues that socialism is a consciously designed system that enables and empowers the working class and the poor in general through access to power and the country's wealth that they generate themselves in the first place (Mojadibodu, 01-12-2006).

Central to the views of Mantashe and Mojadibodu is the coordination of the process of production of wealth and the distribution of that wealth for the benefit of society. Given these views, one would expect to see some attempts by a union like NUM, through the activities of its company, to engender this important principle. What is shown in Chapter 1, though, is somewhat of a contradiction. Using McKinley (1999) and Hutton (1997), the chapter shows a tendency, among the schemes, towards stakeholding. McKinley (1999) decries a situation where trade unions are using their investment schemes in order to become *bona fide* members of what he calls the 'capitalism with a human face' club.

Arguing along the lines reflected in the criticism by McKinley (1999), Molaba says that socialism should not be about one's view or the next person's view of socialism but a programmatic implementation of the formula of Marx, Engels and Lenin in order to eradicate the inequalities that are synonymous with the system of capitalism with the ultimate goal of making a difference in the lives of ordinary South Africans. This, according to Molaba, requires the working class to take ownership of the economic resources in order to distribute them equally in society (09-05-2007). Njikelana (2005-12-28) adds that the system of socialism requires that there be a clear intention, on the part of the victorious working class, to seize control of all organs that the defeated class used to exert its hegemony over society as a whole to turn the situation around in favour of the victorious masses. With this in mind, Njikelana (2005-12-28) places the state, as a coordinating agency, central to the struggle and argues that anybody who is serious about struggling for socialism must be seen to be clear on this aspect.

Njikelana (2005-12-28) agrees and argues that socialism must empower the working class to defeat the bourgeoisie and impose a system that allows collective ownership of the economy in order systematically to eliminate any vestiges of capitalism. So anything done in the name of defeating capitalism has to empower the working class as a collective. He proceeds to say that in order for socialism to materialise, a class needs to convince society that the system provides a better future for them. In other words, the working class must win the battle for ideas, which must be seen to be different from shouting obscenities at opponents but being able to say to society that the system will work for society (Njikelana, 28-12-2005).

In response to the same question, Caine believes that socialism is about economic and political governance where there is coordination around the deployment of resources, which should be aimed at empowering society to be in charge of economic resources. It is a system that enables an identified agent, like the state, to ensure equity in the deployment and distribution of resources. Central to all of this must be a programme to educate society about the benefits of a system that is an opposite of what capitalism offers (Caine, 23-05-2007). The deputy General Secretary of the SACP, Jeremy Cronin said that socialism is about rolling back capitalism in favour of development focusing on access to health, water, education, public transport and employment (Cronin, 22-05-2007).

Sikwebu (08-06-2007) and Tuluma (23-12-2006) agree with Njikelana (2005-12-28) and view socialism as a system that requires that the working class overthrows the dominant class and reconfigure society for equitable access to economic resources. These two respondents also suggest that political education, organisational capacity and winning the battle for ideological dominance are essentials for this kind of struggle, and point out that socialism is attractive to the workers because it promises to empower the workers economically. It argues for the workers to be in charge of the means of production and the general creation of wealth, so any venture that takes place for this cause has to show that it can achieve this central goal.

The views of these respondents carry significance in that they provide for a significant number of factors that will be unitised in the drawing up of conclusions flowing from the research. These views are considered together with the published positions of NUM in the formulation of the same conclusions. The significance of getting NUM's vision of socialism and the views of people like Mantashe, Molaba and Mojadibodu is that it provides a standard against which the activities of the union and its company can be examined. This standard is presented clearly in section 3.2.2 and, as can be seen, have strong resonance with the views expressed by respondents like Mantashe and Mojadibodu, both of whom have strong links with NUM.

Looking at sections 1.5.2 and 3.2.2 and considering the views expressed by the respondents above, one is able to unitise three important elements against which the activities of NUM's investment company should be tested. The first is the creation of wealth for purposes of equitable redistribution. This is the argument advanced by Godongwana (22-06-2005) and Msoki (04-01-2006) , who calls for the schemes to be seen as performing this function. As will be seen in the following section other respondents like Murray (23-03-2006) and Msoki (04-01-2006) support this argument. The second element is the collectivisation of wealth, which is advanced in Answers.com (2006-11-21) as shown in section 1.5.1. The last is the control of the workers, which can be easily seen in the views of Njikelana (28-12-2005) and Sikwebu (08-06-2007).

So socialism or any entity claiming to be struggling for socialism must, by definition, be struggling for the creation and collectivisation of wealth. In other words, it is not sufficient that you show yourself to be creating wealth but such a process must show signs that it forms part of a bigger strategy intended for equitable redistribution. These are some of the standards to which an investment entity like the MIC must answer. The company will be commended or criticised on the basis of whether it can contribute to these as well as promoting or subscribing to the concept of worker control.

4.2.2 Investment schemes and the creation of wealth

One of the major criticisms levelled at trade union investment schemes is the perception that they tend to produce a few rich individuals with little material benefit accruing to ordinary members of the unions and the rank-and-file of society. Dexter (1997), McKinley (1998) and Collins (1996) point to this 'deficiency', noting that a few former unionists have become super rich on the back of these schemes while ordinary member cannot claim the same results. Contrasting these views with the definitions of socialism articulated in preceding sections, one should be in a better position to appreciate the core interest of this research. The definitions of socialism in section 4.2.1 place collective ownership and equitable sharing of the economic benefits at the centre of the system of socialism. There is a clear contradiction between the declared positions of NUM and the picture painted by these critics.

In its defence the MIC taps into an argument that points to the potential of the schemes to generate the wealth that socialism will distribute for society. Copelyn (1997) and Golding (1997) advance similar arguments in defence of the investment initiatives of the companies they are involved in. Godongwana (22-06-2005) advances the same view when he argues that, with better leadership, and coordination, the schemes have the potential to contribute to the placement of the economy in the hands of the poor by creating more wealth. Murray (23-03-2006) and Msoki (04-01-2006) also believe that the schemes can advance this element of socialism because the schemes can increase the capital base and hence the wealth that will be distributed for the benefit of the majority. The essence of this approach, therefore, has to be the socialisation of capital.

Msoki argues along the same lines and asks where one hopes to get the wealth to be distributed through the socialist system if there is not wealth-generating capacity. He points out that the schemes have the capacity to respond to the need for a conscious approach aimed at generating the wealth that which you are going to distribute. He expresses the view that the trade union investment schemes possess more than just potential to achieve exactly that (04-01-2006).

Nkuna (2007-05-09), the CEO of the MIC, agrees and pleads for the schemes to be given a chance to demonstrate their ability to generate the wealth that the socialist system wishes to distribute. He points out that companies like the MIC are an opportunity for the previously disadvantaged majority to have access to and control over wealth creating entities. As the capital base increases, the cake is bigger and the dream of sharing gets closer to realisation. He also asks what will be there to share if there are no companies generating the wealth required for the redistribution (Nkuna, 2007-05-09).

Mojadibodu shares the optimism and says that he is personally not overly concerned about this aspect of the companies set up by the unions, especially because over the past years the MIC has shown growth in its asset base and is stable in its operations. He expressed confidence that the company is creating wealth and that it will not going to be long before people can say that the MIC is the model to be followed by everyone who intends to venture into the field (Mojadibodu, 01-12-2006).

It will be noted, though, that the pleas by Nkuna (09-05-2007) and Msoki (04-01-2006) come almost five years after McKinley (1999) asked questions about the 'capitalism with a human face' club. Shouldn't there have been significant progress towards the realisation of the potential Nkuna and Mojadibodu refer to?

While there can be no denying that union companies like the MIC have amassed many assets in the past few years, the controversies reflected upon in Chapter 1 show no evidence to suggest that the schemes, in their current form, are generating wealth for the benefit of all. In fact, most of the criticism levelled at the schemes stems from their apparent inability to achieve exactly this coordinated generation of wealth for equitable distribution to society. The schemes have been in existence for over a decade now and yet there is little or no tangible change in both their focus as well as their operations. Typical of all organisations that are run on the ethos of conservative capitalism, the schemes were shown to produce a few rich individuals. Only the meagre portions of the wealth trickle down to the rest of society in the form of funeral schemes and bursaries for union members or their dependants.

Even as one can cite several indicators which show that a company like the MIC has accumulated substantial assets over the years, there remain many questions around on whose behalf and on whose terms the wealth generated. Banda, probably in view of this failure by the schemes, declares that there is no hope for the schemes to contribute in any meaningful way to the creation of collective wealth to expand the cake that has to be shared among the people in the name of socialism given what he calls structural inadequacies of the schemes. He points out that the most that the schemes can help achieve is confirm that, through them, unions are reverting back to capitalism. The unions who own these companies become the chief beneficiaries of the theory of surplus value because they make profits for themselves, for their own sustenance (Banda, 23-03-2007).

Banda's argument reflects the same frustrations as most other unionists who point out that if one looks at the how the investment companies are run, one will see nothing but an organisation running along the lines of the capitalist system. Molaba provides some telling insight and analysis into how the investment schemes operate and how this impacts on their potential to generate wealth for the rest of society.

Molaba argues that the schemes represent a feature of capitalism where the ruling elite amasses wealth and then push crumbs they leave on the dining table in the direction of the poor. The crumbs are then presented as a reflection of capitalism benefiting the poor. Molaba points out that people have rejected this from capitalists and that they will not accept it when it is done by 'our investment companies in the name of generating wealth' (09-05-2007). Caine (23-07-2007) harbours the same reservations and says that there is no evidence to show that the people in charge of the companies are willing to subject themselves to some coordination or authority which would indicate readiness to generate wealth for society as a whole and not just for a privileged few.

As long as this remains the situation, it becomes impossible to see how these schemes can claim to advance the struggle for reconstruction (Caine, 23-07-07). Banda provides some more insight into why Caine's observations have merit in this regard and says that the whole notion of wealth generation should presuppose the presence of an intention to share with everyone according to their needs. He argues that one will not find one union company that will do this except a few bursaries for a few pupils and a funeral scheme for union members (Banda, 23-03-2007).

There can be no questioning the validity of an argument that one cannot, reasonably, argue for a redistributive system in society without giving due consideration to the creation of the wealth in the first place. The argument here is that, in a context where the organisation that established an enterprise like the MIC explicitly declares that it envisages a future society where there should be collective ownership of wealth, the creation process should be shown to reflect this as well. Even as one makes this point, one cannot ignore the fact that, generally speaking, socialists have always been criticised for ignoring wealth-creation as an important precursor to distribution. This has tended to leave analysts with the belief that the most effective way of wealth-creation is to be found in the workings of capitalism. This is the exact argument that Jack, makes when he argues that the production of wealth requires entrepreneurs (*Business Day*, 25 July 2008).

Some critics of the system of socialism point out that socialism evades the creation of wealth. It takes the creation of wealth for granted, as political and social planners decide how “best” to redistribute or spread the wealth around. Socialism ignores the immorality of legalised theft – stealing from those who produced, and handing the loot over to those who did not (www.doctorhurd.com, 14-01-2009). Though in less dramatic terms, Vuyo Jack makes the same criticism when arguing that the equitable distribution of wealth that socialism focuses on has to follow after creation which, according to him, is best achieved under capitalism (*Business Day*, 25 July 2008).

By definition, socialism is a stage between capitalism and communism and will, in all likelihood, have some tenets of capitalism. It may be that the approach to wealth-creation adopted by these union investment schemes is a reflection of this feature of transition. If one could see a deliberate plan on the part of companies like the MIC showing that creating wealth is not an end in itself but a means towards equitable distribution one would be able to argue that they make a contribution to the struggle. One would argue that if the schemes could be seen to have this focus then the criticism levelled at them in this regard would have slightly less legitimacy than it currently does. This ideal is expressed even though there are not very many stories of successful socialism-inclined approaches to wealth creation.

4.2.3 Investment schemes and the collectivisation of wealth

In Chapter 3 NUM is shown to aspire to and defines socialism as characterised by a collective form of ownership of the economy. However, more than ten years into their existence, investment schemes continue to be criticised for functioning and operating in silos and without visible coordination or working towards a common objective. This leads to situations where, according to McKinley (1998:105), the investment companies of different COSATU affiliates compete against one another. A classical 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 (*Financial Mail*, 18 January 2008:36).

There have long been calls by people like Dexter (1997) for COSATU to ensure consolidation and coordination among the companies of the affiliates. Sadly, though, there continues to be very little visible practical corrective response from either COSATU or its affiliates that is intended to change this situation. One would have expected drastic steps to intervene in this respect because this coordination would give legitimacy to the declared commitment to socialism. It should be recalled that collectivisation is a central feature of the socialist ideology. In spite of several resolutions to this effect, the problem of coordination continues to be among the main sources of concern even for unions themselves, hence the continued expression of serious concern by many independent observers.

For example, Von Holdt (19-04-2007) identifies this lack of coordination as an important shortcoming on the part of the investment companies and points out that, by implication, without coordination, the schemes lack an important requirement for collectivisation of wealth. He also argues that the continuing lack of coordination among the schemes it is impossible to fathom how they can be socialising wealth. The only conclusion one would draw, von Holdt (19-04-2007) continues, is that the schemes operate within the capitalist dynamic whose focus is obtaining the most profit possible. So, von Holdt thinks that to imagine that there is any possibility of the schemes advancing collective ownership is, perhaps, optimistic (19-04-2007).

Von Holdt also suggests that because of the lack of coordination, the schemes get away with being concerned more with securing more profitable ventures in order to generate profit. If you look at the content of ventures set up by these schemes, there is no clear attempt to operate differently to traditional business (19-04-2007). This argument is strong in how Cronin (22-05-2007) analyses the schemes. Even though he is not entirely dismissive of the schemes, he raises the matter of leadership and management. He argues that:

The schemes could enable unions to contribute in the socialisation of capital if only there could be more central co-ordination and political leadership exercised over the investment initiatives of the union investment companies.

You see, there needs to be a clear desire to move away from a zama-zama¹⁹ approach to running these schemes and they should show more focus in their activities so that it does not look like they are adopting speculative approaches to investment initiatives. Otherwise, they become no different to the established capital, which they are supposed to be challenging (Cronin, 22-05-2007).

Sikwebu is more forthright in his assessment of whether the schemes advance collective ownership of economic resources. He points out that the companies established through these schemes cannot be seen to be promoting collective ownership of the economic resources. He further accuses them of not even being interested in pursuing a different ethos to doing business. According to Sikwebu (08-06-2007), they are after profit and they do not invest in any venture that are in pursuit of socialism. Another point to consider, according to Sikwebu (08-06-2007), is that the companies operate as individual entities and therefore each is capable only of seeing things in terms of possible benefits to each individual company than the collective, society.

There needs to be organisational control over the schemes for there to be any hope that collectivism exists (Sikwebu, 08-06-2007). One cannot help but be amazed at the continued lack of central coordination of the activities of the different investment companies formed by the various affiliates of COSATU. The issue of coordination was central to debates around the schemes as far back as 1997, yet one is still confronted with facts showing no signs of it changing for the better. For example, in his critique of the trade union investment schemes, McKinley (1998:105) raises this as an important impediment to the wealth created by the schemes being for everyone. He points out that there is no visible authority from the unions over the schemes resulting in lack of coordination. This is in line with Molaba and Sikwebu who bemoan the apparent lack of not only coordination but also suggest a possibility of political will to enforce the coordination.

¹⁹ Zama-zama was pick-a-box show ran on local TV where people speculated to win prizes.

Clearly, there has to be a problem if powerful organisations like COSATU have not been able to fix this challenge for over a decade. Surely, the problem cannot be capacity, and one is left with one other possible reason why unions are unable to effect this coordination and that is fear of rocking the boat given that the companies disburse substantial financial resources to the unions. In fact, according to Sikwebu, is not by accident because:

For many years COSATU has been trying to enforce coordination over these companies. It cannot happen because, technically, the companies are not accountable to the unions. Also, coordination means systematic control over enterprises and one wonders if this would not mean the unions are trying to bite a hand that feeds them because these companies give lots of money to them. So, in some sense, the companies can be said to represent a tail wagging the dog because they are effectively dictating the agenda (Sikwebu, 08-06-2007).

Molaba shares the same view and cautions that the financial muscle that these companies have amassed over the years should not be underestimated. He believes that they are capable of dishing out patronage to influential individuals within unions at any time they see attempts to encroach on their space (09-05-2007). The second source of this inability by unions to enforce coordination is what one can describe as a structural deficiency on the part of their companies. These deficiencies are there because in their design the companies reflect no difference to capitalist companies. Simply put, the investment companies of the trade unions face the same legislative dictates as other companies and are, therefore, structured and run as such. This identification of this as a structural deficiency is not intended to suggest that union investment companies should not comply with current legislative dictates. What is of interest for this thesis is how this affects the extent to which the companies can be structured and run along lines that enable unions to have more say in the day-to-day decision making of the company. This is imperative if one is to conclude that, among other factors, there is an observable drive on the part of these companies to be qualitatively different to established capitalist-driven companies.

In line with the dictates of the status quo, trade union investment companies have boards of directors and, technically, they account to such boards. To explain this point, Sikwebu (08-06-2007) points out that you see these companies come into being through trusts set up by unions and therefore it is the trust that establishes the trading company. He also points out that in most cases; the office bearers of the union go on to become directors. The directors will then appoint a Chief Executive Officer (CEO) to run the day-to-day operations of the union's investment company. The directors will report to the union and the CEO to the directors, but since these directors do not run the company it is often the CEO that must be invited to brief union leaders (Sikwebu, 08-06-2007).

Further, this CEO is, in technical terms, not accountable to the union and will, in most likelihood, not even bother himself about what politics the union pursues because his mandate is to generate as much profit as can be made in the market at any given time (Sikwebu, 08-06-2007). These views are echoed by Theron, who argues that it should always be remembered that these companies are not, technically, directly accountable to the unions or the members so there can never be anything collective about their ownership. They are accountable to a board of directors in terms of the Companies Act, but even without the constraints of this Act, union leaders will tend to want to centralise control of union activities with little involvement of members, which defeats the very spirit of the concept (Theron, 10-06-2007).

Njikelana (28-12-2005), Tulumu (23-12-2006) and Caine (23-07-2007) confirm the above observations, pointing to the lack of central coordination of the investment schemes as undermining any possibility that these entities could be seen as generating wealth for collective ownership by society. So the optimism of people like Mojadibodu (01-12-2006) that the investment companies set up by unions should be given time and space to realise their potential appears to be based more on hope than on the grounds of concrete evidence that the schemes are working towards this ideal. Unfortunately, even the hope itself does not seem to have been rewarded with any tangible outcomes towards the realisation of coordination.

The bottom line is that socialism, as pointed out by Wilczynski (1981:532), is an economic system as well as a political struggle. Therefore, the struggle for socialism cannot be based on the hope that some force will swing things in the favour of the working class. For this reason, one would expect to see visible initiatives aimed at meeting this important expectation. By 2006 COSATU was still calling on affiliates to desist from legitimising 'the current accumulation regime' that is characteristic of narrow BEE (Grawitzky, 2006:1). This bears out the point raised in Chapter 1 by McKinley (1998) that the schemes are only interested in exploiting the opportunities created through the narrow BEE devoid of the necessary working class perspective. Unfortunately, this hope is what seems to drive people like Nkuna (09-05-2007) and Mojadibodu (01-12-2006) to the belief that the schemes contribute to the struggle for socialism. It may be argued, therefore, that the absence of visible strategy towards collectivisation gives makes a mockery of undertakings by COSATU during its 9th Congress where it was agreed that drastic change to the ownership patterns require collective ownership of the economy (COSATU, 2006).

The status quo drives McKinley (2003) to cry that the schemes in their current form lack the infusion of a working class perspective. McKinley (1997:3) argues that the schemes only create a false impression that union-owned companies can become better capitalists than capitalists simply because they are owned by entities that have the capacity to play with Marxist rhetoric. Essentially, McKinley (1999) can be understood to suggest that the schemes reflect a flawed appreciation of the demands of the struggle for socialism on the part of trade unions. This 'flawed understanding' of the struggle for socialism can be seen in the arguments advanced by people like Mojadibodu (01-12-2006) in the preceding paragraphs. This can also be seen in the work of the J.B. Marks Education Trust Fund (JBMETF), which runs a bursaries scheme for individuals pursuing tertiary education. When invited to indicate how the selected beneficiaries are made to appreciate the goals that drive NUM, Mantashe (10-06-2006) conceded that NUM does not take these beneficiaries through any form of basic political training.

Again, this is not a call for Siberia-type of indoctrination but a mere suggestion that one can never know whether a person will convert unless one engages that person. Nkuna (09-05-2007) concedes and says that MIC relies on the conscience of the beneficiaries to show appreciation of where their funding comes from. Without bothering to check where this appreciation is going to come from, Nkuna (09-05-2007) declares that this appreciation will, for example, drive a medical doctor who was funded by the JBMETF to forgo the opportunity for better income in the urban areas and choose to open a practice in a rural area. Central to the arguments of this thesis, as reflected on the questions around the granting of bursaries, is that, unless there is an effort to influence the thinking of these bursars, there is no reason to imagine that they will choose to forgo the benefits of establishing a practice in more affluent areas.

Clearly, this kind of consciousness can only be expected from someone who has been taken through some form of political education. Socialism is an ideology which may be adopted as a result of this kind of education. That is why, as part of his definition of socialism, Njikelana (28-12-2005) argues that to win the war for socialism, one must convince society that the system provides for a better future for the majority by winning the battle of ideas. There can be no denying that what Njikelana is calling for is not an easy feat. This is why the schemes are not, in terms of this research, criticised for not possessing a magic wand but more for lack of clear attempts to launch a challenge to the capitalist ethos as far as the basis for wealth accumulation is concerned.

Considering that all the investment companies of COSATU unions, according to Grawitzky (2006:2), continue to identify the creation of social capital as their key priority, this remains an elusive goal. In Chapter 3 the researcher advances an argument that the investment choices of the union investment companies do not reflect a deliberate need to restructure the economy and alter relations of power in society. All of the above facts can only add to the many questions about the capacity of these schemes and will to launch an onslaught against the foundations of capitalism.

4.3 WORKER CONTROL?

What this section examines is not the mere presence of what Grawitzky (2006:2) refers to as the presence of corporate governance principles. It is also not about the mere presence of a few faces on boards of directors representing workers. Central to what has to be examined is the permeation of the workers' perspective into the life of these companies. We are dealing with the extent to which the companies are imbued, in their operations, with the hegemony of the working class perspective. This is because of the realisation that the presence of corporate governance principles and a few faces sitting in meetings of the boards simply represents a superficial semblance of workers being in control of the investment companies of their unions.

That is considered to be a mere superficial semblance because while one may see boards of directors with representatives of unions, more often than not, it does not reflect the extent to which unions and ordinary members have the required influence. For example, in a study by NALEDI commissioned by COSATU in 2005 the reference to the presence of basic governance principles relates to chief executives giving regular reports on company performance to the unions' governing structures (Grawitzky, 2006:2). This points to a situation where workers will deal with issues of the companies after they had already been distilled by those in charge. At such a stage workers are more than likely to be dealing more with the preferences of the leaders instead of the other way round. By its nature, a report is mainly a reflection of what has already taken place in terms of a specific area of performance.

Further, as shown in Chapter 1, the mere presence of faces representing unions in governance structures of the investment company of a union like SACTWU did not prevent the Ortaga controversy. While the MIC has not been befallen by similar controversies, such absence is no negation of the need for there to be visible control by the workers over these companies. This being the case, this section of this thesis does not interest itself in the mere presence of union representatives on boards of directors, which may merely help create some semblance of some recognition for the need to appear democratic in approach.

In its proper meaning the concept of worker control has evolved over time in contexts of working class struggles against the system of capitalism. Taylor (1989) argues that the concept is about more than just rights of consultation, representation and participation. Central to the ideal is the fundamental achievement by workers of real power to take key decisions that bear on their lives. COSATU has adopted this approach to worker control and has made the ideal one of its key founding principles. COSATU views worker control as focused on placing ordinary workers in charge of its structures and committees (COSATU, 21-01-2008). This Federation's official documents are awash with declarations affirming COSATU's commitment to this noble ideal of placing the workers in charge of the political direction of their unions.

In Chapter 1 this same principle, though within a context of commitment to internal democratic practices, is shown to have been a major factor in helping South African unions survive state repression before the birth of COSATU. As far investment companies are concerned, COSATU's expression of this principle of workers control is best represented by address of the then president of COSATU, Willie Madisha, to the 7th Congress of COSATU. In this address Madisha called for the investment schemes to be placed firmly under the control of unions or be shut down because if they were allowed to run on their own they would continue to perpetuate a capitalist ethos (Cosatu, 21-01-2009). Madisha pointed out that the schemes were creating the impression that it was correct for COSATU to build the future by acting like the worst elements of society. In other words, Madisha was advancing an argument that in the absence of worker control, the schemes lose the working class perspective and run like any other business entity.

Given what has been argued in contextualising the concept of worker control in the examination of union investment schemes, Madisha could not have been merely calling for there to be union faces on boards. He would have been calling for workers to exert the full extent of the working class perspective on the functioning of the investment companies in order to realise the objectives of the working class. This concept of worker control for this research, therefore, is about examining whether the mere presence of union representatives in the boards that run the schemes is about what Lenin (cited in Calvert, 1982:120) referred to "the political rule of the proletariat ... organising all the working and exploited people for the new economic system".

Are these structures of governance of these schemes about the creation of a new ethos within economy through these schemes? As pointed out in Chapter 1, one area of criticism of the investment schemes is the lack of direct influence by the workers over decision-making and the introduction of a new economic ethos through the investment schemes.

For the purposes of examining the extent to which workers run the schemes, it is important to first present what is considered to be the ideal representation of this direct influence by ordinary members. This becomes the standard against which the extent to which the workers are in control. This is taken from a vision adopted by the Socialist Labour Party of America (www.slp.org) regarding workers' control and provides a good standard against which one can assess the schemes in this respect. The view is that industries, their ownership, and how they are run will be collectively and administered democratically by representatives elected by the workers in each industry.

The ideal sketched above reflects not only the views of the Socialist Labour Party of America but is at the core of what worker control should be about, as can be seen in the views of the SACP and NUM around socialism. Critics of the trade union investment schemes argue for the same ideal. For example, von Holdt (19-04-2007) argues that the best way to establish what the situation is would be to look at how represented the workers are in the structures of governance of these companies. Apart from some union officials who sit on the boards, it is important to foster an approach that ensures direct accountability and influence of lower level structures.

It is common for unions to be represented in the governance structures of their investment companies, and three of the current members of the board of directors of the MIC are from different levels of leadership structures of NUM. They are the current Deputy General Secretary, Oupa Komane; the Regional Secretary of the influential Carletonville Region, Mbuyiseli Hibana as well as Crosby Moni, the current Vice President of the union. This is also the case with other union companies and is often presented as reflection of the direct involvement of the members in the running of the schemes. This, however, should be more for consideration in examining levels of internal democracy than whether ordinary members are in control in the schemes.

If one wants to advance arguments on the infusion of the working class perspective this becomes insufficient.

The challenge is not whether there are individuals in these governance structures, but how much it can be guaranteed that the little they contribute in meetings reflects views sought directly from members. There is, in fact, no indication that this is the case. Molaba makes the same point in arguing that even if one considered the presence of union faces on these boards to be representing workers' influence, one would also concede that it is insufficient and ineffective. There has to be interaction between ordinary workers and the activities of these companies. One would want to speak to how regularly issues coming out of the boards are discussed in structures of the unions where workers are represented in bigger numbers (09-05-2007).

The scepticism by Molaba (09-05-2007) is shared by Njikelana (28-12-2005), who points out that there is no evidence to demonstrate that there is any regular contact between members of the unions with issues coming out of the boardrooms of the companies making it difficult to accept that there is any significant input by the members that shape decisions within these companies. Tuluma (23-12-2006) agrees and says that the only way workers can be said to be running these companies is if there are constant inputs by workers to those who run the companies. This is not happening and that has an effect of limiting the workers' contributions to the running of the companies.

Even when there are reports given regarding the activities of these companies, it is usually accorded so little time in meetings that it becomes impossible to engage with it. Tuluma also complains that the issue of the language used in these reports is foreign to some of the workers, which is disempowering. The absence of an organic link between the representatives and those they are supposed to represent exposes as false any pretence of the founding unions to commitment to the concept of worker control over the schemes. As shown in Chapter 1, Bramble (2003:188) observes the same lack of direct visible involvement of ordinary members in the general activities of the unions in his assertion that there has been an erosion of the fundamentals of social-movement unionism since 1994.

In the absence of this link, a question arises as to on whose behalf the representatives speak in the meetings of the board, because it cannot be on behalf of the ordinary members if they cannot find the time to hear their views. Even if one was to imagine that the representatives genuinely wish to promote the aspirations of the members, the environment they have to face is daunting because the companies are shown to operate according to the same ethos as that of conservative capital. So the representatives face a struggle of being thrown into organisations operating from a culture completely different to the one they are used to in, say, shop steward councils. Caine (23-03-2007) confirms that as things stand, it would be inaccurate and, therefore, wrong to say that workers are running these companies. Caine (23-03-2007) also argues that the companies have not adopted any different approach of doing things so even the workers' representatives on the boards of the companies will have difficulty in adapting to what is essentially a culture that is foreign to them. Workers walk into companies that are run along the same lines as those which they challenge in their own places of work (Caine, 23-03-2007).

Central to this argument is the realisation that under what McKinley (1999) refers to as the business-is-business approach; the schemes cannot be expected to accommodate the ethos of both collectivisation of wealth and worker control. Further to the challenges of culture and environment, one wonders how equipped the representatives are in terms of skills and capacity to comprehend and, therefore, engage adequately and intelligently with the issues that are discussed by these decision-making structures. Considering the arguments advanced by Hyman (1997:31-2) regarding the filtering of priority functions by unions, one would imagine that unions would focus their training of leaders and shop stewards more on the core function of collective bargaining and the protections of members against abuse by management and less on appreciating investment initiatives. So, in all likelihood, the representatives themselves will spend a lot of time playing catch-up, and where training takes place it will more than likely enforce the dominant ethos.

In recognition of this fact, Molaba (09-05-2007) points to another hurdle, which relates to the skills level of those representing workers in these structures of governance, arguing that these individuals may not have sufficient sophistication to comprehend and engage intelligently with issues likely to be debated in meetings.

This is more so when you consider that these companies have adopted a 'business as usual' approach to doing things (Molaba, 09-05-2007). Tulumá's (23-12-2006) views, expressed in preceding paragraphs, show that the effective involvement of ordinary workers in influencing what comes out of the schemes is seriously limited by the dominance of the culture of conservative capitalism. This has an effect of impeding effective inputting by workers.

The arguments raised above in relation to the absence of trade unions' authority over the investment companies have relevance here as well. It is instructive to refer to an observation made earlier on this chapter about the apparent inability of unions to take control of these schemes. Specifically, the question has been posed several times as to why, ten years into the schemes, unions continue to take resolutions on bringing the schemes under more control. There are two possibilities: one is that unions lack conceptual understanding of how to effect this change within the schemes. This may be unlikely to be the case given that the same unions show themselves to possess reasonable research capacity around issues of policy. The other possibility is that unions have no desire to turn things around as far as who runs the show within the schemes. In other words, the unions could be accommodative of the business-is-business approach given that it provides for a better opportunity to make as much profit as possible.

The apparent lack of will could explain why union leaders continue to be uncomfortable talking about the matter of control over these schemes. In fact, Molaba gives weight to this observation when he notes that sometimes unions simply deploy to these boards any individual they no longer consider fit for leadership positions within the union. This brings into question the unions' real intentions because it cannot be seen to be aimed at implementing the resolutions on control over the schemes. It could be argued, as McKinley (1998) does, that unions are more interested in grabbing as big a slice as they can from what the essentially bourgeois BEE has to offer.

If that is the case then we are back where we started with Gramsci (1978) asserting that unions abandon the working class perspective easily. Otherwise, why are unions disinterested in enforcing a change of culture within their companies?

Controversially, Molaba offers a view that the companies may be using patronage to make sure that those who represent workers in their structures of governance toe the line. Molaba (09-05-2007) says that at the sight of possible benefit to the individual, temptation will always be there for one to abandon any considerations for the broader union mandate.

Caine (23-03-2007) shares the scepticism about the seriousness of union leaders to get the companies 'right' and argues that unions may be reluctant to rock the boat and get the companies to toe the line for fear of biting the hand that feeds them since the companies have amassed substantial financial muscle. This is probably why they appear to be less interested in taking stronger action to get the companies to reflect the thinking of the unions in terms of their investment initiatives (Caine, 23-03-2007). While some of Molaba's statements may appear too far removed from reality in the eyes of sceptics, it would be advisable to consider the scenario where not so long ago all former presidents of the South African Democratic Teachers' Union automatically became representatives of the union on its company's board of governors. The puzzling part of this was that it was regardless of the fact that some of them had already joined the world of big business as individuals, thus nailing their colours to the mast as far as their own ideological orientations were concerned. Interestingly, a discussion document on restructuring the governance structures of that company was not met with any positive response.

So one can be left to believe that if unions were keener on exerting an influence over the investment companies, one would long have seen what Sikwebu (08-06-2007) asserts, which is that workers should be seen to be in charge. He says the idea that workers run the companies should be based on the workers being able to elect, deploy, and hold to account and recall representatives they have elected. He suggests that one should ask oneself whether union members can do this as far as the CEOs and directors are concerned. His own conclusion is that they cannot and do not do that because the CEO reports to the board and not the union. So while the members may complain about how things are done, they are limited to complaining only given that even leaders are not keen to challenge the status quo (Sikwebu, 08-06-2007).

Njikelana (28-12-2005) emphasises the same point but also raises the possibility of selfish interests on the part of representatives as a limiting factor as well. He points out that these representatives face a dilemma similar to that faced by shop stewards. According to Njikelana (28-12-2005) a person can easily be overwhelmed by the culture of the establishment as they are exposed to new ways of life and suddenly their perspective of the challenges is diluted. This sentiment is shared by Theron (10-06-2007) who concurs that the companies are run as conservative business entities and follow the same culture as big business, which overwhelms whatever inclination there may have been towards the interests of the working class.

To strengthen the same argument, Sikwebu (08-06-2007) points out that if one looks at the investment decisions of the companies one will see that workers know of decisions to invest in a particular venture only after that decision has already been taken. He points out that it is not the workers who dictate to the company as to where and how it will invest. When deals are negotiated, Sikwebu (08-06-2007) suggests, it is all clandestine and therefore there is no mandate sought from workers before the investment. The submissions by Sikwebu, Theron and Njikelana reflect that the lack of control can be attributed to two possibilities: the self interests of the representatives, and the general lack of space for engagement. The suggestion that representatives may change their positions in order to secure their own interests is not far from Molaba's suggestion that patronage may be a powerful force at play in this regard.

These suggestions are not easy to confirm but it is puzzling that union leaders adopt somewhat bizarre stances on the matter of control. For example, the response of the General Secretary of SACTWU, Ebrahim Patel, to a question posed to him regarding his union's influence over its investment arm, HCI, concedes that he is not aware of all the minutiae of the company, but was satisfied that the union respected the autonomy of the company's management (*Financial Mail*, 18 January 2008:35). HCI consults the union leadership on critical issues so Patel argues that there is no reason to press for more direct involvement (*Financial Mail*, 18 January 2008:35). He also adds that the union always tried to keep an eye on enough detail to ensure that HCI is run and managed well (*Financial Mail*, 18 January 2008:35).

While Patel seems to believe that the union exercises effective oversight over HCI, the company has been embroiled in controversial, if not shady, deals, with some of the empowerment partners it claims to be in business with not being verifiable (*Financial Mail*, 18 January 2008:35). Earlier on in this chapter, it was pointed out that individuals like Copelyn, who is the CEO of HCI, have become extremely rich from cutting themselves a slice from every deal they clinch for the company. Copelyn and Golding are shown to own about 20% of HCI, a stake worth close to R1.6 billion (*Financial Mail*, 18 January 2008:32). While HCI would like to have people believe that SACTWU is the majority shareholder with 40.5% of the shares, it can be shown that Ortaga Investments, a 100% HCI-owned subsidiary, has a preference share over SACTWU Investment Holdings (*Financial Mail*, 18 January 2008:35). As a result of the preference share, Ortaga Investments has the right to veto any decisions SACTWU takes that affect HCI.

Chapter 3 quotes Allen (1967) as pointing to contradictions between the long-term aims of trade unions and their actions in the present. An argument like this can be advanced to suggest that while there are arguments raised against the investment schemes as a strategy of socialist-oriented organisations, it should be considered that the schemes may be a strategy of the immediate. This is a factor for consideration when conclusions of the research are drawn. In the same chapter, Buhlungu (2006) lists factors that contribute to the apparent contradiction between the known political rhetoric of trade unions and the identified actions of the present giving rise to the abandoning of radical political stances for watered down positions. It is interesting to note that, in terms of arguments adduced in this chapter; these factors do not seem to feature in the minds of those who provided views. There is a notable divide in terms of the submissions made by respondents in this chapter. On the one side you have activists like Molaba, Tuluma, Caine and Banda who continue to articulate radical views while on the other hand, people like Godongwana and Nkuna seem to have toned down.

4.4 CONCLUSION

This chapter set out to examine whether trade union investment schemes assist unions like NUM to advance the struggle for socialism with a specific focus on whether the schemes can achieve this through the creation and collectivisation of wealth in order to usher in an equitable distribution of wealth. The chapter also focused on the extent to which the concept of worker control finds application within the schemes. It shall be recalled that in Chapter 1 the radical transformation of society was identified as an essential element of social-movement unionism. In the same chapter it was pointed out that this element, as far as unions like NUM are concerned, is best examined in terms of these unions' declared commitment to socialism.

Flowing from this logic, this chapter unitised the examination of whether these schemes are advancing this struggle by looking at the schemes against wealth creation and collectivisation. The third unit of analysis aimed at accentuating the schemes' contribution to the same struggle as worker control which is introduced to see whether the schemes operate in a manner that gives application to this concept which forms part and parcel of the founding principles of unions like NUM. In recognition of an argument advanced by Msoki (04-01-2006), Nkuna (09-05-2007) and Mojadibodu (01-12-2006) in earlier sections of the chapter, we paid attention to how the schemes can create wealth. Without fail, the evidence shows the schemes as possessing substantial assets which translate to substantial wealth. Some arguments point out that, in creating wealth, the schemes do not show signs of leaning towards a wealth-creating drive that is intended for equitable distribution to society in line with the declared political objectives of the unions.

While the schemes are criticised for this shortcoming, the chapter acknowledges the absence of empirical evidence of successful wealth-creating strategies that are not essentially capitalist. This leaves one with little to go with as far as standards of comparison are concerned and in the end one merely identifies how the schemes create their wealth as potentially harmful to the noble objectives of the unions. Collectivisation, though discussed as a separate unit of analysis, can go a long way to convincing an observer that the wealth-creation drive is for the benefit of society.

The observed absence of focus towards the ultimate goal of creating collective ownership of the economy is in line with the issues raised in Chapter 3 around the appropriateness of the schemes' investment choices which are shown to be both elitist in focus and concerned merely with profit for the sake of profit. The second area of focus relates to whether they are collectivising the wealth they create. It will be recalled that collectivisation features prominently in how NUM, COSATU and the SACP define socialism. Operating on business-is-business approach, the schemes are shown to be operating independently of one another or as individualistic business entities. In certain cases they are shown to even compete against each other in their scramble for stakes in deals that are, sometimes, in areas like gambling and short-term loans. Critics like McKinley (1999) are critical of the schemes in this respect. Not only are the schemes shown to operate in silos but there is also dismay at the lack of will to enforce coordination as far as the activities of the schemes are concerned.

COSATU is shown to have adopted several resolutions aimed at enforcing coordination without any success. The resolutions adopted by COSATU unions in this respect date back to 1996 but as recently as 2006 COSATU was still speaking strongly against continued lack of coordination among these companies (Grawitzky, 2006). Grawitzky (2006) argues that unions are not only unable to exert coordination but are also not comfortable even talking about the subject of trade union investment schemes. While different respondents offer different views in terms of possible reasons for both the apparent lack of will to enforce coordination, consensus is that it is not a desirable state of affairs. The chapter also pointed to this state of affairs indicating that unions may well be interested only in staking a claim to the next available BEE slice with no focus on the long term goal of socialism.

Lastly, the chapter looked at the extent to which the concept of worker control can find meaning as far as the schemes are run. In this respect, a point was made to the effect that one should not confuse this chapter as seeking to address itself to internal democratic practices. The effects of the schemes on internal democratic practices are dealt with in Chapter 5. While internal democracy would look at matters of participation and consultation, worker control is about the working class perspective being felt in the decisions of the union companies and other areas of the companies.

The examination was whether the workers are using their power to eliminate any bourgeoisie tendencies that may creep into the functioning of the schemes. Evidence presented demonstrates a woeful absence of this important aspect in the functioning of the schemes, which allows them to function, as McKinley (1999) argues, as any other company that is focused on profit making. The chapter also shows ordinary workers to be at the periphery of decision-making processes in the companies. Several factors are shown to contribute to this scenario, ranging from a lack of capacity among those elected to serve on the boards that run the companies to a lack of focused deployment by the unions.

Molaba even goes to the extent of suggesting that unions are not interested in beefing up the capacity of those who represent workers in the boards that run the schemes. This is shown by unions choosing to deploy those leaders that are no longer favoured for leadership positions in the leadership structure of the unions. He also mentions patronage that the schemes can dish out as a potential limiting factor to the representatives expressing their true views on how things should be done. Njikelana (28-12-2005) refers to this as a situation where the representatives try to endear themselves to the companies to increase the chances of acquiring personal rewards. All of these factors undermine any argument suggesting that the schemes can and should be seen to be enabling unions to advance the struggle for socialism. If anything, one can argue that what McKinley (1998) identified as entities simply taking advantage of BEE to grab a slice of the economic cake presents a compelling case for Gramsci, who accuses unions of being quick to abandon any pretence to the struggle for socialism at the sight of the slightest concessions by capitalism.

CHAPTER 5

UNION INVESTMENT SCHEMES AND INTERNAL DEMOCRACY

Our strength in the union [in the 1980s] was that we were open and openly accountable. – Moses Mayekiso (in Bell, 2009)

5.1 INTRODUCTION

Moses Mayekiso is an internationally renowned former unionist who can easily represent everything about the evolution of the South African labour movement. He was a central figure in the re-emergence of unions organising African workers in South Africa after the 1973 rapture. His assertion, therefore, carries even more significance because what he declares about unions and internal democracy is a statement of fact presented from a firsthand experience. It is not impossible to fathom why it is that Moses Mayekiso presents this assertion as a statement of what used to be. Buhlungu *et al* (2008) refer to a variety of factors that pose serious challenges to this tradition of the South African labour movement. Bramble (2003), already referred to several times in this thesis, makes similar observations and so do several other sources cited in this thesis. These two strands of argument reflect the focus of this chapter in so far as they relate to the culture of internal democracy within the South African labour movement.

Fosh and Cohen (1990:107) point out that union democracy has been a subject of public scrutiny since the time of the Webbs. Indeed in the recent past there has been extensive work done examining this aspect of the South African unions. This thesis has used Buhlungu *et al* (2008), Bramble (2003) and Bezuidenhout and Buhlungu (2007) to support some of its assertions in this respect. In their own examination of the subject of trade union democracy, Fosh and Cohen adopted what they refer to as an approach that looked at day-to-day interaction between ordinary workers and elected representatives with the former being the central feature of the discussion.

The value of such an approach, according to Fosh and Cohen (1990:107) can be found in its ability to examine union democracy outside the potentially empty shells of formal machinery. In other words, this approach enables one to examine the concept beyond the mere existence of formal structures and procedures. Unlike most recent studies of union democracy, this approach takes a practical format focusing on internal democracy through tangible action rather than looking only at formal procedures and structures.

This chapter uses the same approach to focus on how trade union investment schemes impact on internal democracy, a longheld tradition of unions like NUM. Relying on Friedman (1987), Maree (1987), Webster (1985, 1987) and Von Holdt (2001), Chapter 1 showed internal democracy to be the rock on which the very survival of trade unions like NUM was built. For example, Maree (1987:3) declares that the democratisation of unions was an important area of focus for the founders of the post-1973 independent unions. These sources provide compelling evidence elucidating how the culture of internal democracy became an integral part of the history of these unions. One cannot help but think back to the observations by Bramble (2003) referred to in Chapter 1 and Buhlungu *et al* (2008) in Chapter 3 in relation to the possible waning of this feature on South African unionism. This part of the criticism of the trade union investment schemes relates to what critics identify as the glaring absence of ordinary members of unions in shaping the path of companies. For this research it is an important factor given the prominence given to the character of these unions.

The examination of this element of social-movement unionism is made even more important by observations by Bramble (2003) and Buhlungu *et al* (2008) referred to in the preceding paragraph. As shown in Chapter 1, Bramble (2003) identifies internal democracy as one of the elements of social-movement unionism that have come under threat since 1994. Curiously, much earlier than these two sources, Maree (1987:8) was already pointing out that as COSATU and its affiliates grew bigger, and the issues with which they engaged grew more complex, the role of the ordinary members diminished. This led the workers becoming remote from the issues that unions were contesting in the 1990s due to limited communication.

One could concede that the focus of the critique by Maree (1998) would have been more on unions' day-to-day functioning; namely, matters that relate to dispute resolution and general decision-making. Given the recent findings by Bramble (2003) and Buhlungu *et al* (2008), the observations by Maree (1998) become an even more reasonable basis for one to establish whether the same trend cannot be seen to apply to the critical matters of investment schemes. In establishing how trade union investment schemes have affected this tenet of social-movement unionism for unions like NUM, this chapter focuses on the extent to which the business of the schemes features in the day-to-day lives of ordinary members. Specifically, it looks at whether local structures of the unions and ordinary members inform the positions that senior leaders take to board meetings of the investment companies with the same effectiveness that Friedman (1987), Webster (1985 and 1987) say they did in holding their unions to account in the 1980s.

In the preceding chapter, the researcher advanced an argument that it can be disempowering if union members only interact with information on the schemes mainly in the form of reports. Reports reflect what action that has already taken place or a decision that has already been taken. This chapter explores this fact in greater detail to determine the true state of affairs with particular interest on the extent to which the investment choices of the investment companies reflect the aspirations of the ordinary members.

5.2 THE MINEWORKERS INVESTMENT COMPANY AND THE LOCAL STRUCTURES OF THE NATIONAL UNION OF MINEWORKERS

Relying on Friedman (1987), Maree (1987) and Baskin (1987 and 1991), Chapter 1 showed that ordinary members of South African unions were the central feature of the unions' activities in the 1980s and 1990s. Local representatives of different trade unions were shown to inform, in a very genuine and effective way, the decisions taken by unions on important issues like unity. At regular intervals, these members assembled to map the way forward for their organisations as well as to report on their own activities over time. This became the defining feature of unions like NUM and is one of the important factors for consideration in categorising these unions under social-movement unionism.

However, as observed by Bramble (2003), this tradition has been declining within the unions since the arrival of democracy in South Africa. It will be recalled that the central argument of Bramble (2003) relates to what he observes as the reliance more on expert officials to the detriment of the involvement of ordinary members. The point is not to suggest that an unskilled, ordinary member should be preferred ahead of a skilled official to represent the union in, say, an investment choice. The issue is that, because of the changing nature of interaction between unions and management, ordinary members tend to occupy the back seat. Michels' (1965) arguments with respect to how trade union officials tend to substitute their own preferences for those of the ordinary members were dealt with extensively in Chapter 1.

While he may not have been aware of these observations, Hibana (10-01-2008) who serves on the MIC board and is the secretary of the Carletonville region of NUM, gives credence to them when he declares boldly that he does not really need to organise a local or regional meeting to seek mandates from every union member on what positions to take on matters appearing in the agenda of the MIC board. Hibana (10-01-2008) believes that the union has trained its officials enough to have a very good idea of the correct positions in the interest of the union on most issues including those of the company (10-01-2008). He says that even when representatives attend meetings of national structures of the union as regional representatives, they receive reports presented from the Secretary of the union on all issues, including the MIC.

Regional representatives will take these reports back to their regions and report to members and, according to Hibana (10-01-2008), in these meetings there is an opportunity for all members to contribute to the debate. What Hibana is saying, therefore, is that representatives have sufficient knowledge to know what the members they represent and lead want, and that representative can speak on behalf of the members even without hearing their views on a specific matter. As noted in Chapter 1, Bramble (2003:189) decries this as reflecting a break in the mandate principle where elected representatives of union members simply strike without consulting ordinary members.

This approach, which suggests that the leader knows everything the ordinary member thinks even before he or she thinks it, is also reflected in Mojadibodu (01-12-2007) who believes that the training the unions take their leaders through equips them to understand the needs of the workers perfectly. This leads to the legitimisation of a top-down approach to handling union matters, which not only threatens this longheld tradition of participatory democracy within unions, but also has the potential to demobilise the ordinary members. As noted above, the notion that 'leaders of unions always know best' is at the centre of the notable rise in what Michels (1959) refers to as the iron law of oligarchy. Even current serving union leaders concede that the adoption of a top-down approach, which can lead to the demobilisation of the members, is more than just evident in how the schemes operate.

Molaba (09-05-2007) laments that the culture that is creeping in now, entrenched even more within the context of the trade union investment schemes or their companies, is one where members simply become disinterested. Workers, according to Molaba (09-5-2007), end up adopting an attitude of not bothering themselves with what is going on because the leaders are there to take care of things on their behalf. This is a very dangerous trend, given what Molaba (09-05-2007) suggests about the capacity of these companies to dish out loads of patronage. In such contexts, one cannot help but anticipate a situation where low-level structures of unions are reduced to mere conduits of decisions already taken at board level. Instead of being the centres where mandates are obtained, local structures simply transmit to the rank-and-file decisions that have already been made elsewhere. Mgedezi (12-02-2008), a regional leader of NUM in the East London area, bears this out when he says that at the regional level members interact with issues coming out of MIC in the form of reports that are given during CEC and NEC meetings where regions are represented. His comfort with the status quo stems from the fact that, when such reports are given, they debate them rather than simply accepting them (Mgedezi, 12-02-2008).

Evidently, the last part of Mgedezi's point reflects his lack of realisation of how emasculated he has become as a leader by accepting that his role is to receive what has already been conceptualised on his behalf and to transmit it to the rest of the members. It is also a desperate attempt to shield what is a clear shortcoming inherent in how his union deals with the MIC. Bramble (2003:188) argues that the disappearance of worker control in the activities of COSATU will, eventually, reduce the federation and its affiliates into mere captives of political forces. In the context of wanting to see how trade union investment schemes affect this aspect of social-movement unionism, Bramble's observation can be extended to suggest that unions like NUM are becoming captives of a capitalist ethos by simply denying workers an opportunity to provide leadership.

There is a longheld belief that, over time, union leaders tend to act more in their own interests as individuals as opposed to those of the membership. Mgedezi (12-02-2008) makes an unintended but telling confession to this suggestion. He suggests that ordinary members tend to be uninterested in matters as complicated as investment strategies (Mgedezi, 12-02-2008). He supports this by arguing that even when reports about MIC matters are given; workers show signs of looking forward to discussing the next item rather than engaging with the report, even though the union itself encourages a bottom-up approach (Mgedezi, 12-02-2008). The last part of this suggestion can only be a valiant attempt to justify what Mgedezi recognises as a serious blight on his union's commitment to internal democracy. He omits, though, to explain the source of this mass apathy is. Clearly, this is to be expected if the only way that ordinary members of NUM interact with MIC matters is when they receive reports. It should be borne in mind that what is being reported on may not even be something that the ordinary members want in the first place. If the leadership has not provided space for the members to tell them what workers would prefer to see them do, how do they even know that what they are reporting on is of interest to workers? Apathy can be a strong rejection of what is essentially the perpetuation of the top-down approach of the leadership.

After all, it is Mgedezi (12-02-2008), who concedes that they rely, mostly, on reports coming out of NUM's NEC and CEC meetings for briefings on the activities of MIC. The reliance on reports coming out of CEC and NEC meetings means that ordinary members get to deal with MIC issues after the fact, thus limiting their ability to influence decisions let alone having their preferences considered before decisions are taken. As argued above, this is a serious blight on the union's continued claim to being committed to internal democratic practices. The notion that mass apathy is due to the emphasis the unions now place on representative officials as being the ones to shape debates and dictate policy directions is supported by Bramble (2003:193), who points out that a combination of the new labour relations environment and the reliance on expert officials has severed the link between the workers and the union. Interacting with Andile, Zwayi and Mzi, three ordinary members of NUM who come from different plants around Port Elizabeth, the researcher was amazed at how little they could share about the union's investment company. In fact, the three respondents expressly declared their lack of interest in meddling in matters of which they have no knowledge. Andile says:

It is important to show that the union does share with us most decisions that they take at national level regarding this company. For example, I know that last year it paid for children of poor families to go to school. We also see leaders getting training because of the help of that company. So, it is not as if I don't see what the company does. The leaders have got the skills to do right things for us in that company (12-02-2008).

Clearly, this member of NUM is trying hard not to come across as rocking the boat by second guessing his leaders or those running his union's company. However, this is more than a mere lack of interest, but rather a clear indication that ordinary members are not involved. While this supports the point made by Mgedezi (12-02-2008) about workers not wanting to engage in debates on complicated subjects, it is also a confirmation of the concerns raised earlier around a lack of involvement leading to apathy. A stop-gap measure could be to train members on the matters of business. This would be a stop-gap measure because all it would do is empower members with the functioning of business so that they contribute during discussions.

But this should be what unions empower members to do, they should be training them to appreciate the negatives of the functioning of business in the context of a capitalist system.

By Mgedezi's own admission, it is only once in five meetings that the subject of the activities of MIC features among agenda items of his region's meetings and, on all these occasions, the matter comes up in the form of a national report (12-02-2008). Further, given that the business of MIC is a complicated matter and that workers are not always willing or able to discuss such matters, workers are usually more than willing to move on to other agenda items with no interrogation of the reports relating to MIC business. Zwayi confirms that matters relating to MIC do not feature in the meetings of his local structure and admits that the reports focus on issues such as the number of new bursars and not on planned investment initiatives. Critical to what Zwayi says is a suggestion that reports are not about what has yet to take place but on that which has already been decided.

5.3 PREFERENCES OF ORDINARY MEMBERS

Central to the concept of internal union democracy, as pointed out by Joe Forster (cited in Maree, 1987:233), is the ability to produce leaders who can speak from a clear and democratically obtained mandate from the ordinary workers. As shown in Chapter 1, this was the cornerstone of the survival of unions, especially FOSATU affiliates, in the 1980s. The principle of internal democracy and worker control, an inheritance from this tradition continued to be the official declared ideal of all COSATU unions. At a practical level, and in the context of union investment schemes, the way to see whether the principle still endures is by examining how the preferences of ordinary members are reflected in issues such as the social projects of investment companies.

Establishing whether there is a link between the immediate needs of NUM's members and the flagship investments and social programmes of MIC enables one to test whether the argument of Michels (1959), that ordinary union members tend to sacrifice their own views in a show of respect for leadership, applies in this case.

From this, one should be in a position to conclude whether meaningful internal democracy endures in the context of investment schemes.

5.3.1 Soft landing for striking members

The Labour Relations Act of 1995 gives employees the right to strike provided certain requirements are complied with. Attached to this right, though, is an internationally recognised principle, which states that an employee is not entitled to remuneration for the duration of a strike. While the unions generally exercise the right to strike to win a better deal during wage negotiations, a union like NUM has been involved in a number of strikes in support of demands relating to workplace transformation. In 2007, the Carletonville region of NUM saw no less than three strikes with employees challenging what was perceived to be racist tendencies of mine bosses (Hibana, 11-03-2008). Hibana (11-03-2008) points out that these three strikes lasted for about three days. For the affected members, the strikes also meant a loss of three days' worth of income, which meant anything up to R150 a day. It came as no surprise, therefore, that when Andile and Mzi were invited to share views on what they would prefer MIC to prioritise, both pleaded for insurance against loss of income during strikes (12-02-2008). Andile explains the plea by pointing out that:

Members lose a lot of money when they go on strike because you do not get the money if you are not at work during strike. Sometimes strikes take a long time to finish and if it goes on for four days, your money for that week or month is finished. The union can help us by giving us the money we do not get from the employer because of strike (12-02-2008).

These views on basic strike insurance are presented as pleas because that is how they were articulated. One could not help but feel that they were almost apologising for speaking out of turn as though they were communicating a request for something they were not entitled to. Certainly one did not get a sense that they were members seeking to assert a right they have, which is to dictate the agenda of the union and its agencies like MIC. This adds credence to arguments suggesting there is an erosion of social-movement tenets, specifically the issue of internal democracy, and strengthens the claim by Michels that union officials invariably become an oligarchy.

Those most likely to feel the pinch of no-work-no-pay are the lower paid members of the unions. They form the majority of the membership and one would expect that issues that harm them would be at the top of the unions' agenda.

A strike fund refers to payments made by a union to its members who are on a protected strike. Clearly, such an undertaking would mean unions having to pay large sums of money to workers; hence it may be argued that unions like NUM would, in all likelihood, be crippled if they were to be expected to sustain workers' income during strike periods. Considering that on any given occasion of a strike action there may be thousands of employees participating this is a reasonable suggestion and therefore this expectation by ordinary members would be considered unreasonable. Besides, if a union were to go under because it had to pay wages to employees that were on strike, the members would be left vulnerable with no protection at the workplace.

Having said that, though, it must be recalled that the focus is not so much on the prudence of the choices that ordinary members express but whether they are provided space to raise these preferences. Internal debates within NUM would have provided an opportunity for members to examine the prudence of this as a choice. If, through democratic processes, it is decided that it might bankrupt a company like the MIC, alternative approaches could be found. Instead of expecting the MIC to foot the bill for the fund, the company could provide seed capital and then engage agencies like the MDA to solicit contributions towards the fund. Better yet, as is shown to be the case with the American Federation of Musicians Symphony Orchestra, members can be required to make contributions to the fund (www.icosm.org).

What needed to happen was for space to be seen to be provided for ordinary NUM members to declare a preference for what they think their company should do. Bramble (2003:194-5) lifts the same point from an interview with two NUMSA veterans who raise issues such as ordinary members having to be submissive to the word of the shop steward when it comes to important decisions of the union. This is in complete contrast to how things were before the arrival of democracy in South Africa and is at the centre of what informs this study and appears to have prompted the conclusions by Bramble (2003).

5.3.2 'Rather get us out of these shacks'

Bezuidenhout and Buhlungu (2007:260) point out that a lot has changed since NUM first came into existence, which has necessitated the adoption of more sophisticated strategies. One of these changes is that a large number of NUM members have moved from the mine compounds to live in informal settlements and local townships. This is an interesting observation considering that the provision of housing is the second issue that ordinary NUM members express a preference for as an area of involvement by the union's investment company. Mazwi, a miner based in Mbalentle, Mpumalanga, is a member of NUM and bemoans the fact that back home in Mdantsane, Eastern Cape; he still has to stay in a shack. He expresses the wish that his union could use the some money that it makes through this company to assist him to get himself a house (Mazwi, 15-04-2007). Mazwi holds a view that other members of the union who live in townships also want houses and that they struggle to get RDP houses since it takes a long time for these to be given to people. In his township, he says, people wait for a long time for these RDP houses because sometimes even the councillors are not caring enough (Mazwi, 15-04-2007).

Mazwi's frustration stems from his circumstances where at work he lives with his girlfriend and their three year old son. For a long time, he has been struggling to take them with him when he visits home for holidays because the four-roomed house his family own is small. There are seven other people who also live in the house and it becomes congested when everyone is home. For this reason, he opted to build himself a backyard shack but if he had things his way, his union should be helping him secure his own house where he can stay with the son (15-04-2007). What this member suggests reflects the wishes of several other members of the union with whom the researcher had an opportunity to interact. The important question to ask is how it became possible for MIC to miss these views of the members. One is open to the possibility that preferences like the ones expressed by ordinary union members such as Mazwi may not necessarily be considered viable options for these companies for a number of reasons. As argued in the preceding section, the issue being investigated is not the quality of the contributions in expressing preferences for investments, but the extent to which there is space for preferences to be entertained.

This examination is even more necessary given that, as shown in Chapter 1, companies like MIC are said to exist in order to enhance the unions' capacity to make a difference in the lives of members and to contribute to social reconstruction. For this chapter this examination is central to establishing whether the culture of internal democracy still endures in the context of unions venturing into the world of business. Later on in this section we deal with potential challenges with this specific preference of the respondents.

The situation facing Mazwi, as far as the need for housing is concerned, affects several other members of NUM. The union's members who work for the national electricity distributor, Eskom, in King William's Town, emphasised the need for assistance with housing. Breakfast, an electrician who lives in an informal settlement near Ilitha, adds to this call. He points out that the shack that he calls home is not a good thing because one can never know whether it will survive when there are strong winds (2008-03-20). Listening to this respondent one detects a deep sense of desperation arising from a feeling of hopelessness. Even more striking is his appreciation of the challenge of relying on government-driven programmes around housing. He laments that the shack will be his home for a long time if he relies only on the RDP houses because of problems that come with how the process is managed. He says the queue (sic) is too long and the officials sometimes play tricks with applicants (Breakfast, 2008-03-20).

The desperation, according to Breakfast (2008-03-20), has driven people in his area to consider adopting an approach used by a group of women in Cape Town who build on their own homes without hiring other people. He believes that the company of his union could consider supporting people like him to venture into similar projects because it would make a lot of difference for union members in similar situations (Breakfast, 2008-03-20). Clearly, there is sense in what is being canvassed by people like Breakfast for two important reasons. Firstly, even if one were to argue that it would be a costly exercise for the MIC to venture into the provision of housing, the approach being suggested by Breakfast would go a long way to minimising costs without affecting the quality of the product negatively. Secondly, even if one argues that, for a variety of reasons, the function of providing housing should be left to the government, one would be ignoring the challenges listed by Breakfast (2008-03-20).

It is public knowledge that current government housing provision schemes are riddled with challenges ranging from capacity to corruption, which hamper delivery in a significant way. The result is heavy backlogs that, one would argue, provide a reasonable basis for the pleas of people like Breakfast. If there is this obvious need for assistance on the part of union members, the company or at least the union should not be this silent about it. Not only would this suggest that these preferences have not been heard but also that the very object of the existence of the companies has been overlooked.

As noted above, investment choices of trade union companies like MIC can reflect missed opportunities in terms of driving the struggle for social reconstruction through socialism. Looking at these companies' investments and comparing them with what ordinary members are saying highlights the fact that these companies have little or no regard for the preferences of ordinary members when making investment decisions. This clearly undermines claims of commitment to internal democracy. If three out four NUM members interviewed raise the matter of housing needs one wonders how it has not found its way to the top of the list of agenda items of the MIC to the point where it does not even feature in the company's areas of immediate focus.

One could argue that this scenario not only exposes the limited involvement of ordinary members in the running of companies like the MIC, but it also reflects the company's choice of investment projects, which were not preceded by a thorough analysis of members' needs. Such an analysis should have taken the form of basic questions to ordinary members about their most immediate needs. Through such an exercise the company would have had a better sense of what the most pressing needs were as far as NUM members are concerned. This lack of consultation, as noted above, prompted McKinley (1998:102) to argue that investment initiatives of the trade union companies were a rush to cash in on the bandwagon of getting a piece of the black economic empowerment action.

To be sure, Njikelana (28-12-2005) suggests that the noble goals of trade union investment companies cannot be regarded as genuine given that the companies do not set aside time to canvass the views of their members. As far as this specific issue is concerned, trade union investment companies are not only failing to hear their members, they are reneging on their own commitments. Iheduru (2001:9) provides telling evidence that shores up this suggestion by quoting the chief executive officer of Kopano Ke Matla as identifying housing as a critical area of focus for the company. What is difficult to comprehend is at what point such an important commitment gets lost in the mist of accumulation. The likely scenario is that this strategic area of focus gets lost in the stampede as these companies jostle for the best possible deal out of the BEE madhouse.

5.3.3 'Free our projects from the clutches of capitalists'

In Chapter 4, reference was made to the arguments that union investment schemes cannot be seen to be contributing to the struggle for socialism. One such argument, which has relevance for this section, relates to what McKinley (1998:105-6) sees as investment initiatives whose core result is the solidification of existing capitalist relations of production. The Marula project of NUM, referred to above, bears all the hallmarks of this characterisation. While the rural women who participate in the scheme have representation on the trust, in reality they are employees rather than owners of the trust. Molaba (2007-05-09) bears this out by lamenting a situation where union members and their dependants sometimes require financial assistance for a variety of locally based projects. In spite of this need, Molaba (2007-05-09) accuses trade union companies of choosing to enter into confusing trust schemes, which turn out to be schemes intended to usurp the ownership from legitimate owners, the members, to a few greedy individuals. One cannot help but think of the Ortaga case referred to in Chapters 1 and 3.

The design of local projects that are funded by union companies should transform ownership patterns instead of perpetuating the status quo where funding leads to those being funded subjecting themselves to the ultimate authority of the funders (Molaba, 2007-05-09). This will happen if all that union investment companies do is to act as fund-raisers instead of deploying their resources to support these projects.

If companies like the MIC funded community-based projects instead of depending on outside funders, the specifications that the funded projects have to meet would be those agreed to between the union and the participants. In instances where funding is from outside parties, they dictate specifications to the projects.

The unintended consequence of this is a situation where projects have to adapt to the specifications of the funder and not the other way round, as a result of which one is left with projects that do very little to achieve the ideal expressed by Molaba (09-05-2007) in the above paragraph. Besides, it cannot be said that there are not enough projects to fund which have the potential to meet the ideal. For example, in a village in the Eastern Cape known as Roxeni, a group of retrenched mineworkers who used to be members of NUM established a loose co-operative to earn a living. It is run along the lines of small-scale leaf-crop growing where the project members plough fields and plant vegetables to sell to surrounding villages and hawkers from Alice and Fort Beaufort. Surplus produce is shared among the members and the rest of the village. The members themselves run the project through a coordinating structure of elected representatives. According to Ceza (2008-03-28), the two central challenges faced by the project are the lack of capital necessary to upgrade implements, and the need for training in basic management, marketing and crop management (Ceza, 2008-03-28). It is puzzling how MIC failed to spot a project that has all the hallmarks of a community empowering project. One can only suggest that the failure by MIC to embrace a project like this gives credence to a suggestion by Molaba (2007-05-09) that companies like MIC are only interested in projects where the locals are mere employees as opposed to owners and partners.

Ceza (2008-03-28) agrees and suggests that MIC, like any other company, is more likely to be attracted to projects that have potential returns for the company. She says the Roxeni project belongs to the members and has survived as long as it has because of this. Most profit-driven enterprises will not find it attractive given that it does not offer returns to anyone but has a strong emphasis on food supply needs of its members, the local community and surrounding communities. For this reason, she feels that the project is a winning formula that deserves better recognition from companies like MIC (Ceza, 2008-03-28).

The Mineworkers Development Agency (MDA), as the implementing arm of the MIC, laments its limited capacity to meet the needs of every ex-mineworker in the country (Zoe, 2008-04-02). Owing to this, MDA can only act as a fundraiser for projects. Therefore, a project like the one in Roxeni would have to compete with many others for a funder to give assistance to the project. This implies that a project like Roxeni would have to satisfy standards set not only by MDA, but also by the external funder. This is probably why Caine argues that:

Trade union companies, by and large, exploit the strength of the membership to secure business deals with private capital. They offer the hundreds of thousands of members to a potential business partner and say give us a better deal and we will deliver to you our members as potential clients. That is why you are unlikely to find union companies active in legitimate co-operatives because quite often they have to bring in a private, profit-driven organisation as a partner. What then emerges are complicated structures coordinated by a trust where the locals will be presented as partners when they are no more than employees (Caine, 2007-05-23).

To the extent that MDA is unable to fund projects like the one in Roxeni out of its own coffers and depends on private organisations like BP for funding, it is plausible to suggest it is a fund raising arm of the union and its company with no financial base of its own. The question is why the MIC is unable to use its own money for these projects. This is the case because, as Caine (2007-05-23) suggests, their role is to plead with funders like USAID²⁰ for assistance. In fact, Njikelana (28-12-2005) agrees and confirms that most trade union funded projects are attached to established, profit-driven companies or some other funder with divergent founding views to those of organisations like NUM. As a result, Njikelana (28-12-2005) argues, the funders use these projects to advance their own agendas which will not advance the struggle to alter the relations of power in society. Even as one notes that the USAID is not a profit-driven organisation, one cannot miss the fact that it promotes a specific political agenda.

²⁰ MDA lists USAID as one of its strategic partners in driving locally based projects aimed at empowering retrenched mineworkers.

Zoe (2008-04-02)²¹ acknowledges the important role played by agencies such as USAID in making possible some of the projects MDA drives. In fact, one gets a sense that MDA has adopted the do-not-look-a-gift-horse-in-the-mouth approach when dealing with agencies like USAID. As can be seen by looking at USAID's central objectives, this organisation makes no bones about its desire to extend the political influence of the United States government. The choice of USAID as a strategic funding partner for the MIC is puzzling, but when we consider how USAID defines itself, this becomes clearer: the agency sees itself as extending a helping hand to people in developing countries who are struggling to make a better life for themselves.

By its own admission, the work of USAID is centred on a desire to extend and entrench the United States' foreign policy interests (www.usaid.gov). These would include the protection of the core ideology of capitalism which is at the centre of the economic policy of the United States of America. The agency also openly declares that it receives overall policy guidance from the Secretary of State in the United States government. In reference to funders like USAID, Molaba (09-05-2007) says that one would be surprised by some of the companies that the union companies use to get funds for projects that are supposed to empower local communities or retrenched former members of unions. Some have clear political undertones that contradict those of the unions and others carry imperialist political programmes aimed at advancing the interests of the mother country (Molaba, 2007-05-09).

Banda (2008-09-11) is equally dismissive of USAID as a funder that should involve itself with any project that has potential to alter the relations of power in society. He points that USAID makes no secret of its desire to extend the US ideology into the developing world. According to Banda (2008-09-11) anyone who imagines that the agency would make a cent of its money available to projects that have any semblance of insulting the capitalist ideology is dreaming. If anything, the USAID would rather fund projects that are fronts to destabilise political opponents of America (2008-09-11).

²¹ This respondent chose anonymity: she works for MDA in project identification and works to secure funding for projects.

The United States government is not shy to declare that central to its foreign policy strategic focus is the need to defend the country's political obligation of countering the country's political adversaries. By extension, therefore, the USAID agency should be seen to exist with this purpose in mind given, that it takes its tune from the Foreign Affairs department of the United States government. Foreign aid, whether driven through USAID or any other similar agency, should be seen as intended to sustain social and political structures that do not threaten or clash with those of the United States government. In fact, the United States government declares that failure to appreciate this endangers the pillars of that country's security and survival as a dominating force as far as international power relations go. Further, the USAID agency claims to have an interest in seeing that scientists are assisted to develop new and more productive varieties of seeds capable of withstanding harsh climatic conditions. What immediately springs to mind are the current controversies around genetically modified food products that are deemed to pose a serious danger to indigenous plants. This can be seen as a perfect example of this agency thinking only of itself instead of those it does business with.

Iheduru (2001:10) identifies alliances with white-owned businesses as one of the strategies adopted by trade union investment companies like the MIC. As pointed out in Chapter 3 the MIC has, as one of its partners, BP. British Petroleum (BP) lists its partnership with MIC as of strategic value since it offers the company an opportunity to guarantee itself a future in the industry and the region, thereby sustaining its operations. BP hopes to achieve this by diversifying and broadening its shareholder base to include previously disadvantaged communities. Driving BP when the company entered into deals with the MIC was what Ramashia (www.bp.com) refers to as a desire to find investors with a good business track record. Further, BP realised the need to broaden its shareholder base as opposed to benefiting just a few, as was the case in the past. This, in the view of the company, would contribute to social and economic transformation.

So, central to BP's association with the MIC is a desire, on the part of that company, to use its association with the MIC to protect the core interests of BP and not to facilitate its takeover by the MIC. Mojadibodu (2007-05-09) does not appreciate this and simply boasts that they are extending influence over BP's approach to business.

In other words, he is of the opinion that MIC is on a path towards transforming BP into an organisation that is compatible with the broad political goals of NUM. While his optimism may be a source of inspiration for those in NUM who think like him, it does not appear to be in touch with reality as far as this matter is concerned. If one scrutinises the views expressed by Ramashia (www.bp.com), one should not fail to see that BP is interested in securing its future as nothing less than a profit-driven organisation looking out for the interests of shareholders.

The two paragraphs above reveal several important factors for consideration given the focus of this research. Firstly, there is a clear discord between the interests of a company like BP, as expressed by Ramashia, and the plans of the MIC or NUM as expressed by Mojadibodu. While NUM, through the MIC, appears to be looking to extend its influence over how BP is driven, BP aims to use its association with the MIC to protect its own interests. One wonders how Mojadibodu cannot see this obvious discord between his assessment of the relationship between the MIC and BP. One can argue that not only is the MIC failing to set aside time to hear what NUM members want but is also not aware of what it can and cannot achieve in its relationship with companies like BP.

Secondly, what Mojadibodu (01-12-2006) presents as a genuine belief in what the MIC is achieving through its relationship with BP is no more than a desire to bury his head in the sand and hide from having to acknowledge their shortcomings. Either that or all of this reflects that ordinary members get left out because they are going to upset the cart by making suggestions that are in contrast with the deals that these companies are already focused on. In other words, all this talk of transforming the relations of power, changing the patterns of wealth-distribution and creating equitable access to the benefits of the economy is talk that is aimed at shielding the brazenly capitalist activities of these companies. The other possibility that can be deduced from the submissions by Mojadibodu and Nkuna is that the South African labour movement, through their investment companies, have blurred the demarcation lines between their declared political objectives like commitment to democratic practices. So instead of acknowledging errors of judgement in not providing space for ordinary members to express preferred choices for investment decisions, they resort to make-believe where fantasy replaces reality.

Like Mojadibodu, Nkuna (2007-05-09) is full of praise about how NUM is driving economic transformation through partnership with companies like BP. He believes that:

With our partnerships with agencies like USAID and companies like BP, the MIC is going to make strides in transforming the economy of South Africa into one that is there for the benefit of all. The projects of ex-mineworkers, which we support through MDA, benefit from these great partnerships. These projects are making a difference in the lives of many families (2007-05-09).

This is the same leader who, in Chapter 3, argued that they count on the conscience of individuals to appreciate that the money they get for bursaries is from an organisation that is fighting for socialism. In Nkuna's view, this conscience should transform such people into soldiers for the cause. It is not so much that Nkuna's arguments are unsound and incorrect that is puzzling, but that he also seems oblivious to what is an obvious conflict of interests between the MIC and companies like BP and agencies like USAID. Such an appreciation should be a basic sense of reasoning that informs the MIC since the MIC is a company that should be based on an ethos that is different to BP. The MIC should be a vehicle through which NUM intervenes to contribute in the struggle not only to alter the relations of power in society, but also to overhaul them completely.

Instead of providing space for ordinary members, companies are shown to be becoming party to initiatives that give cosmetic changes to the outlook of the profit-driven ethos of companies like BP. It is for this reason that one is left wondering whether this blatant ignoring of what ordinary members may want is not a deliberate ploy aimed at shielding this fact. The conflict of interests is there for everyone to see, but senior leaders continue to imagine that their association with these established companies achieves more than what is provided for through the BEE. It cannot be that these leaders are not aware of this; the only logical conclusion is that they have lost sight of the strategic goals of the organisations they belong to in the first place.

The South African labour movement, through these investment companies, has plunged into the BBBEE pool without no regard for the sharks that have infested it.

Not only do they not seem unaware of the sharks, they also seem to have no clue as to what to do when the sharks attack. Instead of planning for this conflict of interests, they seem to resort to attempting to convince everyone that they have struck deals with the sharks and the sharks have agreed to behave like domesticated cats.

5.4 CONCLUSION

This chapter presented evidence intended to demonstrate and establish the extent to which the views of ordinary members of NUM have significant influence on decisions of the MIC. This was done by presenting and examining evidence that shows the extent to which the subject of MIC activities features on the agenda of meetings of local structures of NUM. The chapter also focused on the direction of democratic participation processes within the MIC by presenting data showing how decisions are made. The emphasis is on the extent to which ordinary members are given space to contribute to the giving of mandates to representatives before decisions on the future of the company are taken.

The focus on the demands by NUM members indicates not only how aware they are of the MIC and its activities, but also the extent to which representatives at the MIC debate on the basis of mandates obtained from ordinary members. In addition, these are considered important indicators of the extent to which ordinary members' wishes form the basis of MIC activities and thus the extent to which the culture of internal democracy endures in the context of unions participating in investment schemes. It should be recalled that a commitment to internal democratic practices has always been a central feature of the labour movement in South Africa and an important characteristic of social-movement unionism.

Both the members of NUM and the leaders at regional levels who were interviewed painted a picture of the membership only dealing with MIC issues at a stage when these come as reports from higher-level structures. In other words, there is no space provided for ordinary members to engage with MIC agenda items before the company takes positions on matters of importance, such as investment choices. One regional leader conceded that no time is ever set aside by regional structures to enable members to debate MIC issues before important decisions are taken.

Regional leaders advance a variety of reasons to explain this state of affairs, ranging from lack of interest on the part of the ordinary members to blank-cheque trust that is given to those deployed by the union to MIC.

One regional leader, who also serves on the board of directors of the MIC, unwittingly exposed a view that could be referred to as the 'we-know-what-the-members-want' attitude. This attitude is used as justification for representatives not considering it prudent to organise local consultative sessions with local leaders and members of NUM before attending meetings of the board. This can easily be seen as a serious, if not blatant, neglect of an important tradition that has come to define most of these unions. As noted above, one of the reasons given by leaders for this limited involvement of ordinary members in the activities of the company is that the members tend to show little interest in what they consider to be complicated issues such as those that MIC deals with. Because of this lack of interest, members leave everything to leaders. Even if one were to consider this a valid argument, it still would not explain the apparent failure on the part of regional leaders to capacitate ordinary members. After all, such capacity building would generate the required interest on the part of ordinary members.

This chapter showed some of the priorities that ordinary members of NUM would have preferred to see the MIC tackle. There appears to be a dramatic difference between these priorities and those that the MIC is actually focusing on. While ordinary members express a desperate need for some form of assistance with housing challenges, this does not even feature on the shopping list of the company. Members plead for a fund that would cushion them when on strikes. Again, there is silence on the part of the company around this matter. This highlights the gap between the needs of ordinary members and the activities of the MIC, thus reinforcing the need for involvement of ordinary members. A further contradiction identified relates to the MIC's reliance on agencies such as USAID for funding projects that are intended to empower local communities. In the light of the evidence presented, one could challenge the logic of this partnership given that NUM and the USAID espouse diametrically opposing beliefs. It is controversies like these that the researcher will draw conclusions about and summarise the findings of the research. The findings and conclusions of the research are dealt with in the following chapter.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This chapter presents observations and conclusions based on the data gathered during the research. It also brings into focus issues relating to the impact of trade union investment schemes on the social-movement outlook of COSATU trade unions like NUM. Chapters 3, 4 and 5 have presented data that brings into focus the impact of the investment schemes on two tenets of social-movement unionism: commitment to a radical transformation of society and commitment to internal democratic practices. As declared in Chapter 2, the analysis of data gathered during the research uses the approach of Lincoln and Guba (1985), who argue for categorisation and unitisation for ease of reference and analysis. This chapter uses the units that have emerged to form the focus areas around which the research draws conclusions.

This categorisation and unitisation is observable itself in the last three chapters and in each chapter a specific set of units of analysis emerges and these form the basis of the analysis and the conclusion detailed in this chapter. Each category that emerges is checked against what the researcher has been able to observe when interacting with the published material on the subject. This is to establish whether there is an identifiable relationship between the issues raised in the literature and the evidence that emerged from the data collected during the research. As far as possible, the data is presented "in such a way that any reader can observe, question and reinterpret the data if necessary independent of the researcher's narrative position" (Yin, 1993:71). This is important, especially, considering the potential limitations referred to in section 3.4 and 3.6.

6.2 CENTRAL THEORETICAL ARGUMENTS

It will be recalled that in Chapter 1 the thesis presents an overview of the arguments advanced by Marxists such as Gramsci (1978) and Lenin (1963), who point to inherent flaws in the makeup of trade unions. Critically, Gramsci (1978) shows unions as creations of capitalism incapable of overthrowing the system. Among other causative factors is what he identifies as trade unions' proneness to giving in to the trappings of capitalism even when granted insignificant concessions. Lenin (1963) is shown to sum up this tendency as a reflection of an inherent lack of ideological-centredness on the part of trade unions.

As shown in Chapters 1 and 5 the thesis departs from a suggestion that the schemes may be a reflection of all of the shortcomings identified by the sources referred to above. In other words, the basis of the thesis is that unions, owing to the shortfalls noted by Gramsci (1978) and Lenin (1963), have plunged into the investment schemes with little regard for the implications such a move has on their broad political agenda. Much along the same lines argued by McKinley (1998) that the unions simply wanted a slice of the BEE cake, the thesis examines the extent to which the controversies around the schemes are a reflection of all of this.

In Chapter 1, it was also shown that this hypothesis resonates with the observations by Lehulere (2003) who argues that policy pronouncements by COSATU unions have been characterised by a dramatic shift to the right. Though focusing on a different set of facts, Bramble (2003) expresses similar reservations. His argument is based on what he identifies as an erosion of the culture of placing ordinary members at the centre of trade union activities. For these reasons, one is left with a picture of the possibility that there really is a systematic erosion of this essence of social-movement unionism among COSATU unions.

Through this refocus, this section provides an appropriate comparison of the data collected and the departure point of the research which, according to Bless and Higson-Smith (1995:147), provides for sound conclusions to be drawn. The research's point of departure was to acknowledge that the South African labour movement, specifically NUM, belong to the category of social-movement unionism.

In other words, in starting the project, it became necessary to locate NUM within a specific category of unionism. It is with this that one is able to establish a standard against which the union can be measured. In line with this need to set a standard against which to measure the union and its company, two specific tenets of social-movement unionism were chosen. Looking at the meaning that COSATU and NUM in particular attach to socialism, one is able to know what to look for when examining this aspect of social-movement unionism.

With regard to the commitment to the radical transformation of society and the struggle for socialism, NUM and COSATU place a premium on the collective ownership of the economy. For this reason, schemes like the MIC are examined in terms of whether they advance this ideal or not. It is for this reason that we examine, at length, the extent to which the MIC and sister companies can contribute to the collectivisation of the wealth they have generated over the years. In the absence of this, these schemes are no different to other capitalist-oriented companies and cannot, therefore, be seen to be part of the unions' assault against the core values of capitalism. Not only this, but in the absence of this collectivisation, the schemes would expose unions like NUM as paying mere lip service to the struggle for socialism.

Secondly, the same organisations place at the centre of the same struggle the need for the infusion of a working class perspective into the activities of the organisations through the notion of worker control. In the context of this research the concept of worker control, not only in terms of being represented in boards, is examined as far as the perspective of the working class is visible in the initiatives of the investment schemes. Investment initiatives of a company whose founding body, the union, has committed to the cause of socialism must be seen to invest with a view to advancing the ultimate goal. For this reason, in this research we use the analogy of worker control to demonstrate that the focus is on more than just the mere presence of a few faces of the workers on boards governing these companies: the focus is on the infusion of the working class perspective in the activities and decisions of these schemes.

The second unit of analysis focused upon relates to the extent to which the culture of internal democracy has been diluted in the context of trade union investment schemes. As opposed to what is discussed in the section dealing with worker control, this section focuses on the provision of space for workers to provide inputs on how the companies make decisions. The unions have a culture of respect for internal democracy central to which is providing space for members to be active in deciding the direction of the union. In an environment where, as critics argue, the companies are scrambling for every available slice of the BEE, it becomes easy for these noble principles to be trampled upon. In such an environment, what gets lost is not only the loss of the members' voice but also the opportunity to hear their preferences.

As one loses the opportunity to hear what the preferences of the members are one may end up embarking on initiatives that do not speak to the needs of the constituency. This is central, this thesis submits, as a reflection on both the notion of worker control and the general culture of internal democracy. An obvious implication for omitting to create the space for this expression of members' preferences is the reduction to mere lip service any talk of commitment to these two important traditions and, as argued in Chapter 2, in such a scenario, talk of a social-movement unionism outlook is wrong.

6.3 FINDINGS AND CONCLUSIONS

6.3.1 FINDINGS ON THE IMPACT OF TRADE UNION INVESTMENT SCHEMES ON THE UNIONS' COMMITMENT TO THE STRUGGLE FOR SOCIALISM

Chapters 1 and 4, especially section 4.2, discuss factors that have been considered to inform a conclusion regarding whether trade union investment schemes should be seen as contributing to the advancement of the struggle for socialism. The same chapters show COSATU unions like NUM as having committed to the struggle for socialism. It has been suggested that this feature of the South African labour movement has endured for decades spanning from the 1950s to the present-day democratic South Africa. What Chapter 4 asks of unions like NUM is to show themselves to be working, through the schemes, for the advancement of socialism.

Specifically, the focus in Chapter 4 was on wealth creation, collectivisation of wealth and the infusion of the working class perspective in the operations of the schemes. The suggestion is that these factors are at the core of a struggle for socialism, a fact that is also admitted to in how NUM and COSATU envision the socialist future they are struggling for.

The issue of wealth-creation was not in the initial design of the research but came up as some respondents were advancing arguments regarding what the schemes can contribute to the broader struggle for socialism. Central to what comes out of section 4.2.2 is the acknowledgement of the need to create wealth given that socialism is a redistributive system. Arguments advanced by Msoki (04-01-2006) and Jack (2008) submit that the schemes possess the capability to contribute in this respect because socialism does not, itself, demonstrate efficiency as the creator of wealth. This deficiency, it is suggested, necessitates the acceptance of the reality that entrepreneurship is the appropriate route to wealth-creation. This entrepreneurship spirit, however, has led to trade union investment schemes creating wealth only for the benefit of a few individuals who were once union leaders. These submissions are also in line with the assertions by Hyman (1997) and Allen (1967) who are shown to present a set of factors that have a bearing on how trade unions conduct themselves in the short-term. Central to what is read from these two sources is a need for any critic of trade unions to consider these exogenously imposed factors.

Taking from critics like McKinley (1997), however, one can see this entrepreneurship, for example, as a reflection of how the schemes have contributed, in the democratic South Africa, to the perception that trade unions have abandoned the placement of the struggle for socialism at the top of their strategic agenda. Thus, the wealth-creation by the schemes is a mere reflection of the schemes and the unions taking full advantage of the opportunities created by BEE with no indication that the creation is intended to advance a project other than accumulation of wealth for sectarian interests. The conduct of the schemes is more a reflection of the unions exploiting the opportunities provided for by the BEE on their way to becoming full-time stakeholders of the comrade capitalism system.

This is the same BEE that is driven by the inner logic of capitalism which, according to Ireland (2002:211), is based on the ruthless logic of the market with no regard for the transformation of the structural conditions and subjects everything to the logic of the market. As is generally the case with BEE, the schemes are shown in Chapters 1 and 4 to be operating according to an approach that Ireland (2002:211) refers to as short-termism, focused only on the attainment of the highest rate of return, without any regard for the state of the social infrastructure (Ireland, 2002:211).

This section concludes, therefore, that trade union investment schemes cannot be seen to be creating wealth with a view to redistributing for the benefit of society. The ultimate test for these schemes, in the context of this thesis, is not whether they are capable of creating wealth; the test is whether the wealth they create is used to contribute to broaden access to basic education, primary healthcare and local agriculture initiatives. For this reason, we say that the evidence provided in Chapter 4 supports the assertion by Gramsci (1978) and McKinley (1998) that trade unions have a high propensity to abandon pretences to being in a struggle against capitalism once that system provides space for unions to enjoy some benefits from its operations.

Section 4.2.3 examined whether how the trade union investment schemes operate demonstrates regard for wealth-collectivisation. Given that socialism is about the collective ownership of economic resources, the extent to which the schemes show regard for this requirement goes a long way towards a conclusion about whether they are advancing this cause. With respect to trade union investment schemes, section 4.2.3 presents facts that point out that this collectivisation could be enhanced through structured collaboration among union investment companies. Unfortunately, this is glaringly absent when one looks at how the schemes operate. Even COSATU, which could be a starting point for this coordination, is seen to be hamstrung by, among other factors, the fact that the schemes are set up as separate entities with each having a life of its own and run by its own directors. Attempts by COSATU to institutionalise the coordination of initiatives by the schemes as well as collaboration in their approach are as old as the investment companies themselves.

The lack of coordination driven by a desire for collectivisation has the effect of compromising political oversight over the companies by unions which leads to unions failing to assert themselves in the operations of the schemes. In the absence of this oversight and coordination, the schemes run amok and operate as companies whose main focus is profit-generation which makes a mockery of the assertions by unions like NUM that they are for socialism. In this respect, a conclusion is that the schemes cannot be seen to be collectivising wealth, thereby confirming McKinley's (1999) argument that the schemes reflect a capitulation to the ethos of capitalism where entities accumulate wealth without pursuing the strategic aim to transform the economy.

Section 4.3 deals with the last aspect of the struggle for socialism, which relates to the extent to which ordinary workers are in charge of processes within the schemes. The section paints a picture of the obvious lack of worker control over trade union companies. While there are individuals representing unions in governing structures of union companies, there is an absence of an organic and dynamic interaction between these individuals and ordinary members of the unions. Some representatives hold the view that 'they know all the aspirations of the ordinary members' and have no reason to consult with ordinary members on every decision that the companies take.

It is concluded that the concept of worker control is not only seriously lacking within the context of trade union investment schemes, but there does not even appear to be a genuine desire for it on the part of both the union leadership and those deployed within the schemes. In this respect, the facts detailed in this section confirm McKinley's (1999) assertion that the schemes are a mere exploitation by unions of the BEE-provided space. In fact, Iheduru (2002) confirms this assertion and suggests that all the schemes have done is assist in buying these unions over to the camp of capitalism. The absence of this control by the workers mocks the declared socialist aspirations of the unions. This becomes even clearer when one looks at the bursary scheme of the MIC. It is argued that in its current form the scheme is no different to any other social intervention programme by established conservative capitalist companies.

It must be remembered that most other companies have some kind of social investment programme. More often than not, these schemes involve granting study opportunities to individuals who must comply with set requirements. Such requirements include choice of study programmes and conditions that the recipient will work for the sponsoring company for a specific period after completing the studies. Apart from these basic expectations, the bursars are not, usually, expected to comply with any other requirements. When one examines how the bursary scheme of the MIC is handled, one notes that there is not even an attempt to take advantage of these available energetic young men and women to create a cadre for the struggle against capitalism. On completing their studies, the bursars are free to pursue their individual goals.

If one considers the views expressed in Rodong Sinmun (<http://en.wordpress.com>) as captured in Chapter 4, where he places a premium on political education as a key element to the struggle against capitalism, one has to wonder why this does not seem to be a consideration with the MIC's bursars. The point is not about putting the bursars through a programme of indoctrination but that they should be getting a thorough political education so that there is, at least, a chance that the ideology might appeal to them. The matter of political education is also tackled in Chapter 2 where a picture of political education becoming a junior partner to other union priorities is presented. Using the theory of aggregation, it is pointed out that, in all likelihood, unions will prioritise programmes that enhance collective bargaining capacity ahead of political education.

In other words, training will focus mainly on improving the union's ability to negotiate better working conditions and more effective representation of members than on political education. Owing to all of the above, the only conclusion that can be reached is that trade unions do not pay sufficient attention to political education, thus undermining the possibility of being clear about the ideology they claim to be committed to. So not only is Gramsci (1978) accurate in identifying a defect in ideological clarity but also that unions do not seem to be doing enough to correct this deficiency. This explains how a union like NUM would omit to engage its bursars in what the researcher conceptualises as re-orientation programmes of political education.

This lack of education leaves them as no more than any other individual that graduates from a university who then ventures into the world in search of opportunities. This can only increase the army of those whose only focus is to acquire the most possible benefit from the status quo with no intentions to challenge it. The overall conclusion on the schemes and the struggle for socialism is that the schemes, in their current form, are, as a strategy, ameliorative than a systematic attack against the inner logic of capitalism. In fact, overall, the schemes can be said to reflect an inclination towards the assimilation of the labour movement into the agenda of capitalism. This is in line with the argument advanced by Iheduru (2002) that the schemes are about social concertation through which capitalism wins over its former opponents.

Even if one is accommodative of suggestions that short-term activities of unions may, sometimes, be in contrast to their declared long-term aims, there has to be, at least, a sense that the unions themselves have a long-term in mind. In the absence of such the schemes can only achieve the affirmation of the capitalist logic because, as a strategy, they fall in the category that Ireland (2002:211) refers to as strategies that fail to address the structural conditions, which subject social and material life to the ruthless logic of the market. Acceptance of the logic that entrepreneurship is the only way to go if there is going to be wealth generated is evident in the investment choices of most of these companies which, sadly, can only achieve one goal of accumulation by a section of society, the trade unions. Seriously lacking there is alteration of the system within which this accumulation is taking place. In other words, the capitalist logic remains intact but is granted a measure of legitimacy in the eyes of those who should benefit from its destruction.

This legitimacy derives from the fact that, in this instance, organs that should be acting on behalf of the potential beneficiaries of the destruction of capitalism are at the forefront, through their actions, of perpetuating that system. In the eyes of the ordinary members, the involvement of their organisations in these capitalist projects could mean that it is an acceptable thing to do. Lastly, contrary to the view that with the change in the profile of members their political rhetoric tones down, the views expressed during this research raise issues that are the basis for what is the likely opposite of what Buhlungu (2006:15) refers to as a toned down rhetoric.

6.3.2 Union Investment Schemes and Internal Democracy

The second aspect of social-movement unionism that is examined is commitment to internal democratic practices. In examining this aspect, the views of Marxist writers such as Trotsky (cited in Kelly, 1988:42), who argue that unions are prone to bureaucratisation, which is shown to erode the culture of internal democracy that disempowered the workers, are considered. Gramsci (cited in Kelly, 1988:55) identifies this as a phenomenon where a gap exists between the paid officials of unions and the membership. Michels (cited in Hyman, 1971:15) refers to the same as proneness to oligarchic leadership styles that promote authoritarianism.

Chapter 5 discussed the extent to which MIC issues feature in day-to-day activities of the members of NUM by focusing on the programmes of their local structures: the extent to which MIC features in the activities of local structures of NUM is a reflection of the extent to which the ordinary members of the union can influence the decisions of MIC. What comes out of the data reflects a situation where the only time that the local structures of NUM, and by implication ordinary members of the union, get to discuss issues of the MIC is when they receive feedback from meetings of the union's National Executive Committee. The picture presented by those who represent the local structures in national meetings is that even at that level the practice is for the union to receive reports from the company.

There is a belief among union representatives that issues coming out of the MIC are too complicated for the comprehension of ordinary members. It is suggested that ordinary members simply show no interest in responding to issues about the MIC that are contained in reports from the upper structure of the union. This attitude resonates with the point made by Michels (cited in Hyman, 1971:17) who argues that the rank and file in unions is prone to simply accepting that union leaders are best placed to deal with complicated policy issues. In such an environment, Michels (in Hyman, 1971:15) argues that representatives get away with imposing their own views above popular needs. There is, according to Michels (in Hyman, 1971:15), an attitude among the elected representatives that suggests that they know better than the workers do.

There is very limited direct involvement of the ordinary workers in influencing the agenda of the MIC. This conclusion corresponds with the observations made by Bramble (2003), who points to a decline in the involvement of ordinary workers in shaping the agenda of their unions. While documents of unions like NUM are littered with resolutions to enhance 'worker control' over the broader agenda of the unions, this finding points to the opposite being true. This finding also leads one to wonder whether unions are even aware of the trends reflected in the findings by Bramble (2003) if years later one still sees no change in what is essentially a downward spiral in this respect. After all what Bramble (2003) reveals is no different to what studies by institutions like NALEDI pointed out as far back as 1996.

Chapter 5 presented data that reflects what ordinary members of NUM would have preferred to see the MIC focus its energies on. These preferences are categorised into three broad wishes: a desire for intervention in locally driven co-operatives without having to depend on funders with conflicting business ethos, provision of earnings during strikes, and assistance with housing. As far as the protection against the adverse effects of participating in strikes is concerned, the views canvassed expressed a strong preference for a fund to be established to provide for some earnings during strikes. This desire of ordinary members of NUM stems from the implications of the principle of no-work-no-pay that comes into effect when workers go on strike. Considering the picture painted by Hibana in Chapter 5 regarding the incidence of strikes in regions like Carletonville, it becomes clear that they are not strike-shy. In fact, in the recent history of NUM there was a campaign for the union to stage a stay-away for every employee that dies as a result of lack of proper safety measures. In an industry as prone to accidents as mining, it is fair to conclude that a high number of strikes will occur. The implication for ordinary NUM members who are at the bottom of the ladder as far as wages are concerned is a significant loss of earnings.

The second area of intervention that ordinary members of NUM would have preferred the MIC to assist with relates to housing. The dominant sentiment among those members whose views were canvassed is for the MIC to find a way to assist NUM members to acquire houses. This request is informed by, among other factors, what most members point out as the slow pace of the delivery of the RDP houses.

The issue of whether the members' wishes are sensible or not is given significant attention. Another potential bone of contention may be found in the reasoning demonstrated by Mgedezi (12-02-2008). It will be recalled that he advanced a view that leaders are the repository of what the needs of the ordinary members are. This attitude may be informed by a belief that ordinary members do not always possess the requisite skills or capacity to comprehend complicated issues such as investment choices. One acknowledges that some of the aspirations may well be out of reach for a company like the MIC.

The indicting issue for the MIC is that these aspirations do not fall off the radar on the basis that they are unattainable. They do not even make it to the starting line because there is no space for ordinary members to articulate them. Also it cannot be argued that all the members of NUM are incapable of making reasonable contributions to debates around the activities of their company. Much like the profile of the overall membership of COSATU is shown, by Buhlungu (2006), to have changed with the inroads made into the public sector, NUM cannot be said to have remained untouched in this respect. The profile of Breakfast, one of the respondents for this thesis, can be used as an example to back this up. Surely it is reasonable to point out that Eskom, a company in which NUM has significant representation, employs people with reasonably high levels of education. In fact, Bezuidenhout and Buhlungu (2007:247) lists NUM members from the energy sector as among the most highly paid when compared to the mining and construction and, therefore, cannot be assumed to advance arguments that are too farfetched from what is reasonable.

The lack of the space for expression of preferences can only serve to diminish the value of any argument against the sensibility of these preferences. Even where these preferences could be considered unreasonable those who express these views will remain ignorant of this fact unless a democratic process unfolds through which their views are distilled and processed for adoption or rejection later on. Therefore, while arguing against the preferences may be sound in all respects, such arguments should belong to this process of discussion which takes place within the relevant structures of the union with the aim of coming out with a realisable vision. Whether the wishes are realisable or not and whether the MIC can venture into projects that realise the wishes must be dealt with as members discuss.

Unfortunately, for this thesis, such a debate is not only lacking but appears to be deemed unnecessary by some of those who represent the workers in the boards of directors.

In part as a consequence of this absence of the space for expression of preference by ordinary members, in Chapter 5, we see a flawed approach by the MIC towards sourcing funding for empowerment projects. It is considered flawed in the sense that it is shown to have a negative impact on NUM's broad goals. The funding partners that have a relationship with the MIC through MDA have declared strategic goals that are diametrically in opposition to those associated with NUM. The only likely outcome of this contradiction is the complete obliteration of the notion of NUM's commitment to democracy. When one looks at the partnership with BP, for example, it becomes evident that central to the company's intentions in participating in the partnership is for the company's continued survival. It will be recalled that the post-1994 environment places, through BEE-informed transformation charters, a burden on entities like BP to bring on board entities from the previously disadvantaged groups as far as economic activities are concerned.

If in its history, BP has been attuned to generating wealth for a specific section of society, these demands require BP to adopt a new approach. A leading manager in the company declares that the partnership with MIC is seen as an initiative to broaden its shareholder base. This has to be seen in line with the dictates of the BEE-charters which, as shown in earlier chapters, are not about facilitating the handover of control over the economy to the organised working class. The involvement of the MIC in this partnership merely facilitates BP's compliance with the dictates of BEE. All it does is to give BP a better image and a sense of legitimacy in the eyes of those who should benefit from a struggle to defeat the very ethos that drives companies like BP.

The MIC's collaboration with the USAID in some of its projects is even more puzzling. To make sense of this view, one must contrast what NUM stands for by looking at its declared political goals with what the USAID stands for. The assumption is that the commitment to socialism should permeate its projects too.

The USAID has as one of its central goals the strengthening of the influence of government of the United States of America in the rest of the world. How a partnership with USAID, given its declared agenda as shown in the same chapter, can contribute to NUM's broad political objectives is as mysterious as it is unlikely.

Because of the constraining factors, it becomes clear that the most that can come out of the projects that NUM initiates through the MIC is no more than another employment opportunity. Those who are members of the projects participate and benefit only as they would if they were still employees of an established mining company. It is for such reasons that the conclusion drawn is that these projects cannot be seen to be a contribution towards empowering the poor in a manner that alters the relations of power in society. As argued in Chapter 1, these projects can only be seen to allow those who participate in them to become stakeholders of capitalism.

For all of the above reasons, a conclusion is drawn that, in the context of the schemes, the culture of internal democracy has become seriously eroded. In fact, this conclusion adds to a similar conclusion arrived at by Bezuidenhout and Buhlungu (2007) who, for a variety of different reasons, concluded that there was an erosion of democratic practices within NUM. According to that study, attendant to this erosion was the alienation of the leadership from the rank and file central to which was the decline in the practice of consultation with members.

6.5 CONSIDERATIONS FOR FUTURE RESEARCH

Considered in their totality, the conclusions drawn from this research have serious implications for much more than just whether the tenets of social-movement unionism are borne out by the activities of trade unions like the NUM and their investment companies. For example, it becomes clear that there does not appear to be a common thread that links the broad declaration about socialism and the day-to-day activities of the unions. This could be a result of a variety of important factors but the one that the researcher would focus on is the extent to which those who claim commitment to socialism have shown an understanding of their vision for socialism in the 21st century.

Where there is no deliberate attempt or effort to explain what socialism means in 2009, it is possible to be acting in counterproductive ways without knowing it given that there is no common objective. Therefore, it is necessary for a study to be conducted on what socialism should be understood to mean within the context of a democratic South Africa, and indeed in the context of a changing world. Such a study would also assist in identifying who the true champions of such a struggle are, including what trade unions should contribute to such a struggle. This is necessary given the possible indictment against trade unions as agents or allies of such a struggle that comes from the findings of this research as articulated in this chapter.

The other potential benefit of such a struggle is the examination of the exact contribution of a party like the SACP in the development (or absence thereof) of ideological education for trade union members. Specifically, such a study would have to show how far the Party has acted out its vanguard role in this respect. After all, it can be safely assumed that ideological training for trade union members would have to come from a socialist political party like the SACP.

Secondly, there needs to be a thorough look at the extent to which changes in the character and type of COSATU members has diluted the outlook of its affiliates. The suggestion here is that over the years, due to casualisation and outsourcing, the character of COSATU members has changed because the casualised workers are not unionised which leaves COSATU unions with educated and sophisticated members. Overall, these factors can also be dealt with by a study that re-evaluates the very concept of social-movement unionism in a context where so many new variables such as the possible changes in the profile of the union members have come into play. Lastly, there needs to be a more intensive look at what the appropriate business model for trade union investment schemes should be considering some of the issues referred to in this research. Such a study should provide for facts regarding appropriate investment areas and choices so as to have the companies intervene in programmes that give meaning to the goal of a better life of all. These should be around housing provision, healthcare, education and rural development, which are not only labour intensive but will impact directly on areas where inequality is most felt.

6.6 CONCLUSION

In justifying the need for this research, reference was made to, among others, the observation by Bramble (2003) that there was a steady decline of some of the features of social-movement unionism among unions like NUM. As shown in Chapter 1, Bramble's focus on internal democratic practices is found not only to have waned but also appears to have become a downward spiral in the erosion of the culture of internal democracy in the South African labour movement. There is no evidence of unions attempting to take ordinary members on board when it comes to decisions relating to investment companies with leaders assuming paternalistic attitudes of 'we-know-what-is-good-for-the-members'. The arguments of Michels (1959) are well dealt with in Chapter 1 as far as these oligarchic tendencies are concerned.

The second point of focus relates to claims of commitment to socialism that unions like NUM continue to make. The conclusion drawn in this research is reflected in preceding sections of this chapter. The overall picture is summed up to reflect that, as argued by Gramsci (1978), trade unions buy into the workings of the system of capitalism by accepting insignificant concessions from the system. In the context of this research, this is shown to happen as unions seek to take advantage of the benefits arising from a process where capitalism is attempting to reform itself as a means of survival.

In the case of trade union investment schemes, as argued by McKinley (1997), it becomes clear that unions like NUM plunged into the mud of Black Economic Empowerment with no visible strategy to use it for the cause of socialism. As can be seen in Chapters 4 and 5, the business-as-usual approach is the overriding theme of the activities of these schemes. For such reasons, the schemes cannot be seen to be a deliberate contribution to the overall struggle for the complete overthrow of the system of capitalism and its core tenets of accumulation, exploitation and profit making. Instead, what becomes clear is that the schemes show a mad dash by unions to make serious inroads into the spoils of capitalist accumulation clothed in a pseudo commitment to socialism. With all this considered one can only expose as a parable any pretence by these unions to be on the side of those fighting for socialism and identify the stabilisation of proto-capitalists.

Finally, these conclusions illustrate that trade unions, left to their own devices, are easy to sidetrack from the trajectory of the struggle for socialism and must at all times be under the determined tutelage of a revolutionary workers' party. Further, the concept of social concertation, as articulated by Iheduru (2002) has significant accuracy in defining what the South African labour movement can be seen to be achieving through these investment schemes.

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