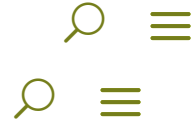




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Trade unions taking a stake in the capitalist economy

by Suraya Jawoodeen | Oct 14, 2025 | Amandla 99, Labour

Only 23% of South Africa workers are currently members of trade unions. The labour movement operates in a socio-economic context where the working class can barely survive on its wages. Unemployment remains devastatingly high at around 44%, and 62.4% among youth. Millions live below the poverty line, while structural, race-based inequality persists and deepens. The rising cost of living, unaffordable food and transport, energy poverty, destruction of working class infrastructure through climate change, and gender-based violence are just some of the daily struggles faced by workers.

Challenges of the labour movement

The labour movement is faced with many challenges which require an objective analysis.

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industrial action on the shopfloor; and more broadly it reduces their ability to win gains for members in the collective bargaining process with the employer.

Trade unions have responded to their many challenges with, amongst other strategies, a 'back to basics' approach. This includes a recruitment drive for membership through expanding the scope of their registered sectors along value chains, and poaching members from rival unions. However increasing membership may not address the structural challenges faced by the unions.



At the Zondo Commission of Inquiry into State Capture in January 2018, testimony revealed how shop stewards, and even a union general secretary, became entangled in corrupt dealings with a service provider at Sasol.

Programmes for strengthening the unions will have to take into account economic globalisation, climate change, migrant workers, and expansion of the informal economy, amongst other issues. The strategies and purposes of unions in each sector may have to be re-examined to counter the effects of neoliberal globalisation on workers in their respective sectors.

Globalisation

Globalisation saw labour markets increasingly open to transnational and private corporate investments. Trade has expanded across borders. Global production has become internationalised. Changing technology has allowed multinationals to relocate individual units of the production chain. A production plant can break up the different parts of its manufacturing and spread it across different countries.

International capital flows have become more important than production and trade. This has impacted on employment patterns, changing working conditions and diversifying the workforce. The result is that most new jobs are precarious and atypical. These new social, economic, and political conditions have made it difficult for trade unions to function in traditional ways.

There have been severe implications for workers in some sectors, as unions have struggled to organise and represent those most negatively affected by economic

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Financial muscle of the labour movement

Despite these hardships, billions of rands are invested on behalf of workers through financial services every day — mainly via pension funds and trade union investment companies. This raises key questions: how does big business benefit from the profit potential of the labour movement? And what impact has this had on unions themselves?

This is the first of a series of articles which will explore how trade union involvement in key areas of economic activity has impacted on the state of the movement.

Business contracts

Trade unions regularly procure services for their operations and for member benefits. Many of these industries, particularly financial services, operate on commission, which can open the door to questionable—even corrupt—practices. Some unions are directly involved in the marketing of financial services to members, for which they receive a commission.

In large workplaces with strong union representation, shop stewards often sit on committees that decide who receives contracts for outsourced services. At the Zondo Commission of Inquiry into State Capture in January 2018, testimony revealed how shop stewards, and even a union general secretary, became entangled in corrupt dealings with a service provider at Sasol.

Pension funds

Workers' pension and provident funds represent vast financial resources. Yet in both the public and private sectors, these funds have been plagued by corruption scandals.

Trillions of rands from public sector workers are managed through the Government Employees Pension Fund (GEPF), with the Public Investment Corporation (PIC) serving as asset manager. In 2018, the Mpati Commission investigated widespread impropriety in PIC investment decisions. The inquiry found that billions of rands belonging to the GEPF had been lost due to questionable and corrupt business practices.

One of the commission's recommendations was to include three representatives of registered trade unions on the PIC board, with two from the GEPF's majority union. But this raises further questions: will worker representation improve accountability? Can it drive investment into job creation, industrialisation, economic transformation, and local development?

Trade union investment companies

Trade union investment companies in South Africa collectively hold billions in assets.

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which remain debt-funded. Some have been controversial, exposing contradictions between union policies and the realities of their capital investments.

The Mineworkers Investment Company (NUM) and the Southern African Clothing & Textile Workers' Union (Sactwu) were pioneers in establishing such entities. Sactwu's investment arm, founded in 1997, is the oldest and has attracted attention in recent years, particularly over a **controversial loan to Independent Media**.

Unions argue that their investment companies aim to generate returns for both the organisation and its members. The original intention was to build "social capital" through job creation and alternative ownership models. However, the controversies suggest that, in practice, many of these entities operate much like any other business. In reality, union investment companies are set up as conventional firms.

The union investment companies followed various paths in how they were set up, their size and how they operate. Many are recipients of BEE shares and have had no control over the business operations of the company, as shareholders. They were viewed as passive investors with ownership shares but no control.

Unions continue with the model of buying into existing companies, often JSE listed, over creating alternatives. None of these companies challenge the status quo. In some cases, they have been the source of paralysis in the unions and the root of deep factional battles over control of the resources. There are cases of companies offering union investment companies shares to facilitate funding from the PIC, deals that are then subjected to investigation for impropriety.

Benefits to the union and members

Some investment companies would argue that they support union activities, like union congresses, as well as members. The NUM investment arm, the Mineworkers Investment Company (MIC), provides bursaries for NUM members and their dependents, supports the research and policy unit and the training and educational centre and programme of the union, as well as the union's development agency to support retrenched mineworkers.

Sactwu provides bursaries, matric classes for dependents of their members, and primary health care clinics, amongst other benefits. Importantly the union **attempted to save jobs of its members in the Seardel company** when its investment arm bought the business in 2006. This was not the only company that it invested in to save the jobs of members.

The Nehawu investment company supports a workers' financial savings cooperative, **NEHAWU SACCO**. A Fedusa affiliate, the PSA, provides union members with a discount to a **holiday resort** that it owns.

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Outstanding questions

Union renewal will have to include how the labour movement controls and influences where its members' monies are invested. How is the capital used to raise the living standards of the working class as a whole?

The labour movement must revisit the debate on how trade unions balance the goals of the working class with their entanglement in a crisis-ridden capitalist system. Who ultimately owns and controls workers' money? And can these funds be redirected toward production that meets human needs?

While improved capacity, controls, and oversight may help, the underlying dilemma remains: under capitalism, all money is the same colour. Passive shareholding does yield dividends, but at what cost?

Upcoming articles will explore in more detail, using specific examples, of how these conflicting interests play out across the different spheres of capital in which the labour movement is engaged.

Siyakhuluma, comrades!
Let's continue to initiate
and stimulate debate.

Suraya Jawoodeen is the former Deputy General Secretary of Nehawu, former Head of Secretariat at Numsa, and currently works as a consultant at the Alternative Information Development Centre (AIDC) and Trade Unions for Energy Democracy (TUED).

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