

# Into the mirror of history

From Page 11

of people's power both at the level of government and mass social organisations; the perversion of the concept of the party as a vanguard of the working class; and whether at the end of the day socialist democracy can find real expression in a single-party state".

He asserts flatly that "the concept of a single-party state is nowhere to be found in classical socialist theory", describes it as a "short-cut to political tyranny".

Nevertheless, he condemns the undemocratic practice of communist governments and mass organisations, quoting Hegel (truth is usually born as a heresy and dies as a superstition) and noting: "With no real right to dissent by citizens or even by the mass of the party membership, truth became more and more inhibited by a deadening dogma: a sort of catechism took the place of creative thought. And within the confines of a single-party state, the alternative to active conformism was either silence or the risk of punishment as an 'enemy of the people'."

On the economic front, Slovo condemns the failure of socialism to overcome the "sense of economic alienation inherited from the capitalist past". Committees of bureaucrats simply replaced boards of directors, behaving with the same disregard for democratic accountability and leaving the workers in the same state of powerlessness and alienation.

"State property itself has to be transformed into social property," he says. "This involves reorganising social life as a

whole so that the producers, at least as a collective, have a real say not only in the production of social wealth but also in its disposal."

Slovo concludes by repeating the warning that "we dare not underestimate the damage that has been wrought to the cause of socialism by the distortions we have touched upon" and by stating the commitment of his party both to democratic values and to an ultimate "peaceful progression" towards a socialist South Africa.

Lest there be any doubt, he spells out a commitment to a "post-apartheid state which will guarantee all citizens the basic rights and freedoms of organisation, speech, thought, press, movement, residence, conscience and religion; full trade union rights for all workers including the right to strike, and one person one vote in free and democratic elections".

Obviously, this position must be welcomed, as must the unfortunately rare willingness to address errors and failures in public. There is also scope for debate, notably about "anarchist utopianism", and a need for socialists to move from self-criticism (and criticism of capitalism) to spelling out a programme of action.

It has been to the great detriment of this country that we have been denied the right to hear this voice for so long. May he never be responsible for denying us the voices of others.

Shauna Westcott works in Idasa's publications division.

# Business against

By Shauna Westcott

**THE RESPONSE** of the JSE to Nelson Mandela's early and inevitable reiteration of a commitment to nationalisation is stark evidence of what JCI group economics consultant Ronnie Bethlehem calls "the gap between two worlds".

He characterises the two as "27 million people in ferment whose deprivation needs attention" on the one hand, and on the other "a sophisticated global economy represented at its highest by the United States".

The two worlds don't speak the same language, says Bethlehem, citing a recent "honest but rather primitive" breakfast address to businessmen by Walter Sisulu at which the gap between speaker and audience was "amazing". Yet he adds that "in Lusaka, in Paris, in Harare, one does succeed".

Six points of agreement appear to have emerged from these talks in foreign capitals where representatives of the "two worlds" have managed to communicate:

- That there is a need for a fundamental restructuring of the economy to ensure significant redistribution of wealth;

- That the choice is not between ideological orthodoxies but rather "how to get the mix of a mixed economy right", as the ANC's Pallo Jordan puts it;

- That the structural problems (unemployment, mass poverty, critical shortages of housing, health and education facilities, high population growth, poorly educated and consequently unskilled millions) are immense;

- That there is little or no chance of receiving massive foreign aid, particularly with Eastern Europe presenting an attractive alternative to Western investors;

- That rapid economic growth is necessary - cuts in the defence budget and equalisation of welfare expenditure will not be enough to finance even the most pressing needs;

- That solutions should be constructed co-operatively as far as possible.

While these six points are far from forming an adequate bridge between Bethlehem's "two worlds", they nevertheless represent considerable progress beyond the war of slogans that was the order of the day until the collapse of most of the communist regimes in Eastern Europe.

Progress would be greater were the looming crisis in the capitalist world - real (at least to feminists, ecologists and "Buddhist" economists) despite the scoffing precipitated by its somewhat early anticipation in communist circles - mature enough to force the kind of creative reassessment now current in the socialist world.

For among the problems faced by those

## Too soon to tell

From Page 11

land, Hungary, Czechoslovakia and Bulgaria. These communist parties have appreciated that their political systems and economies were becoming inoperable and that the status quo could no longer be maintained.

Although in most cases popular demonstrations played a significant role in influencing governments, it has only been in East Germany and Romania that mass popular action - exodus to the West in the German case and a violent uprising in Romania - was decisive. Contrary to the impression created by dramatic TV coverage of the incidents of mass protest action, it has been the discipline, restraint, tolerance and even sophistication of the process of democratisation, which have been impressive in most cases.

This process is by no means over. In no country of Eastern Europe except Albania does a communist party still claim the sole right to govern, and constitutions are everywhere being changed to allow for multi-party systems. Even in the USSR itself a similar change has been promised, as the tide of democratisation sweeps back from a changing Eastern Europe.

Recognising their current unpopularity, most communist parties are splitting into factions or are transforming themselves into socialist parties closer to Western models in the hope of attracting some electoral support. However, in no country except Poland has a government yet been elected. At the time of writing this article, East Germany and Hungary were preparing to go to the polls (in March). Polls are to follow in Romania in May and in Czechoslovakia and Bulgaria in June.

The tests for democracy are still to come - in the elections themselves and in the subsequent ability of new governments to handle the problems of reconstruction and of fulfilling adequately the popular expectations. Only then will we know whether the reaction against the authoritarianism of former regimes and against the failure of centrally planned economies has led to a widespread rejection of socialist tenets as a whole. This is unlikely, if popular expressions of opinion so far are anything to go by.

It would thus be premature for observers in the West to conclude that all these people have become convinced of the benefits of capitalism, rather than perhaps a liberalised version of socialism. The debate on the relative advantages of different socio-economic systems is far from over in Eastern Europe. There has been no victory of one particular economic system over another. While democracy appears to be flourishing, it is still a delicate flower which needs to be nourished and which could again be trampled underfoot, as in the past, by authoritarianism of the right or the left.



# idling e flames?

**No SINGLE national question is more vital or more opaque to most than the one that recently sent the Johannesburg Stock Exchange into a flat spin - the question of economic restructuring, inadequately subsumed under the catch-all "nationalisation".**



Cosatu's aim: a low-cost, high-wage growth path

attempting to move rapidly towards what Cosatu's Alec Erwin calls "researched and mandated debates on policy", is that capitalist businessmen have yet to be compelled to move beyond their cherished articles of faith.

The result, according to trade union veteran Dave Lewis, who prefers to be described as "working in the economic history department at UCT", is "a very naive view" of what is meant by concepts such as nationalisation.

According to Lewis, who is a member of the Cosatu-linked Economic Trends Project, nationalisation is "about contriving a lever for the state to give effect to its policies of redistribution".

University of Cape Town sociologist Dave Cooper agrees. "Nationalisation has become partly symbolic," he says. "Mandela was saying 'We are not a pushover' on redistribution.

"The crucial issue is sophisticated levers of control to facilitate mechanisms for redistribution. Formal legal ownership via nationalisation does not always give the desired control. The issue needs to be debated in depth in the various industries and sectors of the economy."

Erwin takes a similar line when he refers to the need for "social control over production effected through a range of ownership forms, and where the market plays critically important roles".

He supports control through, for example, government intervention in capital investment decisions and cites South Korea as an example of an economy where this has been a successful operating principle. Crucial to its success, however, is government support in the form of research and development and "coherent and active development of manpower (sic) and education".

He also points to "certain potentials" in privatisation and deregulation, the former suggesting ways to develop management accountability, the latter useful in so far as it removes protection of narrow interests.

Pieter le Roux, professor of development studies at the University of the Western Cape, is also a supporter of this kind of eclectic approach. He advocates indirect government control of aspects of the economy through influence on investment decisions, fiscal, monetary and wage policies and through union and government representation on boards of directors.

"For social democrats," says Le Roux, "socialism is today defined in terms of the outcome of the economic process and not in terms of who owns the means of production. The emphasis has shifted away from the ownership issue, to the question of who controls the economic decisions which are of importance to society."

For Le Roux, nationalisation, on a large scale at least, has been shown to be counter-productive. Erwin describes it as a "central question" but argues for "a very much more detailed and disaggregated approach". Lewis is prepared to be more specific.

"Lack of managerial resources are a massive restraint on wide-scale nationalisation," he says. "We're concerned with ownership of corporations that produce basic goods and services like housing, transport, electricity, roads, telephones. Some things have to be owned by the state - railroads, Eskom, hospitals . . .

"Then with banks and huge finance houses like Old Mutual and Anglo we might want to consider regulations governing the extent to which they are entitled to own and manage other production companies and what they do with the profits. Banks are already required to invest a portion of their profits in a particular way. There is no reason why finance houses like Anglo - which are banks of a kind - should not be subject to similar requirements."

But Lewis emphasises a minimalist approach. "I don't see any point in nationalising producers of consumer goods," he says. He argues strongly for a freeze on the process of privatisation currently under way so that economic restructuring can take place by consensus and with minimum trauma. He points out that while the debate on restructuring is taking place, a large portion of the economy that is publicly owned is being privatised and that society as a whole is not benefiting.

All these voices from what may be broadly described as the socialist/social democratic camp emphasise the importance of democratic practice within researched and debated parameters or indicators.

Erwin, for example, insists that planning must be effected by democratic structures at national, regional and local levels, and "more important, within the institutions of the wider civil society and within all processes of production".



# Meeting the people's expectations

## Sisulu's challenge to business community

By Lisa Seftel

IT WAS literally a "Who's Who" of the business community that gathered at the joint Idasa/Wits Business School Graduate Association breakfast in March to hear ANC leader Walter Sisulu speak on "Meaningful Political Change: The Role of Business".

Outgoing Anglo American chairman Gavin Reilly, Reserve Bank Governor Chris Stals and JSE president Tony Norton were among the crowd of 550. A TV screen beamed Sisulu to a part of the audience in an adjoining room.

But a hectic schedule (he had returned only three days earlier from an African trip and had gone the previous day to Cape Town) had taken its toll on 77-year-old Sisulu. He did not appear to be the same person we heard at the FNB Stadium in October and had difficulty hearing questions posed to him.

Nevertheless, Sisulu's speech was not without content. He explained why he felt present government and business economic policies were not in the interest of the majority of South Africans and thus why the ANC is seeking new and original approaches and solutions.

"The history of our country has been marked by a grotesque sense of social irresponsibility on the part of the business sector towards the black people. This experi-



More than 500 business people came to hear Sisulu

ence leads us to believe that the remedies we seek will not be met by a post-apartheid state whose government refrains from intervening in the economy.

"We need to employ the powers of the resulting democratic state to bring about a planned redistribution of income and wealth in favour of the people as a whole," said Sisulu.

"Old ways of resolving the crisis have ceased to exist," he said, citing the fact that black people are no longer willing to be forces of labour as determined by government edict.

A new approach needed to begin with a recognition by the business sector that the people had unquenchable expectations that needed to be satisfied. These included a living wage, the basic requirements of social security and free and equal education.

"Whatever the rate of growth of the economy, there must be a flow of the nation's output towards meeting these expectations," said Sisulu.

This might result in a loss of profits and even a lowering of white incomes. But if we were to secure the conditions for peace, renewed economic stability and growth, we had to be prepared to make the necessary sacrifices.

A future state would require an "activist

economic programme" which could involve:

- The use of resources released by the abolition of duplicate apartheid institutions and structures;
- A movement towards the redistribution of income in favour of the people as a whole. To achieve this, business would have to play a part in funding the state's requirements, and
- A revision of the structure of relations between labour and capital in industry and business to ensure a good working relationship between trade unions and management.

Sisulu said that a mixed economy, which is what the ANC advocates, would come about through:

- The curbing of monopoly power through legislation;
- Greater diffusion of power within industry through the spread of ownership;
- The nationalisation of the privatised parastatals to maintain the industrial and service infrastructure and to move towards a redistribution of wealth, and
- Legislation to steer the economy in directions which develop adequate infrastructures for a growing population with respect to health, welfare etc. and with appropriate controlling mechanisms for preserving ecological balance.

Sisulu was at pains to stress the ANC's desire to establish a good working relationship with the business sector - aimed at a serious and productive dialogue about the policies required to secure the future of South Africa and the economy.

In conclusion, he called on the meeting "to put aside your fears and preconceived notions and join us in finding ways of addressing the very real and pressing needs of all our people".

Lisa Seftel is a Regional Co-ordinator in the Johannesburg office of Idasa.

## Fiddling against the flames

From page 13

Lewis rejects the myth that "big private bureaucracies are more efficient than big public ones" and argues for decentralisation. "Lack of democracy is also a consequence of size," he says, adding: "No one in their right mind would want to own Anglo in its present form. It is an inefficient private bureaucracy."

On the vital question of economic growth, no one has gone further than the enunciation of a few broad principles.

Erwin has delineated key areas in which research and discussion on parametric planning is taking place: investment policy, a science and technology programme, a manpower (sic) programme related to education, health and welfare, the environment, and recreation and tourism. He has also stated that Cosatu's aim is a low-cost, high-wage growth path (dismissed as "gobbledegook" by Bethlehem) but has not spelt

out any details.

But if the liberation movement has still to come up with a detailed programme that can be debated in democratic structures, it has clearly moved a great deal further than the business community.

Bethlehem admits that "things are moving too slowly", that most of the business community is "flapping all over the place" at the thought that the next government might be formed by the ANC, and that most are "still stuck in the starting position".

As one who has pleaded for business to come up with a programme for redistribution that will pre-empt the need for state action, he welcomes the open and honest raising of the nationalisation question by Mandela.

"It's very important," he says. "It's good that it's generating anxiety. There are parts of the business community for

whom the penny has dropped and they have started to put on their thinking caps."

Significantly, difficult though it may be to credit, the issue of the gross inequality that exists in South Africa is still "beyond the thinking of most business people", according to Bethlehem. "They haven't had to bother," he says.

He warns that "one has to be careful not to lead people to solutions before they recognise the problems" but it may be asking too much of the liberation movement to exercise any more patience with a wilful disregard that summons up the image of Nero fiddling against the flames.

A further consideration crying out for recognition in debates about restructuring the economy is the question of the environmental cost of endless growth. Business hasn't "had to bother" about this either.

Shauna Westcott works in the publications division of Idasa.