

Privatisation: No Answer for the Masses

On May 1, while workers staged South Africa's largest stay-away yet, businessmen and bureaucrats met in a conference in Johannesburg's Carlton Hotel to discuss the merits of privatising state functions. The organisers of the conference, the Free Market Foundation and the Greater Soweto Chamber of Commerce, obviously underestimated the importance of May Day, especially in the present political climate; 150 black delegates could not be there, apologised FMF executive director Leon Louw, due to the "unfortunate political circumstances of today being May the first."

The central irony of the event was that while workers' rallies country-wide called for their fair share of state power, speakers at the conference were looking for ways of shifting state control of services and institutions into the private commercial sector.

Privatisation it was argued, would allow three main advantages: greater efficiency in providing goods and services, faster growth of employment opportunities for (both black workers and entrepreneurs), and the de-politicisation of a number of politically contested areas (eg. education, health services, and transport). Said Louw, "Government ownership and control is the biggest single source of conflict in South Africa". Privatisation in this context was "the easiest, most popular way to create the opportunities for political reform".

This, then, was the conference's political agenda - to support an economic strategy which would allow greater (especially entrepreneurial) involvement of blacks in the economy, and in this way to try and bolster a black "middle class".

A similar approach was proposed by Eustace Davie, FMF administrative director, to solve the education crisis. His solution was the handing over of schools to parent's committees whose funds would come mainly from school fees, supplemented by some form of "tax-credit" or voucher scheme run by government.

Spurred on by the glowing, or at least optimistic, accounts of privatisation in the UK and USA provided by guest-speakers Madsen Pirie (President, Adam Smith Institute, UK) and Robert Poole (President, Reason Foundation USA), the local speakers tended to

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lose touch with the reality of both demands of South Africa's popular movements and the huge economic inequalities between and among black and white people. The political struggle is precisely over the control of state power, and not how to diffuse that power into other spheres, equally inaccessible to the country's majority. What the privatisation prescription neglects to notice is that this diffusion will only shift political domination into the area of economic inequality.

These strategies are part of the broader movement (in the UK and USA especially) towards a stricter "free-enterprise capitalism" with as little government involvement in the distribution of goods and services as possible. In attempting to cut back on government in Britain, for instance, Margaret Thatcher has sold off previously government-owned enterprises (or parts of them) to the private sector. As Pirie said, the policy is one of "if you can't control the public sector, sell it". This has, he said, been or is being done, for example to the telephone service, the airways, the gas service and council houses.

Pirie was convinced that "privatisation is increasing exponentially and shows no sign of slacking". In fact, he said, "the government is hooked on privatisation, rather like heroin; they have to take a larger dose each year to get the same thrill"!

In South Africa, however, the call is for a legitimate government (not a weaker one), which by virtue of its representativeness will take greater (not less) responsibility for the well-being of the people. We will probably be hearing a lot more about privatisation and its role in the state's policy of reform; and it is likely that black business organisations will increase their support for the strategy. But the fairness of the market's distribution of wealth is an absolutely controversial point, and advocates of privatisation will have their time cut out explaining away the role of racial oppression in South Africa's brand of capitalism.

(Paul Crankshaw, May 1986)