

NATIONALISATION: A MATTER OF SLOGANS?

Baruch Hirson

[In 1775, during the great Portuguese earthquake, one confidence trickster was seen selling 'anti-earthquake' pills. When told that his pills would not help the victims he replied: 'What would you put in its place?']

There was no earthquake of significance in Kliptown in 1956 when the Freedom Charter was drafted and accepted amid acclamation. This was the programme on which the Congress movement was to base its claims. Standing high in its demands was the nationalisation of the main sources of wealth of the country. It looked good on print: the demand that the mines, the banks, big business and the land should become the property of the people. There was no earthquake but, when questioned on the feasibility of nationalisation, the answer was obvious: 'What would you put in its place?'

On 28–31 May 1992, at a four-day gathering in Kimberley, the ANC effectively dropped nationalisation, which stood as its central demand for 36 years, as an essential issue in the negotiation process. It is now only an option, to be applied where practicable and to take its place alongside 'a dynamic private sector'.

This departure from the Freedom Charter had been signalled by the leadership for some time, but there were people in the Congress movement who saw no alternative to the call for nationalisation. Keith Coleman, one time 'consultant to trade unions, community and political groups' (whatever that involves) and currently 'consultant in strategic planning', offered to put the subject in perspective in a new book on the subject. This work was originally submitted for the Master's degree in business administration and, in the 'oldest profession' of the academic, Coleman presents his points as an 'objective' investigator. That is, he offers pros and cons for the policy, claiming neutrality in his arguments. Yet, without a doubt, Coleman's conclusions support the view that the only way to achieve justice and the righting of the wrongs of the past is through the nationalisation that the ANC has now put on hold.¹ Nationalisation as a concept has embarrassed members of the ANC and its opponents ever since it was written into the Freedom Charter, at Kliptown, by an over-zealous member of the Communist Party. That person, who was on the drafting committee, was subsequently wrapped over the knuckles by his party leaders for inserting this slogan into the Congress programme.² The purpose of this anecdote, apparently unknown to Keith Coleman, is that he embarks on a discussion of 'nationalisation' in South Africa in his book, without knowing how or why it originated in the ANC programme.

Even if exonerated for not knowing the origin of that clause in the programme of the ANC, Coleman's reading of the Freedom Charter should have warned him that the eclecticism of the economic programme needed further investigation.

Writing about the Freedom Charter in 1985, two leading communists (and supporters of the ANC) inside South Africa said:

...the Charter has been attacked as bourgeois or petit-bourgeois...Alternatively, it has sometimes been defended as a socialist document. Our view is that the Charter is a people's document...³

This then, like so many things out of Africa, is something new: not capitalist and not socialist, but a people's, yes...a people's document. This strange document, transmuted into an economy and parroting the abortive 'people's democracies' of eastern Europe, was to be the basis of the new South Africa. Obviously, in line with Stalinist policy, these authors added two riders to this non-socialist/non-capitalist document: it was 'anti monopoly-capital' and 'anti-imperialist'.⁴ What nobody is told, as nobody was told in Eastern Europe, was: Which class would control this new state with a people's document: capitalist or worker? One or other class must take control of the state and, if it is the capitalists, then the class control is obvious. Unless, that is, the Stalinists intend taking control and installing their own *nomenklatura* to control the country.

Perhaps Coleman did not do his homework, and did not read this explanation of the Charter, but he might have found it out for himself if he had studied his subject more carefully. The first section on the economy was a mix of nationalisation and the right to a place inside a capitalist framework. It stated:

The People Shall Share in the Country's Wealth!

The national wealth of our country, the heritage of all South Africans, shall be restored to the people;

The mineral wealth beneath the soil, the banks and monopoly industry shall be transferred to the ownership of the people as a whole;

All other industries and trades shall be controlled to assist the well-being of the people;

All people shall have equal rights to trade where they choose, to manufacture and enter all trades, crafts and professions.

Precisely what kind of a state this was to be is unclear. Who are 'the people'? How are they to own the wealth? What is the 'control' that will assist 'the people'? How does this fit with the right to trade, to manufacture, and so on? This catch-all set of provisions says everything, and says nothing. It barely scratches at the surface of South Africa's economic problems, yet, such is the smokescreen around the Charter, that it was never subjected to scrutiny, never criticised, and nevertheless held up as the basis of the struggle for 'freedom'.

Before becoming further embroiled in the details of the Freedom Charter, I want to return to Coleman's comments on nationalisation historically. Coleman is aware of the need to provide such a background and starts by quoting a short passage from a work in which, Coleman says, Lenin put 'the classical socialist position on nationalisation', namely,

The struggle of the working class against the capitalist class...can only end in the passage of political power into the hands of the working class, the transfer

of political power into the hands of the working class, the transfer of all the land, instruments, factories, machines and mines to the whole of society for the organisation of socialist production.⁵

This is not the sum total of Lenin's ideas. He had more to say on the control of production by the working class, and in this case a working class that was untrained, uncultured and not used to the work place. I will return to Lenin's solutions below. What is important is that Lenin was stating a general socialist position and not discussing a the mechanisms of establishing socialist production. That had to be elucidated and tested against reality, and had to be evaluated in terms of international pressures on the state. This was a task that Preobrazhensky and Trotsky undertook in the 1920s. Their contributions to the debate was concealed for decades because of the ban on their publications inside Russia. The left opposition, to which they belonged, discussed the difficulties faced by a state in which 'planning' would have to compete with and overcome the 'free market'. That is: 'either planning defeats the market, or the market wins. If neither wins there would be only degenerate forms of both'.⁶ Whether they were correct in their arguments can be debated (and they differed in the way they tackled the problem), but they cannot be ignored in any discussion of the problems of production in Russia. To quote this passage by Lenin, without elaboration, is palpably absurd.

However, in line with Joe Slovo's pamphlet *Has Socialism failed?* and the South African Communist Party, Coleman discovered that:

Variations of classical (*sic*) socialism have recently emerged, led by Gorbachev and his *perestroika*, and following the collapse of the Eastern European economies. 'New socialism' distinguishes between central planning and command economies, both of which are based upon nationalised economies, but which operate according to different impulses. While the top-heavy state planning of the command economy is characterised by top-down orders for production, central planning allows greater flexibility for nationalised industries to respond to market forces, while always sticking to an overall economic plan. (p 7)

There is little sense in this last passage. There was no 'classical' socialism, and the 'new socialism', if that is meant to designate Gorbachev's nightmare, was speedily overtaken by events. Lest there be any confusion, let me reiterate: socialism does not operate through nationalised economies but on the basis of socialised production; planning under socialism is ultimately opposed to market forces, both internally and internationally, until socialism is established on a global plane; responsibility for planning must be devolved and the working class must dissolve itself as a class.

It must be stressed that Lenin and the Bolshevik Party were concerned about the nature of the economy inside a state in which they had set out to establish a socialist system of production (as indicated in Coleman's quotation). Not the hybrid 'people's document' (or 'peoples' democracies) of Suttner and Cronin. There was no discussion of nationalisation in a capitalist society in the Bolshevik literature.

Nor could there be. There have been few societies in which there was no nationalisation, and that economic strategy has never been an instrument for *socialising* production. It also has never been used for redistributing wealth. Members of the British Labour Party, who believed that nationalisation would improve the lot of the working class, found that this was not the case. Yet, the 'redistribution of wealth' is central to Coleman's arguments, and in his two interviews (with Mr Joe Slovo and Mr Kennedy Maxwell, past President of the Chamber of Mines, reproduced in the book), it appears as the essential issue.

If nationalisation has ever led to the redistribution and equalization of wealth in a capitalist economy, Coleman has still to adduce proof. If it does not, then much of Coleman's argument falls away. That is, this book does not provide a well reasoned argument for nationalisation. Rather, it seems that its objective is to provide a propaganda leverage for those who still believe, with the problematical Freedom Charter, that this was a viable economic strategy for a non-apartheid society. Yet neither the economic or the political structure of that non-apartheid state is defined. Given the determination of the de Klerk government to maintain a 'free market' economy (one of the points that was stressed in the whites-only referendum in 1992, so avidly supported by the ANC), the possibility of the government and its white electorate accepting nationalisation is questionable. This is not discussed and leaves the entire argument in the air.

The question of nationalisation in South Africa during the past 80 years is obviously relevant in the discussion. Aware of this, Coleman quotes D F Malan (later Prime Minister of South Africa) as saying in 1943 that the state would have to intervene 'to help the Afrikaner achieve his rightful share of South Africa's economic cake'. (p 3) Much of the economy was nationalised before 1943, and more was to follow, leading to a state sector of about 40 per cent in both employment and Gross Domestic Product. Afrikaner capital expanded and many more jobs were secured for whites. However, the share in the economic cake went mainly to the new rich (including Afrikaners who sought a place for themselves in the economy) and the white workers secured little benefit from the nationalised sector of the economy.⁷ Now, said Coleman, the Mass Democratic Movement had called in 1989 for the nationalisation of another 40 per cent of the economy.

Without examining all the projected areas in which nationalisation was to be effected, two sectors will be examined, because of their centrality to the economy and because of popular clamour. The first, and probably the most difficult question, is that of land nationalisation. Here is the clause from the Freedom Charter:

The Land Shall be Shared by those who Work it!

Restriction of land ownership on a racial basis shall be ended, and all the land re-divided among those who work it, to banish famine and land hunger:

The state shall help the peasants with implements, seed, tractors and dams to save the soil and assist the tillers;

Freedom of movement shall be guaranteed to all who work on the land;

All should have the right to occupy the land wherever they choose;

People shall not be robbed of their cattle, and forced labour and farm prisons shall be abolished.

After promising to re-divide all the land, the drafters of this section inserted the last clause to meet some of the problems confronted by peasants and farm labourers in the 1950s. The demands were vague and provided no direction for people locked in conflict with the authorities. However even if the clause had been more carefully drafted this provided no blueprint for a land programme.

Coleman appears to be as neutral on this subject as he is elsewhere. Yet, once again, in line with the Freedom Charter, he seeks radical measures to solve the land question. The issue at hand here, he says, is different from that of industries or mining, because those occupations came after conquest: in the case of land, justice can only be done by returning the land to those who were dispossessed.

Coleman's discussion of the problem (pp 65–67) reduces the subject to that of confiscation in favour of those who had been dispossessed during the apartheid years. This refers, in Coleman's discussion, to 'land occupied by white farmers after black resettlement, black spot land, or land owned by absentee landowners'. Quite where the boundaries of this repossession stop is not clear, but what is proposed falls far short of the main demand of the Freedom Charter. It is not my purpose to argue that the Charter's clause was correct; only to note that this has been considerably reduced in scope. But that is only part of the problem, whether the confiscation is with or without compensation. Returning this land might be equitable, but it hardly fits the definition of nationalisation. Nobody can doubt the difficulty of responding to demands that expropriated land be returned, but that is a different question to the problem posed by nationalisation, even if the state is the instrument for such return.

A more radical approach from within Congress ranks came from Tessa Marcus, in her book *Modernising Super-Exploitation*. There she called for 'agrarian transformation...[which requires] changes in both land ownership and production relations on the land,' and for this 'the state will have a key role to play...in a newly liberated, democratic South Africa.'⁸

When turning to the key question, that of the gold mines, Coleman does not discuss the problems that must be faced in the light of the falling profitability, or even bankruptcy of the marginal mines, as mentioned by Mr Maxwell. This must be one of the greatest challenges facing a new South Africa and I will return to it below. As for the problems of administration, or the personnel able to manage nationalised mines, Coleman avoids the issue. Instead, he turns to the strange notion that nationalisation, in which the state takes control, can be the first step to socialisation. That must rest on the assumption that capitalism has been overthrown, otherwise it has to be explained how a capitalist state, even if governed by a black majority, will agree to a socialist transformation.

Despite its 'popular-style' presentation, Coleman does not even approach the most fundamental problem. Who is going to effect the nationalisation? From that will follow the issue of implementation. In the absence of a working class able to

overthrow the state and take possession of the means of production, all economic relations must remain in the hands of the capitalist class. Those who control the new state might erect a social welfare system, providing a modicum of benefit for the inhabitants: that at least will be better than the present system, as long as it lasts, but it does not ensure control of the commanding heights of the economy by the workers. It also means that the operation of such welfare will only remain in place as long as the capitalists feel insecure, to be whittled away as the political and social climate alters. This I take to be the ABC of political economy.

The only consequence of nationalisation, if this is implemented under the control of capitalists, or by the nationalist movement(s), will be to tie the workers, on the land, the mines and in manufacturing, to the state. It does not provide any further benefits for the workers. Because this must be obvious, the removal of nationalisation from the ANC programme can only be welcomed. It ends the illusion that the wealth of the country will be in the hands of the workers or peasants.

Whatever else might be said about the Bolsheviks in 1917, they intended that the nationalisation of the means of production should be placed in the hands of those who actually did the work. They also believed that the programme of nationalisation would be introduced by the workers and peasants seizing the factories and the land. The process was more complex at that time. The owners of factories had abandoned their plants and it was essential, if goods were to be made available to the people, that the workers take control so that production should be resumed. In like fashion many landowners fled and the land had to be worked by the peasants who were left behind. These factors, together with the civil war that followed, led to massive economic dislocation. In the period that followed workers stripped the factories and stores of all consumable or saleable materials. The situation on the land was a thousand fold worse: after a period of requisitioning to keep the army and urban population alive, peasants retaliated by withholding their grain and livestock. The Bolsheviks retaliated by issuing draconic regulations. These were acts of desperation which, in turn, led to proposals that were profoundly anti-socialist. In the absence of production, and the rejection of his proposal that the party allow the introduction of a market, Trotsky urged that the trade unions be used to regiment the workers. At a later date, Lenin urged that Taylorism be used in the factories to impose discipline on the workers.⁹

However, the basic concept remained: the workers, once they had acquired the necessary ability, had to take over control of production. That is not what the Freedom Charter envisaged, and that was not what the ANC proposed. If and when the workers do take control of the wealth of the country it will be for them to decide how the factories, or mines, or land, should be worked. It will be for socialists to offer plans for the better running of these concerns. Once again this is the ABC of change, but this was not what was envisaged in the Freedom Charter.

All that Coleman says (p 133) is that:

...a key to the success of nationalisation depends, at the outset, on workers being accorded far more power to participate in key decision-making

processes than they have at present, and management and government accepting that this should be the case. Success also depends on workers' acceptance that management's function is specialised, and that responsibility and authority must be delegated to management to carry out that function.

After this it can only be asked whether anybody knows where those anti-earthquake pills can be bought.

The State of the Economy: The Economy of the State

After the 'theorising' is over (and that is pathetically thin in the books that are currently available) the issues have to be discussed in the context of the economy of the country, both in general terms and in looking at specific sectors of the economy. I confine myself here to the local economy. When set against the depression that has overwhelmed the world economy, a factor that concerns every economic survey of the country, the situation is even bleaker.

When viewed over the past decade, the South African economy is grim. In a recent research paper Terrence Moll, a South African economist, now at Cambridge, began on the following note:

We know the blunt facts. Real GDP per capita has fallen to early 1970s levels, whites enjoy incomes many times that of Africans, only one in eight work seekers find a formal sector job, malnutrition and measles prey on children from poor rural families. The apartheid economy is in a mess. Can it be restructured during the next decade or so, to achieve sustained recovery while facilitating the democratisation of society?

The choice of economic indicators in Moll's passage can be questioned. The rural economy has all but collapsed in large parts of the country, the trek from the land has become an almighty rush, the work force on the goldmines has been almost halved, unemployment is endemic, inflation is rampant and there is no housing for millions who camp in shantytowns on the outskirts of the townships. The social structures of society are breaking down, evident in the crime wave raging through the society; the health facilities are under severe strain or collapsing; education in many regions has broken down; and the law of the jungle reigns in many townships. But the drift of Moll's statement captures the drama of the collapse. If nothing is done, the horrors of places like Rio de Janeiro will be eclipsed by the situation across South Africa. In Rio children without homes can live in sewers, in South African townships there are not even such outlets.

The solution to the political problem of this country, which has emerged from apartheid but has not solved the social issues, are as much political as economic. There can be no solution to the problems confronting the economy if there is no equitable political solution, and political stability will depend on what is achieved in the economies of Southern Africa — and this includes Namibia, Lesotho, Swaziland and Botswana, and some of the surrounding 'frontline' states. Although

South Africa has built up an advanced technological base over the past 60 years, this cannot hide two important facts:

1) Although it is capable, in good years, of producing much of its own food requirements, it is not good agricultural country. After the drought of the past two years it cannot feed more than a small part of the population and its export earnings from agriculture have dried up.

2) Its initial economy, built on the mining of gold, led to a disproportionate reliance on this one commodity. That was a crucial industry in securing foreign exchange and providing state revenue — but the fall in the price of gold, after the sharp rise in the 1970s, has had a severe effect on the country's economy. This has been compounded by the steep decline in profitability of the so-called marginal mines, constituting approximately one quarter of the total.

The poor state of the country's land was obvious during the 1930s. Among the debilitating conditions listed by the Department of Agriculture report of 1943 were: the low and extremely variable rainfall; the denudation of soil following drought, dust storms and torrential rains; a lack of internal waterways; stock and malignant plant diseases; uneconomic subdivision of land; poor farming methods; the dearth of state agricultural services; and unsatisfactory marketing and distribution services. Even more serious, less than six per cent of all land was under cultivation and less than fifteen per cent could ever be cultivated...and that desert conditions were encroaching on land through overstocking or land exhaustion.

When that report was compiled the estimated population of South Africa was ten million. One third of the two million whites lived in the rural areas and over three quarters of the seven million Africans. The population of South Africa has expanded since then to nearly 40 million, the percentage living (or subsisting) on the land has decreased but the absolute number (until 1990, when families fled the rural areas) has risen to alarming proportions, and desert conditions or land denudation have advanced considerably.

Even if allowance is made for exaggeration on the part of the report and its failure to note that the nature of land holding was detrimental to substantial advances, these facts must be the starting point in any consideration of agricultural prospects, past or future. The land problem requires an estimation, not only of its present productivity, but also of the possibility of social transformation to meet the demands, not only of those who live and work on the land but of a population that has outstripped the productive potential of current agricultural technology.

Looking at mechanisation (mainly the use of tractors) on farms, Marcus noted the worsening conditions of the black labour force since the war, of greater exploitation and of the use of convict and casual labour (and 'bound' female and child labour) as capital intensive methods increased. Like so much of her work there are grave errors. There are vastly different problems facing different segments of the agricultural economy. In 1987, Jeremy Krikler highlighted the differences between the economies of sheep rearing, viticulture, sugar cane and fruit farming, which were relatively healthy — as compared with that of maize and

wheat which rely on heavy government subsidies. Although Marcus does mention the huge sums owed by the (white) farmers, she does not make it clear that this debt is almost exclusively a maize debt. That does not negate her conclusion that the land problem will not be solved by mechanical innovations or by the use of more casual (or convict) labour.

The situation in the gold fields, although not as intractable as stated by the mineowners, presents a problem that the ANC and its allies do not seem to have addressed. Many of the marginal mines can only be kept open (to earn vital foreign exchange) if run at an operational loss. If these are taken over by a new government, with compensation paid to the current owners (to be determined by the courts, according to ANC policy papers), the result will be disastrous. Only outright expropriation will bring dividends, and the current strength of the contending forces in South Africa make this impossible. This case highlights the general problem of advance in the country. Whether they are successful or not, the negotiations under way are being conducted on the one hand, by a government which has the power of coercion firmly in its hands, as opposed to movements which can mobilize popular forces, but lack the ability, or the will, to overthrow the existing state. And if it cannot succeed in its claims against the mines, the ANC cannot bring the other large corporations to their knees.

Despite the inability of capitalism to solve the problems of the working class — and that includes the white workers who prefer to side with the capitalists — there is no initiative to transform the nature of the struggle. At this stage in history, where the international forces of socialism are in disarray and there is little possibility of a speedy change in the political climate, this leaves the main body of workers in limbo. Their task in the coming period will be to protect the autonomy of their organizations, break with nationalist politics, and to make their claims to better working and living conditions. Above all, for more technical education so that they can prepare for a future in which they can find the strength to resume the fight with capitalism and have the necessary skills to take over the running of production.

The response of the ANC leaders to the economic situation has been supine. They were tied into a set of slogans that bore no necessary relation to their position as nationalists, removed from the workers and peasants. In making a 'correction' they have shown that their interests are not related to those of this vast constituency.¹⁰ The leaders of the trade union federation, Cosatu, have not been any better. Jay Naidoo, the general secretary who master-minded Cosatu's accord with the ANC, appealed to businessmen and investors:

We are not scared to say that we are socialists. Business must understand that our members are attracted to socialism out of their daily experience and suffering. We are asking investors to discuss this with us for a compromise to be reached so that we can all be satisfied...

Our history shows we are able to compromise, reach agreements and honour these agreements. This is a lesson government must still learn. Government might be friendlier but it is still determined to impose white

domination politically and economically. It is unilaterally restructuring and refusing to negotiate this. So the problem is not on our side.

The message is clear. Only let the Cosatu leaders negotiate. They are 'able to compromise'. Then they can turn to the workers and sell the new deal, as a victory of the workers' movement.¹¹

References

1. Keith Coleman, *passim*.
2. I was told this story by the person who drafted the economic clause. He was subsequently expelled from the SACP, but for other reasons. He prefers to remain unnamed.
3. Suttner and Cronin, p 129.
4. *ibid*, pp 129-30.
5. *On Workers Control and the Nationalisation of Industry*, quoted by Coleman, p 7. The evolution of Lenin's thoughts on worker's control and socialism is far more complex than Coleman's brief citation would suggest. An examination of this matter would require another extended essay.
6. H H Ticktin, 'Trotsky's Political Economic Analysis of the USSR: 1929-1940', *Searchlight South Africa*, No 8, 1992.
7. White workers had certain jobs reserved for them under legislation or regulations.. However these were in occupations that were not necessarily in nationalised industries.
8. p 192. There is nothing in the text to sustain this conclusion except for the passage in the acknowledgement in which Marcus says that her book 'would not have been possible without the people of South Africa and the African National Congress, the revolutionary Vanguard of the South African national liberation movement...who provided me with an understanding of the South African social formation and the means by which to go about changing it.' That is, Marcus' book was part of another agenda for which the unsuspecting reader had not been prepared. The proposals for radical change were spelt out more fully in the ANC journal *Sechaba*, March 1990. It reported that at a seminar on the land question, in November 1989, Marcus called for the 'breaking [of] white monopoly' and a 'serious consideration to nationalisation of all the land.' Presumably the book was used as background reading to her paper — although this was not stated in the book or in the published paper.
9. By laying down strict criteria for the times required of each working operation, through 'time and motion' studies, Taylorism imposed methods of working practices on workers. Socialists outside the USSR condemned the working regimes that this entailed.
10. When Nelson Mandela addressed the World Economic Forum in Davos in February it was noted by business interests that he left out all the statements on nationalisation, and all attacks on the big conglomerates, that had been made public in the pre-Forum publication of his intended speech.
11. Quoted in *Finance Week*, 9-15 April 1992.

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