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Nationalisation, Socialisation and the Freedom Charter*

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The Freedom Charter adopted by the Congress of the People on 26 June 1955 includes the following well known and much discussed clause:

> "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..."

This extract from the Charter represents one of the most direct, and controversial, statements of economic policy by the national liberation movement. Formulated at a moment in the struggle when liberation was a distant goal, it represented a general statement of aspiration. It showed the movement's awareness that the achievement of national liberation would depend on the radical transformation of the capitalist economic system in a way which would undermine the stranglehold of the monopolies.

However, the Charter itself, understandably, did not attempt to identify the extent of monopolisation of the economy nor to discuss the implications of transferring monopolies to public ownership. An analysis of the Charter made by the ANC National Executive Committee at the 1969 Morogoro conference identified certain of the monopolies which should be transferred to public ownership, stating:

> "It is necessary for monopolies which vitally affect the social well being of our people such as the mines, the sugar and wine industry to be transferred to public ownership so that they can be used to uplift the life of the people" (1).

These, however, are clearly meant as examples and in no way constitute a finalised programme or strategy for achieving the objectives defined in the Freedom Charter.

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The aim of the present paper is to contribute certain tentative reflections to a debate on the contemporary significance of this section of the Freedom Charter in a post-apartheid society. As such it will do no more than try to raise certain pertinent questions about a process of transferring the monopolies to the ownership of the people under current conditions. No attempt will, however, be made to discuss two related sections of the Charter: the clause stating, "All other [non-monopoly] industries and trade shall be controlled to assist the well being of the people" and the section headed, "The land shall be shared among those who work it". Policies in both these areas will, of course, be of critical importance in a liberated South Africa. The non-monopoly sector, although small relative to the monopoly sector of the economy, is quite substantial in comparison with that in other African countries. As in other African countries, it can be expected to be an important site of potential class formation and struggle after apartheid restrictions are lifted. The question of how non-monopoly capital is to be controlled to make sure that it serves the interests of the people is thus of central importance. Likewise, the land question opens up a number of critical and thorny issues - how should the land be redivided; what will be the new forms of production to be created; what will the relative balance be at different phases between state farms, cooperatives, small and large scale capitalist agriculture, and family production; how will a transfer of agricultural monopolies be effected. Important though these questions are, they cannot be adequately discussed in the present paper, which will instead confine itself to the issue of transferring the monopolies to the people.

The paper will begin with a discussion of the extent of monopolisation of present day South African capitalism, highlighting developments in the period since the adoption of the Freedom Charter in 1955. It will deal with the various forms which nationalisation can take, emphasising the distinction between nationalisation as a change in the legal form of property and socialisation. It will argue that if nationalisation is to be part of a broader process of socialisation it needs to be accompanied by concrete changes in the organisation of labour processes and decision making at enterprise level, which permit the working masses themselves to progressively gain control over their means of production. Indeed, it will suggest that in some cases prior advances at this level may lay a firmer basis for later socialist transformation than premature defensive nationalisations. In this respect the paper will offer some brief reflection on the Mozambican experience. The paper will conclude by pointing to the importance of developing policies which allow for a prioritising and sequencing of tactical objectives within an overall strategy aiming at achieving the objectives defined in the Freedom Charter.

1. The Development of Monopoly Capitalism in South Africa

As is generally known, South African capitalism has long been dominated by monopoly capital. The onset of deep level gold mining in 1896 led to a very rapid process of centralisation and concentration of capital in the mining industry. Within 20 years, the industry was controlled by a small number of mining "houses" or "groups", with strong links to financial institutions. These were organised in the Chamber of Mines, which ran its own monoploly labour recruitment organisations as well as presenting a common "industry point of view" in state structures.

However, although the mining industry was characterised by monopoly capitalist relations of production from a very early period, other sectors were not. It was only in the post-Second World War period' that monopoly capitalism began to penetrate other sectors of the economy. A number of phases in the development of contemporary South African monopoly capitalism can be identified (2).

The first phase, from 1945 until the post-Sharpeville crisis of 1960-3, saw the emergence of monopoly capitalism in secondary industry. This was part of a general global trend, which saw the "multi-nationalisation" of certain capitals based in the metropoles of capitalist production. In South Africa, as in a number of other peripheral social formations, foreign industrial capital began establishing subsidiaries based on the transfer, in a certain form, of the technologies and the corresponding organisation of labour processes from the centres of advanced capitalist production. Subsidiaries or associates of foreign concerns became the dynamic force within the South African manufacturing sector, stimulating a process of concentration and centralisation of capital in the industrial sector. The Nationalist regime, although rhetorically committed to an anti-monopoly stance, eventually opted for a pragmatic approach, confining its interventions in practice to seeking favourable terms for "Afrikaner capital" in the emerging dominant relations of monopoly capital. Throughout this phase, however, capitalist agriculture remained characterised by competitive capitalist relations of production.

The second phase corresponded to the post-Sharpeville "boom" of 1963-73. This saw the consolidation of monopoly capitalist relations of production in manufacturing and the beginning of a continuing process of concentration and centralisation of capital in the agricultural sector. Between 1960 and 1980 the number of "white farmers" fell from 106.000 to 70.000. By the 1980s it was estimated that 40% of white owned farming land was held by just 5% of farmers (3). The other feature of this phase was that it saw the start of a process of interpenetration between monopoly capitals. Mining monopolies, such as Anglo American, began investing in industry, finance, property and agriculture, establishing subsidiary holding companies to control interests in these sectors. Monopolies which developed initially in the industrial sector, such as Barlow Rand, acquired mining subsidiaries. Financial groups, including the Afrikaner banks and insurance groups - Volkskas and Sanlam - as well as established non-Afrikaner institutions such as SA Mutual, acquired substantial industrial, commercial, agricultural and other subsidiaries. Sanlam too acquired a mining subsidiary - Gencor - virtually handed over to it in 1963 by Anglo American in an attempt to "encourage moderation" among important forces within the Afrikaner nationalist alliance. As a result of these developments, sectoral differences between capitals became less and less important. Moreover, non-Afrikaner monopolies, Afrikaner monopolies and foreign multi-nationals all began buying into one another, thus reducing the importance of the different 'national origins' of monopoly capitals. The monopoly conglomerate, with subsidiaries in many sectors and substantial investments in other conglomerates, emerged as the dominant force in South African capitalism.

The period from 1973 to the present constitutes the third phase, corresponding to the multiple organic crisis of the apartheid system and state. With the exception of the 1979-81 temporary "upswing" resulting from the sharp rise in the gold price, this phase has in general been one of low or negative growth. As is generally the case in periods of capitalist crisis, the current recession in South Africa has seen the elimination of a large number of small capitals and a corresponding further centralisation of control over capitalist production in the hands of the monopoly conglomerates. It has also seen a process of further centralisation within the conglomerates themselves. For example, in The Struggle for South Africa.. written in early 1983 on the basis of data for 1981, eight private conglomerates - Anglo-American, Sanlam, Barlow Rand, VolksKas, Rembrandt, SA Mutual, Anglovaal and SA Breweries were identified as the controlling forces within South African capitalism, together with state corporations and a small number of foreign multi-nationals (4). A number of medium sized conglomerates pursuing policies of aggressive acquisition were also mentioned, two of which - Liberty Life and the Kirsch group - were described as the most important. Since then one of the major conglomerates, SA Breweries, has ceased being an independent corporation and now falls under the control of Anglo American; SA Mutual has assumed effective control of Barlow Rand; the Kirsch group has been swallowed up by Sanlam; and there has been a high level of interpenetration between the conglomerates and banks (SA Mutual/Nedbank and Rembrandt/VolksKas in particular)(5). Liberty Life, on the other hand has entered the "big league" controlling assets valued at R13.535 million in 1985 (6).

This process of further centralisation of power in the hands of the monopoly conglomerates has been accelerated by withdrawals by foreign multi-nationals from direct investments - a reflection of the general loss of confidence by foreign capital. Thus, within a few months of the removal of exchange controls in February 1983, three major foreign owned companies - Premier Milling, Rennies and Metal Box - were sold to Anglo American, SA Mutual and Barlow Rand respectively at a total cost of R604 million (7). The first deal strengthened Anglo's stake in the food industry and also gave it effective control over SA Breweries. The second gave rise to the merger of Safmarine and Rennies, giving SA Mutual effective control over the vast bulk of all shipping and forwarding operations in Southern Africa. The third reinforced Barlow's already substantial stake in the packaging business. Since then an estimated 34 foreign companies have quit South Africa, most of them selling out to South African monopolies. Perhaps the best known of the more recent deals was that leading to the incorporation of Ford's South African operations into the Anglo controlled, Sigma Motor corporation (8). Such deals have of course not only expanded the asset base of the domestic monopoly conglomerates, but also altered the relative weight of local monopoly and foreign capital in favour of the former.

2. <u>Current Indices of the Monopolisation of South African Capitalism.</u>

Several calculations of the extent of monopoly control have been made.

Nearly ten years ago, the <u>Report of the Commission of Enquiry into the Regulation of Monopolistic Conditions Act of 1955</u> concluded that there was "an exceptionally high degree of concentration of economic power in the major divisions of the South African economy" (9). A study undertaken by the Commission calculated that in 1972 10% of firms in the manufacturing, construction, wholesale, retail and transport sectors controlled 75% or more of the market, whilst 25% of the firms controlled approximately 90% (10).

Another way of examining the extent of the economic power of the major monopolies is to consider the assets they control. The Appendix represents an attempt to update the analysis made in The Struggle for South Africa. It shows the assets in 1985 of the mining, industrial, construction, trade, transport and finance companies listed in the Financial Mail's 'Top 100' and 'Giant's League', controlled by the major conglomerates. Comparing the 1985 table with that for 1981, a number of important changes are evident.

Firstly, the total value of the assets of the top 130 or so companies has more than doubled from R157 billion to R371 billion. This represents an annual average rate of increase of 23,98%. This is in excess either of the annual average rate of inflation, which varied between 10,97% and 18,45% in the period since 1981, or the annual average rate of depreciation of the value of the currency against the US $ on the foreign exchanges, which works out at 20,15% in the period until just before Botha's August 1985 "Rubicon speech" (11). It is thus a reflection of the fact that the recession has been a period of further centralisation of capital in the hands of the big corporations.

Secondly, the proportion of the total assets held by state corporations has declined slightly from 26,61% in 1981 to 24,59% in 1985. This is largely due to the selling off of Safmarine to SA Mutual in 1983. Nevertheless, it is extremely relevant in any discussion of nationalisation and socialisation to remember that nearly one quarter of total the assets of the top companies are in the hands of state corporations. These not only control central banking, communications, and the bulk of the transport sector, but also key strategic production sectors, notably iron and steel, energy (electricity and synthetic fuel from coal) and armaments production. In addition, through the Land Bank and the Industrial Development Corporation (IDC), the state has a substantial effective stake in capitalist agriculture and the non-monopoly industrial and service sectors. Moreover, the rate of accumulation of some of these corporations has been extremely rapid. The assets of Sasol, for example, have increased from R 1.232,5 million in 1981 to R 5.120,8 million in 1985 as a result of the substantial investments (partly private financed) in the Sasol II and III projects.

A third important change since 1981 has been in the composition of the "top non-state group". This has changed as the result of the swallow up of two formerly independent groups (SA Breweries and Barlow Rand), the interpenetration of two groups with banks (SA Mutual/Nedbank and Rembrandt/Volkskas)), and the entry of one newcomer (Liberty Life). Instead of consisting of eight corporations, it now consists of six.

Finally, there has been a significant increase in the percentage of the total assets of the top 137 companies controlled by the leading conglomerates. Thus, in 1981 the top 8 controlled 61,66% of the total assets of non-state corporations. In 1985 the top 6 controlled 71,26%. If we compare the position of the top three (Anglo, Sanlam and SA Mutual/Barlow Rand) with that of the same companies in 1981, we find that their share has gone up from 50,68% to 57.78%. Most dramatic has been the increase in the Sanlam group's share from 16,82% to 18,62 % and the SA Mutual/Barlow Rand/Nedbank group's from 10,29% to 18.06%. These figures reflect a process of extremely rapid centralisation of capital which has occurred over a short (four year) period.

A similar conclusion about the extent of monopoly control has been reached by Robin McGregor through a study of the percentage of the total Johannesburg Stock Exchange (JSE) shares controlled by the the different groups. McGregor estimated that 80,2% of JSE shares are controlled by four groups, while 90,5% are controlled by 10 identifiable groups. The top four are Anglo American, Sanlam, SA Mutual and Rembrandt, of whom Anglo alone controls 54,1% (12).

The above figures are all of course indices of the centralisation of capital in South Africa. There is no equivalent aggregate data to show the precise extent to which the process of rapid centralisation has been accompanied by a concentration of capital. However, recent studies of particular industrial sectors have documented how the transition to monopoly capitalism in the late 1960s and 1970s led to profound reorganisations of production into larger production units based on more mechanised labour processes (13). A similar trend has also been evident in the mining industry since the mid-1970s, and current plans envisage both the combination of existing mines into "mega-mines" and the further mechanisation of a number of production processes (14).

However one looks at it, it is clear that South African capitalism is today characterised by the domination of a few conglomerates over all sectors of production, distribution and exchange. At the time of the Congress of the People, monopoly capital controlled the mining industry and banking and was beginning to penetrate manufacturing. Today the monopolies dominate all significant sectors of the economy - mining, manufacturing, agriculture, banking, wholesale and retail trade and even service sectors like hotels, entertainment and tourism. The conglomerates control vast empires with hundreds of subsidiary and associated companies penetrating into all sheres of the economy. There is no significant production, distribution, exchange or service sector in which these do not control the vast bulk of "economic activity". This has important implications for any discussion of the contemporary significance of the Freedom Charter. It means that under today's conditions the objective of transferring the monopolies to the ownership of the people can mean nothing less than establishing popular control over the major part of every sector of the entire economy.

3. Nationalisation and Socialisation

Transferring ownership of the monopolies to the people is sometimes regarded as equivalent to a call for some form of nationalisation. However, nationalisation is of itself only a change in the legal form of property. More precisely it is a transfer of legal property rights to a state. As such it may take a variety forms, occur under different forms of state, and in the context of several possible patterns of social relations of production.

In common parlance, the term "nationalisation" has been used to describe such diverse situations as that where a state:

i. takes a minority shareholding in an enterprise (usually termed partial nationalisation);

ii. takes a majority shareholding, but leaves managerial control in the hands of the private minority shareholder(s);

iii. takes over, with or without compensation, 100% ownership of an enterprise but enters into a management contract handing over management to private capital;

iv. takes over the management of an enterprise which continues to have a minority or majority private shareholding.

v. takes over, with or without compensation, both 100% ownership and management of an enterprise.

Any of the above, may or may not represent an attempt to subordinate the actions of enterprises to some form of state plan.

Nationalisation, in any of the above forms, may take place under very different state forms. In advanced capitalist social formations, nationalisations of ailing and unprofitable industries and sectors, which are nonetheless socially necessary (from the standpoint of national capital accumulation) have been undertaken by openly bourgeois as well as social democratic regimes. In peripheral social formations, regimes dominated even by comprador bourgeois elements have nationalised certain enterprises and created para-statals to provide an opening for capital accumulation by domestic class forces. In apartheid South Africa, we have already noted that a substantial state sector, embracing strategic areas of production as well as central banking, transport and communications already exists - created by successive racist minority regimes.

There has been some debate about whether the Freedom Charter "really" represents the interests of the working class. Taking up this point, Raymond Suttner and Jeremy Cronin have written:

> "This doubt sometimes arises from a confusion between working class demands that are also in the interests of other classes, and demands which are primarily beneficial to workers...While the Charter is not a programme of the working class alone, it nevertheless primarily reflects its interests. Some of the clauses in the Charter are socialist in orientation and are addressed much more profoundly to working class interests than would be the case with any bourgeois document" (15).

Billy Nair makes a similar point saying:

> "Right the way through [the Charter] you will see workers' interests represented, but not in isolation from other popular classes. Take for instance: 'The people shall share in the country's wealth'. That is fundamentally a working class demand but the emphasis on the **people** is still relevant in that it shows the broad unity of all classes" (16).

In short, the Charter is a document formulated in the process of struggle, articulating the demands and aspirations of an alliance of class forces, in which the working class has a leading role. As such, although it is true that "the economic clauses in the Freedom Charter are not specifically socialist" (17), the demand to transfer the ownership of the monopolies to the people clearly envisages more than a transfer of legal property rights to a state seeking no more than the creation of opportunities for capitál accumulation by some new exploiting class. Put another way, the Congress of the People was not calling merely for the creation of new Iscors, Escoms and Sasols. The Freedom Charter is quite specific on this. It calls for much more than an extension of state ownership. It calls for a transfer of ownership of the monopolies **to the people.**

For a transfer of the monopolies to popular control to be complete it is necessary for the people to assume both the **powers of economic ownership** and the **powers of possession** in sectors currently under monopoly control. The former refers to the powers to assign the means of production to this or that use, to dispose of the objects of labour and to control the social process of accumulation. The powers of possession refer to the ability to put the means of production into operation - the powers related to the organisation and direction of labour processes (18). A **necessary** condition for achieving a transfer of the ownership and control of the monopolies to the people is clearly the establishment of a form of state in which "the people shall govern" and the working class assumes "the leading role" within a broad alliance of oppressed class forces. However, nationalisation - as a legal transfer of property - is not, even under such a state form, a **sufficient** condition for a transfer to the people either of the powers of economic ownership or possession.

Writers from Lenin onwards (19), have made a clear distinction between nationalisation and socialisation. In particular, socialisation can in no sense be reduced to nationalisation. While nationalisation is a change in legal property relations, socialisation is a much broader process of collective re-appropriation by producers of control over the means of production. Nationalisation by a peoples' state is a necessary element in a process of socialisation, but only in conjunction with other transformations. More specifically, if nationalisation is to contribute to a process of socialisation it needs to be accompanied, first, by the introduction of a process of planning in which social need rather than profit increasingly becomes the criterion in decisions about the allocation of resources, and, second, by transformations in the organisation of management and labour processes which permit direct producers to assume increasing control over decisions at enterprise level currently the preserve of capital. The dialectical relationship between the centralising tendency of the macro-economic planning process and the decentralising tendency of greater workers' control at enterprise level is one of the most important issues in any experience of attempted socialist transition.

The **sine qua non** for any process of socialist transition in South Africa is clearly the creation of a peoples' state, in which the working class assumes the hegemonic role. Although there are many battles still to be fought - and the national liberation movement is quite correct in giving priority to organising and mobilising for these - it is becoming increasingly apparent that the end of racist minority rule is in sight. As ANC President O.R.Tambo put it in his 1986 New Year message, the developing mass struggles have reached the point where "the Botha regime has lost the strategic initiative" (20). This is reflected in its inability - either through restructuring ("reform") or repression - to produce any long term solution to the deepening crisis.

The creation of some form of popular state in South Africa in the forseeable future is thus becoming a real possibility. However, the limits and possibilities, as well as appropriate strategy, for a struggle for socialism will depend to a large extent on the precise balance of class forces under which such a state was established as well as on the outcome of class struggles taking place after liberation. Both the balance between formerly oppressed/exploited and former oppressors/exploiters and among the different class forces among the formerly oppressed/exploited will obviously be relevant. These by definition are currently unknown elements - to be determined in future struggles - and no attempt will be made here to speculate about their possible or likely outcome.

Nevertheless, it is clear that monopoly capital is preparing to do battle on the terrain of a post apartheid - or at least post-Nationalist Party ruled - South Africa. Ideally, it would like to force through some kind of federalist or consociational system, which would permit the emergence of a "black government", but severely constrain its capacity to transform the basic structures of capitalist power or mechanisms of capitalist exploitation. As a fall back, it would probably be prepared to eventually settle for a deal which offered guarantees protecting certain legal property rights for big capital but probably not precluding nationalisation altogether. In this respect it is notable that leading figures associated with the monopolies have "accept[ed]...a measure of state planning and intervention...to compensate for the errors of omission and commission of the apartheid era" (21).

The rest of the paper will argue that whatever concessions may or may not have to be made to monopoly capital in the course of struggle - and even if in the end no concessions at all have to be made - the struggle to achieve the objectives of the Freedom Charter in so far as the transfer of control of the monopolies is concerned can only be seriously conceived of as a protracted process. It is one which will necessarily pass through various phases and stages. Moreover, while nationalisation by a peoples' state will in South Africa as elsewhere be an essential element of a process of socialisation, it is necessary, in my view, to break from the kind of mechanistic conception which sees nationalisation as a process which has to be completed before the struggle for other transformations can begin. Significant advances towards socialist planning and workers' control at enterprise level may be taken before the achievement of full nationalisation and, indeed, these may lay a firmer basis for nationalisation as part of a process of socialisation than premature offensive or defensive nationalisations by a state lacking sufficient cadres to take over the running of enterprises.

Under the concrete conditions of South Africa, the struggle to place the monopolies under popular control will, in my view, have to be seen from the outset as a war of position involving action on a number of fronts. It will have to base itself in the first instance on consolidation in the two areas where the forces of the people are likely to relatively strong - in the apparatuses of the central state, and in shop floor organisation at enterprise level. Coordinated and mutually reinforcing action at both levels will be necessary if an advance towards socialism is to be achieved under the likely concrete conditions of a post apartheid society. A one sided reliance on action at the level of apparatuses of the central state may result in the predominance of statist, bureaucratic and ultimately undemocratic practices. A one sided reliance on shop floor power will tend to spawn workerist practices, unable to distinguish between the short term interests of particular groups of workers and the longer term interests of the working class as a whole.

4. Some Reflections on the Mozambican experience

Some aspects of Mozambique's experience of attempted socialist transition would seem to be relevant to a discussion of the relationship between nationalisation and socialisation, as well as the possible role of shop floor organisation. However, this is decidedly not to hold up the Mozambican case as either a positive or negative "model". The Mozambican experience has its own specificities - its own concrete conditions determining the limits and possibilities of a process of transformation, and its own history and traditions of struggle - all of which are very different from those in South Africa. Nevertheless, it offers some points for reflection in a discussion of a possible process of transition in South Africa.

Mozambique's attempted socialist transition took place in a society, which had been characterised, under colonialism, by extreme coercive and backward forms of labour exploitation. At independence Frelimo inherited an economy displaying all the classic features of chronic underdevelopment. Agriculture was the most important activity, and the overwhelming majority of agricultural producers were peasants who relied on hand tools. Industrial development was mainly centred on import substitution of luxury goods for the urban settler markets, and production for export was principally of agricultural produce, cotton, sugar, tea, and cashew. Urban development was restricted to the nine provincial capitals, of which Maputo (Lourenco Marques) was far and away the largest. Transport networks served neighbouring states, and Mozambique possessed no direct road/rail link between the north and south of the country.

Labour exploitation after 1930, when colonial rule was consolidated under the fascist regime of Antonio Salazar, took three main forms. The south of the country was essentially a labour reserve for South African mining capital. From the beginnings of gold mining on the Rand, Mozambican workers have been an important component of the labour force with upwards of 100.000 men a year working on the mines in the peak years of labour recruitment. Settler capitalist agriculture in this area was characterised by its technical backwardness and its dependence on a labour force paid even lower wages than those on the mines. Unable to compete with the mines, settler agriculture relied on forced labour.

The central part of Mozambique, barred since 1913 to labour recruiters for the mines, was dominated by a number of capitalist plantations - producing sugar along the Zambezi river, copra along the coast around Quelimane, and sisal and tea inland and on the Malawi border. These plantations also relied on migrant labour, but labour drawn from the colony itself on six month contracts. This too was "mobilised" by a number of coercive mechanisms.

In the northern parts of the colony, peasant cultivation of cotton emerged as the dominant economic activity. Large concessions of land were granted to individual settlers and companies who were permitted to organise peasant producers within them to grow cotton. Investment was limited to the provision of seed, the establishment of a few rudimentary shelters which served as markets, wages of overseers and a ginning factory. Prices were set by the colonial state's cotton board in consultation with the concessionaries. Profits depended on the production of as much cotton by as many producers as possible, and hence on the exploitation of the labour of the peasant family.

The system of exploitation was maintained and reproduced by the colonial state, through a series of repressive labour and tax laws. These limited physical and social mobility, and denied the colonised any civil and political rights. Workers could be punished for a whole series of infringements of the law which included their behaviour in the workplace. It was illegal to break the contract, to refuse to obey orders, to work slowly etc. Punishment ranged from extension of the contract period to unpaid labour service for the colonial state. Physical punishment was also common, and workers who were in any way vocal went in fear of their lives.

All these factors militated against labour organisation. Although there is evidence that workers - particularly those in the ports and railways - participated in various forms of industrial action, this did not reach the stage of union organisation. The only unions which existed before independence were the tame **sindicatos** promoted by the fascist state. Until the 1960s, these were open only to whites, and after the 1960s only to whites and "assimilated" blacks.

After it came to power in 1975, Frelimo nationalised as a deliberate policy measure only the health service, legal practices, education, funeral services and rented property. Later, during the war with the Rhodesian Smith regime, the oil refinery and fuel distribution were taken over. Apart from these areas no deliberate decision was taken to nationalise productive enterprises. Nevertheless, by 1982 only 27% of "industry" (including construction and service activities) remained in private ownership - the rest being either state owned, "intervened" (state managed) or mixed state/private (22). No equivalent figures for agriculture are available, but it is clear that the major part of former settler owned farms as well as plantations had become state farms. The process under which the state in Mozambique came to control the vast bulk of productive enterprises as well as the banking sector, retail outlets and the service sector was essentially one of **defensive** nationalisation. The abandonment of property by former settler capitalist owners, frequently after prolonged processes of asset stripping and even physical sabotage, forced the state to intervene and take over the management of enterprises. Later these were in a number of cases restructured and incorporated into state companies. Likewise, the banking system was taken over and restructured following the virtual collapse of the sector in the wake of the nationalisation of rented property. While the process was at one point seen as positive in the sense of creating a base for socialism, it was in fact extremely disruptive to production, over-stretched the existing cadre, and made the introduction of a planning process prioritising and hierarchising specific tactical measures within an overall strategy difficult. State intervention became a reactive response to emergencies created by the actions of fleeing settler capitalists. State appointed managers, frequently with no previous experience of the sector to which they were assigned, could often do little more than engage themselves in a day to day **ad hoc** struggle to restore production under existing conditions.

Perhaps understandably in this context, the rapid creation of a state sector gave rise to an initial triumphalism. A number of costly and voluntaristic attempts were made to "leap forward" into mechanised large scale production based on the notion that the priority for an advance to socialism was a quantitative expansion of the state sector rather than a qualitative transformation of relations of production within it. The particular example here was the case of the Limpopo Agro-Industrial Complex (CAIL). Vast sums of money - 50% of the agricultural sector's capital budget and 30% of the capital budget of the entire country in 1977 - were poured into this project with little attention to the cost effectiveness of the investments being made (23). The CAIL experiment was eventually abandoned in 1983 with huge losses and vast quantities of useless idle equipment. The complex was divided into a number of smaller more manageable units, some of which have been handed over to cooperatives, family agriculture and even to small private capitalist farmers and foreign multinationals.

Under these circumstances, which were probably largely unavoidable in view of the specific conditions of labour coercion on which capital accumulation in colonial Mozambique had depended, the fact that the production decline was arrested in 1977 and that production increased by 12% in real terms between 1977 and 1981 were remarkable achievements. Nonetheless, the fact remained that the state was technically unable to effectively manage and control all the nationalised enterprises, while the working class was far from having assumed collective control over the means of production. In short, from the perspective of socialist transition, the process of nationalisation - the change in the legal form of property - had in the case of Mozambique far outstripped that of socialisation and indeed had reached the point where it was impeding the processes of establishing an effective planning process and transforming production relations in enterprises.

However, while the above represents a sketch of the general situation, there were within the broad Mozambican experience a number of cases where a different pattern of transformation was evident. An example here is the case of the TEXLOM textile factory in Maputo, studied by the Centre of African Studies in 1980 (24) - before the onset of the current crisis. What was notable about TEXLOM was that it became a nationalised enterprise (technically intervened) not through the usual process of abandonment by previous owners and an intervention from the top, but as a direct result of workers' struggles on the shop floor - struggles which directly challenged management's prerogative on key issues affecting the control of the enterprise. Moreover, this was done on the basis of a relatively high degree, by prevailing Mozambican standards, of shop floor mobilisation.

The TEXLOM company was established in 1966 by a consortium of Portuguese and settler capitalist interests. The factory was completed and began producing in 1973. It was the second largest textile plant in Mozambique and one of the most modern factories in the country. When independence came, the initial investment had not been paid off and the capitalist owners stood therefore to make a significant loss if they abandoned it.

Prior to the Portuguese coup of April 25th 1974, there was little by way of labour organisation or workers' action. With the coup, however, workers began to organise and put demands on the firm's management. A workers' committee was formed in June 1974, which demanded an end to racial discrimination in the factory; a revision in the wage scale; and the desegregation of facilities - the canteen and firm's buses - restricted to Portuguese workers and **assimilados**. When this was refused a strike broke out in July 1974. Management's response was to call in the police, who in the new conditions refused to break the strike and instead persuaded management to make concessions. The workers returned home that night in the previously segregated buses, having won a clear victory. Thereafter management was compelled to recognise the workers' committee as a force. It was consulted on a number of key issues and negotiated several wage increases and other benefits. This situation continued for some time after independence, until in 1976 another conflict erupted. Management, responding to the exodus of Portuguese foremen and technicians, attempted to reinforce its position by promoting to supervisory positions a number of its lackeys. This move was opposed by the workers who both considered the new appointees unqualified and the promotions themselves as a manoeuvre to consolidate management control. The workers refused to accept the new appointees or to take orders from them. Deadlock ensued and when the state structures refused to back the position of management, the senior managers resigned and TEXLOM became a state intervened (effectively nationalised) enterprise.

The point about the TEXLOM example is that the firm became nationalised as a result of workers' struggles which challenged the prerogative of bourgeois management on key questions, and not through action from above. When the Centre of African Studies visited TEXLOM in 1980, it was evident that the experience of workers' shop floor organisation and struggle in the factory had created a much more secure base for state management than in many other intervened enterprises. Workers had already begun to participate in the administrative decision making process previously the exclusive preserve of bourgeois management. The production council, elected by the workers, was represented on the management council and made a significant input to management decisions. Regular shop floor meetings were held to discuss a variety of problems and by 1980 there was also some rudimentary but real involvement of the workers in preparing plans for the enterprise - a practice which has unfortunately not continued. Since 1980, there have been many changes and TEXLOM has been affected by the crisis brought on by destabilisation and the bandit war. Nevertheless, at a particular moment and in the context of a specific concrete historical situation, it represents in my view a relevant experience with potential lessons.

5. Conclusions

Returning to the South African case, it is clear that the level of shop floor power of the working class is much greater than it was in Mozambique. Over a million workers are organised in unions, which have a history of militant struggle and an established presence in the industrial, mining, distribution and service sectors. Already questions of workers' control have been raised in the course of concrete struggles. For example, the current struggle against redundancies has seen unions demanding information about companies' plans and challenging managements' projections and plans. Moreover, the South African working class has developed a tradition of democratic, collective organisation not only in unions, but also in community and political organisations as well as, more recently, in the embryonic structures of popular power that are being created in residential areas (25). These are obviously points of strength in the broad liberation movement which will have to be built on and developed in a struggle for socialism in a liberated South Africa.

On taking power a peoples' government in South Africa will, of course, inherit the existing already substantial state sector. At the same time, it will undoubtedly be obliged to make a number of immediate interventions in the existing "private sector". For example, it will be necessary, even as a defensive measure, to establish effective state control over the banking system at an early stage. There is already a substantial and increasing outflow of capital from the country. For some years all the major monopolies have been making large investments abroad (26). If and when a process of socialist transition begins, we can expect a rapid acceleration in the rate of capital outflow if adequate controls are not imposed immediately. In addition, state intervention will, of course, be necessary from the outset in the struggle to realise the objectives in relation to employment, housing and social services defined in the Freedom Charter. To take another example, we can expect a rapid increase in the rate of urbanisation after liberation. Yet the trend in capitalist production is towards increasingly mechanised production with a corresponding expulsion of labour from production. In such circumstances, "market forces" are not going to provide employment for the growing urban population. The establishment of new productive state enterprises producing goods to satisfy the needs of the people as well as providing employment will have to be an urgent priority.

It will also be necessary at an early stage both to submit the existing "private sector" to a measure of supervision and control, and create conditions for a transfer of the monopolies to popular control. In this respect, the current structure of monopoly control might ironically in the end be turned to advantage. It has created a small number of control centres over the vast bulk of capitalist production. In principle, gaining control (through partial or full nationalisation, or even through the introduction of regulations) of the parent boards of Anglo American, Sanlam, SA Mutual, Rembrandt/Volkskas, Liberty Life and Anglovaal should provide a basis for a substantial measure of real control over the major "macro" decisions affecting the vast bulk of capitalist production without having immediately to take over the management of each of the hundreds of component enterprises.

None of these or any other of the likely immediate priorities of a transformation process would, however, necessarily be enhanced if the available cadre were absorbed in taking over the day to day management of the large number of existing enterprises as a result of a process of premature nationalisation - either forced or willed by a conception that socialism depends on an immediate far reaching change in the property relations. It is precisely here that the question of shop floor workers' organisation will be of crucial importance. Workers organised at the point of production will be an indispensable element of a process of controlling the actions of the existing bourgeois managements, elements of which will have to remain at their posts for some time if severe disruptions of production are to be avoided.' At a certain point, as the TEXLOM example suggests, the defensive struggle of workers to control or resist manoeuvres by bourgeois managements is likely to pass over into a struggle in which their continued control over the enterprise is called into question. This is one possible route through which part of the process of transferring the ownership of the monopolies to the people might be accomplished.

At all events, what will be necessary will be the a sequencing of tactical measures within an overall strategy. All will not be possible on "one glorious day". Priorities will have to be selected within the range of possible actions. Above all state action and the actions of workers organised at the point of production will have to be mutually complementary and reinforcing. Only in this way will it be possible to realise the objective of transferring control of the monopolies to the people.

Notes and References

1. "An Analysis of the Freedom Charter adopted at the Consultative Conference of the ANC, Morogoro, Tanzania, April 25 - May 1, 1969", reprinted in ANC Speaks: Documents and Statements of the African National Congress 1955-1976, 1977.

2. This section is based on the analysis developed in R.Davies, D.O'Meara and S.Dlamini, The Struggle for South Africa: A Reference Guide to Movements,Organizations and Institutions, London, Zed Books, 1984, Chapter 2.

3. Ibid p118.

4. Op cit pp 58-61.

5. Robin McGregor, McGregor's Who Owns Whom, McGregor, Purdey Publishing, 1985 has been used as the basis for determining ownership patterns.

6. See Financial Mail Special Survey: Top Companies, May 23 1986, p150.

7. This was analysed in a Centre of African Studies dossier (23.40) "Background on Recent Disinvestments by Foreign Capital from South Africa", Maputo, 25/7/1983.

8. See Sunday Times 29/9/1986.

9. Quoted Davies, O'Meara and Dlamini, op cit p 57.

10. Ibid p 58.

11. On the average annual rates of inflation see The Citizen 21/1/1984 and 22/1/1986. The calculation of the rate of depreciation in the value of the Rand was based on the rate for December 25th 1981 given in the Financial Mail (R1=$1,033) and that just before the "Rubicon speech" given in Business Day 6/2/1986 (R1=$0,48). The rate before the speech was used as many of the asset figures in the Financial Mail Survey refer to mid year.

12. Quoted in Weekly Mail 13/3/1986.

13. See, for example, Eddie Webster, Cast in a Racial Mould: Labour Process and Trade Unionsim in the Foundries, Johannesburg, Ravan Press, 1985.

14. See Financial Mail 17/1/1986, 31/1/1986 and Centro de Estudos Africanos, "Changing Labour Demand Trends on the South African Mines with Particular Reference to Mozambique", mimeo, 1986.

15. Raymond Suttner and Jeremy Cronin, 30 Years of the Freedom Charter, Johannesburg, Ravan Press, p 143.

16. Ibid pp 145/6.

17. Ibid p 129.

18. On this see Charles Bettleheim, Economic Calculation and Forms of Property, London, Routledge and Kegan Paul, 1976, p 69.

19. See V.I.Lenin, "'Left-wing' Childishness and the Petty-Bourgeois Mentality", May 1918, Part III.

20. "Message of the National Executive Committee of the ANC on January 8th 1986 Delivered by President Tambo", mimeo.

21. See article by Gavin Relly in the Sunday Times 1/6/1986.

22. See Economist Intelligence Unit, Country Profile: Mozambique 1986-7, p8.

23. See Kenneth Hermle, "Contemporary Land Struggles on the Limpopo: A Case Study of Chokwe, Mozambique 1950-1985", Uppsala, AKut paper no. 34, 1986.

24. Centro de Estudos Africanos, Capacidade Produtiva e Planificacao na TEXLOM, Maputo, 1980.

25. On this see Tony Karon and Max Ozinsky, "The Working Class in the National Democratic Struggle", Work in Progress, 42, May 1986.

26. See David Kaplan, "The Internationalisation of South African Capital: South African direct foreign investment in the contemporary period", African Affairs, 82, 329, October 1983.

18. On this see Charles Bettelheim, Economic Calculation and Forms of Property, London, Routledge and Kegan Paul, 1976.

19. See V.I. Lenin, "Left-wing Childishness and the Petty [illegible]", [illegible].

20. "Message of the National Executive Committee of the ANC on January 8th 1982 [illegible]", Tempo, [illegible].

21. See [illegible] in New African, [illegible] Times [illegible].

22. See Economist Intelligence Unit, Country Profile: Mozambique 1990-91, p8.

23. See Kenneth Hermele, "Contemporary Land Struggles on the Limpopo: A Case Study of Chokwe, Mozambique 1950-1985", Uppsala, AKUT paper no. 34, 1986.

24. Centro de Estudos Africanos, Cooperative Problems in Mozambique [illegible], Maputo, 1990.

25. On this see Tony Karon and Max Ozinsky, "The [illegible] in the National Democratic Struggle", Work in Progress, 44, May 1986.

26. See [illegible], "The [illegible] of [illegible] capital: South African direct foreign investment in the contemporary period", [illegible].

APPENDIX

CENTRALISATION OF CAPITAL AS REFLECTED IN 'FINANCIAL MAIL'S' 'TOP 100' AND 'GIANTS LEAGUE' 1985

GROUP	GROUP'S ASSETS	% TOTAL ASSETS TOP 137 COS	% TOTAL ASSETS NO STATE COS
1. STATE CORPORATIONS			
Escom	31252		
SATS	17262		
SA Res Bank	13500		
Landbank	7939		
Post Office	6825		
Sasol	5120.8		
Iscor	4486		
I.D.C	2882		
Armscor	1635		
Uscor	253.2		
Sub-total	91155	24.59327	
2. ANGLO			
Anglo	14546		
De Beers	9823		
Amgold	5325		
AMIC	4516.8		
Southern Life	4437		
SA Brews	3594.6		
Vaal Reefs	2855		
JCI	2783		
Premier	1902.7		
AECI	1800		
Tongaat	1634.7		
Dries	1589		
Hiveld	884.6		
OK Bazaars	670.1		
LTA	390.3		
Edgars	371.5		
Argus	370.5		
Suthsun	304.5		
Amrel	272.8		
Afcol	233.2		
McCarthy	216		
CNA Gallo	147.8		
Ovenstone	145.1		
Cullinan	136.7		
Sub Total	58951.9	15.90500	21.09228
3. SANLAM			
Bankorp	13612		
Gencor	10473		
Sanlam	7785		
Trustbank	7277		

Sappi	1981.7		
Saambou	1723		
Sentrachem	1393.8		
Fedvolks	1380.8		
Kirsch	1029.1		
M&R	870.3		
Messina	486.5		
Haggie	481.5		
Tedelex	479.2		
Protea	442.3		
Malbak	441.3		
D&H	438.9		
Fedfood	400.4		
Kanhym	371.5		
Kohler	251.7		
Ellerine	213		
Trek	192.4		
Group5	171.3		
Abercom	169.5		
Sub total	52065.2	14.04699	18.62830

4. SA MUTUAL/BARLOW RAND/NEDBANK

Nedbank	14561		
Old Mutual	13501		
Barlows	9607.7		
CGS Food	2494.6		
Safren	1987.4		
Rand Mines	1450		
Tiger Oats	1438.2		
Nampak	1128.2		
Plate Glass	782		
PPC	649.3		
Reunert	573		
Metal Box	548.9		
ICS	514.9		
Wooltru	329.8		
Romatex	316.4		
Robor	233.5		
Frasers	188.6		
Plevans	163.4		
Sub total	50467.9	13.61605	18.05680

5. REMBRANDT/VOLKSKAS

Volkskas	11402		
Remgro	3114.3		
Lifegro	1857		
Metkor	1409.6		
Dorbyl	1041		
Bonuskor	165		
Sub total	18988.9	5.123132	6.794003

6. LIBERTY LIFE

Liberty Holdings	6867
Liberty	6668

Sub total	13535	3.651691	4.842659
7. ANGLOVAAL			
Anglovaal	2170		
AVI	1195.5		
Anglo Alpha	1093.9		
Consol	272.7		
Grinaker	235.9		
I&J	190.3		
Sub total	5158.3	1.391690	1.845577
SUB TOTAL TOP 6 PRIVATE CONGLOMERATES	199167.2	53.73455	71.25961
8. BRITISH MULTINATIONALS (listed cos only)			
Barclays	22944		
Stanbic	19310		
Goldfields	4098		
Atrox	423.7		
Dunlop	177.6		
Lonsugar	162.7		
Sub total	47116	12.71172	16.85753
9. BUILDING SOCIETIES (5 cos)	19306	5.208685	6.907453
10. OTHERS (37 cos)	13906	3.751785	4.975399
GRAND TOTAL	370650.2		

Source: Financial Mail Survey of Top Companies, May 23, 1986.

Note: The caveats in Notes A and B on p 64 of Davies, O'Meara and Dlamini, The Struggle for South Africa..., apply equally here.