

MIXED ECONOMIESOwnership: Public and Private

All economies, from the simplest kind of social formation to the most advance socialist system, have a mixture of public and private ownership in the means of production. This rule might not be apparent at sight and calls for some elaboration.

In the pre-capitalist formations of traditional African societies land, the principal factor of production, was held in common; livestock belonged in trust to heads of families; while individual craftsmen owned their tools and the products of their labour.

Quite a complicated set of relations governed land usage. It was neither bought nor leased, but vested in the head of the government who administered it on behalf of his subjects. The allocation of arable plots was delegated to the village headman, who provided heads of families with garden plots. They had unrestricted access to the commonage, and equal rights to water, grazing, wild game and plants or minerals, the resources being appropriated by those who applied their labour to obtain them.

Many variations occurred. Relations between the authorities of chiefdoms and the producers changed with the growth of trade and industry. But the combination of individual, family and community claims persisted. No African economy was wholly privatised or socialised.

Under Socialism

It might be supposed that public ownership is the only type of property relation existing in mature socialist systems.

This is not quite the case, however. Self-employed specialist and individual craftsmen flourish within the chinks and crevices of highly centralised production units, or outside the formal sector. The services provided cover a wide range of activities - tailoring, cobbling, the repair of domestic appliances and motor cars - but are marginal to the

mainstream of production. Members of collective or state farms are encouraged to use leisure time in cultivating plots on their own account to supplement regular incomes or add to the household diet.

Most members of the CMEA tend to favour self-reliance which does not involve the exploitation of hired workers, and which may be regarded as falling in the same category of activity as the work of an artist.

Capitalist Systems

The idea that under capitalism all means of production are privately owned is far from reality. State intervention has been pronounced, often a dominant factor, in all stages of capitalist development: commercial, industrial and monopoly. True enough much of the economy is privately owned, but large sections fall within the public sector and are directed or controlled by government, always in the interests of capital.

State participation in the national economy is most blatant in the manufacture, distribution and consumption of armaments - the most wasteful and unproductive of all forms of investment. This aspect of the so-called free market economy should be borne in mind whenever followers of neo-liberal capital schools headed by Thatcher and Reagan blame public ownership for the troubles of capitalism and vow to return to the laissez-fair policies of the Victorian era. What is called a mild recovery of West Europe and United States from cyclical and structural economic depression can safely be attributed to the vast expenditure on armaments, amounting to 300,000 million dollars in USA projected for the current year, and 800,000 million around the globe in 1985.

State expenditure on armaments is a major form of government aid to capital enterprise, but is far from being the only way in which governments participate in national economies. The position differs from one capitalist country to another and varies in any one country with the change from conservative to liberal-labour governments. In so far as one can generalise, however, I suggest we can identify at least five areas in which public ownership is pronounced in spite of the spate of "privation" that has taken place in some countries during the '80s. The areas are:-

1. Transport: Railways, Roads, Aeroplanes, Motor vehicles, Ships.
2. Energy: Coal, Gas, Electricity, Nuclear power.

3. Communications: Postal services, Telephones, Television, Broadcasting.
4. Agriculture: Enormous subsidies to farmers, producing the notorious mountains of butter and cheese, lakes of milk and reservoirs of frozen meat.
5. Social services: Health, Education, Housing, Welfare, Unemployment relief.

Despite large scale public ownership and government regulation of the economy, bourgeois economists persisted in thinking that State interference hampered and frustrate economic growth through free competition and private enterprise. The conventional approach received a rude shock at the hands of John Maynard Keynes in the 1930s, during a long period of massive unemployment in Britain. His theories merit some attention in this short survey more sespecially since it remains a controversial issue in academic circles and among politicians.

State Interference.

In addition to direct participation through public ownership and investment, governments have always shaped economic developments through monetary and taxation policies. Marxist and radical economists have never doubted the importance of State intervention, and in keeping with their leanings towards socialism have urged governments to use monetary policies on an extended scale for the relief of unemployment yby creating job opportunities.

Keynes adopted a similar approach, not to change the fundamentals of capitalism but to overcome major defects. He argued that in a period of unemployed resources (idle hands and machines) the State could expand the economy by boosting demand, thereby stimulating output. This could be achieved by making investment more profitable by means of monetary and fiscal measures - the so-called "demand side" of state policy in contrast to the "supply side" advocated by monetarists whose views dominated in USA and Britain.

Some optimists predicted that with the acceptance of Keynesian theories, the days of uncontrollable mass unemployment were over. That hope was blasted in the chronic recession of the past decade. Keynesian theories lost ground, monetarist policies likewise failed, and capitalism in the present

period once again pins its hopes for recovery on preparation for war - this time a nuclear war that threatens all forms of life.

South African Capitalism.

The South African pattern resembles that of the big industrialised capitalist states. That is to say, State intervention is widespread, affecting all branches of the economy. According to reliable estimates, State investment accounts for slightly more than half the total of all investments. This proportion includes central and local government undertakings, public utilities, such as railways and harbours, ships, airways, road, bridges, irrigation works, housing, and the big utility enterprises such as ESCOM, ISCOR, AMSCOR.

Over and above such long-standing areas of State interference and ownership, the apartheid government is by far the main source of investment in Bantustans, which survive as economic entities only means of enormous subsidies received from Pretoria.

There is ample precedent therefore for the policy of a "mixed economy" proposed by the President and contemplated by the Freedom Charter. The Liberation Movement has every right to propose an extension of public ownership, firstly to introduce democratic control by removing centres of economic power from the hands of racist capital in private hands, and secondly, to close the enormous gap between white and black in terms of incomes, ownership, and accumulation of capital.

Nationalisation of Resources

State-owned enterprises are only one form of public ownership. Cooperatives and local authority enterprises are other forms. In the present discussion, however, attention is focussed on those sectors which are suitable for large-scale planning, as a necessary supplement to public ownership under people's control.

In addition to the institutions already under public control through direct ownership and investment, a people's government after liberation would probably wish to extend State control over major financial institutions which channel the flow of funds: transport, construction and energy; and agriculture including distribution of land.

We need sustained research and a programme of action to determine areas in which State action is feasible and likely to produce positive results. The mining industry is clearly an area of monopoly capital such as the Freedom Charter contemplates in its proposal for nationalisation. Much thought is needed before we can state with confidence the nature and extent of State control in a liberated South Africa.

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LUSAKA.