

INTERVIEW WITH  
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WHAT DO YOU UNDERSTAND BY THE TERM NATIONALISATION?

The SACP has rejected the proscription of nationalisation as part of the programme of the party. We did so because on balance it was a much abused and overused cliché, which meant different things to different people.

In old thinking it connoted the transfer of legal ownership from private hands to the state. We rejected that as the kind of dispensation which results in basic transformation in the interests of the people, on its own.

We opted instead for the process of socialisation which may or may not involve the transfer of legal ownership in whole or in part of enterprises during the post-transformation period.

WHAT DO YOU MEAN BY SOCIALISATION?

Socialisation involves participation by the actual producers. Some form of participation and control.

WHAT ABOUT OWNERSHIP?

I don't think the question of legal ownership is the key factor, even within capitalism. The people who actually run and control enterprises - medium or larger ones anyway - are not the owners. The ownership question befuddles the issue.

Within a limited range I see nationalisation in some areas as state empowerment to participate in the direction of the sector.

So the difference between the existing situation and progressive nationalisation (not the abstract one) is for the state to engage in the economy in a way which empowers it to give direction to it, in the interests of a different kind of constituency to the one which it responds to today.

HOW DO YOU ACTUALLY SOCIALISE?

It means getting worker participation at enterprise level, by which I don't mean to say that an economic project can be gov-

erned by a show of hands day-to-day on its management and direction. But actual participation through the organised structures of the producers - trade unions - and the consumers - the consumers' organisations outside the direct point of production. These people must be involved beyond the market in seeing how things should be produced, and so on.

HOW DOES THE STATE DIRECT PRODUCTION WITHOUT CHANGING LEGAL OWNERSHIP?

It does not do so in a commandist way - which is what went wrong in the commandist countries. It does it in co-operation with trade unions and so on, and by insisting on a style of management at enterprise level which gives the workers certain participatory rights - not necessarily profit rights - consist with the need to have hierarchies of management and decision making processes. I am not advocating anarchy.

WHEN MOST PEOPLE TALK ABOUT NATIONALISATION THEY MEAN THE STATE TAKES CONTROL OF PRIVATE ENTERPRISES TO MAKE IT PART OF THE STATE SECTOR. IS THAT STILL PART OF SOCIALISATION?

Yes. It becomes part of the state sector. Nationalisation is the transfer of legal ownership to the state - that is all I understand by that term. That is why I do not think it is adequate, or the answer. Where you have nationalised, if it is justified - and it is not always justified at any given moment - then you have to go beyond that transfer of legal ownership and ensure that you get participation.

Even the transfer of legal ownership can be limited - we are not talking about the total transfer of ownership to the state. You could have forms of nationalisation where private capital participates - for example, the Zambian copper mines. So it does not have to involve the total transfer of legal ownership. Where the state has ultimate control - even though it is not the sole controller but has majority control, or has regulations to make it the controller - it must do so in the interests of moving towards socialisation, which is moving towards producer participation, and wider participation within these enterprises.

CAN YOU HAVE CONTROL WITHOUT OWNERSHIP?

The state could pass a law to give control without ownership - it can just do it. The state could turn you into a woman by legislation. It can say the state has the right to take the following decisions in Anglo American. You can have regulations and legislation like that, without ownership.

Obviously the state exercises regulations over the whole economy; and by law it can provide prescriptions interfering directly or indirectly with production - like this state has done.

The problem I am having is that we are always looking for one prescription - nationalisation or no nationalisation. There are mixed forms. Which is why nationalisation in itself is a counter-productive word. It means so many things at so many levels - some negative - so I prefer not to use the word at all.

HOW WOULD YOU IDENTIFY A COMPANY, OR A SECTOR, WHICH IS TO BE

## SOCIALISED?

There are certain key sectors of our socio-economic formation which have to be addressed from the point of view of state direction. There are two extremes we can talk about:

\* the one in the direction of non-socialisation: the small and medium sectors of the economy; non-monopolies

\* the other extreme is the overweening power of giant monopolies like Anglo American. How do you deal with that? I am not advocating you nationalise 44 Main Street, with or without compensation. But you certainly have to take steps to break that overweening power. This is not a particularly socialist option. This motivation lies behind anti-Trust legislation throughout the West.

That is the one thing. You have to ensure there is not a state within a state.

Then you have to examine what sort of state intervention would ensure two imperatives:

1. the prevention of an economic breakdown in a sector
2. ensuring that the surplus which is generated in the sector is equitably distributed.

## THE LATTER YOU COULD DO BY TAXATION

Yes. You could and would do it by taxation. But there are other elements involved. Because of the enormous power wielded by such a corporation over a huge proportion of the workforce and its lives, it is not sufficient to address only the question of how you are going to milk the cow. Here my element of socialisation comes in - you also have to ensure that the producers begin to have a stake at the point of production ...

## A SHAREHOLDING.

Not necessarily. I do not think that in situations like that a shareholding would be a positive thing. You must give certain rights to create a situation in which management cannot be exercised in a tyrannical and dictatorial fashion and there is participation in relation to how the enterprise is run from the organised representatives of producers.

THERE IS NOTHING NECESSARILY CHALLENGING IN THAT TO PRESENT-DAY MANAGEMENT. I NOW THAT SOME MANAGEMENT I HAVE INTERVIEWED - EVEN IN ANGLO - ARE VERY KEEN ON THE GERMAN MODEL.

Production Councils. No, this is not the kind of model I am talking about. I am talking about something that would give real power to the workers, even if ownership remains partly or majorly in existing hands. The state can either by legislation force a private company to give certain rights to the workers, which I do not think is the way to do it; or it can through having an economic interest in the enterprise impose itself in the direction we are talking about.

The state would get involved in the enterprise by getting a stake in the enterprise which would give it certain rights - of ownership - which it would use to achieve the kind of socialism I am talking about.

SO THE STATE WOULD PARTICIPATE IN CERTAIN BROAD DECISION MAKING STRUCTURES

Yes.

IT COULD BE A MINORITY STAKE, YOU SAY

Yes. It could be golden shares, blue chip shares.

WHAT WOULD THEN BE YOUR AIM?

I would look for improving the conditions of the workforce consistent with economic viability - that is the purpose of it. Beginning to, in an affirmative way, elevate those who have been deprived of the chance of participating at higher management levels, even at the cost of a little bit of efficiency.

WOULD YOU SEE THAT IN, SAY, THE GOLD MINES?

Yes, on a limited scale. You could not have a gold industry consisting of 600 000 managers. You could do that.

WOULD THE STATE INITIATE THIS PROCESS, THROUGH GETTING A STAKE IN THE ENTERPRISES?

Not on its own. If it is a people's state it would not do it as a state bureaucracy. It would give the trade unions an institutionalised position to act in respect of this empowerment. But it would use its ownership position as clout to ensure that this is carried out. There is no formula for this.

WHAT DO YOU THINK WILL BE THE RESPONSE OF MANAGEMENT TO THIS?

I don't think they should resist this. It will be in the interests of the country and will act to everyone's benefit. But that is not really an answer.

People who are in command resent their command being interfered with in any way. They would probably resist it.

YOU WOULD STILL NEED THEM THOUGH - COULD YOU REASSURE THEM IN ANY WAY?

The degree to which you can move in this direction depends on the borderline between giving employers, since they are not charitable institutions, some kind of conviction that they have security, and will get return on their investment; and assuring that the process of empowerment takes off. There is a delicate balance.

The post-apartheid state would have to be conscious of this balance - they are both imperatives.

WOULD YOU SAY THAT THE PROFIT-MOTIVE IS STILL A FUNDAMENTAL DRIVING FORCE IN RUNNING THESE SOCIALISED ENTERPRISES?

I don't think there is any other. I don't think we can criticise it within the parameters of capitalism. There might be some philanthropists here and there, but by and large as a class there is only one incentive which is maximum possible profit.

WOULD YOU CRITICISE THAT?

It's a reality - you can't.

AND UNDER A NEW STATE, WOULD THE NEW STATE ALSO WANT PROFIT?

Yes. It would want a return for the purpose of engaging in the social sector of housing, education and so on.

WITHIN THE ENTERPRISE WOULD GENERATING A SURPLUS BE THE PRIMARY MOTIVE.

Of course. It must be a key aim of all enterprises to generate a surplus. Except in those rare areas where, for social reasons, the state goes in for complete subsidisation - like education and even certain commodities, like bread.

HOW WOULD YOU MEASURE THAT - WHEN YOU MUST SUBSIDISE. FOR EXAMPLE TRANSPORT.

You have to look at a package - for example the workers income and the distance people have to commute. You can't expect workers who for reasons of race have been shoved an enormous distance away from work (and might carry on doing so for a while until things can be reordered) - to pay economic rates.

YOU WOULD LOOK AT THE WELFARE COST.

Yes.

WOULD THERE BE SPENDING ON THE WELFARE OF WORKERS, AT THE POINT OF PRODUCTION? SAY, ON HEALTH AND SAFETY?

Yes. It is a question of degree, but the requirements of health and safety at the workplace are the predominant considerations and therefore you cannot balance one cost against the other. But if the only way in which an enterprise can make profits is at the expense of the health and safety of the whole workforce, then it does not merit existence.

WHAT ABOUT WITH SOMETHING LIKE GOLD MINING, WHICH IS A CRUCIAL COMMODITY ON WHICH THE COUNTRY IS DEPENDENT FOR EXPORTS?

You must risk a reduction of dividends and state earnings from taxation in the interest of making reasonable precautions.

SO, IN EVERY RESPECT, YOU SEE WORKERS BEING THE KEY CONSTITUENCY WHICH BENEFITS FROM SOCIALISATION?

Yes. As far as we are concerned they are the key constituency. But they must produce, be part of the whole process of growth. They have to produce income for themselves, but also for society. Therefore there is a balance.

THERE IS A LIMIT, OR A TRADE-OFF HERE. IN YUGOSLAVIA THE MODEL ALLOWED WORKERS TO KEEP A LARGE SHARE OF PROFITS, SO THE WORKERS GREW RICHER THAN EVERYONE ELSE.

You have to take that into account. If some workers are more productive than others, then they are entitled to more.

HOW DO YOU MEASURE THAT?

Surely there are ways.

VERY DIFFICULT. GIVEN DIFFERING DEGREES OF INDUSTRY DEVELOPMENT, INTENSITIES OF CAPITAL AND SO ON.

Then that must be taken into account. If workers are working in conditions with obstacles to productivity then it is not their fault. This could be averaged out. It is theoretically possible. So there is a fair return for labour which does not depend upon

those things over which the worker does not have control.

WOULD YOU MEASURE MANAGEMENT THE SAME WAY.

I think so. Again I am not sure how to quantify it. But management should have similar material incentives related to productivity.

THE WAY IT WORKS NOW IS THAT MANAGERIALS ARE GIVEN PERFORMANCE TARGETS FOR THE COMPANY. IF THEY ARE EXCEEDED THEY GET A BONUS OF SOME FORM OR ANOTHER.

I have no problems about that. We are living whether we like it or not in a humanity which is moulded and driven by material incentives - both management and labour. If we disregard that we are going to suffer. You can't have an egalitarian approach at a point in time when there are insufficient resources to give everyone a utopian existence.

GIVEN THAT COMPROMISE WITH THOSE IDEALS, THERE MAY BE ANOTHER ONE. MANAGEMENT SAYS IF YOU DO NATIONALISE THEY WILL LEAVE THE COMPANY, PARTICULARLY IF THEY ARE EARNING LESS AND HAVE LESS MANAGEMENT CONTROL. WOULD YOU MAKE SOME SHORT-TERM COMPROMISES WITH MANAGEMENT - SAY, IN NOT TOUCHING SALARIES?

Obviously, if there is going to be some kind of redressing of economic imbalances in relation to income and wealth, some people who earn and own large amounts would find it wittled away a little bit in the long-term.

There would not be an immediate impact because it would be suicidal to things which would result in an immediate exodus of management skills.

Perhaps as time goes on and we can develop more skills and there might be competitive possibilities between the new and the old we might not be prisoners, which we are now, of those who have had the advantage of the past - of acquiring those skills.

ARE MANAGERS NOT USING THOSE SKILLS TO GUARANTEE THEMSELVES LARGE SALARIES - AND ALSO TO STOP ANY NATIONALISATION PROGRAMME?

There is a limit. We are going to have to accept that we are going to lose some people, and we are going to have to find ways of filling the gaps. You need to be reasoned about the degree to which you suddenly enter the new phase. There is going to be a relatively long time when you need the skills of these people, and therefore you have to try and retain them. Despite that, even for psychological or political reasons, a lot of them will go. They will also go because they will think that this socialisation I've been talking about is the thin end of the wedge and will reach the point where they will be pushed out altogether, and so on. It is not going to be a simple process, we just have to try and minimise the degree of dislocation.

TO SUMMARISE: YOU SEE A TRANSITION PERIOD WHERE THE WHITES, AND MANAGERS IN PARTICULAR CONTROL THE WEALTH AND POWER. BUT THROUGH STATE INTERVENTION THERE WILL BE A GRADUAL CHANGE IN THAT BALANCE OF POWER, WITH THE STATE AND WORKERS PARTICIPATING MORE AND MORE IN THE DECISION MAKING PROCESSES ...

Yes. More so the workers.

WHAT ROLE DO YOU THINK CONSUMERS, WHO ARE ALSO I SUPPOSE MEMBERS OF THE WORKING CLASS, AND UNEMPLOYED AND OTHERS WILL PLAY.

Consumers must obviously play a role, whether it is under capitalism or socialism, where there is a market, at the market level. That is why I believe in the market mechanism. One of the failures of the socialist economies has been the absence of the market mechanism.

What ought to be encouraged is consumer federations which do not let the manufacturers - be they state or private - get away with shoddy products, exploiting the consumer, or which act against the end of competitiveness.

CAN YOU ELABORATE ON THE ROLE OF THE MARKET?

The market is probably the most effective mechanism of achieving an economic surplus.

The market is the process of exchange.

Whether you can realise your surplus or not on the market is not dependant on any state regulation, except in certain limited circumstances, but on whether the purchaser wants your product, and whether you are producing at economic rates. This can only be determined when the exchange takes place, on the market. What has gone wrong in the socialist economies is the elimination of the market as a mechanism for realising the surplus, involving the complete move away from the market as a determinant, for example, of productivity, the economic levels needed to make an enterprise viable. These you cannot test within your enterprise, but only when your product is sold on the market. A market, or a competitive market which enables different enterprises to have incentives of increasing productivity, improving quality and pushing the uneconomic enterprises out of the reckoning is vital to a socialist economy.

I do not think the market is a fair or effective mechanism for distributing or apportioning the surplus. You have to have non-market mechanisms for that, although there is some connection between the two.

I favour, even in a state enterprise in a mixed economy, that there should be fair competition between a state enterprise and private enterprise,, without state intervention at the market level.

WHAT IF THERE ARE MONOPOLIES?

There shouldn't be.

EVEN IN THE STATE SECTOR.

Even in the state sector. Within a state sector, say textiles, the different enterprises have got to exchange their products on an economic basis on the market. If they can't do so then they must go to the wall. They must not be shored up by state subsidies to maintain their low productivity in relation to others.

THERE SEEMS TO ME TO BE A TENSION IN WHAT YOU ARE SAYING BETWEEN, ON THE ONE HAND CATERING FOR THE INTERESTS OF THE WORKERS; AND ON THE OTHER SAYING THERE ARE CERTAIN YARDSTICKS WHICH HAVE TO BE USED - SUCH AS PRODUCTIVITY, PROFITABILITY, EFFICIENCY AND EFFEC-

TIVENESS - WHICH WILL DETERMINE WHETHER THAT COMPANY SURVIVES. There is a tension. If you give workers a chance for participation, for a harmonious relationship between management and workers, and they cannot make it, should they continue? Is that the tension you mean.

PARTLY. WHAT I MEAN IS YOU MIGHT HAVE COMPANY 'A' WHICH ALLOCATES RETAINED EARNINGS TO WAGE IMPROVEMENTS, FUTURE INVESTMENTS AND SO ON. COMPANY 'B' COMES ALONG AND SAYS TO THE WORKERS: ACCEPT A LOWER WAGE INCREASE AND LET US REINVEST MORE IN PRODUCTION AND PRODUCTIVITY AND WE'LL BEAT COMPANY 'A'. IN OTHER WORDS THEY WILL PLAY A GAME WITH THE REDISTRIBUTION SIDE AND THE MARKET FORCE SIDE OF YOUR MODEL.

At that macro level you will have to have formulae to stop that kind of outcome.

IS THAT NOT INTERFERING WITH THE MARKET?

No. You are not interfering with the market, but with the factory. You perhaps would say to the one factory that it is not justified to do what you said. It is a question.

BUT THIS IS PART OF THE PROCESS OF COMPETITION.

In the end, though, workers would not be prepared to take a cut and lower standards compared to the others. I do not think in reality that would become an obstacle.

THE KEY OBSTACLE POSED BY A COMPETITIVE ECONOMY WOULD BE THE CONSTANT DRIVE TO REDUCE PRICES WHILE INCREASING QUALITY.

You could deal with this by minimum wage legislation, minimum increases and with bonuses for productivity so that there would not be this egalitarianism that deadens everything. You have this in some economies.

WHAT ABOUT COMPANIES THAT ARE STRUGGLING. WOULD MINIMUM WAGE INCREASES NOT PERHAPS BE THE FINAL STRAW FOR THEM?

You might have to make allowances for exceptions.

You cannot look at this in relation to single enterprises.

I might have given the impression by now that there should be no state intervention at the market level at all. That is an exaggerated approach. There would have to be a degree of non-market mechanisms to meet the negative outcomes you have raised. But by and large it has got to be the market mechanism which has to be a test.

THERE SEEMS TO BE A TENSION HER BETWEEN AN EGALITARIAN IDEAL WHERE PEOPLE PUT IN A MINIMUM STANDARD AND THE IDEAL OF EFFICIENCY VIA COMPETITION AND THE MARKET MECHANISM.

I am against the idea that self-exploitation is OK. There must be a limit to the number of hours people work. It would be improper for a people's state to allow enterprises for whatever reason to engage in production in a way which is dangerous to the health, well-being, and leisure-life of the worker. There must be a limit to self-exploitation.



WHAT INTERVENTIONS FROM THE STATE WOULD BE ACCEPTABLE IN THE COMPANY?

Where the product is so socially significant, the state has to play the primary role in determining the exchange rate for the product - like bread and other staples. That has to be subsidised and cannot be left to market forces.

The state has to play a role in determining the quantity of surplus which it appropriates for distribution - through taxes, and through its own investments.

WHAT ABOUT CAPITAL INTENSITY?

Where you have a social problem such as you have in South Africa of 5 or 6 million unemployed one has to balance the need for rising productivity and international competitiveness against the need to provide employment for people, which if you don't would collapse the whole social system. How you approach that balance is a question. A phase of labour intensive production - even though it might disadvantage you in export - could begin to generate this multiplier effect. There is no recipe.

WHAT ARE YOUR AIMS OF NATIONALISATION? WHAT DO YOU WANT TO GET OUT OF IT?

I want to get out of it a society in which the producers have a sense of participation and not alienation from the products which they produce. I think that is more important than it signifies just in relation to the day-to-day functioning of a factory - it is a completely new concept of the way people relate to their society. From that can be borne a more integrated community and moving towards greater equity and egalitarianism.

MANDELA MAINLY FOCUSES ON REDISTRIBUTION. COSATU MAINLY FOCUSES ON WORKERS CONTROL. YOU MAINLY FOCUS ON IDEOLOGICAL AIMS?

It is also a combination of redistribution of wealth, give the state the power to upgrade conditions for disadvantaged people, participation of workers, moving towards socialisation. It is not just based on some idealistic ideological objective.

WHAT DO YOU SEE AS THE IMPORTANCE OF GROWTH?

Without growth everything is meaningless. If socialisation does not achieve it then there is no justification for it. But I believe it will achieve it. When the producer begins to have a real stake in what he is producing and in society as a whole then I believe we will achieve greater growth and greater productivity. But I am not really concerned with growth as a thing in itself. We had the ideal growth rate in South Africa between 1960 and 1976, but there was no redistribution, the gap between white and black increased, there was repression and so forth. But you cannot redistribute wealth which is not there, but the wealth growing does not imply fair redistribution. You need both.