

# **In a Neoliberal World: Is Nationalisation a Route to Socialism?**

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Nationalisation – state-control of industries- is often seen on the left as a form of progress. This argument can take both a strong and a weak form.

For social democrats, state control of an industry providing a key good or service represents a form of *de-commodification* i.e. that is, the release of this good or service from the logic of competitive commodity production. In other words, the argument is that the extension of government control has led to a *rollback* of the market. This is the “weak” form the argument.

The “strong” form of the argument – one much in currency amongst the Marxists of the Second International, as well as the tradition of vanguardism which developed into variants of Leninism, Stalinism and Trotskyism- nationalisation represents *a basis for further socialist advance*– either as a *tactic* or as a strategy that directly *creates* of bridgehead of socialist workers power, the genesis of a socialist state.

As a *tactic*, a call for “nationalisation under workers’ control” is seen by orthodox Trotskyites as a transitional demand- a call that will appeal to workers of varying layers of political understanding, but which cannot, however, be realised under capitalism. It is, in other words, a demand that *sounds* viable under capitalism, but which in fact cannot be realised without the destruction of capitalism.

As a *strategy*, a call for nationalisation holds that nationalised companies are *no longer* actually capitalist because they are subject to *planned* production and the democratic popular will. In other words, *state* control is seen to represent, in and of itself, an attack on capitalism, as inherently inimical to capitalism. Full nationalisation, by this logic, equals state control of the economy, which equals socialism.

Nor should it be assumed that all radical comrades who argue along these lines assume that the State undertaking the nationalisation must be “socialist” or a “workers state” i.e. a class State of the proletariat. On the contrary, one readily finds comrades who argue that even a State sector under capitalism – e.g. Eskom- is in fact not inherently capitalist.

The political implication is obvious: more nationalisation = more socialism. Concomitantly: privatisation should be opposed because nationalisation is a step towards socialism.

## OWNERSHIP AND NATIONALISATION

My critique of these types of arguments centres on two main areas: the relationship between State control and socialism; and the usefulness of demanding nationalisation as a tactic.

Firstly, I argue that *State control is in direct contradiction to socialism*. State control of industries – even total State control of industry – represents a variant of capitalism and in no way gives the working class real control of the means of production, although it may, admittedly, be associated *in some instances* with improved working conditions.

I am not going to deal with the question as one of “nationalisation under workers’ control.” Not at all. *No* country –and no revolution- has ever nationalised anything in order to place it under workers’ control. Hence, this slogan is absurd.

But it is important to explain the basis for this absurdity. This is that State control represents a control of the means of production that is *at odds* with workers’ control of the means of production. Workers, certainly, do not control a capitalist state.

The state is a centralized, hierarchical organization of power that centralizes power in the hands of a small elite of state managers, who control the military, the state departments, the

state companies, the state universities and the like; it includes the parliamentarians, as well as the unelected managers and key officials who run the state. This state elite is, in turn, allied to the private capitalists, whose power *is also based on highly centralized top-down structures: the corporations, including the banks.*

These two groups jointly represent the ruling class – the ruling class cannot be reduced to capitalists, but the capitalists are a wing of the ruling class. The power of this ruling class depends upon class-based relations of production, centred on elite control of the means of production relations of domination, centred on elite control of the means of domination and coercion.

The state managers and capitalists are objectively allied *against* the working class, because their interests are

Largely convergent (although *secondary* contradictions do exist, which can become a crisis in some circumstances); it is because this exploiting and dominating minority rules over the great majority that power is centralized – only in this way can the minority rule the elite.

In some circumstances, the state may nationalise productive property; in some cases, it may privatize. It depends primarily on whether these measures *advance ruling class interests*, expressed in the growth of profits from exploitation, and power over people and territory. Concretely, these interests are expressed in the expansion of the economy and of the state power.

In no circumstances is a nationalised industry any less based on exploitation and top-down decisions than a private company. This is because in no circumstances are ruling class interests compatible with self-management.

Thus, nationalised industry cannot be said to represent an extension of the power of workers. Rather, it represents a different way of managing ruling class interests – and the state inherently represents that class's interests.

If the balance of forces is such that such nationalisation takes place in a context in which the working class is on the offensive, it is possible that such nationalisation *may be associated* with improved conditions. But by the same token, high levels of working class struggle can also lead to improved conditions in a private company. It is the power of the masses relative to the bosses and politicians that leads to improved conditions, not the existence of state or private ownership.

Nationalisation under capitalism is done in the interests of *capitalism and the state*. There is no way that a capitalist state would attack the fundamental interests of the ruling class i.e. the class interests *embodied* in minority economic power and ownership, and embodied in minority political power and ownership.

Capitalist States have nationalised or established State industries in a variety of situations – ranging from nationalisation in war time (the German “war economy” of WW 1), the establishment of ISCOR in 1927 in SA, the nationalisation of the mines in war-devastated post-1945 Britain, the nationalisation of banks in military-ruled South Korea in the 1960s, nationalisation of foreign industry in an explicitly capitalist Mexico or Zambia etc. etc.

But in each case, the aim was to benefit the bosses and politicians, either by providing cheap inputs (e.g. cheap ISCOR steel, cheap Korean state loans) or to bail out a crisis-ridden “strategic” industry (e.g. British coal), or to promote the economic reach of a weak local ruling class (e.g. Mexico, Zambia).

As such, nationalisation does not represent workers' control but capitalist control. All that nationalisation means is that a company is transferred from the hands of the small elite that run the economy to the hands of the small elite that run the State. It has got nothing to do with real workers control of industry.

In addition, the bosses (because they control the State and the economy) are generally able to block the nationalisation of any company that they wish to keep private. Generally speaking, States only nationalise crisis-ridden companies, or those that they can buy by paying compensation, or those that are in some sense strategic.

Finally, any nationalised company still has to operate inside the larger capitalist economy and will thus be forced to operate in a similar way to private companies. The only State assets which form a partial exception to this rule are social services (e.g. education), and “strategic” industries (e.g. the military), which the State feels are vital, but which cannot be provided on a commercial basis or by the market because they are not profitable enough. Even so, their management by State is done in support of capitalism and the state, rather than in opposition to capitalism and the state.

## REVOLUTIONARY GOVERNMENT?

What if the State is explicitly anti-capitalist, a so-called workers’ State that will create socialism, some comrades will argue? Again, this is a contradiction in terms. The idea here is fundamentally idealistic, and oblivious to class power, expressed in state and corporations: it is class power and interests, not promises and rhetoric, that determine what a State does.

Likewise, a new political form, such as a “workers state” – conceding for the moment that this is a useful term, which it is *not* – does not remove class rule, but it is, rhetoric aside an instrument of minority class rule i.e. a red bourgeoisie. Further, such industries as may be taken over by such a State – a State with revolutionary credentials- will not be under workers’ control.

Now, what of Trotsky’s claim that state property is somehow different to, is somehow post-capitalist, because legal title rests not individual hands, but in state hands?

This is abstract and inaccurate.

First, legal title is only one aspect of capitalist ownership; that ownership of the means of production also involves actual “*economic ownership*” (control over the flow of investments into production i.e. what is produced) and *possession* (control over the production process i.e. how things are produced).

Second, legal title can assume a range of forms – including rules of promotion in the bureaucracies governing the means of production- and that therefore, to the extent that such rules existed, a form of *legal ownership* existed i.e. laws governed who entitled a group, a ruling *class*, to assume exclusionary control of the means of production. Economic ownership of state industries is vested in a bureaucracy, and this rests in turn on specific *legal* procedures and rights i.e. on a specific form of *legal title*, a legal form that is nonetheless *class-exclusive*.

*Hence, to the extent that the State controls the industries, the working class does not insofar as nationalisation always involves the alienation of the working class from legal, economic and possessive ownership.*

## TACTICS

Secondly, I argue that the use of “nationalisation” as a *demand* that will supposedly radicalize or conscientise workers – that is, as a tactic – is a contradiction in terms. Given that nationalisation

is *not* a socialist project, convincing workers that this step is indeed socialist can only serve to confuse workers. After all, why call for – and campaign around- a demand that *cannot work*?

Now, some comrades may argue that demanding that the capitalist state “nationalise industry under workers’ control” will help to “expose” capitalism and the Capitalist State. In other words, these comrades are raising the call for nationalisation because it is popular, but are doing so quite cynically, as they *themselves* do not believe that nationalisation under workers control is possible under capitalism.

The idea is that workers will become mobilised, militant etc. around this slogan, and then they will come up against the hard reality that capitalism is not going to “nationalise under workers’ control” – and then suddenly see the system for what it is, and use that militant energy to adopt a really revolutionary strategy, such as seizing factories.

This is the idea of a “transitional demand,” associated with Trotskyism.

This is an immensely cynical strategy, in which the idea is to force workers to confront capitalism in its true form by leading them to make demands that capitalism cannot possibly fulfil.

It fails on two counts. One, it spends its energy on convincing workers to act in a way that the “revolutionaries” know *cannot* work, rather than using that same energy on something viable.

Two, it will *demoralise* the working class rather than further radicalise them as it will lead to massive confusion- certainly, workers are unlikely to turn to the now unveiled “real” revolutionary counsels of precisely the revolutionary party or group that so misadvised them in the first place.

In other words, not only is very little achieved by selling workers some serious misinformation, but such a tactic is hardly likely to raise the credibility of the misinforming group of revolutionaries.

## **SOCIALISM: WHO RUNS THE FACTORIES?**

So far, I have argued that an analysis of the class nature of society must, proceed from an analysis of the base. And the *relations of production* play a crucial role in dividing one mode of production from another, for there can be continuity between two modes of production in terms of the *forces* of production, but certainly not in terms of *relations* of production. Both capitalism and socialism, for example, will involve modern industrial technique, but will nonetheless be distinguishable as modes of production due to different relations of production.

The nature of the relations of production is, obviously, expressed in the pattern of ownership of the means of production. That is precisely why a definitive feature of socialism is the self-management of the means of production by the working class. Self-management is the purest expression of working class ownership of the means of production, legally, economically, and in terms of possession. If another group of people legally owned the means of production, and decided what was to be produced and how, then it would be absurd to speak of socialism.

Thus, the relations of production will be based on participatory democracy i.e. self-management and participatory planning. Equally, it is only through self-management that the relations of domination will be democratised i.e. power will not be abolished, but decentred to all, in that the means of administration and coercion will be fused with the people, not monopolized by an elite i.e. self-management and participatory planning.

In concrete terms, this means a federated, global system of worker and community councils, mandated delegates, and participatory planning of the economy and society to meet human needs, including a sustainable environment, and biodiversity, and the end of all forms of social and economic oppression in a universal human community.

This mighty task can only be implemented by a popular class movement at the base: and the key class movements based on class interest and class struggle, in particular, trade unions, in alliance with working class community formations.

These are the organisations to create a real, free, socialism, from below, not parties that invoke the hostile State power through the flawed and counter-productive programme of nationalisation!

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