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Debating Privatisation

Nicolas Dieltiens and Lucien van der Walt

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The policy document on the privatisation of parastatals announced by the Ministry of Public Enterprises, Jeff Radebe on 10 August 2000 represents an acceleration of the process of privatisation in South Africa.It was with this in mind that the Anti-Privatisation Forum (APF) was formed in Johannesburg as a coalition of forces to oppose privatisation. The APF brings a wide range of organisations including trade unions, student' organisations, civic structures, political groups and NGOs.

The APF believes it is necessary to take the debate on privatisation into the public domain.For this reason the APF has organised a number of demonstrations, pickets and public forums to highlight the dangers of privatisatioñ for working people and the poor

While government's decision to consult labour on the "restructuring of state assets" ís to be welcomed, the planned sell-offs of the state-owned enterprises (SO.Es) should be strongly resisted.This does not imply that the Apartheid modelled parastatals do not need, to be transformed.At issue here is the privatisation of state enterprises built up over many decades with taxpayers money.

The Ministry of Public Enterprises' document on privatisation makes several *falsee/aims*:

- Improved efficiency in service provision due to increased competition in these sectors as a result of privatisation. In other words, it is argued that the opening up of these sectors to market forces will lead to improved products and lower prices as corporate actors compete to attract customers.This is in contrast to the inefficiency that supposedly characterises SOEs as a result of their dominant market position or monopoly nature, and reliance on unconditional government subsidies for a great part of their income.

- Job creation in· the long-term as the newly privatised companies expand and thrive under the impact of competition, as well as increased investment in human resource development as increased competitive efficiency requires the development of "social capital" i.e. the use of education and training as a competitive advantage

- A government windfall of over R50 billion as a result of sell-offs of the SOEs, which would be available for investment in government services and economic infrastructure. This is in contrast with the supposed drain on government resources that arises from the currently non-profitable operation of the SOEs.

- Steps will be taken to ensure that the sell-offs of the SOEs "empower" ordinary people, rather than simply benefiting a few, by ensuring access to shares and to ownership for workers and communities.

The facts are:

- It is not true that government provided services and goods are inherently inefficiently produced or; of poor quality, On the contrary, international experience shows that government is the most effective provider of the basic services and infrastructure necessary to economic and social development. Goods such as electricity and telephone landlines and railway transport simply cannot be produced effectively by a free market for the simple reason that such goods are technical monopolies that do not lend themselves to competitive operations. The only effect of privatisation is to replace state-owned monopoly with a privatemonopoly.

- Whereas a SOE providing key services can be cross-subsidised by revenue generated in other government operations — thereby keeping prices low, a private company, conversely, can think only of the bottom line and therefore will always be forced to raise prices.Government's own figures indicate a 50% increase in costs will result from privatisation.

- Implicit in the notion of privatising basic services is the principle that goods will be provided as commodities to consumers rather than social rights 'to citizens. The State abdicates its responsibility to provide goods to the population regardless of their income. The very high levels of poverty in our country will mean that vast sectors of the employed and the unemployed will be excluded from access to basic services because they won't be able to afford them.The benefit from increased cost recovery — so-called "efficiency" -,inservice provision will only reproduce the poverty and inequality inherited from apartheid.

- Privatisation is invariably associated with job losses.Indeed, the commercialisation and privatisation of SOEs, which has been an ongoing process for much of this decade and has been a major contributor to unemployment. This includes more than 25 000 jobs lost in Eskom and Telkom. In its new Policy Framework government acknowledges further job losses we inevitable. Given that unemployment has assumed the proportions of a social crisis in South Africa, it is thoroughly irresponsible for government itself to instigate further job losses.

- The claim that deregulation could actually create new, and "quality" jobs in the privatised sectors is a leap of faith with no empirical backing. Whilst such results may spring readily from the supply-demand curves of mainstream neoliberal economists, it will not take place in reality. Corporate growth in South Africa and elsewhere over the last decade has been correctly characterised as "jobless growth". Industrial restructuring has been premised largely on increased capital intensity and on the intensification of work, leading, in the latter case, to employees doing more work. In the context of static demand for goods. This leads to workers either working themselves out of a job or suffering from the enormous burden and suffering of an ever-growing workload. Where jobs have been crated, these have invariably been in "flexible" employment, i.e. casual jobs provided through sub-contracting without job security, benefits or real union rights, Such jobs trap a layer of the working class in working poverty and undefine the conditions of organised workers. To see such developments as empowerment or as evidence of consultation is bizzare.

- "Empowerment" schemes that centre on incorporating popular constituencies into co-ownership of the privatised SOEs cannot "empower" any but a small elite. Ordinary working and poor people will be excluded from such ownership, and further such ownership will not anyway address the overall negative effects of privatisation