

SOUTH AFRICA'S PLANNING COMMISSION VERSUS 'WORKERS CONTROL AND MANAGEMENT'

Background and Context

Leaders of the African National Congress (ANC) frequently remind the population that the party is in the process of constructing a 'developmental state' in South Africa. With the aid of this 'developmental state', they promise, the functioning of the country's political economy is to be 'transformed' to create jobs and uplift the living standards of the poor. Slogans about building a 'developmental state' have been capturing media headlines since the final phase of Thabo Mbeki's presidency. After the ANC unceremoniously removed Mbeki as head of state, allies of Jacob Zuma paraded themselves as the authentic champions of the 'developmental state'. COSATU and SACP leaders, the self-styled leftists in the tripartite alliance, support this perspective and usually offer sophisticated theoretical justifications as to why the country needs a 'developmental state'.

References to historical examples of developmental states almost always point towards East Asian economies like South Korea, Taiwan, Malaysia and so forth. In the two decades from the late 1960s to 1980s, these countries developed world-class manufacturing sectors across a wide range of commodities, especially in electronics and high-tech equipment. Their industrial products could often successfully compete with similar goods produced in the imperialist countries. However, claims that East Asian developmental states totally escaped imperialist influences and control are false because right up to this day they still rely on multinational finance capital and industrial subcontracts to propel their factories. Moreover, these countries have been and continue to be dependent on consumers in rich countries to buy their exports and this export-dependency subjugates them to economic fluctuations in imperialist countries.

State bureaucrats in Asian developmental states invested enormous amounts of capital in targeted industries to help cultivate a 'patriotic capitalist class'. At the same time, the autocratic governments that ruled these countries were notoriously repressive. Trade unions, for example, were banned or not permitted to operate free from the draconian control of company bosses in almost all these countries. Today's independent and militant trade union movement in South Korea, for example, was born after waves of worker revolts in the 1980s against poor working conditions and rampant violations of basic workers' rights.

Ideologues in the ANC and the tripartite alliance vehemently deny that they strive to construct a dictatorial developmental state in South Africa. They talk of a 'democratic developmental state' with the liberal bourgeois notion of democracy as their reference and ultimate goal. This rhetoric is clearly intended to put a progressive gloss on the ANC's commitment to neo-liberalism and capitalism. Yet broad consensus exists in their ranks that government must foster a class of black capitalists or patriotic bourgeoisie to develop the country. At a Presidential Business Summit, held on March 18th, President Zuma desperately pleaded with big business to aid his government to create 5 million jobs in 10 years. Such blatant lobbying of capital, with their economic power over the majority hardwired in the Constitution and macroeconomic policies, shatters illusions that the governing elite is leading a progressive anti-capitalist transition.

A National Planning Commission

In 2009, Zuma altered the government bureaucracy in an effort to realize their vision of a capitalist developmental state. The enlarged bureaucracy, including representatives from the so-called left in the alliance, focused public attention on a revised industrial policy action plan (IPAP2), a new growth path (NGP) and a national planning commission. Since its first

appearance on the local political scene, controversies arose on the nature and scope of national planning. Technocratic administrative planning is not equivalent to planning as an alternative to the market. This latter meaning of the concept, ‘planning as a system of economic organization’, was far more topical in the 1970s and 1980s mainly because of disagreements over the reintroduction of ‘capitalist markets’ across Eastern Europe. Against the backdrop of these complex debates and the popularity of planning in the Zuma administration, it is worth beginning a focused conversation on a working class perspective towards economic planning.

COSATU and the SACP broadly support economic planning and the creation of bodies like the Ministry of National Planning. ‘National planning’, these allies of the ANC insist, opens an opportunity to translate the 2007 Polokwane resolutions into pro-poor state policies and thus represents a ‘victory for the left in the tripartite alliance’.

Enlightened sections of the capitalist class understand that the Zuma administration’s infatuation with planning is not targeted at liquidating private capitalist property and its social relations. Shortly after the publication of the Green Paper on ‘national planning’, a leading voice of the bourgeoisie gave the following sober assessment of it in an editorial piece:

“And contrary to fears that the planning commission might be a Stalinist bureaucracy that weighs heavily on the economy, the entity the Green Paper envisages is something far more flexible and interesting. The question is not so much whether the proposed planning function will make the state too big and unwieldy: it’s more whether it will improve the functioning of the state at all.” (*Business Day*, 7 September 2009, page 8).

Unlike before 1994, conscious sections of the bourgeoisie no longer perceive the ANC as diehard ‘Stalinist socialists’ who aim to impose Soviet-era economic planning in South Africa. On the contrary, yesteryear’s liberation fighters have evolved into today’s diligent pupils of neo-liberalism under the tutelage of bourgeois ideologues. Indeed, a closer reading of the Green Paper on National Planning reveals it to be a blueprint to rationalize why the economic fundamentals, the capitalist ownership structure which dictates the shape and rhythm of the political economy, must stay intact at any cost.

The “Green Paper” refers to a menu of planning tools which incorporates elements of the MTSF, government’s annual Programme of Action and technical guidelines on how this kind of planning process is likely to operate. The National Planning Commission (NPC) exists inside the Presidency. It operates like a high-level think tank made up of well-qualified and expert advisors or commissioners. This army of technocrats must produce a longer term plan to be articulated in “*Vision 2025*” before the middle of 2012.

Experiences of national planning from elsewhere

Many other countries also have planning bureaucracies, most notably South Africa’s partners in the BRICS bloc- a network of fast growing poorer economies aiming to expand their share in capitalist globalization. It is well-known that huge differences exist among the BRICS partners, particularly the variations in the pace and scales of economic development. Planning, especially the content and role an economic planning, also varies among these countries. South Africa’s Ministry of National Planning is therefore not unique. However, unlike former post-capitalist societies of Eastern Europe, South Africa is a capitalist society and socialism is not the goal of the ANC.

Russia and China are former icons of post-capitalist bureaucratic planning that excluded workers from decision-making powers on the orientation of production and organization of labour. Both countries have effectively abandoned this economic planning model in favour of

neo-liberalism and the capitalist marketⁱ. By the way, it might be worth noting that reforms underway in Cuba, another adherent of a variant of this type of bureaucratic state planning, also aim to unlock the perceived benefits of capitalism. Last week the Cuban Community Party adopted a set of 313 'Guidelines for Economic and Social Policy' soon to be incorporated into state policy. One of its most far-reaching reforms introduces market-based employment and wages: approximately 1.5 million workers in state firms face lay-offs and will have to search for work in co-operatives and other types of private small firms.

Planning in India is interesting because it dates back to the 1950s and planners emphasize the decentralized and participatory nature of its planning processes. Both the development and implementation of each five year plan apparently allows for 'peoples participation'. However, participation is voluntary and takes place through a wide range of formations. Local participation takes place through *Panchayati Raj* institutions that are district administrative councils. Each block or village elects its own *panchayat*. In reality, these administrative units rarely operate with maximum involvement of the local population. This planning mechanism further provides scope for cooperatives and 'voluntary organizations', partially funded by the state, particularly to implement social welfare programmes.

The Planning Commission reports to Cabinet and the National Development Council. It works closely with the Central Bank and the Central Statistical Organization. The PC itself is made up of expert working groups and panels of specialists to advise it on specific policy issues. Although scope exists for considerable state and local planning, these are subject to and must fit within the boundaries of national goals.

In 2002, India's Planning Commission produced a *Vision 2020* statement which sets out plans to transition it from a low-income to a middle-income country in 20 years. This document is laced with statements on social harmony to 'balance and synthesise all the divergent views and forces' and appeals to traditional cultural and spiritual values. Its substance is steeped in capitalist economic growth mantra. India should achieve a growth rate of 8.5-9% by 2020, in order to leap to the 4th largest economy in the world and this would also enable her to eliminate income poverty. In other words, no Indian will live below the poverty-line in about a decade from now! It wants to achieve a state of full employment and targets the generation of 200 million jobs. The private sector and the public sector must both contribute towards this jobs target. Hopes are pinned on small and medium enterprises to create the vast number of jobs but this runs against the logic of capitalism as more economic power gets concentrated in fewer hands. One astounding forecast in the vision statement is that, assuming development proceeds according to plan, India will be a more unequal society in 2020 than what it had been around 2000.

India, like every other nation state, wants to secure reliable sources of energy supply-without igniting any rampant environmental damage. Energy demand up to the year 2020 is set to triple- from 101,000 to 292,000 MW. Which energy sources must India invest in to meet her higher and diverse energy needs (propelled by booming industrial and transportation sectors)? Renewable energy- including ethanol and other types of biofuels- has been identified as a vital ingredient to ensure the country's energy security. Large-scale investment in biofuels (or agrofuels) is in the pipeline and this is defended on grounds of rural development and job creation. However, a growing body of scientific evidence proves that many advantages of biofuels over fossil fuels have been overstated. Let us assume it is possible to totally prevent all negative effects of biofuels on food security. But eliminating the heavy absorption of water in the production of biofuels is impossible which makes it a driver of water shortages. The experts and planners who drafted *Vision 2020* downplayed or completely ignored all the dangers attached to biofuels as a chief source of renewable energy.

Plans to expand India's nuclear power capacity receive virtual zero attention in the *Vision 2020* document. The country has 22 nuclear reactors which make up a tiny fraction of the country's total energy supply. More recent evidence suggests that nuclear energy supply is set to expand from 3% to 6% of the country's total energy needs over the next decade. This opens up a market of \$150 billion which is now being carved up among French, American and Russian corporations. In 2008 it signed a deal with Avera from France to construct a six-reactor nuclear power station (supply capacity of 9,900 MW) near Jaitapur along India's west coast. At the moment it is considered to be the largest nuclear power plant in the world- at an existing price tag of \$10 bn. Another 9 deals are at various stages of being signed off.

To forge ahead with the Jaitapur nuclear project, the Indian government had to effectively dispossess thousands of small farmers and fisher-folk of their land. In fact, scientific studies of the area highlight that it is ecologically fragile and seismically-active. Estimates of the 'admissible levels of radiation' will endanger human health, destroy biodiversity and kill horticultural farming in the region. A self-organized resistance movement to oppose the planned nuclear power plant has emerged among small farmers and fisher-folk. Violent police crackdown on anti-nuclear protests in a small town near the plant in early April 2011 resulted in dozens of activists injured and at least one killed. Solidarity demonstrations for alternatives to nuclear energy have erupted in other parts of the country in recent weeks and are gaining momentum. What does this ongoing conflict around nuclear power reveal about planning in India? It lays bare, among other flaws, the duplicity of India's planning commission serving as apologists for capitalism behind the rhetoric of 'participatory planning'.

It is evident that more than 50 years of technocratic planning in India failed to lift India's poor majority out of abject destitution and suffering. This experience shows the limitations of a planning commission in an underdeveloped capitalist economy. In fact, the real source of India's shocking uneven development, of concentrated wealth thriving on widespread misery, is rooted in the logic of capitalism. Critical decisions on the allocation and use of material resources and human labour rest with those classes who own and control the means of production. The planning commission safeguards the interests of these property-owning elites despite all the hype about the democratic participation of the masses in planning. It has failed to penetrate and expose the dynamics of surplus extraction and the social relations of production specific to capitalist accumulation in India.

'Workers control becomes a school for planned economy'

Why is planning in the framework of capitalism, whether it takes place at the level of a single capitalist company or through an overarching planning bureaucracy, doomed to failure? Planning in this mode of production continuously runs up against the 'law of value' which dictates the inner workings of the system. It is a fragmented and hierarchical system of cutthroat competition among capitalists. What this means is that private accumulation of profit and markets produce disproportions that ultimately reflect in waste and the destruction of resources. We experience and witness this during recurring economic crises. Ernest Mandelⁱⁱ offered an enlightening summary of the limits of planning under capitalism:

"Capitalists, and certainly big capitalist monopolies, do a lot of planning inside their enterprises and even in whole branches of production and exchange. But they do not have the power to decide in a conscious way how the economy and society will develop in its totality in the medium and long terms. These trends will be imposed upon them "behind their backs", by objective laws..." (Mandel 1991:198)

What standpoint should workers adopt towards ‘planning’? Needless to say, an outright rejection or in-principle opposition of workers to planning would smack of sectarianism and be unrealistic. Workers must develop and put forward an alternative planning framework which is distinct from models used in capitalist societies and bureaucratic planning that had existed in post-capitalist societiesⁱⁱⁱ. Economic planning under democratic workers control and socialized property is one way to summarize such an alternative we need to fight for.

Translating this longer-term objective into a guide in existing struggles, in specific trade union struggles or wider anti-capitalist resistance, is the real challenge. However, experiences from Latin America, especially in Argentina and Venezuela, highlight possible ways to articulate demands for ‘workers control and management’ in concrete struggles^{iv}. In these countries this movement began with workers’ occupation of bankrupt plants and the revival production. Workers self-management arose in Argentina in reaction to the impact of the 3-year recession (around 2001) on jobs, poverty and the production and distribution of goods and services. Unlike Argentina and Brazil, the occupation and co-management of plants in Venezuela enjoy legal and state support- as an integral part of the Bolivarian revolution for *Socialism of the 21st Century*.

What is an appropriate ownership structure for occupied factories? There has been a unanimous rejection of the ‘solidarity economy model’ in which workers are given shares or become capitalists in firms. In Argentina there are many cooperatives - mainly under the auspices of the Church. But these differ in many ways from factories under ‘workers’ control’. The cooperatives often pay wages below subsistence level while prioritizing the repayment of debt that was accumulated by the bosses. Moreover, when the cooperatives employ new workers, they do not become members of the cooperative, but employees. The cooperatives are far from breaking with the logic of capitalism (*International Viewpoint*, 10/02, pp31-32). These examples are not blueprints for us to willy-nilly copy, but pinpoint what might be possible under definite conditions.

Somewhere in the transitional programme, Trotsky suggested that “workers’ control becomes a school for planned economy”. Modern capitalist crises, in which capitalists off-load the cost of the crisis onto workers, compel workers to put this demand on the agenda. Workers must ask: who bankrupted this branch of industry? Who is responsible for economic mismanagement and over-accumulation of waste and hiding it through business secrets? Even if this questioning erupts in a specific firm, it must place the national economy under the microscope. Committees of workers could call in specialists devoted to the people to help penetrate all open and concealed mechanisms of the capitalist economy and develop a general plan. The immediate task of workers’ control is conscious interrogation to prepare workers for direct management of socialized industry.

P. Jacobs APRIL 2011

ⁱ China’s early phase to abolish ‘bureaucratic economic planning’ and extend the sway of markets in wage-labour and private ownership of productive means has been well documented (See for example: Joel Andreas, 2008. *Changing colours in China*. *New Left Review* 54 Nov/Dec: 123-142). Samary’s booklet is a primary reference which clarifies many complex theoretical points in this debate and discusses the cases of the former Soviet Union and other Eastern-bloc countries (Catherine Samary., 1988. *Plan, Market and Democracy: The experience of the so-called socialist countries*. *IIRE Notebooks* 7/8. International Institute for Research and Education, Amsterdam).

ⁱⁱ For an introduction to Mandel’s voluminous writings on the problems of bureaucratic post-capitalist economic planning see: Ernest Mandel. 1991. *The Roots of the present crisis in the Soviet Union* (pp194-210). In *Socialist Register 1991: Communist Regimes the aftermath* edited by Miliband & Panitch. London: The Merlin Press Ltd.

ⁱⁱⁱ Harnecker, in her critical comments on wage-labour and private enterprises being introduced in Cuba, adds that satisfying social needs is the core objective of anti-capitalist planning: “The need for planning or ex-ante

coordination is not just to avoid the cyclical crises of capitalism but also so that society may direct productive activities to satisfy the most important needs and not just those that generate more profits for business.” (Camila Piñeiro Harnecker, 2010. Risks in expanding non-state enterprises in the Cuban economy. *Links International Journal of Socialist Renewal* (Oct. 7, 2010))

^{iv} Many websites now report updates on worker takeover and management experiences. Find a thought provoking discussions on Venezuela and Argentina in the following booklets: Iain Bruce. 2008. *The Real Venezuela: Making Socialism in the 21st Century*. London: Pluto Press; Lavaca Collective., 2007. *Sin Patrón: Stories from Argentina's Worker-Run Factories Latin America*. Haymarket Books.