

Privatisation — Why the Rush?

Over the decades, public sector services have only remained public because of the low rate of profit they generate.

When originally developed by private ownership, they were starved of capital and plagued by bankruptcy and paralysis. Because capitalist industry could not operate without these essential services, they were handed over to the State, along with law and order and defence - to provide the basic conditions for capitalist production and exploitation.

The provision of roads, water, electricity, gas, housing, health and education services were long seen to be unprofitable, and therefore of no interest to private entrepreneurs. There were always fringes whose major concern was not profit; for example, so-called 'public schools' for the children of the rich.

Similarly, while the public health system provided minimal conditions for workers, a private health system was maintained. Although run along business lines, private schools and hospitals were retained not as a source of profit, but as an exclusive service for the capitalist class itself.

Why then in the 1990s should there be a sudden rush world-wide to privatise or 'sell-off' these essential services to private enterprise?

The public sector and capitalism

The Depression of the 1930s brought to the entire developed world unprecedented economic crisis and paralysis. This disaster was overcome by public works programs, as economists learnt that the participation of the state in economic activity was vital and that uncontrolled capitalist anarchy was incapable of maintaining full employment. The War drive was itself the ultimate and most destructive expression of this policy.

The post war boom was organised by applying Keynes' economic theories. Capital was invested in productive and profitable enterprises, whilst the state was handed responsibility for the provision of essential services, known in most countries as the public sector.

Both the German and the Japanese economies were reconstructed through the injection of millions upon millions of dollars by the United States government under the Dawes and Marshall Plans.

The growth of Japanese capital in the 40s and 50s was organised by the MITI, a state body directing capitalist investment in a planned way.

Thus, public enterprise and investment has played a vital role in the survival of capitalism over the last 60



years.

Historic crisis of capitalism

By the early 1960s the expansion of post war capitalism had reached the point where it was reaching the margins of profitable investment.

Competition for control of the sources of raw materials lead to the development of a world-wide minerals boom in the 1960s. In Australia this period saw four new iron mines opened in the North and Western Australia and many coal mines opened up on the eastern seaboard. These resources were exported in the main to Japan and provided a profitable return.

By the 1970s, significant investment was moving into speculation around commodities and the development of futures markets in, for example, the hoarding of coffee in the early 1970s and the quadrupling of coffee prices in 1973.

By the 1980s this had become nothing more than pure speculation for speculation's sake. An absurd point was reached in 1987 when the capacity for the market to continue to grow had been exhausted. Many billions of dollars were written off in the 1987 share market crash.

The move towards privatisation

The world-wide move towards privatisation is driven by the need of capitalism to find new areas from which to extract profit. As the rate of profit declines, sectors which capitalism formerly found too unprofitable, become attractive.

We have seen this particularly in Britain, Canada, New Zealand and now in Australia. Developing countries have been forced by the banks to decimate public enterprises and services in favour of capitalist exploitation. Public services have almost disappeared in the United States, and the former Stalinist bloc has now been opened for capitalist exploitation.

While the privatisation drive of the last decade has been led by the conservative parties overseas, in Australia it has been the ALP which has led the charge.

In their effort to boost the profits of the private sector, the Labor governments have to identify those sections of the public sector from which a profit could be made. Proposals are then put forward to privatise these services, and a range of techniques have been developed to justify this process.

This often means the introduction of user-pays systems to provide an income for prospective private owners. The quality of service and the equity of service go by the wayside as a result. In Britain, the privatisation of water and electricity was ruthless — 3,500 times more people have had their water disconnected since Thatcher privatised water.

Preparation of the public sector for privatisation often also involves corporatisation — breaking up the management and infrastructure ready for sale to private buyers.

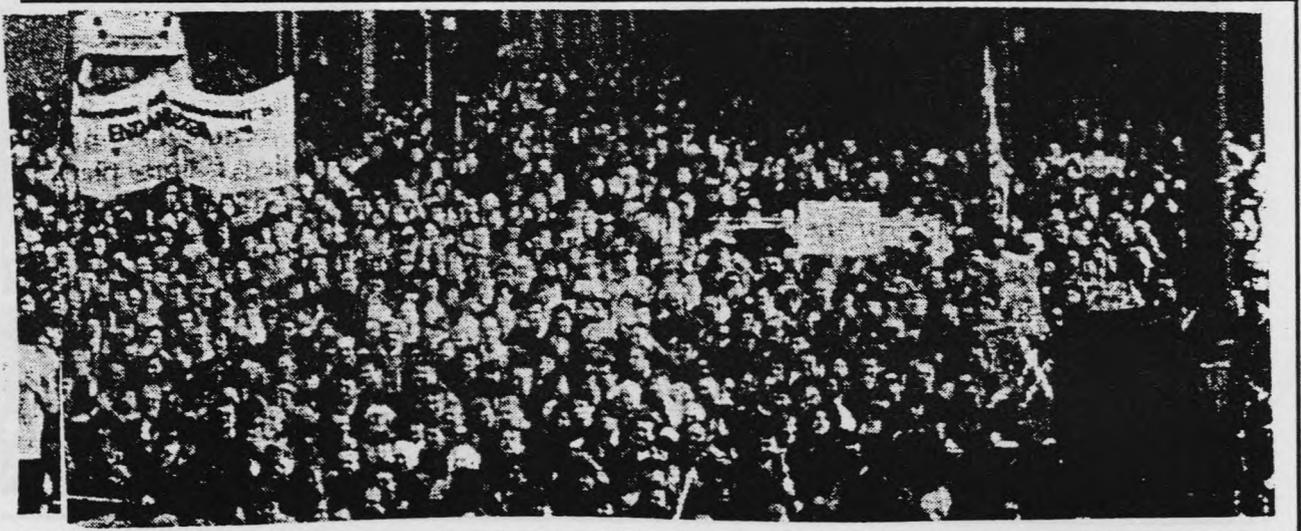
The Labor government have argued that corporatisation is a means of protecting government enterprises, that by making them more efficient they will prevent them from being sold by the Liberal Opposition.

This is nonsense, because it is economically viable enterprises that the private sector are most eager to grab.

In any case, recent announcements from Alan Stockdale and Phillip Gude in relation to both privatisation and industrial relations make absolutely clear that the Liberals' intend to sell the State's assets as quickly as possible.

State governments in the past have allowed wealthy entrepreneurs to enrich themselves at the government's expense. Facing bankruptcy because of this up-market charity, the State governments are now selling off assets at fire sale prices as if there were no tomorrow.

Instead of breaking up successful public services and enterprises in order to boost the profits of the private sector, the public sector should be extended. Instead of allowing whole industries in the private sector to go to the wall, public enterprise should be extended into new areas.



It is with great regret and sadness that we write an obituary for Rae Hunter. Rae was a British Trotskyist who many of us have known and greatly respected. Her life was a life of struggle and her courage was an example to others. The following article is written in memory of Rae and in celebration of her life's work.

A Life of Struggle

Rae was born in 1917 on 10th December and was active in the Trotskyist and Labour movement for 55 years.

Her family moved from England to South Africa when she was six. She lived there for ten years, and when she returned to Britain she was introduced to Trotskyism. A number of Trotskyists came from South Africa to England in the middle thirties as it became clear to them that real activity in South Africa could only spring from the black workers themselves, rather than from the privileged minority of white workers.

In 1936 Rae began training as a state enrolled nurse at St Charles' Hospital in London. In 1937 she joined the Workers International League (WIL). The WIL was one of the first Trotskyist groupings in England. It was committed to breaking with the sectarian atmosphere which some other groups had become immersed in and based itself inside the workers movement.

Rae described her memories of her early political life in an interview she gave in 1987.

She said; 'My first taste of politics came when I attended classes given by Ralph Lee in the basement of the Paddington headquarters of the WIL. At the time the Spanish Civil War was very much at the forefront of a lot of discussion.

'I used to attend the classes on my day off from the hospital. I was impressed by the internationalism of the WIL and was convinced of the Trotskyist line - after the Anarchists and Communist Party had been discredited by the analysis of the Spanish Civil War.'

Rae remembered that at the time the WIL published a journal on an old duplicator until they obtained an old printing press in December of 1937 which was already eighty years old.

Rae unionised a number of the nurses she worked with but her training was cut short.

'With the onset of the war by 1940 a large number of working-class women were going into the engineering factories as the men were conscripted. The hospitals were evacuated from central London, in anticipation of bombing.

'Instead of being isolated politically out of London and with middle-class women who went in for nursing in those days, I decided to go into the factories.

'I joined the Municipal and General Workers' Union (which was the only one that recruited women) when working at Sunbeam & Talbot. This was a large factory which used to make cars but was turned over to aircraft and munitions for the war. There were men in the factory but they were skilled and were in the AEU (engineering union) or sheet

metal workers' union.

'I recruited a lot of women to the union as the working conditions were terrible. The summer of 1941 was very hot and there was little ventilation in the factory.

'I took up a fight through the union for better working conditions. Eventually the management had to knock a wall down to improve the ventilation - I was unpopular with management.'

In 1941 when Hitler invaded the Soviet Union the Communist Party of Great Britain had a sudden change of political and industrial policy. They threw uncritical support behind Churchill. They supported the imposition of speed-ups and loss of other working conditions. Rae was opposed to this.

'They initiated a National Shop Stewards' Conference in October 1941. As a shop Steward and sitting on the West London Area Shop Steward's Committee I was delegated to the conference. There were about 1,400 delegates from all over the country and I had my speech ready for an intervention.

'The conference was called to promote the CP line on production and was chaired by Walter Swanson, a CP shop steward. He made it clear that it was called to 'survey concrete instances of how co-operation with the management had increased production.

'The response to Swanson's appeal for accounts of such concrete instances was negligible. The majority of reports related to instances of management refusing to co-operate and of using increased production to cut wages and undermine working conditions. All known opponents of the policies of the platform were suppressed.

'I was called to speak, mainly I think because I was a woman and young. The CP's didn't know me.

'I gave a speech attacking the joint production committees.

'I said; "I have only been a year in industry but I have been in long enough to know that the chaos in industry is not caused by the workers but by the incompetence and lack of planning on the part of the bosses, their managers and foremen.... Some delegates have argued that we can increase output by means of production committees composed of delegates of workers and bosses.

"I know from my own experience that the bosses will not co-operate with the workers on this issue. They would brook no interference with their rule.

"Where these committees are set up the bosses will attempt to use them to paralyse the independent action of the workers who can only agree to production committees which are completely under their control. The bosses will use the

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workers reps on these committees precisely as the capitalist government is using the Labour and trade union leaders: to impose restrictive legislation which they could not otherwise operate.

' "There are only two methods of increasing production. The one alternative is that of Nazi Germany where production is organised through complete destruction of all working class rights.

' "The other alternative is the establishment of workers control which would not only increase production but would safeguard and extend the rights we have won through years of struggle.

' "If this conference gives a lead, and I hope that it will, for a movement

in the trade unions and factories for the control of production through factory committees, it would be the first serious blow struck against Fascism and in defence of the Soviet Union."

' Swanson attacked me saying I only represented 38 workers.

' But these were 38 Shop Stewards on the West London Area Committee of which he was chair! The capitalist press attacked me and supported Swanson.

' After that conference I was witch-hunted out of Sunbeam & Talbot's. I was off sick with acute bronchitis and when I returned to work they moved me to the paint department and soon after shut it down.

' The Communist Party then put out a leaflet stating: "They are a virus which must be cleared out of all contact with working class organisations. TREAT A TROTSKYIST AS YOU WOULD A NAZI."

' The atmosphere of the Moscow Trials had reached Britain for sure.'

After this experience, and after being sacked from Sunbeam & Talbot's, Rae moved up to Renfrewshire in Scotland where she got a job in Babcock & Wilcox which made ships' boilers.

Rae continued to be an active Trotskyist, dedicated to the struggles of the workers she worked with and came in contact with.

In 1954 she was expelled from the Labour Party along with large numbers of Trotskyists who had an association with a paper called 'Socialist Outlook'.

In 1956 Rae and her husband Bill and their two children moved to Liverpool where Rae became well known in the Merseyside area. She was known for selling a Trotskyist paper and for her consistency to the movement.

During the 1984/85 Miner's Strike Rae was an active member of one of the biggest area support groups which brought in £17,000 for miners and their families.

After the expulsion of Gerry Healy from the Workers Revolutionary Party in 1985 Rae fought within the party for the building amongst the working class.

In 1988 she was part of a group who left the WRP and formed the British section of the International Workers League (Fourth International). She was made honorary president at their first conference.

In order to contribute to the development of the International, Rae went with her husband to live in Argentina at the age of 72.

When she returned to England her health was poor but she continued to enjoy participating in political meetings and in discussing with workers the way she had all her political life.

Rae was an inspiration to many. She had a wonderful way of talking about the Trotskyist movement and discussing solutions to the challenges it faces.

She was patient and firm in all her discussions and will be sadly missed by a great number of people all around the world.



Rae Hunter, 10 December 1917 – 19 May 1992, member of the Trotskyist movement since 1937

For a political alliance against destruction of the public sector.

Unemployment continues to grow. The A.L.P. governments, both State and Federal, are selling off public assets and packing their bags for the parliamentary wilderness.

With fewer jobs to distribute to their mates, as the Liberal Party gains control, the ALP faces possibly a long stay in the wilderness. The ALP has, in fact, long ceased to be a mass party, and its internal life is more and more removed from the working class.

However, Phil Cleary's win in the Wills by-election showed that it is now possible for a candidate to the left of the ALP to win seats in parliament. This new situation must be opened up to help break the grip of the ALP bureaucracy on the political life of the working class. A left political alliance is an important means of doing this. If the electoral monopoly of working class votes enjoyed by the ALP can be broken, then the conditions for building a new leadership may be created, and for breaking the working class from parliamentarianism itself.

Unemployment, the recession in industry and the rural crisis are the main issues confronting the working class. Defence and extension of the public sector is the socialist policy against unemployment and recession expressed in the language of 1992.

The other agenda, the agenda being supported by Kirner and many on the left, is the call for a pause in tariff reductions. This policy offers nothing for workers.

The new opportunities which the Wills by-election pointed to could be utilised by means of a political alliance built around the defence and extension of the public sector. Around this issue, a very wide political alliance could be ranged which united all those that are prepared to fight the ALP betrayals by means of a broad campaign in the working class.

Communist Intervention invites all those believe that a left political alliance could be built with a campaign in defence of the public sector to participate in a discussion to work out a strategy for the period of rapid political change now in train.
