STATE POWER FOR WHOM?

By Observer

"Much deeper than the end of the Cold War and the breakdown of ideology is the supplanting of the nation-state itself by the new forces of transnational and supranational entities. The effects of these new forces cross all boundaries. They are fast rendering meaningless the intellectual basis for differentiation along a North-South axis. A more accurate reflection what is happening between and with societies is increasingly to be found on an "included-excluded" axis... The investments of transnational and supranational entities are unlikely to be the kinds of investments that the poverty-riddled parts of the world require: basic infrastructure, health, education, and fundamental services for the integration of populations into their own economies and societies. Since the 18th century, these are the kinds of investments that have been made by the nation-state."

So said Keith A Bazanson, President of the International Development Research Centre (IDRC), associated with the Canadian Parliament, at the First Foundation Day Lecture of the Iwokrama Rain Forest Programme, in Georgetown, Guyana on 5 June 1994.

According to the UNDP-associated Human Development Report 1994, page 87: Transnational corporations (TNCs) control more than 70% of world trade and dominate the production, distribution and sale of many goods from developing countries, especially in the cereal and tobacco markets. An estimate 25% of world trade is conducted as intrafirm trade within TNCs... This concentration of power can also be damaging. To some extent, transnationals have escaped regulation by national authorities, and the speed and ease with which they can restructure their assets, relocate production, transfer their assets, transfer technology and indulge in transfer pricing have become a matter of international concern. TNCs have also engaged in oligopolistic practices and shown insensitivity to environmental concerns (more than 50% of green house gases are thought to be generated by their operations).

More recently, President Shankar Dayal Sharma, in a nationwide address marking the anniversary of India's independence, said that the nation must stand up to foreign pressure and defend its national interests.

According to a Reuter story, Sharma in an apparent reference to nuclear test ban negotiations in Geneva said: "We must resolutely withstand and neutralise the formidable pressures maneuvered against us." In a speech, celebrating the 50 Anniversary of India's independence, Sharma said Indian citizens even today had to defend their freedom, saying bondage came in many forms.

"Apart from the usual and obvious methods such as tilted terms of trade, and undermining self-reliance in economic growth, the focus now is on the mind of the nation and its people." he said.

Another Reuter story (Guyana Chronicle 13 August 1996) stated that the Indian Government ruled out the entry of foreign print media into India and said it would not allow foreign television networks to broadcast from Indian soil.

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The story further noted that a political storm brewed after domestic media reported in recent weeks that Rupert Murdoch's Star Television owned by Newscorp was seeking permission to set up a broadcast station in India by shifting out of Hong Kong.

There is thus a strong case of some international supervision on TNCs. A useful starting point would be to complete the UN Code of Conduct for Transnationals, which after 20 years' work has not been negotiated. This could be followed by the creation within the UN of a World Anti-Monopoly Authority.

OWNERSHIP

Many Third World leaders, in their struggle for political independence from colonialism, were influenced by social democracy in general, and the British Labour Party, in particular. As such, they followed the ideological/political orientation of the British Labour Party. This was particularly so in the English-speaking colonies.

They adopted the Labour Party's programmatic state ownership and nationalisation. In this regard, there was a failure to analyse concretely the different stages of development in Britain and in the colonies and semi-colonies: in Britain, a fully developed economy; in the colonies and semi-colonies, a largely underdeveloped economy with economic and cultural dependency and underdeveloped human resources.

By adopting, in the post-independence period, the programmatic position of the British Labour Party, there developed a co-incidence in the developing countries with the programme of the Communist Party of the Soviet Union after the 1917 revolution. Public ownership was carried out as in the young Soviet state, without the necessary professional and managerial skills. Thus, ~~as in the Soviet Union~~ in many Third World states, in the context of various classes and strata struggling for political power and utilising all means available -- race, ethnicity, tribe, religion -- and resorting even to violence to obtain their objectives, a highly centralised and bureaucratic state system developed. Under these conditions, public ownership failed.

~~PPP'S EXPERIENCE~~ MIXED ECONOMY

In the colonial era, under foreign political, economic, institutional and cultural domination, the virtual one-crop one-mineral economy was totally subordinated to the interests of the sugar plantocracy. The major industries, sugar and bauxite, which generated nearly three-quarters of the national income, were foreign-owned and controlled. Foreign domination and exploitation led to abject poverty.

Certain entities were under state ownership and control. These included the railways, steamer and harbour services, telephone, sewerage and water works, drainage and irrigation, sea defences, health, education (dual control with churches) Rice Marketing Board, and two rice mills.

In the 1957-64 period, with a joint PPP/British administration, ownership and control virtually remained the same as in the colonial period. Only one company, the Canadian-owned Demerara Electric Company came by agreement with the British Government under state ownership.

Before nationalisation, there was a dismally poor service by the private electricity company. Under the PPP Government in the early 1960s, the service improved significantly, rural electrification was introduced and the Guyana Electricity Corporation (GEC) became a profitable venture, largely due to efficient management and a new democratic Board. Under the PNC regime, the GEC deteriorated and became a great financial liability.

In the colonial period, the Guyana Rice Marketing Board (GRMB) had become a single purchaser and supplier of rice inside the country and a single exporter of rice. But with the democratically-elected Rice Producers Association (RPA) not in control, the RMB did not function in the interest of the rice farmers and millers. During the seven year period (1957-64) of the PPP Government, the RPA was given majority control (13 our of 16 members) of the RMB and the industry and rice producers flourished, with an average annual 10% rate of growth, despite strife and strikes in the early 1960s.

The state rice mills at Anna Regina, Mahaicony/Abary (MARDS), Cane Grove and the Co-operative rice mills at Black Bush Polder and Vergenoegen were performing well financially as a result of democratisation and better management, with the RPA playing a bigger role in the Boards of these entities. This was an advance on the colonial period.

Under the authoritarian PNC government, the state-owned RMB and rice mills performed disastrously and brought ruination to the rice industry and the rice producers.

The state cannot be looked at in abstraction. In determining the role of the state, relevant questions must be posed- who controls the State; what class and/or strata wield state power; is the State democratic, authoritarian or dictatorial; if democratic, is the state democratic in the fullest sense - representative, consultative, participatory?