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The roots of privatisation

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Did you know that the Nazis invented privatisation?

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The laissez-faire ideological defenders of capitalism are very forthright in their support for “privatisation.” Many of these are also keen to argue that Hitler was a left-winger. Rather than look at the business backers and role of the Nazi regime as provider of serfs to said capitalists, they simply note that “Nazi” stood for “National Socialist.” Such are the intellectual times we live in.

Given this, it comes as a surprise that a recent issue of the “*Journal of Economic Perspectives*” shows how the first use of the term “privatisation” was by the Nazi regime rather than, as previously, thought by Peter Drucker. According to Germa Bel, the term seems to have been first introduced into academic social science by Maxine Yapple Sweezy, although its use in English was predated by **The Economist** in August 1936, reporting on the Nazi plan of “*re-privatisation*” of certain banks. (“*The Coining of ‘Privatization’ and Germany’s National Socialist Party*,” **Journal of Economic Perspectives**, 20: 3: pp. 187–94).

Bel quotes a major work by Sweezy, “*devoted to the analysis of economic policy in Germany under the rule of the National Socialist Party*.” Sweezy states that industrialists supported Hitler’s accession to power and his economic policies: “*In return for busi-*

ness assistance, the Nazis hastened to give evidence of their good will by restoring to private capitalism a number of monopolies held or controlled by the state.” This policy implied a large-scale program by which “the government transferred ownership to private hands.” Strange behaviour by “socialists,” one would think but does fit in with the analysis of fascism and Nazism as tools of capitalism.

According to Sweezy, one of the main objectives for this policy was to stimulate the propensity to save, since a war economy required low levels of private consumption. High levels of savings were thought to depend on inequality of income, which would be increased by inequality of wealth. This “was thus secured by ‘reprivatisation’ The practical significance of the transference of government enterprises into private hands was thus that the capitalist class continued to serve as a vessel for the accumulation of income. Profit-making and the return of property to private hands, moreover, have assisted the consolidation of Nazi party power.” Sweezy again uses the concept when giving concrete examples of transference of government ownership to private hands: “The United Steel Trust is an outstanding example of ‘reprivatisation.’”

Bel ends by noting that the “primary modern argument against privatization is that it only enriches and entrenches business and political elites, without benefiting consumers or taxpayers. The discussion here suggests a rich historical irony: these modern arguments against privatisation are strikingly similar to the arguments made in favour of privatization in Germany in the 1930s ... German privatization of the 1930s was intended to benefit the wealthiest sectors and enhance the economic position and political support of the elite.”

All of which places the Thatcherite experiment of “free market/strong state” into some very required historical context. Little wonder anarchists reject both privatisation and nationalisation.