

Book Review: Reclaiming Public Ownership: Making Space for Economic Democracy

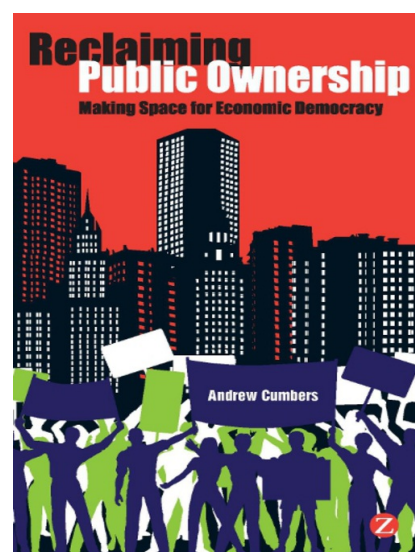
blog admin

***Reclaiming Public Ownership** attempts to go beyond traditional leftist arguments about the relative merits of free markets and central planning to present a radical new conception of public ownership, framed around economic democracy and public participation in economic decision-making. **Adam Larragy** is impressed by the delicate balance this book achieves, in that it is able to articulate demands for economic democracy through collective ownership whilst also acknowledging the need to engage with the state in order to create and promote pluralistic forms of public ownership.*

Reclaiming Public Ownership: Making Space for Economic Democracy. Andrew Cumbers. Zed Books. September 2012.

Find this book

Between 2008 and 2010, governing parties previously ferociously hostile to a policy of extending public ownership – New Labour in Britain, the Republican Party in the United States, the Social and Christian Democrats in Germany – became temporary converts to a policy of nationalisation. Despite various governments' taking equity stakes in key financial institutions, there has not been intellectual shift towards public ownership. Indeed, intensified efforts at privatisation have become *de rigour* since 2010; ironically to pay for the policy of bailing out the banking sector in the first place. Against this consensus, [Andrew Cumbers](#), a professor of geographical political economy at the University of Glasgow, makes the case for a renewed commitment to pluralistic forms of collective and public ownership of the means of production, distribution and exchange.



amazon

Google

Despite being an initially marginal part of the Conservative platforms in 1979 and 1983, the privatisation of the nationalised industries in Britain became – particularly within the Conservative Party's institutional memory – almost the *raison d'être* of Thatcherism. To its advocates, privatisation offered commercial freedom, economic efficiency, and the path to a shareholding democracy. The old nationalised industries were cast as inefficient dinosaurs, staffed by supine managers and dominated by over-mighty trade unions.

Shrewdly, Cumbers focuses on the most effective intellectual cited by opponents of public ownership: Friedrich van Hayek. Hayek argued that creeping public ownership would eventually lead to the end of individual freedoms, as the role of the price mechanism – in Hayek's eyes an expression of societies' aggregate individual preferences – would be reduced and a centralised, planned economic system replace the liberal market economy. Furthermore, Hayek believed that a planning authority would simply be unable to process the amount of information required to allocate production and distribution efficiently; in his eyes only the price mechanism could play this role.

Cumber acknowledges the failures of state socialism in the Soviet Union, and the failures of post-war nationalisations in shifting economic decision making towards workers and citizens. Indeed, the depth of the criticism of previous experiences of state ownership may surprise those on the political right inclined to dismiss a book advocating public ownership out of hand. Traditional left-wing arguments against the hierarchical structure of the post-war nationalised industries are accompanied by a recognition that worker-run enterprises, such as in Yugoslavia, could emerge as vested interests in their own right. Of course, contemporary capitalist enterprises have demonstrated all these characteristics and more. Rather than expanding freedom as their champions claimed, the privatised industries have displayed a tendency towards an increasing concentration of power both in relation to consumers and workers.

Using Hayek – whose vision of market freedom as human freedom has been so compelling – allows Cumber to counterpoise Hayek's vision of a 'market utopia' to contemporary sclerotic capitalism. Yet, accepting some of Hayek's critique of concentrated economic power leads Cumber to advocate new, more diffuse and accountable forms of public ownership including state and municipal-owned enterprises, co-operative firms and employee owned firms. This desire for a plurality of ownership forms, inspired by the Austrian socialist [Otto Neurath](#), is mirrored in Cumber's desire for a mix of mechanisms for allocative decisions, including the price mechanism and the dedication to wider social and economic goals.

Despite the size of the book, Cumber touches on the breadth of recent experience with public ownership, pointing to both the 'pink' and more full-throated left-wing governments of Latin America as leading the way in municipalisation. However, the two chapters focused on specific instances of different forms of public ownership focus on Nordic countries; both Denmark's co-operative and municipal wind-power and Norway's state-owned oil sector are listed as problematic examples for the book's audience. It is not hard to imagine that Cumber's examples were chosen with the possible trajectory of an independent Scotland – rich in oil and wind – in mind. Other countries' experiences are necessarily glossed over; the role of state-owned companies as vehicles of capitalist modernisation in the Chinese political economy is only touched upon briefly.

One of the key strengths of the book is the emphasis on space and scale, which is unsurprising given Cumber's academic background. The need for both localist initiatives and regional-wide co-ordination is recognised. Large-scale operations would necessarily demand large state-owned firms, something that anarchist critiques have perhaps been unwilling to systematically engage. Yet, the key weakness of the book is the lack of a sustained engagement with the legal spaces binding, in particular, economies within the European Union. The creation of new economic-legal order based on neo-liberal precepts in the last thirty years would be a barrier to efforts to construct alternative collectively owned social economy whether on a national or municipal level, as the European Commission's policing of the scope of state aid shows. The treatment of Denmark's struggle with EU energy policy touches upon some of these issues, but a more sustained treatment would have been welcome.

The book achieves a delicate balance – it is able to articulate demands for economic democracy through collective ownership while also acknowledging, as autonomists such as Hardt and Negri do, the need to engage with the state to enable the creation and promotion of pluralistic forms of public ownership. At a time when the British government is determined to return its share in the retail banks to the private sector, and pursue a policy of marketisation and privatisation in relation to public services in areas as varied as criminal justice, health, education, communications, and defence, this book provides a welcome set of theoretical and empirical arguments for new forms of public ownership and co-operation. This book should appeal to students of politics and economics, and the general reader interested in potential alternatives to the current economic dispensation.

Adam Larragy is a history PhD candidate at Royal Holloway, University of London. His research focuses on economic ideas in early nineteenth-century Britain. He holds a BA in economics and history from Trinity College, Dublin and an MA in International Political Economy from the University of Warwick. [Read more reviews by Adam.](#)

