

SDG 9

Alternatives to PPPs – growing instances of de-privatization

BY PUBLIC SERVICES INTERNATIONAL (PSI)

Quality public services are the foundation of a fair society and a strong economy. Such services make our communities and economies more equitable, resilient to downturn and disaster, and protect the youngest, sick, unemployed, disabled, aged and vulnerable. Quality public services are among the State's primary mechanisms for fulfilling its obligations for the realization of human rights, gender equality and social justice. They are key to the implementation of the goals and targets of the 2030 Agenda, including SDG 9 on building resilient infrastructure.

Quality public services also support the economy by providing public infrastructure, research and innovation, a healthy and skilled workforce, and strong and stable justice and regulatory institutions. To be universally available and accessible, quality public services must provide guaranteed access for all, free from discrimination, as a legally-enforceable right. Most public services are more efficient and effective when owned and managed by the public. Consequently, the majority of public services globally remain under public ownership and management.

The fight against privatization is not just a fight to stop the sale of our public services. It is also a fight for the type of society we want, a fight for social justice and equity. There is enough wealth in our economies to enable the required public investment, if corporations and the very wealthy pay their fair share. The consequences of underinvestment in quality public services are lower growth, higher inequality, less social cohesion and an inevitable political reaction that is currently being exploited to fuel racism, nationalism and xenophobia.

Public services as target for privatization

However, the potential profits from public services, combined with three decades of global neoliberal propaganda, make public services a target for privatization by corporate profit seekers. The health sector alone was worth over US\$ 7 trillion in 2013, an estimated 10 percent of global gross domestic product (GDP), and rising by 5 percent a year. Education is estimated to be worth a further US\$ 3 trillion. Water is one of the most essential and potentially valuable resources on the planet (see the Spotlight on SDG 6 in this report).

Those seeking to profit from privatization promote a range of myths. As privatization became a public relations liability in the 1990s, corporations began to promote Public-Private Partnerships (PPPs). As civil society organizations and trade unions work to expose PPPs, their tactics evolve further with new and equally dangerous corporate tools developing all the time.

In recent years, the corporate sector has invested heavily to facilitate the privatization of public services. Their strategy involves the creation of an 'enabling environment' of legislation and regulations to attract and protect private investors, financializing infrastructure as an asset class, and government-funded facilities to prepare a flow of profitable projects. States are increasingly using public money – including taxes, pension funds and official development assistance (ODA) – to offset any risks to private investors. Trade agreements are also used to create a facilitating environment and lock in privatizations.

Privatization is further facilitated by arbitrary limits on government borrowing and spending. Rising debt is often used as a pretext for privatizing assets, instead of demanding that corporations and the very rich pay their share of tax. The UN, the G20 and the OECD have all recently called for more private investment in public services and infrastructure. Alarmingly, many in the global labour movement and civil society have been slow to oppose it.

Contrary to the rhetoric of private sector efficiency, a major driver of privatization is the expected profit produced by job cuts and lower labour costs. Privatization is used to break unions' collective agreements, drive down wages and labour conditions, introduce precarious work and destroy unions.

Social Impact Bonds (SIBs) are the latest mutation of privatization in areas such as offender rehabilitation, youth work and employment services. They reinforce the false idea that only the private sector can innovate. They convert complex social services to financial instruments, which are difficult to administer, and drive resources into fixing the symptoms of social problems, not the causes. SIBs also potentially drive down wages, replace skilled workers with volunteers and create a new acceptable 'social' face for unacceptable privatization of social services.

Privatization, outsourcing and the use of agency workers are not gender neutral. They disproportionately affect sectors with a higher percentage of women. They also block access to those quality public services that should serve to alleviate women's burden of unpaid domestic care work and facilitate women's integration to the labour market (see Chapter 4 in this report). They also create precarious work that undermines labour rights in ways that disproportionately affect women. Privatization, outsourcing and the use of agency workers usually lead to more expensive and less flexible services. The process of granting windfall profits to private companies creates conditions conducive to financial and political corruption that is rarely accounted for.

Where privatization, outsourcing and use of agency workers cannot be stopped, organizing workers in privatized services is both the best way to provide

decent wages and conditions for these workers and an important way to stop wage competition and destruction of workers' rights being used as a force for privatization.

The public is often told that privatizations are difficult or impossible to reverse, but this ignores the evidence of hundreds of cases of governments successfully bringing privatized services - often failed privatizations - back into public hands. Trade unions like PSI support reversal of privatization, promote examples of success and help affiliates to pursue the reversal of privatization. They oppose trade agreements that cover or affect public services because they often make reversal of privatization difficult, more expensive or impossible.

Public-Public Partnerships (PUPs) mainly involve strong public utilities twinning with weaker public utilities to jointly solve problems and improve service quality, often through transfer of technical skills, while preserving decent employment. When governments do not renew contracts with private operators, or terminate them early, PUPs provide a viable way to access expertise.

From New Delhi to Barcelona, from Argentina to Germany, thousands of politicians, public officials, workers, unions and social movements are reclaiming or creating public services – including infrastructure – to address people's basic needs and respond to environmental challenges. They do this most often at the local level.

Growing trend of (re)municipalization

A recent report, "Reclaiming Public Services", prepared by the Transnational Institute and co-published by organizations around the world¹

¹ Published by Transnational Institute (TNI), Multinationals Observatory, Austrian Federal Chamber of Labour (AK), European Federation of Public Service Unions (EPSU), Ingeniería Sin Fronteras Cataluña (ISF), Public Services International (PSI), Public Services International Research Unit (PSIRU), We Own It, Norwegian Union for Municipal and General Employees (Fagforbundet), Municipal Services Project (MSP), Canadian Union of Public Employees (CUPE).

provides an in-depth world tour of new initiatives in public ownership and the variety of approaches to de-privatization.² It shows that there have been at least 835 examples of (re)municipalization of public services worldwide since 2000, involving more than 1,600 municipalities in 45 countries.

Why are people around the world reclaiming essential services from private operators? There are many motivations: to end private sector abuse; regain control over the local economy; give people affordable services; or deliver ambitious climate strategies.

Remunicipalization is taking place in small towns and in capital cities, following different models of public ownership and with various levels of involvement by citizens and workers. Nevertheless, a coherent picture is emerging: it is possible to build efficient, democratic and affordable public services. We can say no to ever declining service quality and ever increasing prices. More and more people and cities are closing the chapter on privatization, and putting essential services back into public hands. The general findings of the report can be summarized by the following 10 points:

1. There are better solutions than privatization
2. Remunicipalization is far more common than it is presumed to be, and it works
3. Remunicipalization is a local response to austerity
4. Remunicipalization is a key strategy for energy transition and energy democracy
5. Bringing services back in-house is ultimately cheaper for local authorities
6. Remunicipalization drives better, more democratic public services
7. Remunicipalization presents 835 more reasons to fight trade and investment deals

8. Lessons learned: Don't privatize in the first place
9. Remunicipalization provides opportunities for new, diversified, democratic public ownership
10. Remunicipalizing cities and citizens groups are working together and building networks

References

Kishimoto, Satoko/Petitjean, Olivier, eds. (2017): Reclaiming Public Services. How cities and citizens are turning back privatization. Amsterdam and Paris.
www.tni.org/reclaiming-public-services

² Kishimoto/Petitjean, eds. (2017).