

European Network on "Privatisation - Public Goods - Regulation"

Newsletter October 2004

1. Privatising Europe
2. Media Privatisation via Deregulation
3. Privatisation via Re-Regulation?
4. Struggles
5. Resources
6. Alternatives

1. Privatising Europe

Private Gain - Public Loss?

The Impacts of Privatisation and Liberalisation of Public Services in Europe

In many respects the fears and critical assessments of those opposing privatisation are confirmed: The focus on efficiency and profits results in commercialisation, liberalisation and privatisation of basic services in the EU. Thus, social and socio-economic security in the European Union is no longer guaranteed for all citizens. In place of social cohesion, a social chasm develops, as privatisation and liberalisation of public services create winners and losers on various levels: while some users profit from the privatisation of education and health care due to social or financial privileges, others are excluded from basic services. While private companies and trans-national corporations increasingly gain influence on political negotiations via informal and obscure processes, the potentials of public, politically defined control, as well as of democratic influence are being restricted in the course of privatisation and liberalisation. And while the profits from the generation of formerly public services accumulate in the pockets of private providers, public authorities face growing budget deficits. The enforcement of privatisation of public services therefore leads to a 'private gain and public loss'. A ppg-network/Rosa Luxemburg Foundation policy paper by Barbara Dickhaus and Kristina Dietz (both WEED):

http://www.rosalux.de/engl/publications/pp/pp_0402Dickhaus.pdf

European Integration and the Definition of the Social as Private Matter

Privatisation in the social area is particularly difficult to grasp as we are actually dealing with a contradiction in terms: The social is by definition going beyond the scope of the individual. Talking of privatisation in this context actually has first to make clear what we are talking about - and there are two dimensions to this. What we are actually looking at is first not concerned with the "privatisation" of the social. Rather, we are looking at the privatisation of social services and the forms of their provision. However, there is the other and probably more fundamental second dimension which is really the privatisation of the social itself - and here we are actually close to looking for an answer on the fundamental question, namely if there a methodology behind this political lunacy? For ppg-network by Peter Herrmann, (Cork/Ireland): <http://www.wem-gehoert-die-welt.de/files/EU-and-Privatisation-of-the-social.zip>

Road map for privatisation

Under pressure the European Commission may have agreed to mention the need to maintain social cohesion and universal access to services, but it has made no specific reference to state ownership of those services. This is not surprising considering the undisguised enthusiasm of Brussels for free-market economics. Serge Halimi analysis the great leap backwards: <http://mondediplo.com/2004/06/08privatisationroadmap>

Not neutral on public or private

There is no public interest in increasing the number of PPPs for their own sake. The Green Paper however acts as though this was the case. But encouraging PPPs, removing obstacles to them, clearly implies discouraging the alternative, of using the public sector. It also involves a preference for private ownership. David Hall's (PSIRU) critique on the EU Greenbook on Public Private Partnerships (PPP): <http://www.psir.org/reports/2004-07-U-ECPPP.doc>

The Greenbook was published in Mai 2004:

http://europa.eu.int/comm/internal_market/publicprocurement/ppp_de.htm

Constitution and Enlargement - Challenges for Alternative Economic and Social Policy

In the assessment of the draft constitution with regard to economic and social policy implications a distinction must be made between part I and part III. The first part contains some progressive and encouraging formulations which are, however, kept very vague and do not give orientation as to their concretisation, part III is essentially a copy of the existing neo-liberal Maastricht and Amsterdam design. There is no transposition of the progressive formulation of part I into concrete policy rules in part III, but there is a sharp rupture between the two parts. Klaus Dräger, Jörg Huffschmid, Jacques Mazier and Pascal Petit in the Euromemorandum 2003: http://www.memo-europe.uni-bremen.de/downloads/Euromemo_Long_2003_Chapter_1_Constitution.pdf

Maybe EU should remember their own Council of Europe's Recommendation No. (93)7 on privatisation of public undertakings? It includes the protection of the democratic rights of citizens, of users' and consumer s' rights, of employees' rights, of the environment. <http://cm.coe.int/ta/rec/1993/93r7.htm>

2. Media Privatisation via Deregulation

Deregulation of the US Radio Industry: The Clear Channel Example

The passing of the 1996 Telecom Act was supposed to foster competition between various radio companies, bringing innumerable benefits to the consumer. However "positive competition" was not successfully engendered. Companies choose to merge with one another rather than compete, creating an immense concentration of radio companies. Clear Channel emerged the most dominate of the new radio oligopoly.

Clear Channel's strategies of consolidation, synergy, voice tracking, pre-fabricated music formats, elimination of local news, and employment reductions have fostered "negative competition" between the few remaining companies. This has led to a virtual race to the bottom resulting in the elimination of jobs and exerting downward pressure on wages and benefits. In addition Clear Channel

sponsoring of "Rally's For America," acts of censorship, and conservative political ideologies illustrate just some of the potential dangers associated with media consolidation. Clear Channel represents an example of the negative effects of deregulation, not only in the media industry, but on society as a whole. A ppg-network piece by Erik Taylor: <http://www.wem-gehoert-die-welt.de/files/clearchannel2.doc>
<<http://www.wem-gehoert-die-welt.de/files/clearchannel2.doc>>

3. Privatisation via Re-Regulation?

"Privatisation is good but regulation is needed"

The World Bank considers private sector participation as the best way to develop and upgrade infrastructure in developing countries. In many countries, it says, privatisation has increased the efficiency of transportation, telecommunications, water and power sectors and it has improved public access to such services. In a new report the Bank admits, however, that privatisation is no panacea. Success depends on the existence of clear rules for private service providers to ensure competition and to take into account the needs of the poor. That is precisely what many countries lack.
http://www.inwent.org/E+Z/content/heft-eng/stud_art4.html

>From privatisation to regulation

Privatisation and competition alone have led to big improvements in service quality in many areas. Unfortunately, the regulatory systems seem to operate on the belief that competition alone is enough to protect consumer interests, Sucheta Dalal thinks in The Indian Express:
http://iecolumnists.expressindia.com/full_column.php?content_id=41632

Utility Privatisation and Regulation: Fair deal for consumers? Cecilia Ugaz and Catherine Waddams Price (Eds.) have published a book (Edward Elgar 2003), trying to give some answers to that question. Change in ownership (from public to private) per se is not the solution for all the problems associated with access to services. They argue, that the main problem so far is that the features characterizing public utility provision - absence of competition and lack of transparency in regulatory procedures - still characterize utility provision after nearly a decade of privatisation. Insufficient attention has been paid to regulating privatised enterprises in the public interest. Cecilia Ugaz shows some introductory sketches of their position in an article:
<http://www.wider.unu.edu/publications/dps/dps2002/dp2002-121.pdf>

Public Service Privatisation - The Poor Can't Afford It

Privatisation is encouraged on the grounds that it drives down costs through generating competition. However, essential services like water and electricity are often natural monopolies. A costly regulatory framework is needed to overcome this, which poor countries often cannot afford. The result in many cases is no competition and arbitrary pricing. <http://www.waronwant.org/?lid=8247>

Working Group on the Audit of Privatisation.

Proponents of privatisation have established this working group to establish best practices of regulation: <http://www.nao.org.uk/intosai/wgap/home.htm>

A Report on the Survey of the Audit of Economic Regulation includes some references on the extent of economic regulation. Privatisation may have been a spur to increased or different forms of regulation (of competition and prices):
http://www.nao.org.uk/intosai/wgap/2505_outline.html

A 2004 survey on PPPs you can find here:
<http://www.nao.org.uk/intosai/wgap/pppdraft.htm>

4. Struggles

>From Virtual Commons to Virtual Enclosures:

Revolution and Counter-Revolution in the Information Age

A detailed analysis of the creation of virtual commons and the open and subtle strategies promoted by capital to enclose and commodify this space. In this way, it is possible to identify how capital creates scarcity in a post-scarcity virtual space. The virtual enclosures are perfectly enforceable, because the rules of enforcement are being architected into the code of the Internet itself. Cyberspace is malleable, and it is increasingly being cast into a space with an infrastructure of built-in, centralized control. By James W. Lindenschmidt:
<http://www.commoner.org.uk/09lindenschmidt.pdf>

Some Common Goods: an Afro-Colombian view

This article tells us about struggles for freedom in Colombia, in intimate association with commons facing the enclosing force of contemporary global markets and "economic development". And while the agents of these new enclosures are the state, industry and national or international finance, or violent traffickers and paramilitaries, the attitude of the left (reformist or "revolutionary") is often not much of help. They are often reluctant to admit the right of this "world" to organize itself autonomously, by its own standards, without sacrifice to the gods of national interest or "development". Often the left considers communities based on commons as backward, since they measure them in terms of the devastation of natural resources. For these communities instead, the real measure to judge development is common goods and as a vital space of resistance. By Mercedes Moya: <http://www.commoner.org.uk/09moya.pdf>

Dogmatic development - The Machinery of Privatisation via Conditionality

This report by David Hall and Robin de la Motte looks at how conditionalities and pressures from aid agencies and development banks force developing countries to adopt privatisation policies in public services, and create serious limitations on independent decision-making by developing countries. It focuses specifically on the sectors of water, electricity, and healthcare, in six countries: Colombia; El Salvador; Indonesia; Mozambique; South Africa and Sri Lanka: <http://www.psir.org/reports/2004-02-U-conds.pdf>

Thousands Protesters against Privatisation at Spanish Shipyard

Tens of thousands of people protested in northwest Spain against a government plan to privatize part of a money-losing, state-owned shipbuilder. Unions said 40,000 people took part in the rally in the city of Ferrol, home to one of the shipyards owned by the Izar group. Police put the figure at 25,000. The state holding company that owns Izar has presented a plan to split it into civilian and military components and sell the civilian one. But after weeks of sometimes violent protests at Izar yards around Spain, the holding company last week said it was delaying that plan pending further talks with unions. The conflict has given Spain's new Socialist government its first taste of labour unrest. Shipbuilding was traditionally one of Spain's mightiest industries but has fallen on hard times since the 1980s as contracts flowed to China, South Korea and other nations with far lower labour costs. The industrial holding company, called SEPI, says building a ship in Spain can cost 50 percent more than in South Korea. Izar's civilian shipyards get only a tiny fraction of the company's orders and have not received a new one since 2000, SEPI said. Izar, which employs 10,800 people, has lost \$720 million since 2000, including projected losses for 2004. Associated Press 26.09.2004. More at: http://www.channelnewsasia.com/stories/afp_world_business/view/108264/1.html
Some impressive pictures you will find here: <http://germany.indymedia.org/2004/09/94669.shtml>

An article about the struggle of the National Alliance of Peoples Movement you can find here: http://www.unser-wasser.de/pdf/india_coca_cola.rtf. This article describes the violence against Coca Cola Protest in India.

Colombian oil workers win, stop privatisation

Following massive protests and strikes the Colombian government give way. According to a report from the global union federation ICEM, the agreement will keep "oil reserves in the hands of the citizens of Colombia". The ICEM general secretary congratulated the Colombian oil workers union USO for their victory in a "strike to keep in Colombia what rightfully belongs in Colombia." Around 250 USO members who were sacked after the government declared the strike illegal will retain their full pension rights and have an opportunity to win their jobs back through the arbitration process. <http://www.anncol.org/side/576>

BBC workers to strike over technology unit privatisation

The British broadcast workers' union, BECTU, which represents workers at the BBC, has announced it is to take industrial action in response to the planned sale of the corporation's technology unit: <http://www.dmeurope.com/default.asp?ArticleID=2408>

5. Common Resources

The Digital Library of the Commons (DLC) is a gateway to the international literature on the commons. This site contains a Working Paper Archive of author-submitted papers, a full-text Digital Library, and links to relevant reference sources on the study of the commons.

<http://dlc.dlib.indiana.edu/>

International Commons: Germany

<http://creativecommons.org/projects/international/de/>

Creative Commons

<http://creativecommons.org/>

WIKIPEDIA, a free-content <http://en.wikipedia.org/wiki/Wikipedia:Copyrights> encyclopedia in many languages http://en.wikipedia.org/wiki/Main_Page#lang with 358735 articles <http://en.wikipedia.org/wiki/Special:Statistics> in English and 146528 articles in German:

http://en.wikipedia.org/wiki/Main_Page

<http://de.wikipedia.org/wiki/Hauptseite>

6. Alternatives

Rolling Back Water Privatisation

Another water war is brewing in Johannesburg. During the last decade's transition from racial to class apartheid, Soweto residents have shown that wherever capital commodifies, the masses can strike back, through "decommodification" strategies and tactics that some observers celebrate as "autonomist" appropriation (though others simply call stealing), says Patrick Bond: <http://www.zmag.org/sustainers/content/2003-08/04bond.cfm>

Financing Water

David Hall proposes a different approach for financing water supply, based on a participatory, "bottom up", local assessment of needs, and of the best means available for fulfilling them. It does not attempt to identify a single best method of financing, but to indicate some of the possibilities which are available, together with actual examples of these options in practice. <http://www.psir.org/reports/2004-01-W-finance.doc>

Alternatives to Privatisation: The Power of Participation

While many of the world's public-owned water utilities operate effectively, others have become bureaucratic and out touch with the populations which they are supposed to serve. Neoliberal elites use this as an argument for privatisation and other forms of corporate-controlled water management, while ignoring that there are dynamic, alternative models of publicly-owned water supply. Participatory and co-operative models deliver impressive results by ensuring that water utilities are accountable and responsive to the needs of the population.

<http://www.corporateurope.org/water/infobrief4.htm>

The Participative Budget. Democratisation of Economic Politics

The Participative budget of Porto Alegre has been established as internationally recognized alternative to both the outdated clientelistic and to the current liberal urban policies. In its direction of attack against clientelism and for the creation of transparency it has even been acknowledged by liberals, such as the World Bank. Thus it was finally recognized as international "best practice" of local governments at the UN Habitat conference in 1996 (www.bestpractices.org). If rather as an emancipatory model of counter-power, or rather liberally reduced, the Participative Budget has meanwhile been implemented in very different variants in more than 103 Brazilian municipalities (Ribeiro and Grazia 2003), as well as in an increasing number of cities outside Brazil.

By Bernhard Leubolt:

http://www.wemgehoertdiewelt.de/files/Porto_Alegre_Leubolt.PDF

Strengthening small private water suppliers in the South

What often gets forgotten are the many small private suppliers in developing countries who provide many of the poor with water, especially in urban centres? Elsa Mejia of the Philippine company Inpart Engineering complains that NGOs - especially in the North - rail against privatisation but make no distinction between the big corporations and small companies like hers. http://www.inwent.org/E+Z/content/heft-eng/fact_art7.html

A Strong and Democratic Public Sector against the Priority for

Privatisation and Deregulation

As an overall experience one can probably state that the regulation and control of liberalised and/or privatised public services is not meeting the aspiration and ambitions linked to the concept of public services. Jörg Huffschmid proposes a moratorium on further liberalisations and privatisations until a thorough assessment of the effects of the last round has been undertaken and publicly discussed. Public provision of services as public goods and private provision of public and private goods must both be re-embedded into a social environment, in which democracy, solidarity and genuine freedom (including freedom from poverty) are the governing principles and in which the four features of a European model of society play a crucial role: http://www.memo-europe.uni-bremen.de/downloads/Euromemo_Long_2003_Chapter_8_Public_Sector.pdf

Please support the network.

We like to invite all of you to support this project, to come to the workshops and to send information and empirical and theoretical material to the mailing-list.

All best

Mario Candeias: candeias@rosalux.de candeias@rosalux.de

Michael Wuttke: wuttke@rosalux.de wuttke@rosalux.de

Dieter Klein: klein@rosalux.de klein@rosalux.de

Rainer Rilling: rilling@rosalux.de rilling@rosalux.de

ppg network:

Rosa Luxemburg Foundation

Research Group Political Analysis

Franz-Mehring Platz 1

D-10243 Berlin

Germany

Tel: +49 (030) 44310-179

Fax: +49 (030) 44310-222

Internet: www.rosalux.de