Privatising Europe

USING THE CRISIS TO ENTRENCH NEOLIBERALISM

A WORKING PAPER

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Author: Joseph Zacune
With contributions from: Nick Buxton, Brid Brennan & Satoko Kishimoto (TNI), Antonio Tricarico (RE:Common) & Tommaso Fattori

"The drive for austerity was about using the crisis, not solving it. It still is."[1]

Nobel prize-winning economist, Paul Krugman

The European Union is currently undergoing the biggest economic crisis since its foundation 20 years ago. Economic growth is collapsing: the eurozone economy contracted by 0.6% in the fourth quarter last year and this slump is set to continue.[2] The euro crisis was incorrectly blamed on government spending, and the subsequent imposition of cuts and increased borrowing has resulted in growing national debts and rising unemployment. Government debts in crisis countries have predictably soared: the highest ratios of debt to GDP in the third quarter of 2012 were recorded in Greece (153%), Italy (127%), Portugal (120%) and Ireland (117%).[3]

Europe's member states have responded by implementing severe austerity programmes, making harsh cuts to crucial public services and welfare benefits. The measures mirror the controversial structural adjustment policies forced onto developing countries during the 1980s and 1990s, which discredited the International Monetary Fund (IMF) and World Bank.[4] The results, like their antecedents in the South, have punished the poorest the hardest, while the richest Europeans – including the banking elite that caused the financial crisis – have emerged unscathed or even richer than before.[5]

Behind the immoral and adverse effects of unnecessary cuts though lies a much more systematic attempt by the European Commission and Central Bank (backed by the IMF) to deepen deregulation of Europe's economy and privatise public assets. The dark irony is that an economic crisis that many proclaimed as the 'death of neoliberalism' has instead been used to entrench neoliberalism. This has been particularly evident in the EU's crisis countries such as Greece and Portugal, but is true of all EU countries and is even embedded in the latest measures adopted by the European Commission and European Central Bank.[6]

This working paper gives a broad and still incomplete overview of what can best be described as a great 'fire sale' of public services and national assets across Europe. Coupled with deregulation and austerity measures, it is proving a disaster for citizens. Nevertheless, there have been clear winners from these policies. Private companies have been able to scoop up public assets in a crisis at low prices and banks involved in reckless lending have been paid back at citizens' expense.

Encouragingly though, there have been victories in the battle to protect and improve Europe's public services which serve as beacons of hope. There is even a counter-trend of remunicipalisation taking place in Europe as people have become aware of the cost and downsides of privatising public services, particularly water. As public awareness grows that the European Commission far from solving the crisis is using it to entrench the same failed neoliberal policies, these counter-movements and growing popular resistance can work together to halt the corporate takeover of Europe.

ROOT CAUSES OF THE CRISIS

The euro crisis, which has extended into a prolonged and deep recession across the EU, has its roots in the 'neoliberal' economic doctrine planned and implemented over the last three decades. 'Neoliberalism' promotes the corporate domination of society through privatisation of the public sector and deregulation of financial markets. Typically, it characterises workers' rights, taxes, environmental protection and social welfare as obstacles that interfere with short-term profit-making gains.

The worst economic shocks caused by deregulated market forces have tended to take place in the global South.[7] This changed in 2007-08 when the US banking crisis erupted and then spread to Europe, precipitating the euro crisis.

The previous financial crisis to affect the US was the Great Depression after which the Glass-Steagall Act was passed to tighten up the regulation of banks and controls were put on capital. During the Reagan era, however, financial markets were deregulated and severe crises increased around the world. The US ignored all of these warnings, and repealed the Glass-Steagall Act in 1999, setting up the country for domestic financial turmoil.[8]

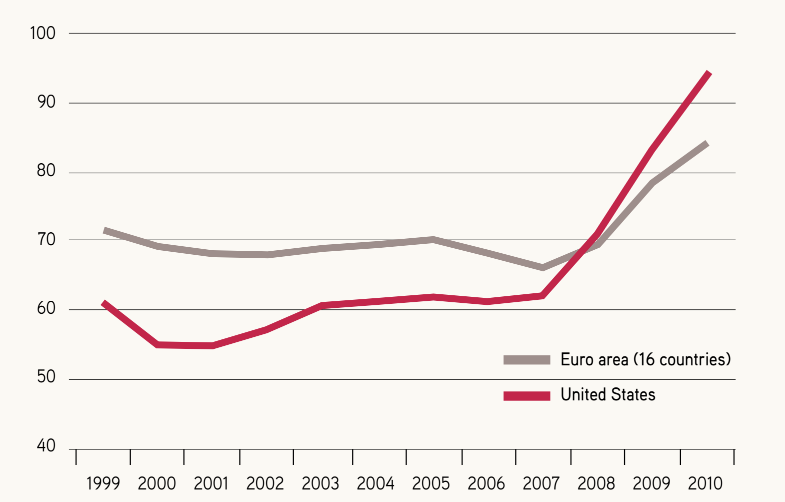
The US financial industry had grown rapidly through mass acquisitions and the merging of retail and investment banking. Banks became 'too big to fail', allowing them to carry out highly risky transactions and borrow enormous amount of capital, in the knowledge that the taxpayer would be on hand to bail them out if their activities caused financial turmoil. More and more complex and risky derivative instruments were passed on to citizens in the form of loans, which experienced soaring interest rates. The contagion spread almost immediately from the US to Europe whose capital flows and financial sectors are closely interconnected.[9]

The eventual losses were socialised and passed onto taxpayers whilst the banks were bailed out. Debt levels in Europe were low before the banking crisis took hold and even today remain more benign than debt to GDP ratios in the US (see figure 1).[10] Peripheral countries in the euro zone lost competitiveness as the crisis struck and their subsequent borrowing from core country banks resulted in large debts. Between October 2008 and October 2011, the European Commission approved €4.5 trillion (equivalent to 37% of EU GDP) of state aid measures to financial institutions, burdening taxpayers with deteriorating public finances.[11]

In Britain, the government has given its banks a £123.93 billion (€142 billion) in the form of loans or share purchases by the end of the 2010-11 financial year.[12] The total cost of the Irish banks' bailout so far has been over €70 billion.[13]

Deregulation caused the euro crisis and one would expect, therefore, that state intervention and regulation would be called on to solve it. Yet despite the crushing costs of the bailouts, no major bank reforms have been implemented. A few minor regulations have been put in place, to reduce the most risky banking practices in financial markets, but these are not sufficient to prevent a repeat performance.[14] And beyond the world of banking, there has not even been an attempt to roll back deregulation. In fact, the opposite has occurred.

Figure 1. General government consolidated gross debt

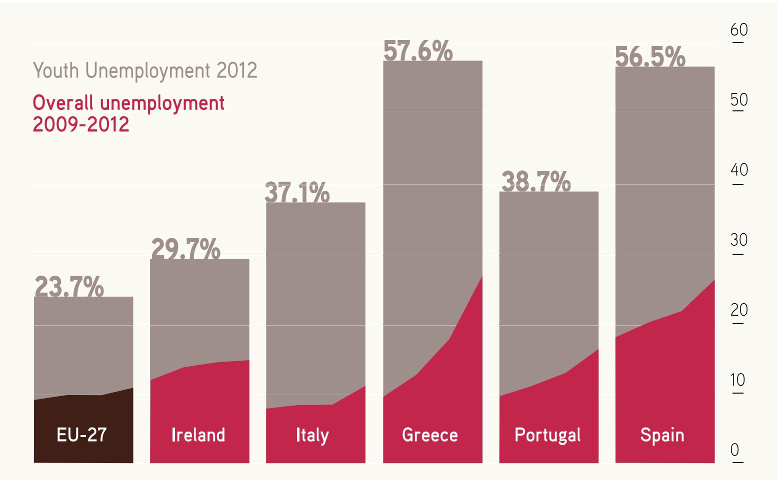


Source: European Commission, AMECO

BAD MEDICINE FOR AILING ECONOMIES

Instead, the euro crisis was blamed on government spending, and cuts were enforced, predictably triggering spiraling national debts and rising unemployment.

Figure 2. Social costs. Unemployment 2009-2012



Source: EC Eurostat

In July 2012, an IMF report warned against austerity measures during a recession.[15] As one of the authors, Nicoletta Batini, explained that, "If you diet when you are sick, it's quite probable you'll get a lot sicker so it's not a good idea."[16]

Nobel-prize winning economist, Joseph Stiglitz, has described current austerity plans as a "suicide pact", trapping countries in a "vicious cycle of spending cuts and slumping growth." The UN Department of Economic and Social Affairs concurred, stating that, "There is a strong recognition all over the world that fiscal austerity pursued by many governments has been the main cause for the protracted economic downturn."[17]

Five nations emerged at the epicentre of the euro crisis: Ireland, Italy, Greece, Portugal and Spain. These crisis countries have been required to sign agreements, 'Memorandums of Understanding', with the European Commission. However, all European Union member states have been affected by austerity measures (see box European Commission's Neoliberal Governance Toolkit). Even governments outside the euro zone, such as Britain, have used the crisis to argue for similar measures of cutbacks and deregulation.

USING THE CRISIS AS COVER TO DEEPEN NEOLIBERALISM

If neoliberalism was the primary structural cause of the crisis, and its doctrines predictably deepened the recession, why is this approach being adopted so fervently by decision-makers? Paul Krugman, another Nobel Prize-winning economist, purported that, "The drive for austerity was about using the crisis, not solving it. It still is."[18]

Corporate and political elites, rather than learning from the crisis, are using it as a pretext to deepen neoliberalism and remove obstacles, including workers' rights and much of the welfare state, which hinder greater corporate domination.

BUSINESSEUROPE AND THE COMMISSION

Ahead of the European head of states meeting on 14-15 March 2013 in Brussels, Corporate Europe Observatory has exposed how BusinessEurope – one of the most powerful business lobby groups in Europe – is working hand in glove with European Commission to force through neoliberal reforms. This includes echoing BusinessEurope's demands for 'wage flexibility' in order to keep labour costs down to make their profits rise.[19] The European Commission is prioritising policies that mainly benefit transnational corporations instead of supporting small businesses, workers rights and essential public services.

Neoliberal economic governance was already enshrined in the Lisbon Treaty, presented for ratification in 2005 and the euro crisis has been used as an opportunity to introduce new items of legislation, such as the so-called Six-pack, the European Semester and the Fiscal Compact.[20]

This imposition of Brussels-driven policies moves decision-making away from voters and increases the dominance of unelected bureaucrats.[21]

EUROPEAN COMMISSION'S NEOLIBERAL GOVERNANCE TOOLKIT

The European Semester

The European Semester ensures that all member state draft budgets are scrutinised by the Commission and the Council before being reviewed by national parliaments Recommendations have included pension reforms that reduce early retirements and cut related social security budgets.[22]

The Six-pack

The Six-Pack refers to six separate EU laws that entered into force in January 2012. Member states' budgetary policies are monitored to guarantee that rules on maximum debt and deficit are met. 'Macro-economic imbalances' such as fair wages and social expenditure are to be curbed if they interfere with competitiveness. Member states can be fined if they do not comply.

The Fiscal Compact

The Fiscal Compact entered into force on 1 January 2013 and grants even greater decision-making power to the European Commission and Council over member state deficits. The strict deficit requirements force members states to implement austerity during crises and over the longer term. These binding budget rules will be implemented in national laws, and failure to do so may result in financial sanctions.[23]

The Two-Pack

The Two-Pack are two further regulations, which grant the Commission and ECB 'enhanced surveillance' over national budgets and increase their power to impose 'macro-economic adjustment programmes' on member states.[24]

THE TROIKA & THE SACRIFICE OF SOVEREIGNTY

The 'Troika' – composed of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) – has organised loans to 'rescue' economies. However, this is used as an opportunity to dictate what economic policies these crisis countries must adopt.

The European Commissioner, José Manuel Barroso, has been explicit that Brussels-led decision-making by unelected officials are taking precedence over national sovereignty: "Power is currently shifting not only between states but also over and above those states... The key is to exchange formal sovereignty for real influence."[25]

The German Chancellor, Merkel, has called on euro zone countries to surrender national sovereignty to Brussels over core economic and budgetary policies including labour market and tax policy.[26] The European Commission has then dictated austerity packages with crisis countries in exchange for loans via memorandum agreements that demand structural reforms including cuts in social services and improved 'competitiveness', expressed in wage cuts and undermining of workers' rights.[27]

PRIVATISATION AS A KEY COMPONENT

Critically, one of the main disciplines that the Troika demands of crisis countries is the privatisation of public sector services and assets as a condition of loans.

State assets targeted for privatisation span various sectors such as public water services, state buildings, national banks, energy, transport infrastructure, health and postal services. The legality of imposed privatisation is questionable as Article 345 of the EU Treaties requires the Commission to be neutral on public or private ownership of companies: "The Treaties shall in no way prejudice the rules in Member States governing the system of property ownership."[28]

Privatisations, as part of austerity programmes, are justified by the claim that they will generate revenue to repay debt. Yet while debts have risen since the euro crisis began, particularly in southern Europe, the euro zone and EU27 government debt overall has been stable at a ratio of around 90% and 85% of GDP respectively by the end of the third quarter in 2012.[29]

In Greece, the most debt-ridden state in the EU27, sales of assets from privatisation have tended to be lower than expected: the Commission expects that it will only receive €25.6 billion in cumulative privatisation receipts through 2020 rather than the original target of €50 billion by 2015.[30]

> "The commitment to privatise government property is one of the main components of the restructuring plans imposed by the 'troika' of IMF, ECB and European Commission on euro-area countries when they avail themselves of aid from the euro rescue packages."
>
> Deutsche Bank, December 2011[31]

In February 2012, a leaked report prepared for euro zone financial ministers highlighted that forcing austerity on Greece might be self-defeating by severely weakening the economy and scaring off future investors. One key area that risked failure was the privatisation plan.[32]

In addition, the unstable political environment and poor economic performance, combined with public and union opposition, have led to other planned assets sales not going ahead such as the privatisation of Portugal's TAP airline and the Canal de Isabel II water system in Madrid.[33] Even if the latter sale had gone ahead, the track record of water privatisation shows that this policy does not yield cost savings as is frequently asserted.[34]

If revenue generation is the main goal, then why not tax the rich elites, including in the financial sector, and clamp down on tax havens to absorb the costs of the crisis? The Tax Justice Network has exposed that gaps in cross-border tax rules have been exploited by a global super-rich with the assistance of private banks that amounts to $21-$32 trillion (€16-€25tr) of offshore wealth.[35]

THE EUROPEAN COMMISSION ADMITS PUSHING WATER PRIVATISATION

A group of European civil society organisations has demanded that the European Commission end its imposition of water privatisation on Greece and Portugal.[36] In a written response on 26 September 2012, the Commission admitted that it is deliberately promoting the privatisation of water as one of its conditions of its 'rescue' packages:

> "As you know, privatisation of public companies contributes to the reduction of public debt, as well as to the reduction of subsidies, other transfers or state guarantees to state- owned enterprises. It also has the potential of increasing the efficiency of companies and, by extension, the competitiveness of the economy as a whole, while attracting foreign direct investment." [37]

This is in spite of EU treaties that state that the Commission is neutral on the issue of public or private ownership of companies.[38]

European citizens' groups pointed out that water privatisation has failed to extend better services to the poor and has well-documented negative impacts on communities around the world due to increases in tariff rates, worsening services and accidents from cost-cutting measures.[39] The pan-European Citizens' Initiative against water privatisation has already received over one million signatures in support.[40]

GREECE – AN EL DORADO FOR INVESTORS?

The European Commission has made very clear that reducing government intervention in the economy and selling off state assets to the private sector is the clear objective of their 'rescue' package: "Fundamentally reduce the footprint of government in the economy through bold structural fiscal reforms and by privatizing public assets. Greece's recovery must come from a vigorous private sector response and this cannot happen with the government controlling access to key assets."[41] European Commission's 2012 Memorandum of Economic and Financial Policies

According to the head of the country's privatisation agency, Takis Athanasopoulos, Greece could become "an El Dorado for investors." [42] Yet since 2011, when Greece undertook to raise €50 billion from privatisations by 2015, expected proceeds from asset sales have been revised down by the European Commission as the unstable political environment and poor economic performance has reduced investor confidence. Now the Commission expects Greece to meet cumulative targets of at least €5.9 billion through 2014, €10.5 billion through 2016, and €25.6 billion through 2020.[43]

State-owned enterprises from multiple sectors that are slated for privatisation include:

- Energy – Public gas utilities (DEPA & DESFA), Hellenic Petroleum (HELPE)
- Water – Thessaloniki Water (EYATH), Athens Water (EYDAP)
- Transport – Athens Airport (AIA), Regional airports, Railways (Trainose)
- Postal Services – Hellenic Post (ELTA)
- Arms Manufacturing – Hellenic Defense Systems (EAS)

There will also be concessions to manage public assets awarded to private sector companies including Hellenic motorways, the state lottery, regional airports, and large regional ports.[44]

Public opposition

In July 2012, the Save Greek Water campaign was launched in Athens to alert the public to the risks of water privatisation and promote the democratic control of water resources.[45] In Thessaloniki, Initiative 136, a citizens' movement, is opposing the privatisation of the Water and Sanitation Company and calling for social management through local cooperatives instead.[46]

These demands resonate with residents. The local municipality of Pallini has taken the decision not to allow the privatisation of its water supplies.[47] Moreover, trade unions and residents have strongly resisted the privatisation of Greek energy services, telecommunications and transport infrastructure.[48]

IRELAND – TAKING UNPOPULAR STEPS TOWARDS PRIVATISATION

Ireland has been described as the European Commission's 'poster child for austerity', although unemployment and national debt remain high.[49] In late 2010, the then government entered into a bailout programme.

As part of this programme, the government agreed to privatise Bord Gáis Energy Electricity (BGE) in the first half of 2013.[50] There are also plans to dispose of forestry harvesting rights – to fell and sell timber – but a coalition of trade union and conservation groups is exerting major pressure on the government to back down on this proposed sale.[51] The sale of a 25% stake in Aer Lingus, the national airline company, has also been mooted but is uncertain and depends upon "market conditions and antitrust concerns." [52]

In January 2013, the state sold a €1 billion investment in the Bank of Ireland. The holdings were sold to international institutional investors which has been described as a "major step towards complete privatization" by the billionaire American investor Wilbur Ross.[53]

The new water utility, Irish Water, will start metering and charging customers, rather than continue to pay for water through taxation. European Commission planning documents mention that the authorities are concerned that there may be public resistance to this.[54] The concerns are well founded: a campaign has been initiated to stop government plans to introduce water charges.[55]

ITALIAN CITIZENS REJECT THE PRIVATISATION OF PUBLIC UTILITIES

In Italy, the state of privatisation reforms is highly uncertain as a result of the February 2013 elections and ensuing political stalemate. The centre-left leader, Pier Luigi Bersani has suggested that while Italy's biggest defence company will not be privatised, he would reorganise state-owned holdings, including stakes in energy groups, Eni and Enel.[56]

The 5-Star Movement (M5S) leader, Beppe Grillo, who holds the balance of power after winning a huge anti-austerity protest vote, has opposed privatisation policies. M5S representatives in the Sicilian government helped to halt the privatisation of the regional water supply system.[57] The clear popularity of M5S's anti-austerity sentiment has serious implications for other European leaders as they push their economies towards depression.[58]

The Berlusconi regime tried time and again to privatise the management of local public utilities, in particular local water utilities, public transportation and waste disposal utilities.[59] A Deutsche Bank report from December 2011 states that €571 billion or close to 37% of GDP could be raised through the sale of state assets.[60] The report goes on to describe the OECD recommendation of water privatisation as a proposal that "makes sense". [61]

Italian citizens disagreed. In June 2011, a referendum resulted in 96% of the Italian voting electorate, amounting to around 26 million voters, overturning laws promoting the privatisation of the management of water and local public utilities. Yet the Commission and the ECB appear so ideologically driven that it ignored the vote and insisted that privatisation of water should go ahead.

A leaked memorandum sent by the ECB under Mario Draghi to the outgoing Berlusconi government on 5 August 2011, several months after the referendum unequivocally rejected privatisation of water utilities and local public services in general , and explicitly requested that the Italian government initiate:

> "a comprehensive, radical and credible strategy of reforms, including the full liberalisation of local public services and professional services. This should apply in particular to the supply of local services through large-scale privatisations". [62]

In July 2012, following massive public pressure, the Italian Constitutional Court declared that legal attempts to reintroduce the privatisation of local public services was unconstitutional. This ruling also blocks subsequent amendments by the Monti government to initiate such privatisation.[63]

Struggles around water privatisation, still continue, however. In early 2012, the mayor of Rome, Gianni Alemanno, promoted the privatisation of the 51% majority stake held by public utility authority, Acea.[64] This led to strong opposition by local civil society organisations and in turn the mayor's political opponents, and the plan was blocked in June 2012. Nevertheless, a decision is still pending to partially privatise the municipal waste company, Ama.[65]

Privatisation proposals on historic buildings

Privatisation proposals have not only been related public services. In 2012, the Monti government actively established three funds, one to support the privatisation of public utilities and the other two to be used for the sale of large public real estate properties owned by the State and local authorities. There are plans to sell 350 public buildings, including army barracks in Bologna, Soriano nel Cimino's Orsini Castle in the Lazio region and the 18th century Diedo Palace in Venice.[66]

PORTUGAL'S PRIVATISATION PUSH

In Portugal, the government has begun to finalise the sale of its airport operator, ANA, to the French conglomerate, Vinci. In autumn 2012, tenders for the privatisation of the national air carrier (TAP) were also launched but this has not moved ahead.[67] TAP Group remains financially weak with high debt and negative equity.[68] Meanwhile, staff from the airline plan to strike on 21-23 March 2013 against the budget, pay and job cuts. Protesters aim to deliver a symbolic one-way ticket to Toronto to Canadian-educated minister, Alvaro Santos Pereira.[69]

In March 2013, the Portuguese citizens' campaign initiative, 'Água é de todos' (Water for All), presented 40,000 signatures opposing the privatisation of the national water company.[70]

Other sectors that the Commission outlined for privatisation in December 2013 included:

- Postal services: Correios de Portugal (CTT)
- Media: includes the sale or concession of a television channel and radio station belonging to RTP
- Health insurance (CGD) and its insurance arm (Caixa Seguros)[71]

SPAIN – 'CITIZEN WAVES' AGAINST PRIVATISATION

Various popular collectives, known as 'citizen waves', have been organised by Spain's mass 'Indignado' movements to oppose the cuts and privatisation of public services (blue against water privatisation, green for education, white for health care and orange for social services). On 23 February 2013, the different 'waves' came together for a massive protest in Madrid.[72]

There were plans to privatise 49% of Canal de Isabel II water system within two years for between €1 and €3.3 billion.[73] In February 2013, the regional government of Madrid announced that it will not be privatising the company "right now" given the poor state of the market.[74] Around half of Spain water supplies are already managed by the private sector, mostly controlled by the two companies, Agbar and FCC.[75]

Plans to privatise the management of certain hospitals and health centres have also met protests from medical staff, trade unions and citizens.[76] Yet the unpopular plans are still moving ahead regardless of civil society opposition. In early March 2013, the Minister of Community Health in Madrid, Javier Fernández-Lasquetty, said that "within weeks" private companies will be invited to tender for the management of six hospitals.

The government's poor management of the banking sector's bailout and ownership has been particularly controversial. In May last year, the state rescued and partially nationalised bank, Bankia, which faced losses of €19.2 billion during 2012, caused by leftover toxic real estate. These are the worst ever losses experienced by a Spanish corporation.[77] The bank's shares were suspended at the start of the year, and now the government will gradually re-privatise the bank in 2014 and 2015.[78]

BRITAIN AS A TESTING GROUND FOR PRIVATISATION

It is worthwhile investigating Britain's extensive privatisation programmes, initiated with vigour under the Thatcher government.[79] They are often lauded as a success in terms of efficiency and economic benefits. The Adam Smith Institute continues to push for even more privatisation, saying it could yield over £90 billion (€103bn).[80]

Its advice seems to be heeded by the current coalition administration, led by Conservative Party leader David Cameron. Britain is currently undertaking strict austerity measures and aggressively seeking to bring in private sector involvement into public services. These actions have been made independently of decision-making in Brussels, highlighting the fact that crisis countries are not the only European nations promoting structural economic adjustment.

Analysis from *The Independent* newspaper in 2013 showed that Britain's privatised railways has led to the most expensive train fares in Europe.[81] These fares are increasing even further as privatised train operators seek higher revenue. Privatisation has not meant the end of taxpayers' support. Since privatisation the government has subsidised different companies that separately own the track, trains and infrastructure to the tune of £3 billion (€3.4bn) a year.[82] In other words, the state is subsidising private entities to take profits out of the railway system. It is estimated that privatisation has resulted in a cumulative loss of £11 billion (€12.6bn) of public funds, around £1.2 billion (€1.4bn) per year.[83]

Water privatisation has also come at significant costs. The four biggest English water utilities have massive water leakage rates: Severn Trent loses 27%, Thames Water and United Utilities (supplier to northwest England) 26%, and Yorkshire Water 25%.[84] In the case of Thames Water, which serves London, this reportedly equates to almost 200 litres, per customer, per day.[85] These leakage rates are far higher than some public controlled water utilities including in Denmark, Milan and Paris.[86]

Until now, the National Health Service (NHS), which caters to a population of 53 million, has been defended from unfair competition with the private sector. In March 2013, however, the Health and Social Care Act 2012 was published, revealing plans to open up NHS services to private companies.[87] These regulations must still pass through parliament before being enacted into law. So far, a quarter of a million people have petitioned against this privatisation plot which could cause the fragmentation of health services.[88]

As highlighted by the Public and Commercial Services Union (PCS), in times of economic uncertainty it is actually extremely sensible to invest in public services, as £1 of public services generates a further 64p in the economy, unlike privatisation which takes money out of local economies and channels it to wealthy shareholders.[89]

LOCAL DEMOCRATIC ALTERNATIVES

In conclusion, 'fire sales' of assets and services to private companies are risky and unwarranted, particularly during economic recessions. The capacity for such sales to generate revenue for debt repayment is unfounded: in Greece expected proceeds from privatisation have been revised down considerably.[90]

In Britain, the government has had to subsidise the private rail industry with around £3 billion (€3.4bn) a year since privatisation was initiated.[91] Water privatisation does not yield costs savings,[92] and the sale of Madrid's water system is mired in a lack of investor confidence.[93] Even Italy's moves to sell of its historic buildings and properties, including a palace and castle, are faced with the problem of "anemic economic growth".[94]

The Troika's promotion of privatisation is a clearly ideological approach in support of an ever more discredited neoliberal economy and benefiting only a small group of transnational corporations. Their insistence on entrenching neoliberalism is also profoundly anti-democratic. When given the chance, European citizens have voted against privatisation, demonstrated in their resounding rejection of water privatisation in the 2011 referendum in Italy. Other citizens across Europe are building powerful anti-privatisation campaigns to stop public services being sold off.

There are also coordinated pan-European actions to denounce the systemic attacks on the public sector such as the mobilisations taking place ahead of the European Council's Spring Summit in Brussels on 14-15 March 2013. A 'European Spring' characterised by actions, strikes and demonstrations can help to connect and multiply local resistance throughout the continent. By mobilising and organising for change 'from below' and en masse, decision-making elites will be unable to ignore popular demands for real democracy, social rights and justice.[95]

In parallel to the imposition of austerity measures and privatisation, there are countless grassroots initiatives that amount to a counter-trend against this new wave of dangerous privatisation. This backlash extends far beyond reactive resistance and highlights a real way forward for public services in Europe. New reinvigorated public services with genuine democratic participation can emerge and take root.

In Paris, the transfer of water services from private companies to municipal authorities was a major success, resulting in savings of €35 million in the first year and improved service delivery.[97] Similar trends of 're-municipalisation' have taken place in Germany, Finland and the UK (where privatisation has failed); as local public authorities re-establish control over energy, forests, water, transport, refuse and recycling sectors.[98]

"Cities have been remunicipalising water for years, but finally we have a book that gives us a global perspective on this trend. It offers rich evidence of how public service providers outperform private water companies while at the same time pointing to the challenges that managers, policy makers and activists face in making water public again."

Maude Barlow, Chairperson of the Council of Canadians on the 2012 book, "Remunicipalisation: Putting Water Back into Public Hands" by Corporate Europe Observatory, Transnational Institute and the Municipal Services Project.[96]

Approaches to generate revenue and boost European economies are being ignored but there are reliable alternatives including:

- closing down tax havens
- taxing the super-rich, speculators and polluters
- the cancellation of debt and reorganising the banks under public control
- investment in sustainable transport, renewable energy and resource efficiency

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