

Preface



Fixing the sink and repainting the house

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This yearbook is not just a compilation of articles - however important and excellent they may be. It is also a call to arms. Many of its chapters prove that privatisation is not inevitable; that we can and must react to protect, preserve and reclaim our public service inheritance. It is clear that without extensive, universally distributed public services, there is no way the world can realise the United Nation's *Millennium Development Goals*.

I am honoured that Daniel Chavez, TNI Fellow and editor of this first *Public Services Yearbook*, should have asked me to provide its preface; honoured as well to figure between the same covers as so many distinguished specialists in the field. Before launching into the preface proper, however, I need to make a confession. Our neo-liberal times being what they are, the reader will find the term 'privatisation' in these pages almost as often as the phrase 'public services', and I have to admit that I hate the word 'privatisation'. It has always sounded to me like a lie.

The process called privatisation consists in turning publicly owned companies into anonymous shares, tradable on stock markets. This activity could be better described as 'alienation', as a 'sell-off', even a 'sell out' or a 'rip-off'. What else is one to call the act of handing over to private interests the outcome of the work of hundreds, often thousands of people who built up the public company and the public's trust through the years or decades? All too often such handovers have seriously undervalued the assets transferred and rewarded the takeover artists with gifts as munificent as they are unwarranted.

It is clearly too late for the contributors to this volume to change the vocabulary because the neo-liberals got there first and were able to impose their own friendly-

sounding word instead of an honest one that would have called such operations by their proper name, signifying an important loss for the community.

A public service is by definition the property of all citizens living together in the same territorial space; geared to providing them all with certain necessary amenities and advantages. Such a service is therefore part of the 'social wage' and contributes to the well-being of all. A private company, by contrast, is the property of anyone, no matter where they may live, who wants and can afford to buy its shares, in the hope of future financial gain. To insure that gain, the company managers will necessarily seek to provide the privatised service using the minimum number of workers and at whatever [increased] price the traffic will bear, and thereby provide it only to those in a position to pay. The true value of the service to the community as a whole will not be taken into account, nor can anyone expect that it should be.

When he published *The Great Transformation* in 1944, the eminent sociologist Karl Polanyi believed that an unprecedented era of human history was in the making. In the brave new post-war world, we would all be called upon to contribute to the common good according to our means. The government's responsibility was to col-

lect individual and corporate taxes and to redistribute them, in particular through the provision of public services. This redistribution would ensure that the community as a whole benefited. The system worked and wherever it was practiced contributed to prosperity.

The model of taxes, redistribution and public services seemed consensual at the time. What progressive forces, in the same spirit as Polanyi, failed to realise was that this 'consensus' was in fact a fragile historical moment, that the forces of reaction were biding their time, waiting to take their revenge.

The World Bank and the International Monetary Fund were the first to step into the ring, aided by USAID (the United States' agency for 'international development') and a number of private North American foundations. As soon as a developing country was indebted to the point that it was forced to ask the Bank-Fund tandem for a bridging loan, the days of their public services were numbered. Privatisation – alienation – was always one of the principle requirements of the terrible twins' structural adjustment programmes. 'Cost recovery' – i.e. school or health-care fees – was another of their mantras. Throughout the eighties and nineties, the Bank published an annual list of privatised companies in its member countries subjected to structural adjustment. This list, printed in microscopic type, ran to several pages and upwards of 1,300 or 1,400 companies a year.

Margaret Thatcher was the first to use the same tactics in an industrialised country. As soon as she took office, this pioneer of privatisation vowed to break the backs of the unions, best accomplished by selling off the public companies in which they held a dominant position. She kept her word. Public services were massively handed over to the private sector, with minimal shares for employees (never more than one percent) and maximum contributions from the public purse to wipe out debt or improve infrastructure prior to the transfer. The new share-owners, mostly institutional investors, got a huge and handsome gift-wrapped package from the government paid for with the British people's taxes, whether they liked it or not. The company directors – generally the same ones as before – routinely voted themselves two to five-fold salary increases. Unions were decimated with

the loss of some two million unionised jobs.

Whereas Ms Thatcher never hid her neo-liberal beliefs and her union-busting aims, the World Bank and the International Monetary Fund were less straightforward, claiming that they were merely cleaning up the finances of heavily indebted states in the South but in reality bent on eliminating as much of the state sector as feasible. The pattern has been repeated in country after country, most recently in Eastern Europe.

We now have a wealth of historical experience. We know that in virtually all cases, following privatisation, the quality of services declines, costs and fees increase, the service no longer covers the entire territory of a national space, workers lose material benefits and are less well treated. None of this is accidental and has occurred time and again. Those who can afford private services are still served and they are the only ones who count.

Naturally, public services are not always blameless, perfect and free of corruption, but as one trade unionist, Mike Waghorne of Public Services International, points out, "*If your sink leaks or your paint is peeling, you don't burn down or sell the house – you fix the sink and repaint.*" The propaganda we have lived with for the past two decades has told us, instead, to sell the house. Too many governments have been happy to take the one-off, wind-fall money and run.

This yearbook is not just a compilation of articles – however important and excellent they may be. It is also a call to arms. Many of its chapters prove that privatisation is not inevitable; that we can react to protect, preserve and reclaim our public service inheritance. This is not merely vital for our own local or national communities. It is clear that without extensive, universally distributed public services, there is no way the world can realise the United Nation's *Millennium Development Goals*, which were endorsed by 189 countries. Their governments must be made to understand that massive privatisation is incompatible with these goals and that they have therefore also endorsed services for the poor – and for us all.

I wish long life to the *Public Services Yearbook*, destined to become one important tool in the struggle to eradicate poverty and provide all of earth's citizens with a decent and dignified life.