

Participatory alternatives to privatisation

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I've seen the privatised future that the 'troika' is trying to impose on Greece – and it doesn't work. But it's a pleasurable irony to be in a position where I can use the experience of the UK, a laboratory for privatisation, as a resource for resistance for the threats the Greek people face today.

First I will report back from this future, as someone who like millions of others has suffered the reality of privatisation. Second I bring the news that in response to these failures, the trend is now in the opposite direction – to bring some services back into state hands. And third I want to highlight the key lesson of campaigns worldwide that have achieved this successfully: that it is essential to campaign to transform the state, ending corruption and bureaucracy, at the same time as we resist privatisation.

We can learn from experiences across the world how the popular struggle against privatisation can go further and become a force to make public services and companies genuinely public: transparent to the public, valuing the knowledge of the public, sharing power with the public, and genuinely serving the public rather than private interests.

1. I've seen the privatised future – don't go there

I'll talk about three experiences but there have been many more.

> Security chaos at the Olympic games

First consider what happened when G4S, the largest private security company in the world, was contracted to run security at the 2012 London Olympics. This company had already been running prisons, detention centres and was poised to take over running many aspects of the police. Already it had become notorious for the death of a refugee in its custody. But the dogma of 'the private sector knows best' prevailed and the company received the £236 million Olympics contract.

The result for Olympic security was what even G4S boss Nick Buckles admitted to the UK parliament was a 'humiliating shambles'. G4S failed to provide anything like as many staff as it was supposed to, at one Olympic event after another. In the end the Olympic committee had to sack G4S and brought in the army and police to do the job.

Here was a demonstration of the danger of relying on the private sector. The experience has strengthened the turning tide against privatisation. Even some Conservatives are becoming critical. We even heard William Waldergrave, who was a minister under Margaret Thatcher, warn against making the 'mistake of falling in love with free enterprise', and adding that people who believe 'private companies are always more efficient than the public service have never worked in real private enterprise'.

> **Private railways destroy the right to travel**

The privatisation that the UK public are most angry about is the railways. The majority of people want the railways to be fully renationalised. Every day they experience the difference between running an organisation to maximise profit and running an organisation to maximise public benefit. From a humanitarian, public perspective, mobility is a human right; but the way private companies have run the railways, crossing the country (and Britain is a small country) is incredibly expensive, beyond the budget of many people.

Even an 'off peak' ticket from London to the North of England – around 300 kilometres, the equivalent of Athens to Larissa – is nearly 100 euros. These are the highest train fares in Europe. Trains are often severely overcrowded and the staff are underpaid and demoralised.

The figures too tell a tale of private sector inefficiency. It is calculated that **£1.2 billion of public money has been lost each year** as a direct result of railway privatisation. This money could have allowed fares to be 18 per cent lower than at present.

The experience of the railways, such a basic part of everyday life, has begun to re-establish in people's minds the necessity for an economics of the public good. The idea that the market is the way to run basic infrastructure like the railways was always ridiculous. You don't want to turn up at the railway station and have to choose between companies, you just want a fast, safe and comfortable way to get to your destination – and privatisation didn't lead to 'choice' anyway, just to private and unaccountable monopolies.

> **Water shortages in a wet country**

The third example is water, another clear case where the economics of profit is totally out of place. The drive to privatise water globally has proved to be another privatisation that has awoken people to the fact that common goods they took for granted are stealthily being taken away.

In Britain the privatisation of water was one of Margaret Thatcher's first. There was a long struggle but the people were not prepared. Water privatisation had not been in the Conservatives' election manifesto. Indeed this is a distinct trait of privatisation policies: they are never put to the people in elections, they are always introduced by stealth, behind the scenes, imposed from the top. It has only been popular campaigns of resistance that have forced a debate.

In Italy and Uruguay campaigns leading to referendums resoundingly defeated plans for water privatisation. In Britain 20 years ago there were no international experiences we could learn from. But we can look now at the state of our water and share the results as a warning.

Britain is quite a wet country. I used to live in Manchester where it rained almost every day. And yet we are regularly facing water shortages and being told to bath and shower less to save water. The most recent scare of this kind was a water shortage in the South East of England, but the reason was not a particularly dry summer – it was the closure by private company Thames Water of 25 reservoirs over the past ten years. A report from the union organising water workers reported that closing these reservoirs (often in order to sell the land) meant rainwater 'running off to the sea while the region is subject to drought orders'.

The report went on to say that less than 1 per cent of British rainfall was being collected and stored for people's use. **At the same time Thames Water had paid out £5 billion in dividends to its shareholders.**

2. Back to the public

Across Europe, local authorities especially are reacting to private sector failures or undue profit-taking by thinking again. Public managers and politicians are starting to reconsider the notion that subcontracting is the answer to problems in public service management.

Remunicipalisation

A classic example is the management of water in Paris. This is particularly interesting because French companies are among the lead privatisers internationally. On their home territory, however, public executives in the capital scrutinised the figures and found that the private companies were taking a lot of money in profits out of the municipality. They decided to bring water back into public ownership. In the first year they made savings of 35 million euros and were able to cut the price of water to the public by 8 per cent immediately. The full story is told in an excellent book on the remunicipalisation of water: <http://www.tni.org/tnibook/remunicipalisation>.

In Germany two thirds of local authorities are already bringing their waste, transport and lighting back into public ownership. There is even, believe it or not, a steady reversal of privatisation taking place in the UK. In London, for example, the Underground was run by a public-private partnership which was inefficient and losing money, amid risks to security and safety. It was brought back into public ownership. A detailed documentation of remunicipalisation across Europe is available here: <http://www.epsu.org/a/8683>

The reversals of privatisation in the UK are ironic because in the UK as in Greece, one of the purposes of the 'austerity' measures is in fact privatisation and the destruction of the welfare state. The government made the assumption that cuts would lead to privatisation as local council managers felt they had to outsource to cut costs. But some of these managers, often under pressure from publicly minded trade unions, decided to draw a balance sheet over the experience of contracting out. In many cases they found that in fact it was actually cheaper to bring services back to the municipality.

They could see all the money spent on consultants, making contracts and lawyers: all the transaction costs and inflexibilities of privatisation. They could see too that the private companies rarely brought in new expertise, beyond the expertise of bidding for contracts. In fact more often than not they sucked knowledge out of the local authority and used it to get contracts elsewhere.

3. 'The status quo is not an option'

So, it is clear that bringing in private companies leads to water, trains and other public utilities that quite simply do not serve the public. Do we therefore work to return services to the state as it was, turning a blind eye to all its inefficiencies, unresponsiveness and in some cases endemic corruption, simply because they are formally 'public'? This is not a rhetorical question.

How it is answered is decisive for our ability to resist further privatisation. In the past year or so I have been researching resistance to privatisation across the world (for the Municipal Services Project <http://www.municipalservicesproject.org/publication/alternatives-privatization-public-options-essential-services-global-south> and Public Services International). It is clear from all these experiences that a key to lasting success is that resistance takes on responsibility for improving the efficiency – and therefore accountability – of the public service or utility that is being defended.

You could say the struggle to defend the principles of the commons, whether natural commons like water, beaches and forests or social commons like health, education and knowledge, is of necessity also a struggle to transform the state.

The neglected capacities of public service workers

I'll just give one example. It is the experience of struggle over the IT and 'back office' information systems and all the related services – distributing benefits, collecting taxes, paying and chasing invoices, dealing with citizens' inquiries – in Newcastle Council, in the North of England. The chief executive of the council at the time was a real enthusiast for the private sector. He invited private companies to join public-private partnerships as the senior partners. 'IT and Related Services' was his first candidate for the private sector treatment – this 'back office' service was often the first to be privatised. As the local trade union branch insisted, it is in fact a very strategic service for everything that councils do. But as the union branch also recognised, the service was in urgent need of structural change, both in terms of the technology – which was 23 years old, still based on those noisy reels that you might see in an ancient film and hugely expensive – and in terms of how the work was organised. As the local union leader insisted as they prepared to resist privatisation: 'the status quo is not an option.'

You might well ask how this vital service had been allowed to be so wastefully managed. The answer points to a recurring and fundamental problem with the management of public services as we have previously known them: the weakness of electoral democracy as a means of accountability and driver of improvement in the quality of public provision. I interviewed a very competent former council leader and asked: how could this level of inefficiency be tolerated? 'Well, there was always another million or so needed for updating the mainframe computer [the name for the old system] and it always got voted through.' Most liberal democracies have serious flaws and Britain's undemocratic, disproportionate electoral system has meant only weak political debate, within a very narrow consensus and very little scrutiny of the executive.

So here was a case where the inefficiency of the public sector made it vulnerable to being handed over to a private company, British Telecom, to sort it out. But the trade unions said no, partly because it was their jobs at stake, but also because they and their members cared about the city and didn't want to see public money going into private profits.

Most importantly, their members could see a way of making the service efficient through keeping it public. It was workers, most of them trade union members, who ran the technology and could see how anachronistic it was. Others could see all the duplication and public waste in the council's departmental empires.

Union reps started organising very participatory meetings with all the members, during work time, asking their members in every department how they could improve the service, including how it

could save money that would go into other services like care for the elderly and children. Over a year or so, they not only campaigned in the traditional way, with strikes and so on, but transformed the trade union branch into being an organisation that did not just do all the usual things unions do, but also recognised its members as being knowledgeable citizens, who believed in serving their fellow citizens.

And one result of this was also to change the managers' perception. When the unions started spelling out how the service could be improved and reorganised and committed themselves to a joint process on conditions of job security and retraining, they started to think: 'Yeah, we don't need British Telecom. We could actually work with the trade unions because we have a common interest in defending a good public service.'

At the same time the unions knew that they had to win public support in order to put pressure on the politicians. So they built a big campaign involving all the neighbourhoods and so on, around the slogan 'Our city is not for sale'. The local media supported it. Councillors moved from indifference to passing a resolution committing the council to always look for alternatives to privatisation.

To cut a long story short the campaign to save these office services managed to stop British Telecom. But the success was not just to block privatisation; it was also to establish an effective workplace democracy in the running of this IT and related services department. They negotiated guaranteed job security but with facilities for retraining and extensive processes of negotiation and consultation, so there was both security and change. The end result financially was savings of over £22 million from changing this technology that then went not into the profits of a private company, but into expanding services for elderly people and for adult education. The full story is available here: <http://www.tni.org/tnibook/public-service-reform-not-we-know-it-picnic-publishing-2009>

Another example is in local government in Norway, where again the citizens and trade unions said 'we cannot just oppose privatisation, we need an alternative'. First it began in just one or two cities but they developed the ideal of a 'model municipality', in which you again had this principle of public service workers and users being seen as knowledgeable citizens with the know-how to improve the services, if only this knowledge was released, shared and supported. There's hardly any privatisation now in Norway. Instead you have an arrangement between workers, managers, citizens and politicians.

All these experiences point to the importance of making unions more participatory and open, turning them into means of economic democracy as well as means of economic defence. They point too to the importance of reaching out to make alliances with fellow citizens to defend services as a social good.

Finding a voice for people's commitment to the commons

Some of the most dramatic successes in stopping privatisation have been over water. In many countries huge popular mobilisations have taken place to defend public water. Again the impetus has been not to defend the state management of water as it is but to build a movement around the principle of water as a commons which then provided the impetus to democratise the way it is managed.

Uruguay and Italy illustrate this well. In both cases – Uruguay in the late 1990s, Italy in 2009 – wide alliances awakened people's awareness of their dependence on water as a shared common

resource. In both cases the campaign realised that the issue was too important to leave to the existing political process. They used clauses in their respective constitutions to organise popular support to trigger referendums.

In both cases the focus of first getting enough signatures to trigger a referendum and then winning the referendum led the campaigns to do absolutely everything they could to reach people. They organised in the schools for example, not only to reach the children but because then the children would then talk to their parents. The leader of the water workers' union in Uruguay even went round inaccessible parts of the countryside to talk to people about the need to defend water and the public right to water.

The Italians report how, faced with a media dominated and mostly owned by Silvio Berlusconi, who was driving the attempt to privatise, they used every possible means of communication: popular mobilisation in the streets, market places, cultural centres and every part of the social media. Eventually these methods overtook and overwhelmed the mainstream media. 1.4 million signed the petition for a referendum. Over 50 per cent of the population turned out to vote in it and of these 94 per cent voted 'si' to keeping water public.

However, it is never possible to relax. More recently the technocratic government of Mario Monti tried unsuccessfully to include water among the public services to be privatised under his austerity policies. Victories against privatisation are always precarious; movements can never pack up and go home. On the contrary, they need to extend their scope to surround the sprawling, octopus-like character of corporate power.

The campaign for public water proved the importance of paying attention to the means of organising as well as to the ends. Essential to the success of the movement was that it organised in a multi-centred, horizontally co-ordinated way, based on valuing the plurality of knowledge, encouraging direct and personal participation in decision-making and favouring a rotation of responsibilities and a diffuse leadership. Now in Italy they talk about the successful movement against water privatisation being a battering ram against the whole global project of privatisation.

For full details of the Italian campaign see
<https://snuproject.wordpress.com/2011/11/16/fluid-democracy-the-italian-water-revolution-transform/>

Illustrating an alternative future in the present

Before concluding I want to stress that campaigning against privatisation is part of what we call in the feminist movement 'prefiguring' an alternative. That means creating experiences in the present of the future that we would like to see, just as in the women's movement we created changes in our lives that illustrated a future where men and women lived together equally. The successful campaigns against privatisation have been where public service workers collaborate with the users of the services and the communities to show how that service or common good could be managed and organised in a democratic and in a truly common way. This is vital to avoiding a situation where people's understandable hostility to the existing state leads them to support privatisation, imagining there is no public path to reform.

We can also look to the experience in Brazil in the build-up to Lula winning the presidential election. A crucial factor in his success was the experience of the Brazilian Workers Party

participatory democracy in the running of municipalities, illustrating that they would not be maintaining the corrupt state institutions that had been typical of Brazil up until the rise of the Workers Party and the movements that had created it. The result has been complicated, but certainly it meant that the Lula government came into office with electoral support and also with a stronger democratic force behind him than only an electoral mandate.

Lessons for a new turning point

In the late 1970s and early 80s we faced a turning point as the post-war state and Fordist production faced crisis and exhaustion. There were different ways out. In Britain, the market-driven politics of Thatcher's Conservative Party was one option, while the other was expressed in both radical social and trade union initiatives and practical policies for a new kind of state, a deep democratisation of both politics and economics.

With the complicity of the British Labour Party led by Tony Blair, market-led politics was triumphant. But beneath the surface of the ruling political and corporate institutions, a lot of innovation, thinking and connecting, as well as struggle was going on. Now we face a new turning point, as the neoliberal order itself faces crisis and tries to solve it at the expense of the mass of people, the '99 per cent'. The epicentre is in Greece. So I want to end by trying to pass on what we have learnt since from both the local and global resistance I've described here.

> The importance of a political voice for democracy driven public service reform

The failure in the UK to halt privatisation had many causes but one which can be overcome – and is being in Greece through Syriza – was the absence of a political voice that championed the public and social provision of services and championed the necessity of democratic *public* reform. The Labour Party in the UK took a very defensive stand, accepting criticism of state administration and following Thatcher in welcoming private companies as the drivers of efficiency, as if there was literally no alternative to capitalist market economics.

This meant that mainstream politics in the UK was dominated by the old Cold War options of bureaucratic state versus 'innovative' free market. This was a disaster. It meant that all the scattered attempts, of which the Newcastle experience was only the most exemplary, at democracy-driven rather than market-driven reform had no voice. We need to be clear that challenging the private takeover of public assets does not mean defending the state as it is but transforming it on the basis of democracy.

> Building a productive democracy from the capacities of citizens

From the late 1960s onwards it has become clear that there is an extent of knowledge and capacity among so-called 'ordinary people' which old paternalist or corrupt models of public administration ignored. The possibility of an alternative democracy-driven method of administering the public is based on organising and supporting this productive capacity. This would mean replacing command management and vertical hierarchies with workplace democracy, public managers acting as facilitators and coaches, opening up the state to citizens to express their real needs and their ideas about how to meet them, and flexibility about the possibility of public collaboration with other forms of social, non-market organisation in civil society.

> **The importance of sustained alliances between all those with a belief in democratic public services**

Essential to the success of the campaign was the unions' ability to create sustained relationships, or 'deep coalitions', with service users and citizens more generally, rather than merely tactical and instrumental alliances. These alliances and relationships had a dual purpose. On the one hand, they bring sources of expertise – practical, expert, investigative – that were vital to transforming the service and its quality. On the other hand, the success of these alliances in countering the pressures of the privatisers depends on their ability to use a variety of sources of power and legitimacy, whether from unions, churches, artists, women's networks or farmers' organisations, to build popular support.

> **Turn the elite's contempt for the people into a strategic weakness**

The experience in other countries is that the government and private corporations in their contempt of the people massively underestimate the majority of people's underlying belief in mutuality, sharing and solidarity. This sharing culture is now very much reinforced among the younger generation. They share knowledge through experiences like the open software movement. They're developing knowledge collaboratively so there's a daily experience in a culture of sharing and hostility to commercialising and privatising the public sphere of the Internet. Successful campaigns have turned this underlying culture into a powerful political force, whose nature baffles the elites.

> **International collaboration is strategically vital**

I want to stress the importance of international collaboration. For example, the campaigns in Latin America – Brazil and Uruguay and so on – were helped immensely by work by the research institute of Public Services International. They held seminars with local communities and unions explaining what the water companies were trying to do internationally. One reason for the success of the Italian campaign is that it observed the international grab for water and learnt from it. As a result it had prepared a national campaign well in advanced of Berlusconi's privatisation. There are strong networks of researchers and campaigning activists across Europe and globally who would be willing to be resources of information, sharing their experiences and helping to build confidence in your campaigns.

Just as we in the UK were a test bed for privatisation, Greece has become a laboratory for achieving corporate market domination – but it has proved more difficult than they thought. If they can get away with it, they won't stop at the borders. We know we must organise across borders. And in this situation that collaboration must be on an emergency basis.

Useful contacts:

Public Services International Research Unit www.psiriu.org researches the privatisation and restructuring of public services around the world, with special focus on water, energy, waste management and healthcare. It produces reports and maintains an extensive database on the multinational companies involved. This core database and website are financed by Public Services International (PSI), the global confederation of public service trade unions.