

Cities and citizens are writing the future of public services

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This book is the result of a collective effort to look at the remunicipalisation of public services across sectors, around the world. The purpose of this conclusion is to outline the main findings and the key lessons that we, as editors, have drawn from preparing this book, collecting information from around the world and engaging with people involved to various degrees and in various ways in remunicipalisation.

We use ‘remunicipalisation’ to refer to the process of bringing previously private or privatised services under local public control and management. We are aware that as a term it is not always entirely adequate, because in some cases the services that are reclaimed have always been in private hands, or did not exist. In these instances, ‘municipalisation’ would be a more adequate term. (Re)municipalisation covers both instances. There are also examples of public services that have been de-privatised at the national level. We treat renationalisations separately in order to focus on local actions and because some forms of renationalisation (when they are about centralising power or temporarily rescuing failed private companies) do not fall under our research scope. There are numerous examples of citizens and users taking the lead in reclaiming essential services from commercial entities for their communities. For us, these are also instances of (re)municipalisation insofar as they are oriented toward public service values and non-commercial objectives. De-privatisation is an overarching term for (re)municipalisation, renationalisation and citizen-led reclaiming of public services that are oriented toward fighting against the ills of privatisation.

Remunicipalisation is far more common than suspected, and it works

This book includes a list of (re)municipalisations and (re)nationalisations that is far from complete. This list as it stands now is only a first step. There are many more cases around the world that we have not been able to identify yet, for lack of time and resources. But as such it illustrates the points that we want to make: first, that there is a strong remunicipalisation trend in Europe and worldwide, and that it concerns all sectors of public services, to varying degrees; and second, that this largely unrecognised remunicipalisation trend not only reflects the many failures of privatisation and austerity policies, but also leads to genuinely better quality public services – the kind of public services we need to tackle today’s challenges. This is particularly evident in the energy sector, where (re)municipalisations are driving the transition toward affordable, renewables-based, efficient energy systems.

We do not claim that public management is a solution to every problem, nor that remunicipalisations are always smooth. But we do claim that the global experience shows that privatisation generally fails to deliver on its promises; that publicly managed services are generally more focused on quality, universal access and affordability, and on delivering broader social and environmental objectives; and, indeed, that public providers are very often both more innovative and more efficient than private operators – in direct contradiction with the tired *clichés* of privatisation propagandists.

We have been researching water remunicipalisation for years. We published two reports – *Here to Stay: Water Remunicipalisation as a Global Trend* (November 2014)¹ and *Our Public Water Future: The Global Experience with Remunicipalisation* (April 2015)² – demonstrating how widespread this remunicipalisation trend actually was in the water sector. We identified 235 cases of water remunicipalisation across the planet between 2000 and 2015, including in cities such as Paris, Berlin, Buenos Aires, Kuala Lum-

pur and Jakarta. We knew that remunicipalisation existed in other sectors as well. At the time, another massive remunicipalisation movement was gaining ground in the energy sector in Europe, particularly in Germany. So we decided to take on the very ambitious task of looking at remunicipalisation in general, across all public services, on all continents but still keeping a special focus on Europe.

With the assistance of many partners and contributors in city councils, trade unions, academia and civil society, we collected 835 cases of (re) municipalisation across 45 countries, from small towns to capital cities, both in urban and rural contexts. Remunicipalisation is especially strong in the water and energy sectors (267 and 311 cases, respectively) – perhaps because these are the sectors where liberalisation and privatisation has been pushed the most. But we also see remunicipalisation in waste, transport, health and social work, and in the wide range of services provided by local governments, from nursery schools, childcare, cleaning and public parks to sports and school catering. Indeed, in every sector that is or has been subject to privatisation, it does not take very long to see a movement back toward remunicipalisation. Those who are now seeking to push or allow privatisation in new sectors, such as childcare or health services, had better be aware of this lesson.

This remunicipalisation movement is not immediately visible in the media or in the public debate because it is mostly taking place at the local level, or in specific national contexts, and because the powerful interests in the corporate sector (and often national governments and international institutions) would like to pretend that such local initiatives do not exist, and that there is no viable alternative to privatisation and austerity. But there is.

Remunicipalisation delivers better, more democratic public services

Remunicipalisation is rarely just about a change in ownership or operational management, nor is it a simple return to the pre-privatisation situation. Remunicipalisation is fundamentally about building qualitatively better public services. First, it is often about re-creating or re-introducing a public ethos and a commitment to universal access, as opposed to the commercial, profit-seeking outlook of private providers. This means, for instance, ensuring that a service is delivered across an entire city or a whole nation, and not only in those areas where services are most profitable. Chapter 2 by M'Lisa Colbert explains how Argentina decided to renationalise its postal services and airline exactly for these reasons.

Second, it is about ensuring affordable services. The movement for remunicipalisation in Catalonia was driven in large part by the resistance against evictions and water and electricity cuts in the aftermath of the global financial crisis in Spain. The creation of municipal energy companies in the UK, described by David Hall and Cat Hobbs in Chapter 9, which now serve an area with a population of 2.2 million people, was similarly driven by the abusive pricing policies of the “Big Six,” the international companies that control the UK energy market.

Third, remunicipalisation is about bringing back transparency and accountability in management. *“No private shareholders. No director bonuses. Just clear transparent pricing,”* as exemplified by the Robin Hood municipal energy company in Nottingham (UK). The remunicipalisation movement in Spain, as Míriam Planas explains in Chapter 10, originates in the same rejection of the culture of political patronage and the multiple corruption scandals that have plagued these sectors in the past.

Finally, remunicipalisation is about democratising public services, through the participation of workers and users, and through greater control by elected officials and citizens. Many flagship water remunicipalisa-

tions in France, including in Paris, Grenoble and Montpellier (see Chapter 1), have given seats to citizens and civil society representatives on the boards of the new public operators, and they even created specific participatory structures such as ‘citizens’ observatories’ that democratise the debate around the management of public services, from tariff hikes to long-term management strategies. In Spain as well, citizen participation and the democratisation of water services are at the core of the remunicipalisation movement.

Remunicipalisation as a driver for resilient and climate-friendly cities

Remunicipalisation is not only about local issues and local politics; very often, it is also about bringing effective local solutions to global issues and crises. It is about inventing and reinventing the public services of the future to address the challenges of meeting basic needs and reducing our environmental footprint while mitigating climate change and adapting to its consequences. Remunicipalised public services often lead the way in this regard. It is particularly obvious in the energy sector, in Germany and elsewhere. As Chapter 8 by Sören Becker documents, new local public companies and co-operatives have been pioneering an energy transition based on renewables. Created in 2009, new municipal utility *Hamburg Energie* had installed more than 13 MW of wind power by the end 2015, as well as 10 MW of solar power, and attracted more than 100,000 clients who opted for renewable and locally produced energy. In the US, the Kauai Island Utility Cooperative (KIUC) of Hawaii became the state’s first not-for-profit generation, transmission and distribution co-op owned and controlled by user-members in 2002. It has set a goal of 50 per cent renewable energy by 2023, and had already reached 38 per cent in 2016. In comparison, the corporate giants that emerged from the liberalisation of the energy sector in Europe have proved much more prone to imposing ever increasing prices on captive customers than to drive any genuine change.

The same point could be made for other sectors as well. Today, it is near impossible for a private waste company to engage in a genuine “zero waste” policy, because their whole business model is predicated on maximising collection volumes and on large infrastructure such as incineration plants, and also because going “zero waste” involves prevention measures and an engagement with citizens that goes far beyond the capacity of a private provider. Remunicipalisation in the waste sector often goes hand-in-hand with a decision to avoid large unnecessary installations such as landfills or incinerators, and reduce waste volumes. The city of Briançon in France, for example, decided not to renew its contract with Veolia as a first step toward a long-term “zero waste” objective.

Similarly, in the school restaurant sector in France, many remunicipalisations were driven by the political decision to shift to local, organic food for children – whereas the services provided by catering giants companies such as Sodexo typically relied on industrial food processes and international supply chains. Remunicipalisation in this case is often part of a larger trend toward a relocalisation of the economy, particularly in the food sector, and the protection of local agriculture. This connection between remunicipalisation and local economic development is just as strong in the energy sector in Germany, as Chapters 5 and 8 emphasise.

(Re)municipalisation as an window of opportunity for democratic public ownership

(Re)municipalisation also demonstrates how people, by reclaiming public services, are reinventing a whole new generation of public ownership forms and structures. Many cases of (re)municipalisation especially the creation of new public companies offer an opportunity to renew public commitments and create a space for multiple actors to co-manage public service provision in a more democratic and efficient way, beyond traditional public ownership. There is a variety of new models: municipal energy companies, inter-municipal organisations and networks, local

public service companies partly owned by citizens, workers' or users' co-ops, and so on. They are all templates for what the future generation of public services could look like.

It is important here to highlight that this book is also about the creation of brand new public services. Chapter 6 by Benny Kuruvilla tells the story of how authorities in Delhi and Tamil Nadu created new health care services and public canteens to address the basic needs of poor people in very cost-effective ways. In Europe and elsewhere, we are witnessing the creation of new local public companies in the energy sector, with various ownership models (municipal entities or public-community partnerships). In France, new municipal farms are created to supply local school restaurants. These experiences demonstrate that it is still possible and desirable today, both in the global North and in the global South, to create new public operators.

A remunicipalisation “movement” in Europe?

Remunicipalisation is particularly vibrant in Europe. Some 347 cases were found in Germany, 152 cases in France, 64 in the United Kingdom and 56 in Spain. The powerful remunicipalisation tides that have occurred in the energy sector in Germany or in the water sector in France are just the most visible manifestations of a deeper trend. This remunicipalisation movement in Europe can be seen as a response to austerity policies, a reaction against the excesses of liberalisation and corporate takeover of basic services. This does not mean, however, that remunicipalisations are always highly politicised or that they are the preserve of one side of the political spectrum. In fact, as documented in the chapters on France and Germany in particular, remunicipalisations are carried out by politicians of all shades, and often benefit from a local trans-partisan consensus. The relevant political divide is frequently not across party lines, but between the local level, where politicians and officials have to deal with concrete challenges, and the national and European levels that are push-

ing for austerity and budget cuts. Cities are best placed to understand the importance of public services because they deal with the everyday consequences of austerity and privatisation.

Remunicipalisation is always a practical decision, guided by a range of concrete considerations (economic, technical, social, political, etc.). Yet, clearly, there are different kinds and degrees of remunicipalisation. Some local authorities and groups are more prone to emphasising its political aspect and sometimes see it as part of a wider political project of democratising public services and caring for the commons. *Barcelona en Comú*, the progressive coalition that gained power in the Catalan capital in 2015, has articulated a global “municipalist” vision, with cities at the forefront of addressing the social, political and environmental challenges of our time through concrete solutions and practical alternatives for everyone. Remunicipalisation and public services have a central place in this vision. The city of Barcelona has already remunicipalised childcare and gender violence services, and created new municipal companies for funeral services and energy provision. The municipal government is taking a systematic approach and is thoroughly reassessing all 250 currently outsourced services. It then decides on priorities for bringing services in-house in order to recover municipal capacity. Water and waste collection are top priorities, but remunicipalisation in these services will not be simple to achieve. The multinationals that control these sectors have powerful vested interests following decades of privatisation. The city has an explicit target to employ 1,900 additional people by 2018 in newly in-sourced services, half of which would be new jobs. Several cities in Spain (Ciudad Real, Cadiz, Rivas-Vaciamadrid) or in France (Grenoble, Briançon), which have undertaken remunicipalisations in multiple sectors with a view to making public services more democratic and more sustainable, could be said to promote the same vision.

On the other hand, there are those who present remunicipalisation as a purely rational economic and technical choice, and claim they are not necessarily opposed to private management of essential services, pro-

vided there is sufficient control by local authorities and that the possibility of returning to public management remains open. (In fact, as we will see below, the difficulty of controlling private providers is all too common, and there are mechanisms at work – such as trade and investment agreements – that tend to make remunicipalisation ever harder.) Overall, however, these different types of remunicipalisations still share common features, including a commitment to effective and transparent public services and the rejection of the privatisation propaganda according to which private companies are by essence better than public ones. In many places, the diverse proponents of remunicipalisation are closely allied to defend it against common threats and to enable local authorities who wish to remunicipalise to do so. This is the case, for example, in the water sector through networks such as Aqua Publica Europea at the EU level or *France Eau Publique*.

De-privatisation is also a viable option for the global South

Remunicipalisation is far from being confined to the borders of ‘old Europe’. It is widespread in North America and other high income countries. And there are 56 cases in low- and middle-income countries as well. We may be seeing less remunicipalisations in the global South either because privatisation has been less pervasive so far in these countries or because their service provision tends to be centralised. While the number is less impressive, there are still many successful examples of reclaiming or creating new public services in countries of the global South, sometimes on a very large scale. We have documented this for the water sector in our previous reports, and we find similar cases in other sectors as well. Cities have put an end to disastrous privatisation or PPP contracts, and offered similar or better services through public management. They have created new public services to address the needs of poor people and reduce their dependence on expensive private providers of water, health care or food – as the examples in Chapter 6 show. These examples are all the more important because often they make a vital difference for millions

of people. In Delhi, 2.6 million poor residents have benefited from new public health clinics since the second half of 2015. The new pension fund renationalised by the Bolivian government benefits 800,000 people, 83 per cent of which had not been receiving any benefit beforehand because they had worked in the informal sector and/or went through extended periods of unemployment.

We have included examples of renationalisations in this book – mostly from Latin America – insofar as the motivations and the risks were similar to those of de-privatisation at the local level, and because there are many countries where national governments, not local authorities, have control over basic services. In Argentina or Bolivia, as Chapter 2 shows, renationalisations have allowed governments to reduce inequalities, implement social policies, and maintain public services in places where it was deemed unprofitable by private providers.

Common problems with privatisation and PPPs across sectors

No matter what sector we consider, the problems associated with privatised services and PPPs are remarkably similar. These are the same problems that we identified in our previous reports focused on the water sector. We find that – in blatant contradiction to the promises of private companies and their supporters – privatisation and PPPs often lead to higher costs for local authorities, or for people using the services, or both, as illustrated by the failed Delhi Airport Express Metro Line PPP. The quality of the services provided tends to deteriorate, often as a result either of poor investment and maintenance and/or because of the degradation of the working conditions within these services. This is particularly manifest in the waste collection, cleaning services or in the health and social services sectors as Chapters 4 and 5 illustrate: whether in Oslo or in Wilhelmshaven, Freiburg and Dortmund, remunicipalisation came with improvements both for workers and for service quality. The privatisation of the hospital in the coastal city of Herceg Novi, Montenegro went wrong

on all fronts, as reported by the Trade Union of Health of Montenegro. The multinational Atlas Group only invested €3 million instead of the €119 million agreed to in the contract, and salaries were not paid for three months. The alleged tax avoidance of Atlas Group led the government to terminate the contract in 2015 and the hospital was taken back into the public health system.

Services are outsourced or procured to private providers, often subsidiaries of multinationals, with little accountability and transparency as to how much cash is transferred to the parent companies and their shareholders, at the expense of wages and infrastructure investment. In some cases, this even leads to financial irregularities and corruption scandals, such as those that have historically plagued the water sector in France and everywhere water multinationals have been active.³ We also find that most privatisation contracts – and especially complex financial arrangements such as PPPs in infrastructure – introduce a high level of complexity, which is beneficial for lawyers and auditors, but provides little value for money for citizens. Chapter 9 provides multiple examples of this from the UK. Needless to say, all of these pitfalls make it even more unlikely for private providers to deliver on wider social and environmental objectives.

Irresponsible policy prescriptions

In spite of this abysmal record, privatisation and PPPs are still being widely promoted – or imposed – as solutions for cash-strapped local or national authorities. In high income countries, the pressure to privatise has clearly increased since the global financial crisis, as a result of austerity policies, of corporate marketing and lobbying (either by the interested companies themselves or by the auditing firms that stand to benefit from the contracts as well⁴), and of an ideological belief in the superiority of the private sector. Obviously, these irresponsible policy prescriptions originate from players – international financial institutions, the Europe-

an Union, sometimes national governments – who are not in charge of delivering the services on the ground and are not directly accountable for the concrete results of these policies.

Perhaps even worse, at the same time that Europe is witnessing scores of remunicipalisations across sectors in reaction to past privatisation policies, the very same policies are being promoted in the South by international institutions and European governments, often under the guise of overseas development aid. This means that instead of using development funding to build or improve effective public services that address the needs of their populations, governments are made to engage in costly and complex PPPs and public procurement contracts that often fail to achieve the promised results. As Chapter 7 by María José Romero and Mathieu Vervynckt shows, these PPP deals in the global South are ever increasing in scale. The resulting mega-projects, adjusted to the interests of international corporations and funders, have little to do with the actual realities on the ground. In Lesotho, one single failed PPP hospital project swallowed up the equivalent of half of the country's health budget, while providing a 25 per cent return on profit to the private company involved.

The 'cost-effectiveness' of privatisation and PPPs is an illusion

One of the main arguments advanced by proponents of privatisation and PPPs to convince public authorities is that their solutions are more cost-effective than public management. However, this has been disproved time and again by experience. Contracting a private company to deliver a service involves immediate extra costs because of the transfer of cash to parent companies and shareholders. According to privatisers, these extra costs are compensated by the 'innovation' and 'economies of scale' made by large companies, which would naturally be more efficient than public services. But the supposedly superior 'innovation' and 'efficiency' of the private sector often boil down to implementing basic – and in the long term often damaging – cost-cutting policies. As Chapter 2 on

renationalisations in Latin America suggests, short term cost reductions can sometimes be achieved by private companies, but these do not address structural issues or corruption. It does not take long for such 'low cost' policies to result in a degradation of services because of poor maintenance, low investment, staff reduction and the degradation of working conditions. The Argentine and Bolivian experiences described in that chapter show it is possible to provide better services through public management at a lower cost, while achieving social and territorial cohesion objectives.

The same can be said of many other experiences with remunicipalisation or with the creation of new public services at the local level. When Paris remunicipalised its water, the new operator *Eau de Paris* was able to cut its costs immediately by €40 million – the sum of money that was being extracted each year by the parent companies of the private operators. In the UK, as David Hall explains in Chapter 9, the modernisation of the signalling and fibre-optic cable system of the public transport company in the Newcastle region was carried out by a new in-house team for roughly £11million, compared with roughly £24 million if it had been taken on by a private company. Overall, the termination of transport PPPs in London resulted in a £1 billion reduction of costs, mainly because of the elimination of shareholder dividends and lawyer fees, and through procurement and maintenance efficiencies. When the city of Conception Bay South in Labrador–Newfoundland (Canada) remunicipalised its water services, it saved about C\$1.15 million over 5 years. Similar numbers are found in the other examples of bringing public services in-house in Canada, for instance in the water sector in Hamilton (Ontario), Banff (Alberta) or Sooke (British Columbia).⁵

Examples of the greater cost-effectiveness of public services are innumerable. In spite of this, the private sector and some public officials oppose remunicipalisations on the ground that it is too costly for public finances. It is true that there have been cases, such as the water remunicipalisation in Berlin, where former private providers managed to secure

a huge financial compensation from the government, thus imposing a heavy burden on the new public operator and its users. But in most cases, these fears are not justified in the medium and long term, and very often not even in the short term. In Bergen (Norway), when the municipality decided to take back two elderly care centres in-house, the conservative opposition and business groups claimed it would come at a huge cost for public finances. In fact, it turned out that only one year later, one centre had a balanced budget and the other one carried a surplus, while offering better conditions for workers.

Chapter 7 describes a particularly fallacious and intricate version of the financial promises of privatisation: PPPs. These contracts are presented to local and national authorities, including governments in the global South, as an easier way to finance public infrastructures without having to borrow money or empty state coffers for necessary capital investments. The authors show that PPPs are actually a hidden form of debt, which turns out to be more expensive for public authorities in the long term. PPPs are designed to create an illusion of affordability and hide real costs and liabilities, which makes it easier to convince officials to embark on large-scale projects that do not necessarily reflect the actual needs of their populations.

Do not privatise in the first place

Not only do privatisation and PPPs generally fail to deliver on their promises, they are also often incredibly hard to modify or get out of. Once the contract is signed, private providers can lock in contractual conditions, and any change that would impact them comes at a price for public authorities. In fact, we find that in some cases, the difficulties of modifying contractual arrangements with private providers to respond to an evolving context is a major motivation for public authorities to take services back in-house.

Moreover, once they have gotten *de facto* control over services, private operators are able to force contractual changes on local authorities. Chapter 7 in this book suggests that a widespread strategy of big international corporations is to win PPP contracts by making very low, unrealistic bids, and then secure significant budget increases through addenda. According to the International Monetary Fund itself, 55 per cent of PPP contracts get renegotiated, which in two thirds of cases results in higher tariffs for users.⁶ Generally, there is a strong imbalance in legal resources and experience between the multinationals active in the PPP market on the one hand, and local authorities or national governments in the global South on the other hand.

When it comes to terminating contracts, or even not renewing them when they expire, again local and national authorities are often faced with an uphill and costly battle. Experience shows that private companies are rarely willing to share all of the information and knowledge that would allow public authorities to control and monitor private contracts, and even less so to remunicipalise the service. This is especially the case when private companies have been running a service for many years, as in Catalonia today. Chapter 10 by Míriam Planas describes how private water company Agbar (a subsidiary of Suez) literally refuses to share information with the cities of Terrassa and Barcelona in order to hinder or discourage remunicipalisation.

And then there are legal proceedings and appeals. There is a long history of judicial battles between public authorities and private providers in relation to the termination or non-renewal of privatisation contracts. Private companies are able to appeal (or threaten to appeal) to local and national courts to seek hefty compensation as a way to make remunicipalisation costly or impossible. The boom in trade and investment treaties and associated investor-state dispute settlement mechanisms – which we will discuss further below – adds another, even riskier and expensive layer to this legal straitjacket. These obstacles add to the costs of remunicipalisation – compensation, legal, technical or advisory services,

knowledge recovery – for local authorities. It is all the more remarkable to see so many cities and regions deciding to take action and reclaim public services nonetheless.

There are much better solutions for public services than privatisation

Public services are not perfect just because they are public. Some of them even have important problems that result in unsatisfactory services for users, bad conditions for workers and extra costs for citizens and taxpayers. Public services always need to improve, and some of them are in dire need of reform. It does not follow, however, that privatisation is necessary. In fact, many chapters in our book illustrate that there are much better ways to improve, reorganise and reform public services than just contracting them out to multinationals as a ‘quick fix’ solution.

Chapter 4 by Bjørn Pettersen and Nina Monsen, for example, shows how, in Norway, a close collaboration between public service trade unions, the municipal administration and local politicians succeeded in building a credible option for public services far more attractive than privatisation. Reduced sick leave, full-time, permanent positions for employees and digital innovation are some examples of achievements of this local tripartite cooperation. Public-public partnerships, which are particularly widespread in the water sector (including the recent example of the collaboration between the remunicipalised operator of Paris and the city of Barcelona), also offer a powerful alternative to privatisation. Through these non-profit partnerships, successful established public operators help other public operators with technical and institutional assistance for a given period of time, with the objective of making them more efficient and, ultimately, autonomous. This type of arrangement exists in other sectors too, and could be extended. There are already various forms of inter-municipal cooperation based on the same kind of approach, for instance the creation of new municipal energy companies by British cities

such as Nottingham, York, Bradford and Doncaster, all assembled in the White Rose/Robin Hood partnership (see Chapter 9).

Finally, collaboration between public officials, workers, citizen organisations and communities is becoming increasingly widespread, particularly in the energy sector. Chapter 8 shows how the energy remunicipalisation in Hamburg, Germany was driven in part by new forms of citizen commitment and participation. From Denmark and Scotland all the way to France and Spain, there are innumerable examples of citizen-owned schemes or municipality–citizens partnerships. The strong push for remunicipalisation in Catalonia also relies on a movement of citizen platforms who not only want to achieve a return to public management as an end in itself, but see it as a first step toward democratic management of public services, based on continuous citizen participation (see Chapter 10) .

Remunicipalising with workers

Workers and their unions are key remunicipalisation actors. Workers are often the first to suffer from privatisation and cost-cutting policies through staff reduction, salary cuts, degraded conditions and attacks on union rights. This explains why public services unions generally favour public ownership and why many of them – including the Austrian Federal Chamber of Labour (AK), the Canadian Union of Public Employees (CUPE), UNISON in the UK, *Fagforbundet* in Norway, Ver.di in Germany, the European Federation of Public Service Unions (EPSU) and Public Services International (PSI), which have joined forces in this research and publication – have taken an active stance in not only opposing privatisation but campaigning for remunicipalisation, as a way to defend simultaneously the interests of workers and of society at large. In some cases, as with the public park maintenance service of Ciudad Real in Spain, it was the workers and unions who initiated and led the remunicipalisation of their service.

There are many solid examples showing that remunicipalisation generally benefits workers. In León, Spain, when waste and cleaning services were remunicipalised in 2013, not only was the overall cost for the community brought down from €19.5 to 10.5 million, but 224 workers gained public employment contracts. When Oslo remunicipalised its waste services, the 170 employees were transferred from part-time to full-time positions, with municipal salaries and pension rights (see Chapter 4). In Conception Bay South, Canada, newly municipalised workers enjoy not only better conditions, but also safety on the job.

Chapter 5 by Laurentius Terzic suggests that in most cases remunicipalisations in Germany have led to better conditions for workers. However, there have also been instances where workers and unions have shown reluctance toward remunicipalisation, or have opposed it, because they feared it would lead to a degradation of working conditions or lower service quality. This is mostly the case in the energy sector, where workers have historically had comparatively good conditions in terms of wages and bargaining power. The author notes, however, that in the case of the remunicipalisation of the energy grid in Hamburg, the fears expressed by workers at the time about the degradation of their conditions proved unjustified. This chapter nevertheless emphasises that remunicipalisations carried out by public authorities for purely short-term economic reasons do carry risks for workers – the same risks as with privatisation – as illustrated by the remunicipalisation of waste collection in Lüneburg.

For these reasons, it is essential that officials and citizen groups work closely with trade unions when they decide on remunicipalisation and on the process for returning to public management. Several remunicipalisation examples in Norway show how fruitful this collaboration can be. Adversaries of remunicipalisation do not hesitate to instrumentalise the issue of workers' conditions, as we see today in Spain where the central government has put forward a legislative measure banning cities from taking on former private service workers when remunicipalising services

– a ruthless manoeuvre to turn workers against remunicipalisation. The history of water remunicipalisation in France shows that workers and trade unions have sometimes been reticent, because of the uncertainties, but that their attitude tends to shift over time as more and more remunicipalisations are implemented and as local authorities learn the lessons from past experiences.

Trade deals, ISDS and other threats to local democracy

The 835 (re)municipalisations identified in this book present 835 more reasons to refuse the Transatlantic Trade and Investment Partnership (TTIP) between Europe and the United States, or the Comprehensive Economic Trade Agreement (CETA) between the European Union and Canada that is now being proposed for ratification, or any similar trade and investment deal. The investment protection mechanisms, also known as Investor-State Dispute Settlement (ISDS), that most of these deals contain put high price tags on de-privatisation, because they aim to protect the profits of private foreign investors first.

Chapter 3 by Lavinia Steinfort reveals that the decision to de-privatise public services triggered at least 20 international arbitration cases (10 in the water sector, three in energy, three in transport and four in telecommunication) with claims of up to €4.7 billion (*Vattenfall v. Germany*). The story of Veolia in Lithuania shows how a city's legitimate decision to remunicipalise its district heating can trigger outrageous ISDS claims. In Bulgaria, the mere threat of investor protection was enough to undermine government plans to organise a referendum over the remunicipalisation of water services in the capital city Sofia. When an ISDS claim is awarded to an investor, it is recouped by taxpayers from public budgets, which could reduce the affordability of public services and delay much-needed investments. This is why there is a growing awareness among cities that the emerging trade and investment regime would severely limit local governments' policy space to (re)gain control over local services and resources.

Unfortunately, ISDS and trade agreements are just one aspect of the current threats to local democracy that hinder remunicipalisation. In countries such as Spain or the UK, local authorities are being literally forced by central governments to implement austerity measures decided at the national level, as a way to deflect responsibility for these policies. These very same governments are now actively seeking to hinder remunicipalisation, as in the UK where a bill was passed to ban cities from creating new public bus companies, or in Spain where the central government is taking the city of Valladolid to court to prevent it from remunicipalising its water.

Is the (re)municipalisation trend significant compared to PPPs?

To conclude, a few words about a question that has often been addressed to us and which will no doubt be asked again by readers of this book: Is this remunicipalisation trend really that significant in comparison to new privatisations and PPPs happening everyday in the world? Are we not only talking about a minor phenomenon?

As of yet, available data is insufficient to answer this question. Undeniably, there is still a strong push toward privatisation all over the planet. But the growing number of de-privatisations nevertheless shows how socially and financially unsustainable privatisation and PPPs are. For every case of remunicipalisation that has been successfully implemented, there are many more cases of local authorities and citizens who are dissatisfied with private providers but have not yet taken action.

For some countries and for some sectors, we do know with a high level of confidence that there are indeed more remunicipalisations than new privatisations. This is the case for the energy sector in Germany. It is also the case for the water and the public transport sectors in France.

In any case, it is impossible to compare privatisation and de-privatisation, because they are fundamentally different. They are different in terms of their political and economic drivers: large corporations and international financial institutions on the one hand, local officials and citizens on the other, with national governments in the middle and too often leaning toward the former. It is generally much easier to privatise a public service than to remunicipalise it. Most importantly, remunicipalisations are a very different kind of social and political story than privatisations: a story of workers, citizens and municipalities reclaiming and reinventing public services for all, in order to respond to our common social and environmental challenges. That is the story we wanted to tell in this book.

Endnotes

- 1 Kishimoto, S., Lobina, E. and Petitjean, O. (2014) *Here to stay: Water remunicipalisation as a global trend*. Amsterdam, London and Paris: TNI, PSIRU and Multinationals Observatory. <https://www.tni.org/en/publication/here-to-stay-water-remunicipalisation-as-a-global-trend>
- 2 Kishimoto, S., Lobina, E. and Petitjean, O. (eds.) (2015) *Our Public Water Future: The global experience with remunicipalisation*. Amsterdam: Transnational Institute et al. <https://www.tni.org/en/publication/our-public-water-future>
- 3 For a recent example in Romania, see: <http://en.rfi.fr/economy/20170602-veolia-investigated-france-over-romania-bribery-accusations>. Also see the description of the conflict between Veolia and Vilnius (Lithuania) in Chapter 3.
- 4 Vila, S. T. and Peters, M. (2016) *The Privatisation Industry in Europe*. Amsterdam: Transnational Institute. https://www.tni.org/files/publication-downloads/tni_privatising_industry_in_europe.pdf
- 5 Columbia Institute (2016) *Back in house. Why local governments are bringing services home*. Ottawa: CUPE https://cupe.ca/sites/cupe/files/back_in_house_e_web_2.pdf; *Back in House* provides a snapshot of recent success stories from the Canadian municipal sector. There are currently no comprehensive statistics on the full extent of remunicipalisation in Canadian municipalities - or in other areas of the public sector such as health care and education. For the Conception Bay South case, also see: <https://cupe.ca/when-private-goes-public-community-wins>
- 6 Maximilie, Q. (2014) *Managing fiscal risks from Public-Private Partnerships (PPPs)*. Washington: IMF. <http://www.imf.org/external/np/seminars/eng/2014/cmr/>