Introduction

The untold story

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You would be forgiven, especially if you live in Europe, to think that public services are by nature expensive, inefficient, maybe even somewhat outdated, and that reforming them to adapt to new challenges is difficult. It would seem natural to assume – because this is what most politicians, media and so-called experts tell us continuously – that we, as citizens and users, should resign ourselves to paying ever higher tariffs for services of an ever lower standard, and that service workers have no choice but to accept ever more degraded conditions. It would seem that private companies will inevitably play an ever larger role in the provision of public services, because everything has a price, because politicians have lost sight of the common good and citizens are only interested in their own individual pursuits.

This book, however, tells a completely different story. Sometimes it may feel as though we are living in a time when profit and austerity are our only horizons. In reality, below the radar, thousands of politicians, public officials, workers and unions, and social movements are working to reclaim or create effective public services that address the basic needs of people and respond to our social, environmental and climate challenges. They do this most often at the local level. Our research shows there have been at least 835 examples of (re)municipalisation of public services worldwide in recent years, some of them involving several cities. In total there have been more than 1600 cities in 45 countries involved in (re)municipalisation. And these (re)municipalisations generally succeeded in bringing down costs and tariffs, improving conditions for workers and boosting service quality, while ensuring greater transparency and accountability.
This (re)municipalisation wave is especially strong in Europe, but it is also gaining strength elsewhere in the world. What is more, many of the 835 examples we identified are not merely technical changes in ownership but very often entail broader economic, social and environmental changes. (Re)municipalisation initiatives emerge from a range of motivations, from addressing private sector abuse or labour violations, recovering control over the local economy and resources, or providing affordable services to people, to implementing ambitious energy transition and environmental strategies. (Re)municipalisations occur at all levels, with different models of public ownership, and with various levels of involvement from citizens and workers. But out of this diversity a coherent picture nevertheless can be drawn: the movement for (re)municipalisation is growing and spreading, despite the continued top-down push for privatisation and austerity policies.

Remunicipalisation refers to the return of public services from private to public delivery. More precisely, remunicipalisation is the passage of public services from privatisation in any of its various forms – including private ownership of assets, outsourcing of services and public-private partnerships (PPPs) – to public ownership, public management and democratic control. While our main focus in this research is on cases of return to full public ownership, the survey also includes cases of predominantly publicly owned services when the model is implemented with clear public values, to serve public objectives and when it contains a form of democratic accountability.

Remunicipalisation beyond water

We felt it was crucial to study and document the remunicipalisation trend, precisely because well-resourced knowledge institutions, think tanks and financial institutions have done nothing to research it. Corporations, economic ‘experts’ and national governments have neglected remunicipalisation – perhaps because they do not want it to be known. They would rather lock in the notion that privatisation is inevitable. In
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2015, civil society organisations and trade unions came together to study remunicipalisation in the water sector. We found that since 2000 there had been at least 235 cases of water remunicipalisation in 37 countries, affecting more than 100 million people. Water remunicipalisation, a rare phenomenon 15 years ago, has accelerated dramatically and the trend keeps gaining strength. This raised the question of the extent to which remunicipalisation was also happening in other essential services such as energy, waste collection, transport, education, health and social services. We were also curious to find out whether remunicipalisation in these sectors happened for similar reasons and with the same results than in the water sector.

Research methodology

Clearly, the (re)municipalisation list we present in this book is far from exhaustive. This is just a first milestone. We will continue documenting new cases. The list is the result of the concerted efforts of several citizen organisations, researchers and trade unions to collect (re)municipalisation cases in a large number of countries, as part of a process of collective learning. Eleven organisations worked jointly and collected data during a period of 18 months. Thirteen researchers did desktop research. In order to extend our capacity and to find cases that were not yet internationally known, we circulated a participatory survey. Questionnaires were distributed among trade unions and civil society networks. The European Federation of Public Service Unions (EPSU) distributed the survey among its affiliated members and we received substantial input from 19 trade unions in 16 countries. These contributions helped us to discover nearly 100 new cases.

Our research methodology is further detailed in Appendix 3. The collected list does not include cases where a service has been remunicipalised and then privatised again, or where the contract simply shifts from one private provider to another. These cases are obviously outside of our research scope.
A dynamic, accelerating trend

Through the participatory survey and our own research, we identified 835 (re)municipalisation cases in seven public service sectors worldwide. They have occurred from small towns to capital cities, from urban to rural contexts. Energy (311 cases) and water (267 cases) are the sectors with the most cases. Various local government services such as swimming pools, school catering, public space maintenance, housing, cleaning, security services were brought back in-house in Canada, Spain, the UK and elsewhere (140 cases in total).

Roughly 90 per cent of (re)municipalisations in the energy sector happened in Germany (284 cases), the country famous for its ambitious ‘Energiewende’ policy. Many water remunicipalisation cases occurred in France (106 cases), the country with the longest history of water privatisation and home to the leading global water multinationals, Suez and Veolia. For the health and social work sectors, more than half of the cases came from Norway and other Nordic countries (37 cases in total).

The survey covers (re)municipalisation actions that occurred over a period of 16 years, from 2000 to January 2017. We found 17 per cent of the cases happened in the first half of this period (2000–2008) and 83 per cent of the cases in the second half (2009–2017). This means there were five times more cases in the second half of the period of study than in the first. The peak year was 2012, with 97 cases, and the numbers have remained high since then. For water remunicipalisation, there were 2.3 times more cases in the second half of the period of study than in the first. Water remunicipalisation has a longer history and it is likely that successful remunicipalisation cases in the water sector have been an inspiration to end privatisation in other sectors in recent years.

Beyond this survey period, there are numerous examples of the remunicipalisation trend continuing in 2017. The Catalan city of Cabrils remunicipalised the maintenance of public spaces and cleaning services and,
in the coming years, plans to remunicipalise a total of 90 per cent of the workplaces that were previously outsourced. The city of Cadiz in Spain similarly reversed the outsourcing of beach lifeguards and the cleaning of public buildings, which is only the beginning of a complete re-organisation of local government services.

Different forms of de-privatisation

We are using (re)municipalisation with parentheses because this survey also includes actions in which local governments established new municipal companies in liberalised markets. This typically happened in the energy sector. Local governments can also create completely new public services to meet citizens’ basic needs. The state of Tamil Nadu in India, for instance, created people’s canteens to provide meals at very low cost to reduce hunger and malnutrition (see Chapter 6). In total, our survey found 143 new municipal or regional companies established to provide public services for citizens. Many of them are municipal energy utilities (122). In Germany alone, our survey found that 109 new municipal energy companies were created in recent years. Other examples include newly created municipal funeral services companies in Spain and Austria that provide an affordable alternative for families in a critical moment for human dignity.

De-privatisation can also occur in the form of (re)nationalisation. Remunicipalisation and renationalisation often share common features in that they recover public capacity from corporations, but the motivations can be very different. Many of the private banks in Western Europe were rescued and recapitalised by states with public funds after the financial crisis in 2008. After the massive nuclear disaster in Fukushima in Japan, the Tokyo Electric Power Company (TEPCO) – responsible for the nuclear reactor – was similarly nationalised. The Japanese government intends to privatise it again when the market is ready. More than 200 services, mainly in the finance and energy sectors, were renationalised in Hungary by the current authoritarian regime, with the aim of consolidating central
power. These examples have to do more with either temporarily fixing private failures without introducing public scrutiny or with a national-istic approach. In Latin America, on the other hand, after privatisations spread across a wide range of public services in the 1990s, several governments renationalised economically and socially strategic sectors such as energy, gas, water, pension funds, postal services and air transport. So we present a separate and selective list of renationalisation cases, the motives and objectives of which were to expand equitable and affordable services to the whole population. These cases are mainly from Latin America (see Chapter 2).

Our research focuses mainly on steps taken with the aim to boost local capacity and with potential to provide better and democratic public services. While 70 per cent or 589 cases were implemented by local and regional authorities, some were also coordinated at the inter-municipal level. Half of the water sector cases in France occurred at the inter-municipal level. It often means that the many surrounding municipalities in a metropolitan area have joined to benefit from the services of re-municipalised public water management, as happened in Nice, France. Inter-municipal actions are common in the energy (148 cases) and transport (19 cases) sectors as well.

**How privatisations were reversed**

In our survey, we also analysed how de-privatisation happened in 662 (re)municipalisation cases. In 67 per cent of cases (445), local and regional government seized the opportunity of contracts expiring and simply did not renew private provision. It is understandable that local governments wait for contract expiry to avoid conflicts with private companies. It is quite strategic for cities to spend a few years to prepare the transition while waiting for private sector contracts to expire. In 20 per cent of cases (134), private contracts were terminated during the contract period, which is much harder and generally conflictual. Relatively high rates of contract terminations can be found in the water (35 per cent)
and transport (26 per cent) sectors. This could mean that local governments took strong action to confront private contractors in spite of the potentially severe financial consequences: in case of contract termination, companies may demand compensation, including for missing out on expected profits. In those cases, problems with privatisation seem to have proved too acute to continue until the end of the contract period. Only three contract terminations happened in the energy sector. This might be a reflection of the power of large energy corporations, who will not let local governments terminate the contracts. In any case, the time when contracts expire is a strategic opportunity for local governments to get public services back in-house. In the remaining cases (46), private companies sold their shares or withdrew by themselves, for a variety of reasons.

Broader mandate but less resources

Public services are facing a multi-faceted challenge. Most countries continue to struggle to recover from economic crisis. Neoliberal governments stubbornly stick to deepening austerity and intensifying competition and downward pressure on social and environmental standards through neoliberal trade and investment agreements. Avoiding catastrophic climate change requires a deep transformation of the economy. Universal access to essential services like water and sanitation remains a major challenge around the world. Scandalous tax avoidance and evasion by corporations and super-wealthy individuals has been exposed to a large public, but governments continue to allow this to happen.

Local and regional governments are increasingly asked to do more with less resources. They are on the frontline to take on the multiple challenges of climate change, the UN Sustainable Development Goals (SDGs), building resilience against natural disasters and accommodating refugees. At the same time, they are faced with a major challenge in terms of how to finance public services and infrastructure.
For several decades we have been told that outsourcing, privatisation, PPPs and financing schemes, such as private finance initiatives (PFIs) in the UK, are the only options for local authorities in a context marked by more responsibilities and less resources. But evidence is growing that such policies are bad for public budgets in the long term, and lead to poor services and a loss of democratic accountability. It is becoming clear that abandoning outsourcing, PPPs and similar neoliberal policies and choosing to deliver public services in-house instead leads to major savings as argued below. The increasing number of remunicipalisation initiatives, which is the focus of this book, is a reflection of the failures of privatisation and PPPs.

**Immediate benefits of de-privatisation**

In our 2015 water remunicipalisation research, we identified the main motives for ending privatisation to be linked to cost savings, improved quality of service, financial transparency, and regaining operational capacity and control. In this broader survey, which includes other essential services besides water, we find the same motives. Environmental objectives, such as speeding up renewable energy development, integrated environmental policies toward reducing waste, or enhancing public transport systems, are other key drivers. Providing affordable services for low-income households in the context of energy and water poverty (where many families cannot afford the high utility bills) is an important motivation, especially in Spain and the UK where those services are dominated by large profit-making corporations.

Regarding the results of remunicipalisation, we found in 2015 that a large number of cases resulted in cost savings and increased investment in the water sector. It may be too early to assess the results of (re)municipalisation in other sectors in a systematic manner since many cases happened in very recent years. Nevertheless, there is significant empirical evidence from other sectors that remunicipalisation has brought immediate cost savings for local governments. To give just a few examples (as this is dis-
cussed in more detail in different chapters and in the Conclusion), Bergen (Norway), where two elderly care centres were taken back in-house, made a surplus of €500,000 when a €1 million loss was expected (see Chapter 4). The termination of transport PPPs in London resulted in a £1 billion reduction in costs, mainly through the elimination of shareholder dividends and legal fees, and through procurement and maintenance efficiencies (see Chapter 9). Chiclana in Spain transferred 200 workers to the public sector for three in-sourced services, and the municipality nevertheless expects to save between 16 and 21 per cent on its budget.

Citizens stand up for de-privatisation

It is not surprising that many remunicipalisation initiatives originate in vibrant citizens’ movements. The German energy transition is promoted by municipalities and citizens’ groups; the majority of the population in the UK demands public ownership of water, energy supply and transport; the massive grassroots resistance against social cuts sparked the emergence of new progressive local politics in Spain; and more than 2,300 cities across Europe rejected the US–EU free trade agreement (TTIP). All of these stories tell us that there is strong support for an alternative path to ever expanding privatisation, ever deepening austerity and ever lower quality services.

In a vast majority cases in our survey citizens and workers get involved in de-privatisation processes to a different extent. In Nordic countries, organised workers experienced problems in their workplace after privatisation and pushed for de-privatisation in health and social work. The same happened with various local government services in the UK and Canada. In these countries workers and citizen coalitions have been fighting for many years against water privatisation and work together with city councils to de-privatise when political opportunities arise. Massive grassroots campaigns for referendums resulted in de-privatisation, for instance that of the energy grids in Hamburg, Germany (see Chapter 8) and in Boulder, US, and that of water in Berlin. Citizens are not mere-
ly service users. Newly created municipal energy companies are backed by engaged citizens and community energy movements. Londoners are now campaigning to set up a not-for-profit energy supply company with an extended citizen participation mechanism. Citizens engagement and mobilisation are essential and central to the (re)municipalisation movement.

Hybrid model and de-privatisation from below

We deliberately take a broad definition of ‘public’, which allows us to capture a larger range of initiatives. For instance, citizen co-operatives that have taken over profit-driven commercial energy service providers (e.g. Minnesota and Hawaiian island Kauai in the US) fall into our research scope.

Unlike local authorities, the citizen co-operatives or housing associations that have played a role in providing affordable energy to residents are in principle private entities and as such they are only accountable to their members. They are, however, often not-for-profit and can clearly serve public interest goals. The most important angle in this survey is therefore not just the distinction between state and non-state actors, but rather the objectives behind the initiatives and factors such as proximity (locally rooted). In other words, we contrast corporate and financialised forms of ownership and locally organised not-for-profit forms of ownership that explicitly aim to serve the broader public interest, based on principles such as equality, universal access, environmental sustainability and democracy. Our Power, for instance, which was established by 35 social housing associations in Glasgow, Scotland in 2015, is a hybrid model of partnership between the local authority and citizen co-operatives. The Scottish Government has invested £2.5 million in Our Power, which aims to make a difference for low income households who are currently disadvantaged in the energy market and struggling to pay their bills.
Diverse national contexts and sectoral dynamics

It is a challenge to capture de-privatisation actions because they are happening in diverse ways and each country has its own specific legislation and context. Our approach to this challenge is to present 10 chapters highlighting some of the surveyed cases from different countries and sectors. Eight chapters were written by researchers who got involved in data collection and two chapters were written by guest writers, to strengthen our analysis. The country chapters from France, India, the UK and Norway are concerned with how remunicipalisation occurred in the respective countries. Two chapters focus on the water sector in Catalonia and the energy sector in Germany: both present the strategic importance of reorganising sectors away from the profit-driven resource extraction model toward democratic and sustainable public models. The chapter on Latin America reminds us of the relevance of renationalisation to provide equitable and universal services to people.

Three chapters look into cross-cutting issues with de-privatisation that are relevant to all sectors and countries. The first is what remunicipalisation means for workers, and how remunicipalisation can be beneficial for them. The second deals with the growing threat emerging from international trade and investment regimes, especially the Investor-State Dispute Settlement (ISDS) component within major treaties. This chapter provides evidence that ISDS hinders remunicipalisation and would significantly limit the democratic policy space for local and regional governments to reverse service provision. The third cross-cutting issue is discussed in the last chapter, which argues against PPPs and the illusion of affordability that they give to public authorities, warning policy makers and citizens about hidden costs and contingent liabilities.

Drawing lessons and challenges from each chapter, the conclusion provides a clear picture of how cities and people are taking action to recover democratic control over daily life and local resources and move away from the corporate profit maximisation model. We present strategies for
building stronger and broader alliances for de-privatisation and reclaiming public services. Through this collective work, we aim to call for further discussions on what a future generation of public ownership models should look like and on people-driven strategies to organise public services more democratically and efficiently.

We see (re)municipalisation as a strategic window to bring about positive change in our communities and to help connecting diverse movements and actors: those promoting climate justice and energy transition, those fighting against neoliberal trade and investment regimes and privatisation, those denouncing tax avoidance, the trade union movements and their allies standing up for workers’ rights, the emerging municipalist movement, and other alliances among cities. The growing collective power of these different groups to reclaim democratic public services puts resilient and thriving communities back on the horizon.

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Endnotes

1 We use ‘remunicipalisation’ to refer to the process of bringing previously private or privatised services under public control and management at the local level. 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. Finally, there are numerous examples of citizens and users taking the lead in reclaiming essential services from commercial entities to run them on a non-profit basis for their communities. For us, these cases also fall under (re)municipalisation insofar as they are oriented toward public service values and non-commercial objectives. De-privatisation then serves as an overarching term for (re)municipalisation, renationalisation and citizen-led reclaiming of public services, which are all oriented toward fighting against the ills of privatisation.


3 Five cases have no data on years.


6 See the detailed case of Berlin on the Remunicipalisation Tracker: http://www.remunicipalisation.org/#case_Berlin

7 See the detailed case of London on the Energy Democracy website (2016): http://www.energy-democracy.net/?p=355