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Public services in Europe
from privatisation to participation

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"The privatisation of public highways in Italy led to high costs and inefficiency. Benetton bought most of the shares."

Privatisation in Europe

The privatisation of public services is proceeding apace across Europe. Paolo Andruccioli examines what it means for consumers, workers, citizens – and democracy.

Even the chair of the Italian competition authority is admitting that there may, after all, be public goods that are not for sale. In February this year Antonio Catricalà declared: 'The truth is that one day we will have to distinguish between the market and universal services. So far, all efforts to do so have failed and even the courageous England has been unsuccessful in the liberalisation of railways and the transport system in general.'

For someone who is a true believer in competition and the free market and has praised legislation opening up public services to the market, this is remarkable. In the same presentation to a conference of the Italian senate on the 'restructuring of public services' he had to admit that, even in the case of Britain (always cited as a posi-

tive example of liberalisation), 'We have witnessed problems arising in the provision of services and perhaps – since British authorities have stopped releasing data on security – also in the field of security.'

Across Europe a major conflict is raging over the future of public services. On the one hand are those who believe that privatisation and liberalisation is the only way to meet the needs of consumers, improve the efficiency of public finances and create a common European market allowing enterprises, professionals and workers to move freely. On the other hand are those who highlight the risks of privatising services that have been historically guaranteed and protected by the state, thereby depriving the public of democratic con-

trol over the way that their taxes are spent. We are living in difficult times. In Italy privatisation began with the state-owned industrial corporations. Now the Prodi government is carrying it through to essential local public services – to what we consider to be ‘common goods.’ In Germany they are still in the process of selling off their infrastructure: energy, railways, telecoms and so on. Everywhere, the views that emerged during the Thatcher and Reagan years in conservative parties have become all too common in parties of the centre-left – in spite of the growing evidence of the failure of privatisation and liberalisation from the standpoint of both consumer satisfaction and public finance efficiency.

Privatisation in the UK has gone furthest. The sell off of industrial corporations such as steel and coal is historical memory. Britain is now engaged in opening up local government, health, education and part of the criminal justice system to private business. Public bodies are to become commissioning organisations, purchasing services from public, private and voluntary sector organisations. They are also being required to create new markets of competing providers where they do not already exist.

Claims and consequences

If we look at what is happening across Europe, a number of contradictions are emerging. One is that between the claims of liberalisation and the consequences of privatisation. Although in practice, they are closely linked (with liberalisation usually preparing the ground for privatisation), they are in theory distinct and often used for different ideological and political goals.

In theory at least, governments claim to use liberalisation to stimulate competition and to make it difficult for institutions with a monopoly or near monopoly to fix prices. Hence liberalisation of services is said to benefit the consumer. Privatisation, on the other hand, is the partial or complete transfer of public industries to the private sector. It was used by Margaret Thatcher in its purest form – the outright sale of those industries – to defeat the trade unions. It has since extended to include the substitution of public delivery of services with private delivery through the process of competition and marketisation.

Italy provides a good example of how the impact of privatisation in reality conflicts with the theoretical claims of liberalisation. Last year, Perluigi Bersani, the minister for economic development during the first Prodi government (June 2006–February 2007), launched a liberalisation pro-

gramme with the aim of attacking the privileges of monopolistic corporations, including taxi, insurance and pharmaceutical companies and mobile phone companies that impose unreasonable pay-as-you-go tariffs. Bersani’s attempt to protect consumer interests in the private sector will no doubt come up against strong corporate vested interest. The fact that it is necessary illustrates how disastrous were the consequences of the privatisations in the 1990s, when Italy went from being an economy dominated by state monopolies to one dominated by the oligarchies of private companies.

The way that postal services and telephone companies now operate illustrates this point. Although Italian Telecom has been privatised and there are various private companies competing in the mobile phone market, studies carried out by Eurobarometer, a research company employed by the European Commission, found Italian consumers to be the most dissatisfied in Europe, both in terms of customer services and value for money. The most favourable consumer feedback came from countries where public ownership of phone companies is still prevalent. Another classic Italian example of the failings of privatisation involves the high costs and inefficient operation of public highways, which were privatised in 1999 (with most of the shares bought by Benetton).

Our experience in Italy illustrates one of several problems with privatisation and liberalisation that are common throughout Europe: the end of a state monopoly has not translated into the realisation of a competitive market. Instead it has produced private oligarchies and massive profits for private companies, with very little going to public authorities, which continue to face dire problems of underfunding and debt. Financial institutions have been the main beneficiaries of the privatisation of infrastructure in Europe. Across the continent it is the same story: a deterioration in those services that were liberalised and a shared experience of huge job cuts and a weakening of trade unions.

Conflicts of interest

Another Europe-wide consequence of privatisation and liberalisation concerns the massive conflicts of interest within the continent’s major telephone, media, electricity and gas networks. For example, the European Commission wishes to separate the ownership of energy producing companies from that of companies that administer energy supply networks. It is seeking the same sort of split in the telecoms sector.

A conflict recently developed in relation to the latter between the EU commissioner for information society and media, Viviane Reding, and the German government. The problem is linked to German Telecom, which is currently investing large sums of money in the production of optic fibres and has no intention of allowing potential competitors access to its networks. For the moment, the issue seems to be on hold and it looks as though the commission may postpone any decision until after July, when the German EU presidency will expire. But these sorts of conflicts are becoming increasingly common and illustrate how the theoretical claims of liberalisation are contradicted by the fact that a pure and competitive market is an unreal abstraction. With the diminution of public control the interests of the economic elites will prevail – with ever lessening opportunities for any democratic challenge.

The passage from public to private that has taken place in Europe has demonstrated the link between privatisation (of industries, infrastructure and public utilities) and the increasing influence of financial markets on the direction of the economy and society. In many European countries, privatisation has been directly linked to diffused shareholding and ‘popular capitalism’, whereby shares in what were public industries and services are sold on the financial market and bought up partly by private citizens but mostly by international investors such as insurance companies.

France is a good example. Here the government, after years of resisting privatisation, decided to go down the route of selling shares to the public. ‘With the same pretext of controlling the public sector, both left-wing and right-wing governments gave birth to a real transformation of public industries into industrial multinationals, with

a growing quota of private capital,’ says Nicola Galepides, of France’s main telecoms union. ‘State industries like France Telecom or EDF-GDF have often bought up public companies in emerging countries,’ says Galepides, and their involvement globally will only increase with privatisation.

In France, it looks as though postal services will be the next target of the privatisers, with international couriers first in the firing line. ‘Since this is not a market in expansion,’ says Galepides, ‘what will suffer are the rights of workers and the quality of services available to the citizens.’

The Spanish government, too, has turned to the private sector. Here privatisation began in 1986, when both industrial and public service sectors were privatised. The INI (National Institute of Industry) sold Seat and Puralator to foreign private companies, while 38 per cent and 98 per cent respectively of two important state owned companies in the energy sector, Gesa and Endesa, were sold on the financial market. In recent waves of privatisation, banks, food production companies and tobacco industries have all had the same treatment.

One result of this process of putting what were state services onto the market is that the citizen is being turned into a consumer and small shareholder. The political implications of this need seriously to be discussed; it underlies many of the contradictions facing left-wing parties today. There is only one explanation for the propensity of erstwhile parties of the left to support privatisation: in rejecting their past these ex-socialist and ex-communist parties decided they wished to strike a deal with the new holders of financial power.

Democracy and public services

There are two recurring strategic questions. The first is how to define in judicial terms ‘services for the general interest’ and ‘services for the general economic interest’; the second is the question of participatory democracy.

In relation to the first, the literature is vast but at the EU level there is no agreement. Italian research, undertaken by the CGIL union federation, the Network of Municipalities, Attac Italia and Arci found that EU legislation involves ‘no awareness of the notion of public service’ but only acknowledges ‘services for the general economic interest’. One of the most urgent political tasks for opponents of privatisation in Europe, therefore, is to secure a clear and definitive directive on services for the general interest.



Privatisation Failures in the UK

The United Kingdom has been at the forefront of privatisation but there is a legacy of failure, writes Dexter Whitfield.

Railways

The national rail system was dismantled for privatisation. Railtrack took over responsibility for track and signalling, train services were franchised to train operating companies who lease the rolling stock from three rail leasing companies. Maintenance, depots and freight services were also privatised to other companies.

Railtrack PLC was placed in administration on 7 October 2001 and replaced by Network Rail, a non-profit company, which stopped outsourcing maintenance and transferred 16,000 maintenance staff, over 5,000 road vehicles, 600 depots and 11 training centres to in-house provision. The South East train franchise was terminated in 2003 following years of poor performance and the company operating the London-Edinburgh franchise defaulted in 2006. Poor performance and overcrowding continues on many services despite large public subsidies.

Hospital cleaning

The NHS market testing programme led to a series of contract failures and reduction in cleaning standards in the 1983-2000 period (Public Service Action, 1983-1997). By 2002 some 52 per cent of domestic services contracts were outsourced with an estimated value of £94m according to an unpublished NHS outsourcing study. However, standards had declined to such an extent that by 2004 an additional £68m had been invested in higher standards, revised frequencies and best practice guidance to control infection, thus eliminating so-called savings.

British Energy

The privatised nuclear power generator, supplying 20 per cent of Britain's electricity, had to be bailed out by the government to the tune of £410m in 2002 to meet the company's debts. A restructuring deal was agreed in which the company's creditors agreed a debt-for-equity swap leaving the existing shareholders with just 2.5 per cent of the shares. British Energy was delisted from the London Stock Exchange.

Bus services, prisons and social care

The deregulation and privatisation of municipal bus services, new private prisons built by Public Private Partnerships and the transfer of social care to private companies and voluntary organisations were all declared 'successful' because they achieved 'savings'. But staff wages were cut between 15 per cent - 25 per cent with longer working hours and frequently no pensions.


Information technology

Following a series of major failures Public Private Partnerships have not been used for information technology projects since 2003. A hundred outsourced public sector information technology contracts have suffered long delays, cost overruns and system failures.

Strategic partnership failures

Three large long-term local government contracts (14 per cent) for corporate services with a £685m value have failed since 2005. Two contracts, Bedfordshire County Council and West Berkshire Council, were terminated and a 1,000 staff transferred back in-house and a third, Redcar and Cleveland, has been substantially reduced. In addition, a £100m education contract to manage the education service in the London Borough of Southwark was also terminated because of poor performance.





Democracy is another fundamental problem that needs to be addressed. Privatisation has gone hand in hand with 'individualistic' and authoritarian political ideologies. The EU is witnessing a disastrous lack of civic participation in its policy-making. This has been highlighted in research by Greenwich University's Public Services International Research Unit (see www.psir.org), on behalf of the European Federation of Public Service Unions, that is highly critical of the official report of the European Commission on services and liberalisation.

The researchers point out that the commission report – which, after all, deals with issues crucial to all European citizens – was published only in English and was edited by a very small circle of people, who failed not only to involve civil society associations but also institutional representatives from other EU committees. In the paper, *Evaluating Network Services in Europe: a critique of the EC evaluation of the performance of network industries* (available online at <http://www.psir.org/reports/2006-03-EU-EPNIcrit.doc>), the author, David Hall, highlights 'the need for an independent, participative, and democratic process: the European Commission should not provide the defence, jury and judge for its own policies'.

Bolkestein and the future

A major problem facing Europe at present is the Bolkestein directive on the liberalisation of services. It was the latest of a series of directives that flowed from the European single market. The earlier directives were aimed at specific sectors – telecoms, energy, rail transport, waste and postal services – and required all EU member states to commit to a deregulation timetable to open up public networks to private operators.

Bolkestein aimed at complete liberalisation of service industries, creating a common European market. The way the law was formulated meant an attack on workers rights because it enabled a company from any EU member state to recruit workers in other EU countries on the basis of less favourable employment laws in its own 'country of origin'.

Europe-wide protests led to a compromise by which the countries-of-origin clause was dropped and certain services would be protected from the opening up of the market. How long will this compromise last? Who can rule out that, sometime in the future, a foreign company might lobby successfully to take over services in areas that are now protected? In the internal European

market, what sectors will be excluded from the liberalisation process? All services, linked to all sorts of general interests, might eventually be liberalised, leaving the state solely with the responsibility of assisting the most vulnerable.

One of the next battle lines on liberalisation and privatisation is likely to concern the health service. In this context, it may be worth noting that the present EU health commissioner is the Cyprus-born Marhos Kyprianou. It is well known that Cyprus does not have a public health service.

Public Private Partnerships (PPP) in Europe

Public Private Partnerships (mainly private sector design, builds finance and operate projects) have grown rapidly in the UK since 1992 with 800 projects with a capital value of over £50 billion with a ultimate total cost of investment and facilities management exceeding £200 billion.

The early projects in the UK were for transport, prisons and hospitals but PPPs now extend across the welfare state infrastructure - education, health and social care, housing, cultural services – plus the defence and waste sectors and the criminal justice system.

Although PPP projects currently account for a relatively small percentage of European infrastructure investment they are expanding in number and scope in most countries. Virtually all European states have legislative frameworks for PPP projects and have established PPP units in central government to promote and manage projects. The UK has the largest number of PPP projects, followed by Spain, Portugal, France, Italy, Germany and Ireland. For example, 18 PPP projects were approved in Germany between 2003-05 with another 80 projects in the pipeline.

The most common PPP projects are for motorways and water and waste disposal projects (particularly in France, Spain, Portugal, Italy, Greece, Ireland and the UK) followed by schools and hospitals. A variety of PPP projects are at different stages of design and procurement in Eastern Europe. The European Investment Bank (EIB) is a primary or secondary funder in many types of projects.

European PPP and construction companies such as Skanska (Sweden), Ferrovial (Spain), Hochtief (Germany) and Vinci, Bouygues and SITA (France) have many projects in the UK, whilst British PPP financial, legal and technical consultants and construction companies have expanded across Europe.



Look to Trondheim

With privatisation failing to deliver good quality public services, what are the alternatives to 'there is no alternative'? From workers' initiatives in Norway and Newcastle to citizen-led participatory budgeting in Italy and Spain, Mathew Little goes in search of innovative public sector reforms in Europe

'We were very against privatisation,' recalls Norwegian trade unionist Rolv Hanssen. 'Then somebody asked us, "We know exactly what you are against, but what are you for?"' It is a question that the left has increasingly come to ask itself, as it pauses for breath in the midst of the neoliberal onslaught across Europe.

'Defend' and 'oppose' have become depressingly familiar fixtures in the left's lexicon over the past 20 years. 'Transform' has not been. But across Europe trade unions, municipalities and social movements, orphaned by the defection of social democracy to the cause of marketisation, have begun to search for new ways to run public services as an essential part of the drive to keep them public. Worker involvement, citizen participation and the mobilisation of civil society have all been utilised in an attempt to wrest the agenda of change from the right. The inexorable march of the privatisers has been slowed and, in some places, halted in its tracks.

'Trondheim is our inspiration,' declared Norwegian Labour leader Jens Stoltenberg, following the victory of his party and its centre/left partners in the country's 2005 election. Observers

have described the new government's programme, which includes a commitment to stop all privatisation and take a more active role in the management of companies, such as railways, in which the state has a majority of shares, as arguably the most radical of any OECD member for many years.

Yet Stoltenberg had been seen as Norway's version of Tony Blair when he became party leader. It was the experience of Trondheim, Norway's third largest city, in which a coalition of trade unionists and civil society organisations propelled a left coalition to power on a 'radical programme to reclaim the public sector', that forced the Labour Party to change direction. From a supporter of privatisation, the party has become an opponent.

The process began in Trondheim in 2002, when the city's trade union confederation, after consultation with branches, developed a 19-point political programme for the 2003 municipal elections. The core of the programme was a reversal of the right-wing city government's policy of competitive tendering for public services. Union demands were presented to all the political par-

ties and the trade union confederation ranked their responses, distributing their analysis to members and residents. Parties that had backed the vast majority of the unions' demands – the Labour Party, the Socialist Left and the Red Electoral Alliance – won a majority of seats on the council. According to exit polls, 70 per cent of trade unionists voted for the left, compared with 54 per cent in previous elections.

This new left majority on the council immediately embarked on a policy of remunicipalising public services, opening negotiations to bring the city's bus company back into council ownership, and reversing a decision to privatise the city's cinemas. Contracts for private companies providing care for the elderly were also not renewed. A major programme of investment took place in public schools and Trondheim, against national trends, increased social assistance for those outside the labour market, such as single mothers.

'Look to Trondheim' became the slogan for the Norwegian left and trade union movement, which replicated the Trondheim campaign for the national elections in 2005. Instigated by the NGO Attac and the unions, the Oslo 2005 campaign called on politicians to agree to demands including an end to privatisation and no more tax cuts. Some 4,000 people attended a demonstration in the capital. In the aftermath of the election, centre and left parties saw delegations from activist groups and the union movement. When the new coalition of Labour, the Centre party and the Socialist Left party was formed, the privatisation process stopped.

But the victory was not achieved in isolation. As trade unions were attempting to protect public services through a political campaign they were also trying to change them from within. Since the late 1990s, the country's largest union, the Union of Municipal and General Employees, Fagforbundet, has been pioneering a policy of using the ideas of public sector workers to improve the quality of services. Known as the new model municipality project, the strategy is an attempt to stave off the threat of privatisation by taking away the excuse that services are badly run.

'We know that public sector workers really want to do a good job – at lunch in the canteens they are discussing their work,' says Rolv Hanssen, a former adviser with Fagforbundet. 'The idea is to use their knowledge and listen to them.' In pilot projects in small municipalities, meetings were held between workers and users of services; workers were encouraged to come forward with

ideas to make services better, knowledge was shared. All changes were made on the understanding that no jobs would be lost as a result. The centre-left government in Norway has now adopted the policy, which will be expanded to 100 municipalities this year.

A similar experiment, known as 'Come On', has been undertaken in Sweden by the public service union Kommunal. Workers are encouraged to identify waste and find new ways of working – again with the guarantee that their innovations will not be implemented at the expense of their own posts.

In the words of Kommunal vice-president Lars-Ake Almqvist, 'Faced with demands from employers for cuts in public services or privatisation, Kommunal realised that just trying to refuse changes is not very constructive, especially as some of the accusations of inefficiency in the public services have definitely been true. So we started to develop a model to build more efficient, non-hierarchical organisations by involving the employees, with the aim of saving money without making people redundant.' Sixty municipalities now follow the approach in areas such as care of the elderly and water services.

British trade unions have also fought the private sector at its own game – competitive tendering – and won. In Newcastle, the public sector union Unison won a ten-year £250 million contract in 2002 for the delivery of the city council's IT and related services, including the administration of benefit payments, debt collection and council tax. The 'in-house' option was chosen in preference to a bid from multinational telecoms company BT.

As in Trondheim, trade union victory was built upon a broad-based political campaign that included the formation of an anti-privatisation Public Services Alliance, involving sympathetic local councillors as well as community groups, and the publication of a public services manifesto. According to researcher Dexter Whitfield, who helped to prepare the bid, 'At no stage could anyone have accused the union of only being concerned about the narrow economic interests of its members. This public policy mantle was very important. The membership were equally concerned about the content of their jobs, the service they provided, the process by which they delivered services and to whom they are accountable.'

The confidence engendered by the in-house bid encouraged Unison to revise its whole strategy towards bidding for contracts and it has since

won large contracts to run school meals and IT services in schools against the private sector. The city council's procurement strategy has also been re-written to encourage in-house bids and evaluate them on equal terms with the private sector.

'Before, the council had to be dragged to the table to put in an in-house bid,' says Whitfield. 'Now they ask for them.' And he believes the rest of the UK trade union movement should take notice of what has been achieved in Newcastle. 'It's about saying "we can do this" and having the guts to get on and do it.'

But while trade unions have become increasingly imaginative and ambitious in the defence of public services, an alternative thread in the struggle against privatisation has come from a completely different direction – from a movement to empower the consumers of services. Over the past few years, the concept of 'participatory budgeting' – 'the appropriation of the public sector by ordinary citizens,' in the words of one proponent – has spread to Europe from its spiritual home in Brazil.

In Spain, 5.2 per cent of the population now live in municipalities that practice participatory budgeting. Cities such as Cordoba, Seville, Getafe and Albacete have adopted it. In Seville, a coalition of Socialists and the United Left began devolving power over the council's finances to 21 neighbourhood assemblies across the city in 2004. Departments of public works, sports, youth, education, culture, environment and health submit up to 30 million euros of their total budget to the deliberations of citizens. The process has resulted in public investment projects such as the construction of swimming pools and sports grounds, urban renewal programmes in poorer areas and repair of public schools.

According to Javier Navascués, a researcher and adviser to the municipality of Seville, participatory budgeting proposes a new alternative to both the simple defence of top-down state control of services and privatisation or contracting out. Rather than a rigid preservation of the status quo, it represents a new democratisation of the public realm.

'Struggles against privatisation in Spain have seldom proposed an alternative to traditional bureaucratic public management,' he says. 'People are empowering themselves, gaining a better understanding of how to fight for their projects and dreams without getting lost in the labyrinth of the state apparatus. It is a rewarding experience to see how public officers are questioned by ordinary people.'

(continued on page 12)



When the bins are emptied in Bergkamen, a town in North Rhine-Westphalia, Germany, the refuse is carried away in vehicles decorated with the blue/black logo of 'Waste Disposal Management Bergkamen' (EBB), the public company which has been responsible for waste services in the town since 3 July 2006.

Financial considerations were a crucial factor in the city council's decision to remunicipalise waste disposal services, says Hans-Joachim Peters, EBB's manager. It has been able to reduce costs by 30 per cent, according to consultants hired by the council, despite the fact that EBB has purchased six new vehicles and maintained the wage levels of its 16 employees.

'We were able to make greater savings than originally expected', recalls Peters. Three years ago the municipality decided to reorganise its waste services. Cooperation with councils in surrounding areas was discussed, as well as private and public options for the running of waste services. The latter was found to be more efficient, with cost reductions and better service.


The fees charged for waste disposal were reduced by 5.9 per cent in 2006, and by another 1.5 per cent this year. For the disposal of biological waste, citizens paid 10.6 per cent less in 2006, with a further 6.4 per cent reduction in 2007, although the council has raised the fees for garbage incineration by 6 per cent, and VAT on these services has increased by 3 per cent in 2007.

Services for the town's 52,000 inhabitants have also improved. EBB manages

Back to the Future

remunicipalisation in Bergkamen

The return of waste services to council control has benefited the citizens of Bergkamen, writes Heike Langenberg.



complaints more quickly. In exchange for a small top-up fee, EBB also offers a service to remove bulky refuse directly from apartments and cellars within 72 hours. The range of services is complemented by a new diaper-dumpster system, to support parents with small children.

Norbert Henter, head of personnel at the town council, welcomes the council decision: 'We are happy that more people are coming back to public services again. What we have here is a good example of reclaiming public services.'

The decision has sparked interest amongst other councils. 'There are several cases of remunicipalisation', says Erich Mendroch, who heads the national waste industry section of the public services union ver.di. He says that experience shows that private companies, contrary to their promises, do not always offer cheaper services.

Mendroch says that private companies should be required to stick to the collective wage agreements for the industry when tendering for contracts, so that the burdens of cost reduction are no longer borne by the employees.

Ver.di regards the waste industry as amongst the Daseinsvorsorge (services of general interest), which are the responsibility of local councils. There is evidence that, in some areas, citizens' resistance to proposed privatisations is growing – including recent cases in Lübeck and Leipzig.

'There are still more examples of the remunicipalisation of services that had already been privatised' says Birgit Ladwig, from the ver.di national office of politics and planning. The city of Hannover, for example, is planning to re-integrate inspecting structural engineers into the municipal administration, because this is the most cost-effective solution. Similar arguments are used to justify the public control of Freiburg's building cleaning services, and the same services are due to be remunicipalised in Dortmund. The rural district of Soltau-Fallinbostal has also returned waste services to public control.

In Italy, many municipalities have come together to form the Rete del Nuovo Municipio or New Municipality Network. Committed to 'bottom up globalisation' and the protection of local diversity, the network is experimenting with participatory forms of local governance. Many, from the small towns of Grottammare and Pieve Emanuele to quarters of Rome, have adopted participatory budgeting in the last ten years. The network, whose participatory democracy principles are now spreading to provincial and regional governments, and Tuscany in particular, is proposing an alternative to the steady sell-off of locally-owned water services to the private sector.

The model is based on a 'shared management' vision, with users of the resource represented on a management board but neighbouring areas given a voice through a 'transaction' board to ensure that selfish, autarkic interests do not prevail. Italian law does not yet permit the 'public-local' model to exist, and even current centre left ministers are trying to ban experiments by small municipalities, with a new law that encourages simple privatisations instead. The network, however, is now working with the Italian government to try to get the law changed.

All of the disparate initiatives across Europe embody a sense of urgency to capture the

momentum of change from the privatisers. But that does not mean they are homogenous. Movements to increase the participation of workers and citizens in public services have so far developed in isolation, or even antagonism, to one another. In Trondheim, where the 'new municipal model' of tapping into workers' knowledge was initiated by a left municipality, backed by an alliance of trade unions and civil society organisations, participatory democracy for citizens has been a 'non-issue', in the words of one researcher, Einar Braathen. By contrast, in Seville, attempts to involve users in the delivery of services as part of a wider move towards citizen participation have been resisted by trade unions.

The immediate catalyst for many of these experiments has been the outside threat of privatisation. But that does not mean they will forever be seen in that context. Norwegian and Swedish examples of worker involvement have become successful reform campaigns in their own right, despite their origins as defensive reactions to moves to break-up the public sector. At least 55 cities in Europe now practice some form of participatory budgeting. These 'alternatives to privatisation' are becoming true alternatives of their own, forging their own paths oblivious to the threat they were created to resist.

Participatory budgeting in Seville

Inspired by the example of Porto Alegre in Brazil, participatory budgeting was introduced in Seville in 2004 by the Socialist and United Left coalition on the city council, which has a very small majority.

The city of 700,000 people is divided into 21 assemblies, which were attended by around 9,000 people in 2006. The assemblies have their own constitution, known as 'autorreglamento', which was drafted by a commission of delegates elected by the assemblies. Each year the council decides the amount that will be allocated by the assemblies, but at least 50 per cent of the city's budget for local districts is within their control. Currently, the city council's departments of public works, sport, youth, education, culture, environment, health and gender have opted to join.

The assemblies choose delegates to monitor the execution of policies; they are accountable to the assemblies from which they were elected. Participatory budgeting has led to the construction of a network of cycle lanes across the city, as well as several swimming pools and sports grounds. Urban renewal programmes, such as the construction of new drains and pavements, have also been undertaken in poorer neighbourhoods and priorities agreed for repairing schools. A community radio station is due to start broadcasting later this year.

Right-wing parties on the city council oppose participatory budgeting, as do local newspapers. Public sector unions have also opposed user involvement in services. But according to Javier Navascués, director of the think-tank Fundación de Investigaciones Marxistas, 'Many people who were suspicious about the process at first have joined it and are quite enthusiastic ... A core of people with very different political and social backgrounds are building a new common global vision of the city in a very practical way.'

Up to 20 other cities and towns in Spain, invariably controlled by the Socialist Party or the United Left, have introduced participatory budgeting.

European unions of the people

Giulio Marcon and Duccio Zola survey the resistance to privatisation across Europe, highlighting the role of pan-European trade union initiatives and a growing alliance between social movements and the unions

A million-signature petition for the protection of public services; a campaign for a regulatory framework with unambiguous definitions of the public and general interest; numerous mobilisations in favour of a social Europe based on citizen's rights, access to services, common goods and the protection of universal welfare. All these initiatives indicate how social and trade union movements have become key to the defence of public services in Europe. They are rising to the challenge of preserving what is left of the European social model, defending public sector service provision and economic planning, and campaigning for a truly inclusive civil society.

The petition of the European Trade Union Confederation (ETUC), the campaign for a regulatory framework launched by the European Federation of Public Service Unions (EPSU) and the many initiatives of movements across the continent are all part of the process of re forging the European Union along more social lines. They aim to revive a more interventionist and publicly-oriented politics after several decades in which various EU pacts and treaties, from the Maastricht growth and stability pact onwards, have steadily eroded the role of the public sector. A distinctive feature of these campaigns is a recognition of the importance of building alliances between trade unions and social movements and local communities.

A good example of this can be seen in Germany, where the service sector union Ver.di is leading a national mobilisation against government cuts in energy subsidies, a preparatory measure for privatisation. Energy provision in Germany depends on 1,400 municipal companies that could not sustain the proposed cuts without resorting to massive job losses.

'The measure would benefit large private energy multinationals and take away municipal funds that would otherwise go to basic services such as public transport and the care of children and the elderly,' explains Herman Schmidt of Ver.di. On 7 February, 25,000 people joined a union-led demonstration in Berlin against privatisation.

Next door in France, the Convergence Nationale des Collectifs de Défense et de Développement des Services Publics has emerged. This brings trade unions, consumer groups and political organisations together on a national scale to argue for the

defence and democratisation of public services.

New approaches to local democracy and participation are at the heart of what is currently taking place in Spain and Italy. In regions such as Tuscany and large cities such as Seville, as well as in many small municipalities, participatory budgets and diverse other democratic tools are becoming increasingly common in efforts to devolve decision-making and control over public services. Such measures help to build support for those services and strengthen resistance to privatisation.

In Italy, water has been at the centre of an increasingly successful struggle against privatisation. The Forum for Public Water, which brings together around 70 campaign groups with trade unions and over 700 municipalities, recently launched a national campaign to halt local water privatisations and bring back to public management the regional and local water services already privatised. At the same time that the World Water Assembly for Elected Representatives and Citizens was meeting in Brussels and declaring water a public property and universal human right, the Italian forum held a huge demonstration in Palermo, where the centre-right regional government was transferring its water management – an especially vital resource in Sicily, a region constantly short of water – to private companies.

'Oddly enough, privatisation of water is considered modern and innovative,' comments Marco Bersani, from Attac Italia. 'But private ownership and management of water is old. It was only at the beginning of the last century, in the face of mass epidemics, that governments realised the need for a public water service, accessible to everybody.' The forum's campaign has already collected 100,000 signatures.

In the UK, the defence of public services has been especially strong on the issue of the health service. Tens of thousands of people have attended demonstrations and signed petitions against cuts and privatisation of the NHS. The protest has the support of many MPs from both the Labour and Liberal Democrat parties. Local initiatives are strong, but until recently mobilisations have been limited by the lack of any unifying framework. A national campaign called Keep our NHS Public is now underway with over 30 branches across the country and the support of the Unison public service union as well as other national bodies. It aims to encour-

age common action and co-ordination in defence of accessible public health services.

The list of initiatives could continue. All kinds of local and national alliances are growing between local groups, spontaneous committees, social movements and trade union organisations.

Pan-European trade union campaigns

At a European level, trade unions are running two main campaigns. These seek, on the one hand, to defend public services and, on the other, to improve their accessibility and quality.

The former is represented by the European Public Services Union (EPSU)'s campaign for a EU legal framework on public services, started in May 2006. The latter, promoted by the European Trade Union Confederation (ETUC) since November 2006, consists of a petition for 'quality public services, accessible to all'.

ETUC's starting point is the argument that 'public services are essential for European social, economic and regional cohesion. These services should be of high quality and accessible to all citizens. Until now, the only alternatives proposed and applied have been privatisations and liberalisations.' ETUC and its member unions have put an unprecedented organisational effort into reaching the target of one million signatures, which would guarantee a debate by the European Parliament. The petition calls for legislation to guarantee citizens' rights in relation to key public services.

The European Socialist Party has recently come out in favour of the petition, through the coordinator of socialist MEPs, Martin Shultz. The Strasbourg Centre for European Studies (CEES) and the European Centre for Enterprises with Public Participation and Enterprises of General Economic Interest (CEEP) have also issued a joint declaration endorsing the petition and bringing the demand for judicial protection of services in the general interest before the European Parliament and Commission. And Britain's largest public sector union, Unison, is just one of a number of national unions promoting the petition in their own countries. In the words of Unison general secretary Dave Prentis: 'European public services are under attack and because of that Unison supports the petition for European regulation to protect them from the ideological attacks of the defenders of the free market.'

The EPSU campaign, which is closely related to the ETUC petition, calls for 'a protected space for public services to be clearly identified'. 'We are calling for legal protection that takes public services out of the reach of commercialisation and reaffirms the common principles of public service through the legal principle that general interest takes precedent

over the laws of the free market,' says EPSU communications and campaigns representative Brian Synnott. He stresses the need to guarantee local control over the management of basic services by, among other things, setting up a Public Services Observatory to monitor the impact of liberalisation.

EPSU is effectively pursuing the juridical regulation of public services through a European regulatory framework that definitively clarifies which sectors belong in this sphere and ends the terminological and judicial uncertainties suffered by public services as a result of the ambiguities of existing EU provisions. The guiding principles for such a framework include **equality of access** – forbidding any form of discrimination against users; **universality** – through the provision of services to all citizens; and **accessibility** – with price and tariff control.

Protection for the citizen-user (including rights to information, confidentiality and compensation) would be added to these core principles, as would a guarantee of respect for workers' rights, contractual procedures and trade union relations. It is, then, a campaign for democratic control, with new forms of user and worker participation and specific standards for transparency and impartiality. The aim is to ensure a balance between different interest groups and protect the most vulnerable.

The campaign is politically active in the EU, preparing lobbying strategies within the framework of the European Parliament and Commission, as well as institutions such as the Economic and Social Committee and the Committee of the Regions. The initiative is building up to the presentation of an initial proposal for a European judicial framework for public services in June.

The Social Forums

The novelty of the present campaigns is the emergence of a common direction between unions and social movements. The European Social Forum (ESF), from its first 60,000-strong gathering in Florence in November 2002, has represented an extraordinary space in which social movements and trade unions have come together. Among the discussions at the Florence ESF were three days of seminars around the theme of 'Public Services and Privatisations', driven by French, Austrian, Italian, Swiss and other groups from Attac, Espace Marx, Collectif Services Publiques, World Development Movement, Globalise Resistance, together with trade union groups such as Funzione Pubblica of the CGIL and the COBAS (Grassroots Committees).

A similar seminar took place between movements and unions on a European scale at the following ESF in Paris in October 2003. This produced a commitment, supported by the Assembly of Social

Movements, to unite the initiatives of movements around public services with the work of trade unions. Campaigners placed this in the context of a more general opposition to the European constitution, which was in the process of being approved at that time.

At the third ESF, in London in 2004, the same convergence of trade unions and social movements resisting privatisation took place. This time the debate about the Bolkestein directive took off and the issues of education, health, energy and water were dealt with in more detail.

'We reject the privatisation of public services and common goods such as water,' stated the declaration of the Assembly of Social Movements, which closed the forum. 'We support the mobilisation of 11 November 2004 against the Bolkestein directive,' it continued. 'We call for national mobilisations in all European countries. We call for a central demonstration in Brussels on 19 March [2005] against the war, against racism, against a neoliberal Europe, against privatisation, against the Bolkestein project, and against the attacks on the working day ... We call on all social movements and European unions to take the streets on this day.'

Just a few thousand people turned up to the first of these demonstrations, on 11 November 2004, in Brussels. In March 2005, however, 150,000 people rallied to a joint call by the ESF and the ETUC to coincide with a meeting of European social policy ministers and the second anniversary of the start of the Iraq war.

The alliance between social movements and trade unions is built on the common battleground of the links between neoliberalism, war, attacks on public

services and the erosion of rights in Europe. The European Stop Bolkestein campaign was very important in bringing people together; in a very short space of time it succeeded in uniting hundreds of organisations, from international trade unions and NGOs to transnational networks, left wing parties and local and national grassroots movements.

Another milestone was the 50,000-strong demonstration of 14 February 2006, called by the ETUC in Strasbourg to mark the European Parliament vote on the Bolkestein directive on services in the EU internal market. That mobilisation achieved changes to the final text of the directive, eliminating those elements posing a particular threat to the protection of European public services and getting issues of labour rights and health excluded.

This partly rewarded the efforts of movements and unions, although they were far from satisfied with the results. Criticisms were centred on the profound ambiguities in the text, which leaves unanswered the question of precisely which services should be protected from the invasion of the profit motive.

The European Network

The qualitative leap in Europe-wide organisation represented by the Stop Bolkestein campaign was consolidated at the fourth ESF in Athens in May 2006. In the Greek capital the first 'European Network for Public Services' was launched and 40 trade union organisations and movements subscribed to the 'Athens Declaration: Another Europe with public services for all'. Especially notable was the participation of many local government bodies, some of which work through the Convention Européenne des Autorités Locales pour la Promotion des Services Publiques.

The shared principle for the network is that safeguarding high quality public services for all underpins the respect for the fundamental rights of the citizen that should be central to the European social model. The aim of the network is to follow up the mobilisations around Bolkestein and provide a stable coordinating role between all the different organisations concerned with this issue – including social and trade union movements and local authorities.

The network hopes that by exchanging experiences and information it will stimulate and coordinate action that will 'determine – both at a European and a national level – the conditions necessary to define and regulate those services entrusted to public power and to keep them safe from the logic of liberalisation, privatisation, and/or private profit'. The network intends that by action on a continental level it will add to the pressure being applied to state institutions.



‘Through the networks we should reach a genuine rethinking of liberal policies, both in the respective governments and in the European Commission,’ comments Rosa Pavanelli, national secretary of Funzione Pubblica of the CGIL. ‘This is fundamen-

tal, not only in terms of directives on different public services, such as social and health services, but also in terms of the content that should be shared with all citizens when the European constitutional treaty process is resumed.’



The revolt against health privatisation

Amid cuts, closures and privatisations, England's streets and parks are seeing widespread demonstrations about the health service, writes Alex Nunns.

The UK Government has decided to transform the National Health Services (NHS) from a comprehensive, equitable provider of healthcare into a kind of tax-funded insurer operating in a market system. NHS bodies are being told they have to be lean, mean commercial operators. The result is a deficit crisis resulting in job losses and the closure of wards, departments and even entire hospitals. Accompanying this is a process of ‘patchwork privatisation’ as the NHS is parcelled up into bite-sized pieces and handed over to private control bit-by-bit.

Many Accident and Emergency departments and maternity units are under threat, and community hospitals are closing across the land. This has led to large-scale local campaigns, with several thousands demonstrating and tens of thousands more signing petitions. These campaigns have attracted some unlikely support, with several Conservative and Labour MPs joining the protests. Eleven government ministers have even joined local campaigns against changes that result of their own policies.

This upsurge of opposition has achieved some notable victories. Extensive cuts in Gloucestershire were halted after 3,000 marched through Stroud and 5,000 rallied in the Forest of Dean. Some local councils have been pressured into defending health services – Surrey county council ordered the brakes to be put on devastating cuts at the Epsom and St Hillier hospital. It demanded that the local population must be consulted on such a dramatic move. Consultation was also secured on plans to cut district nurses and school nurses in north London, after sustained pressure from Waltham Forest Keep Our NHS Public. In Greater Manchester a former nurse, Pat Morris, risked all her savings in taking legal action to over the closure of two wards.

But these kinds of victories are not enough. Local opposition may stop some cuts, but the attack on the NHS is dictated by central government policy. The task remains to harness all this local energy into a national political movement. Keep Our NHS Public, a national campaign with over 30 groups across the country, is attempting to do this by putting the focus on the privatisation agenda and linking it to cuts and deficits. The major health service unions are promoting a similar message and organising action in defence of the NHS.

For more details see www.keeppournhspublic.com