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PUSHING BACK PRIVATISATION IN THOUGHT AND PRACTICE

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BOOKS REVIEWED

- *Public Service Reform – But Not As We Know It!* by Hilary Wainwright, with Mathew Little, published by Compass and Unison, with support from TNI and the International Centre for Participation Studies, Bradford University, and distributed by Picnic Publishing (2010). ISBN 9780956037053
- *Alternatives to Privatisation: Public Options for Essential Services in the Global South* edited by David A McDonald and Greg Ruiters, published by HSRC Press (Africa edition, 2012) ISBN 978-0-7969-2377-6¹
- *Remunicipalisation: Putting Water back into Public Hands* edited by Martin Pigeon, David A McDonald, Olivier Hoedeman and Satoko Kishimoto, published by TNI, with MSP, CEO (2012). ISBN 978-94-6190-831-5²

Although one would not know it from looking at the dominant discourse and analysis in the mainstream media and academia over the last decade in particular, the global battleground over privatisation of public services has begun to gradually but surely shift in favour of the ‘public forces’.

That this ‘story’ is, as yet, neither widely known nor embraced – including, by large swathes of progressive civil society and academia – has a great deal to do with the fact that opposition to privatisation has mostly inhabited an anti-realm, heavily reliant on ideologically laden criticism and powerful (but limited) rhetoric about possible alternatives. What have been largely missing are conceptually rigorous analyses and empirically grounded case studies around practical alternatives to privatisation. Help has arrived, though, in the form of three recently published books.

The conceptual work by McDonald and Ruiters – who kickstart their voluminous edited *Alternatives to Privatisation* collection – is invaluable in laying down a firm foundation within which the empirical work (in both their book and the other two books

under review) can then be situated. The core, animating question in this regard being, ‘what constitutes alternatives?’.

McDonald and Ruiters’ conceptual framework has three key components. Firstly, they set out a list of ‘normative criteria’ for judging ‘success’ (of alternatives to privatisation) that can be used as ‘reference points and guidelines’. These are: equity, sustainability, transparency, efficiency, participation (in decision making), quality of service, accountability, transparency, sustainability (financial, social, political, environmental), quality of workplace, solidarity, public ethos and transferability. Under each of these main criteria there are then a wide range of sub-criteria among which are quantity, quality/character, long versus short-term ‘inputs’, independence, cultural applicability, scale and technology.

Secondly and crucially, a three-pronged definitional framework for alternatives is offered: ‘single public entities that are entirely state-owned and operated; single non-state organisations that operate independently of the state on a not-for-profit basis and are oriented to principles of equality and social citizenship; and, partnerships (where) two or more public and/or non-profit entities work together to deliver a service’. Crucial for two reasons: because non-state actors are included in notions of the public, ‘helping to get beyond the stale positions staked out in the public-versus private debate’; and, because all forms of private, for-profit actors are excluded whether they be ‘governmental, non-governmental, or community-based organisations’.

Thirdly, five different categories/typologies of alternatives – constructed by identifying their core ‘objectives’ – are identified as follows: defending the status quo; revising the status quo; reclaiming public services; utopian models of service delivery (which they call ‘proposed/theorised systems that do not yet exist but which animate academic and popular debate’); and, historical models of non-private service delivery.

Taking this three-tiered conceptual schema, or as McDonald and Ruiters aptly label it, ‘the frameworks and terms of reference’, an impressive collection of academics, activists, unionists, social movements, and non-governmental organizations proceed to critically analyse the form, content and context of alternative public service delivery mechanisms as well as practical case studies on such initiatives in over 50 countries in Africa, Asia and Latin America, covering healthcare, water/sanitation and electricity.

The chapter by Ben Fine and David Hall, which looks at the ‘constraints and opportunities for alternative models of service delivery’, is particularly important as applied to the South African context. This is precisely because a large part of the rationale for various forms of privatisation embarked on by the new ANC state in the immediate post-1994 period – and which also applies in many other countries in the global south – cited the ‘constraints’ imposed by a hostile (global) neoliberalism. While there can be little doubt that such constraints, predominantly in the form of the financialisation of the institutional – public and private – economy, were (and continue to be) present, the core challenge of reconfiguring the ‘nature and capabilities of the state’ was confronted only peripherally.

This shirking of state transformation is confirmed by the numerous, cross-continental case studies. They consistently show that it is precisely because neoliberalism demands the state, as Fine and Hall argue, to ‘become increasingly oriented towards regulating and promoting the private sector as opposed to serving public provision’, that without the state’s own transformation there is little possibility of effective/successful alternatives. This, of course, raises the fundamental question of how such transformation is best realised?

Hilary Wainwright takes up the cudgels by presenting a convincing case that without the active involvement of public sector worker unions in the ‘process of democratic politicisation of the means of service provision and delivery’, state transformation will likely remain dead in the water. As the past decade has so clearly shown, ‘resistance to privatisation has produced extensive evidence of public sector workers, and their unions, leading changes that make services more responsive to the needs of those who use them’.

Indeed, this is exactly what Wainwright gives empirical content to in her easy-to-read book, *Public Sector Reform*. The book literally tells the story of how one public and unionised workforce responsible for maintaining and developing Newcastle (UK) Council’s ICT infrastructure ‘successfully resisted outsourcing (one of the most insidious and widespread forms of privatisation) of the Council’s corporate back office and customer services and then worked with management to see through an in-house’ plan for improving services.’

No doubt, most South Africans will be unfortunately familiar with Wainwright’s picture of a (pre-change) public sector management environment where: ‘procedures mattered more than purpose and people; staff [was] immersed in isolating routines and never encouraged to understand the wider context or importance of their work; managers would tighten command structures and instil fear as an instrument to achieve some kind of obedience; and, where savings were realised through not filling vacancies at lowest levels’.

It is equally unfortunate, however, that South African public sector unions appear to have lost their way in effectively challenging and positively changing such an environment. This takes more than criticism, occasional strikes or electing new politicians; it takes, as the story shows, public sector unions that have organisational strength and autonomy in the workplace. It is then on this central foundation that the union can – as was the case in Newcastle – develop and/or access the necessary expertise (for example through research activity), wage direct industrial action and engage in a political campaign focused on elected politicians; all to ensure ‘workers are practically involved in all major decision-making’.

While Wainwright could have offered a more critical analysis in respect of the (minimal) job losses incurred as a result of the changes, as well as the extent to which the Council’s continued (but again minimal) reliance on the private sector for certain technical needs impinged on overall worker and citizen control, she succeeds in

presenting a powerful and ultimately human story of how ‘a deepening and strengthening of democracy and a reinvigoration of public service values can be the most appropriate spur to real improvement in how public goods are provided’.

More specifically, the book shows the absolute necessity of going beyond a reliance on narrow understandings of democracy (and thus of the state itself), to include a democratising challenge to the very nature of public management and how ‘strategies of public sector unions can open up the running of public services to citizens’.

Turning back to the McDonald and Ruiters edited collection, the chapter by Chandra Talpade Mohanty and Sarah Miraglia builds on the argument for transformation by crucially reminding us that practical alternatives to privatisation must move beyond the neoliberal practice of ‘re-privatising’ women through ‘empowerment’ projects that entail the commodification of public services and participatory projects. Rather, gender equity and justice are better served by alternative ‘models of action that work to create the infrastructure necessary for women’s strategic interests [to catalyse] ... place-based struggles that originate in the lived experiences [agency] of women struggling against neoliberal reforms’. In this way, alternatives can begin to transcend an often dominant technicism and become meaningful vehicles for ‘creating transformative publics’.

Likewise, the chapter by Susan Spronk and Philipp Trehorst analysing social movement struggles for public services provides a timely reminder that despite a number of tactical victories across the globe, the dominant trope of social movement activity has been ‘defensive in nature, focused on preventing or reversing the privatisation of services’. As in South Africa, the challenge that now confronts social movements is twofold.

First, to combine continued direct action/struggle where necessary with more concrete engagement related to improving the form and content of both state-public and communal forms of management and service delivery. Second but no less importantly, to pay much more attention to strategic coalition building that can widen their repertoire of activities and bring together the social and political power of progressive civil society to deepen struggles for the continued ‘reform of public service systems based on collective ownership and popular democracy’.

The remainder of *Alternatives to Privatisation* is taken up by the 50-plus case studies covering Asia, Africa and Latin America/Caribbean. This is impressive empirical work, representing the most comprehensive review of practical alternatives ever assembled in one publication. However, given the breadth of conceptual criteria, frameworks and typologies that each case study is asked to apply, combined with the highly variegated character of alternative ‘models’ under review, it is not surprising that there are inconsistencies in approach.

Some adhere to the conceptual tools (against which the practice is to be assessed) closely, others almost incidentally; some propose extensive ‘ways forward’, others hardly at all. Regardless, there is no doubt that the accumulated analysis and incredibly rich empirical data collected provide ample argument and evidence that alternatives

to privatisation are not just alive in practice but offer a platform for deepening and expanding both research and struggle.

The overall picture that emerges from the Asian and Latin American/Caribbean reviews is the dominance of national level public services, especially within the electricity and health sectors in Asia and Latin America. The majority of such services take the form of state-owned enterprises (single public entities) and state-led programmes, although there are also examples of well-functioning public non-profit as well as public-public partnerships at more local levels. When it comes to the water sector, there are many more examples of regional and local (community and municipal) level public-public, public non-profit and non-profit/non-state partnerships.

Although more pronounced in the Latin America/Caribbean reviews, the growing presence and activity of popular community and social movements able and willing to partner with more progressive states and play a more pro-active and national-level role, stands out as a hugely positive factor in the ongoing development of public service alternatives. However, parallel to this is a more negative feature within some of the same movements, which speaks to the 'precariousness of democratic practices and the failure of leaders to be accountable to the rank-and-file'.

When it comes to the African reviews the picture is less sanguine. It is clear that much of the macro-data used is somewhat dated, an indication of not only how difficult it is to access up-to-date state-provided statistics, but more specifically how the majority of statistics come from more developed countries on the continent and international development and finance agencies. Further, the reviews across all sectors confirm that, in general terms, there remain fundamentally debilitating barriers to successful public alternatives due to widespread corruption and unaccountability vis-à-vis the African state as well as a dominant policy reform environment that enables privatisation, regardless of its continued failings.

Where successful alternatives have been identified across our continent they are predominantly of the state/non-profit type (particularly within the electricity sector) and the single non-profit type (especially within the health sector). In the water sector, 'no truly robust alternatives' were found in sub-Saharan Africa and research revealed that some cases 'celebrated as good examples of public provision ... are only successful in terms of efficiency and not because they meet the needs of citizens'. This fits right in with the findings of the case study involving the Dar es Salaam Water and Sewerage Corporation (Dawasco) contained in the *Remunicipalisation* book. While Dawasco has achieved degrees of better water supply coverage as well as increased revenue, there remains 'rampant corruption, low water quality' and a fixation on financial/cost recovery given a still dominant corporate culture/decision-making process and reliance on donor funding.

Like *Alternatives to Privatisation*, but limited to the water sector at the municipal level (utilising five geographically diverse case studies and applying the same 'normative criteria for success'), *Remunicipalisation* provides an empirically sound

lens through which to gain a comparative understanding and appreciation of why public service provision in the form of remunicipalisation has happened, how it operates and the degrees to which it can and should be implemented elsewhere. Similarly, it confirms that like the multi-sectoral public alternatives, the main impetus towards water service remunicipalisation has been the consistent failures of privatisation initiatives, especially in the form of corporatisation. One glaring weakness though is the failure to include any analysis or empirical data on the rapidly increasing use and impact of pre-paid meters.

The *Remunicipalisation* book is in many ways a water-specific extension of *Alternatives*. It re-confirms that despite many institutional as well as delivery-content problems and shortcomings, the public sector in conjunction with progressive civil society, 'can outperform the private sector and be an effective [service] provider anywhere in the world'. There can be little doubt that in terms of the key criteria for 'success' – equity, transparency, efficiency, quality and sustainability – the public service option beats the private option hands down.

And yet, as McDonald and Ruiters so correctly aver, 'we must not too readily accept state ownership as a positive alternative to privatisation'. All three books convincingly show that the state itself (at whatever level of operation) takes on different forms and types, and is a product of dominant class rule/social relations. The state is shaped by political, social and economic contestation from within and without. If there is one thing to take from the collection of practical case studies, it is that alternatives are not just about the degree of state or non-state ownership and control but rather must be judged on the basis of 'who is served and how'.

In this respect the entire debate, and no more so than in South Africa, about more state intervention (ostensibly in order to 'protect' the public sphere and better deliver public services to those that need them most) is little more than a rhetorical exercise unless the state 'has been radically democratised' in both form and content. Otherwise, the practical import of more state ownership and intervention will, as the global record over the last twenty years has so clearly shown, result in the state being used to further reassert and embed a statist neoliberal agenda and profit-defined market ideology.

NOTES

- 1 This book is available at: www.municipalservicesproject.org
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BIOGRAPHICAL NOTE

Dale McKinley is an independent writer, researcher and lecturer as well as political activist.