

Keeping Public Assets Public by Greg Coleridge

The dominant culture does not look kindly on most "public" systems. From housing to hospitals, schools to sewers, parks to prisons, or water to welfare, publicly owned or run systems are frequently portrayed as inefficient, ineffective, expensive, and/or dangerous. "Public" is dark, drab, cold, and old.

The word "private," by contrast, brings forth images of modern, clean, efficient, cheap, and safe. The corporate media, think tanks, and many elected officials perpetually tout the supposed benefits of "private" societal institutions.

But what is "public" and "private" when applied to government and economy? Are existing municipally operated systems best kept under public control or should they be "privatized"?

These are particularly important questions as we face simultaneous breakdowns of multiple realities (i.e. economy, environment, international social order) and search for an all-systems breakthrough.

Public institutions or systems are owned and controlled, quite simply, by the people. Citizens decide, either indirectly through elected officials or directly as members of citizen committees or commissions, how and where public tax dollars will be invested in providing a multitude of services -- fire and police protection, utilities, transportation, education, health care, housing, and parks and recreation facilities, among others.

Since policies and budgets are public, people can have a voice in every stage of the decision-making process -- from the initial planning, to monitoring the operations and evaluating at the end. Virtually all information is accessible to

the public. Those who implement programs (public employees) are responsible to their public employer. Public officials who approve policies and budgets are accountable to the public through the ballot. At many municipal and state levels, voters can directly create public programs through passage of citizen initiatives or overturn laws through citizen referenda. Problems citizens or consumers experience with services or rates can be addressed locally through appearing at council meetings or communicating with city service departments.

Since the primary loyalty of those running public-owned systems is to the public being served, theory says that costs for service will be set as low as possible while services, access, quality, and upkeep will be maintained at as high a level as possible.

We know, of course, that the real world isn't true to the most noble visions and theories. Many publicly-owned and run systems, from levels local to national, have been ineffective, inefficient, costly, and dangerous due to any combination of public employee incompetence, corruption of public officials, a starving of public funding, and a multitude of distractions that prevent adequate citizen vigilance and engagement.

This has fueled calls for "privatization," the turning over of public systems to private business corporations.

Democracy Up for Sale

"Privatization is a concerted, purposeful effort by corporations to undercut, limit, shrink, or outright take over any government and any part of the public sector that (1) stands in the way of corporate pursuit of ever larger profits,

and (2) could be run for profit." *The Fox in the Henhouse: How Privatization Threatens Democracy* by Si Kahn and Elizabeth Minnich, Beret Koehler, 2005.

While many are familiar with the term "privatization," a more descriptive term is "corporatization." It's not mom and pop operations taking over public functions and systems, but usually major national or transnational business corporations. They come with no intention to do the community a favor, only to maximize profits.

Literally anything and everything owned, run or operated by municipal and state governments is up for sale (if not already sold) somewhere across the U.S. -- water and sewer systems, turnpikes, road maintenance, airports, solid waste collection, prisons, vehicle fleet maintenance, power systems, accounting functions, community wireless networks, even parking meters. As many as 44 states are currently considering some major sell off of a public asset or function. Assets can be sold, leased or transferred. They sometimes are framed as "Public-Private Partnerships" -- which more often than not means the public pays and the private (i.e. corporation) profits.

Chicago, President Obama's home town, has recently leased its Skyway, a bridge linking Indiana to the Dan Ryan Expressway, for 99 years; Midway Airport for 99 years; and its parking meters for 75 years (parking meter rates are expected to go as high as \$6.50 an hour by 2013).

Sandy Springs, a small suburb of Atlanta, is among the newest of many "contract cities" across the country, mostly in California. These are municipalities that have contracted their major municipal

services to outside corporations.

Call it "democracy for sale."

At the federal level, among the many functions being turned over, in part, to business corporations is national security. The Blackwater corporation may be the most notorious example.

Several factors are driving business corporations to push for corporatization of public assets. For one, many elected officials are willing suitors. Faced with crumbling infrastructures following years, if not decades, of neglect and massive budget deficits due to economic recessions/depression, local and state public officials are looking for a near-term cash infusion. Selling off some infrastructure is preferred to raising taxes and/or service fees.

Second, major corporations, including investment firms, want to place their money in a relatively safe place for at least the next few years. Municipal or state assets provide a safe and steady haven compared to the vagaries of oil futures and hedge funds. **Also, local assets are available right now at bargain basement prices** as local governments needing cash in a hurry are willing to take a lesser amount than the asset would bring in the long term.

Rising Resistance to Privatization

Resistance to corporatization is happening everywhere -- in many nations, over many issues, by many different people, using many different strategies.

The current global economic collapse -- in large part due to the failure of the "free market" and "invisible hand" of corporate capitalism, built on the sands of deregulation and privatization, has strengthened resistance. The free market has been free for "corpses" to operate largely beyond public control, which has been very costly to citizens in ways economic, political and environmental. The invisible hand has been more like a clenched fist applied to the gut of citizens resulting in massive job losses, home foreclosures, retirement fund losses, and home price declines.

Resistance outside the U.S. to major proponents of corporatization has focused on the International Monetary Fund and World Bank. These international financial institutions have for decades conditioned top-down development loans to "structural adjustment programs" (SAPs). These have literally sapped the lifeblood out of nations and people by requiring them to sell public resources and assets to willing global corporations at bargain prices. Resistance in South America has become particularly effective with cessation of repayments, the formation of an alternative regional development bank, and protections for remaining public assets.

Paris and 40 other French municipalities and urban communities over the last few years have "re-municipalized" water services from global water corporations. The results are improved services at cheaper prices. France joins Mali in West Africa, Uruguay, Buenos Aires and Santa Fe in Argentina, Cochabamba in Bolivia, Hamilton in Canada, Atlanta and other U.S. cities in finding that while privatization/corporatization may have been a financial boon for water corporation shareholders, it was a disaster for citizens, ratepayers, and consumers. In the drive to maximize profits, jobs, service, quality, and corners were cut. Most importantly, local control was all but eliminated.

In November, citizens of Akron, Ohio prevented the lease of the city sewer system to an outside business corporation. The measure went down 2 to 1, despite a \$400 000 campaign in support, the full backing of the city newspaper, the city business community, "respected" city leaders, and even cheerleading "robocalls" by NBA Superstar and Akron native LeBron James. Akronites understood that a corporatized sewer system would mean less local control as well as higher rates and lower quality. At the same time a citizen initiative passed 2 to 1 changing the city charter. The new law stipulates that any future proposal to sell, lease or transfer any public utility must be approved by voters.

The mantras of the two Akron initiatives were "keep public utilities

public" and "let the people decide."

While jobs, service, quality, and costs are all factors in keeping public assets public, the unifying issue is public control.

Don't put democracy on the auction block. Educate and organize where you are to keep public assets public.

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By What Authority (ISSN: 524-1106) is published by the Program on Corporations, Law & Democracy. The title is English for *quo warranto*, a legal phrase that questions illegitimate exercise of privilege and power. We the people and our federal and state officials have long been giving giant business corporations illegitimate authority. Today, a minority directing giant corporations and backed by police, courts, and the military, define our culture, govern our nation, and plunder the earth. **By What Authority** reflects an unabashed assertion of the right of the sovereign people to govern themselves.

POCLAD is a group of 11 people instigating democratic conversations and actions that contest the authority of corporations to govern. Our analysis evolves through historical and legal research, writing, public speaking, and working with organizations to develop new strategies that assert people's rights over property interests.

BWA is a tool for democracy proponents to rethink and reframe their work. To that end we encourage readers to engage us with comments, questions, and suggestions.

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