

CAN CITIES AND CITIZENS REINVENT PUBLIC SERVICES?

ARTICLE BY
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In different forms, the remunicipalisation of public services has been gathering pace across Europe's cities and towns in recent years. This trend goes far beyond a simple reversal of privatisation. It is also about reinventing local public services in a context of climate change and globalisation, and opening spaces for the active involvement of citizens. Can it point to a new direction for Europe?

For some years, the prevailing narrative in Europe, from pretty much all sides of the political spectrum, has been one of 'crisis' – an economic crisis, a democratic crisis, the climate crisis, and of course a so-called 'refugee crisis'. The problem with this crisis narrative – no matter how much basis it may have in facts – is that it is often used to undermine a sense of our collective capacity and willingness to address common issues, including (but not exclusively) through public institutions. In that sense, it goes hand in hand with the impression of an inevitable decline of the role of government (at all levels) and of the public sphere in general.

We need counter-narratives and fortunately, there are some at hand. One of these is remunicipalisation: the story of cities and citizens reversing privatisation, and successfully developing better and more democratic public services for everyone, while addressing wider challenges such as climate change. In a way, the push for privatisation and for the continued decline of the role of the public sector (and all other forms of non-profit service provision) has perhaps never been stronger than it is today in Europe and the global level, as evidenced by the privatisation agenda of Donald Trump in the United States or Michel Temer in Brazil. Yet it is all the more significant – and heartening –

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to see so many people in large and small cities – elected officials, civil servants, public services employees, and citizens – willing to redress the failures of privatised services and, by doing so, invent the public services of the future.

REMUNICIPALISATION SURGE ACROSS EUROPE

This is the story that a recent book, *Reclaiming Public Services: How Cities and Citizens Are Turning Back Privatisation*, seeks to highlight. While it documents dozens of cases of remunicipalisation across continents and across sectors, Western Europe clearly stands out, both in purely quantitative terms and in terms of the significance and ambition of the cases. There are well-known examples, such as the German *Energiewende*, which has seen dozens of local grids taken back into public hands, and dozens of new public- or citizen-owned renewable energy providers created. In France, water remunicipalisation has been in the news for some years, and there are also significant trends towards remunicipalisation in sectors such as public transport or school restaurants. Even in Britain, the pioneer of privatisation and liberalisation policies in Europe, some cities such as Nottingham, Leeds, or Bristol have created new municipal energy companies to address energy poverty and shift towards renewable sources. In Spain, many cities conquered by progressive citizen coalitions in the 2015 municipal elections have

embarked on systematic remunicipalisation policies. At the other end of the continent, in Norway, a similar process has been unfolding, with city councils led by progressive coalitions implementing a reversal of past privatisations of social services, in close coordination with trade unions.

Of course, as the list above illustrates, remunicipalisation can take many different forms. In some sectors, such as water, it involves taking back into public hands a service that is a natural monopoly. In other sectors that have been historically or recently liberalised, it is realised through the creation of new, not-for-profit companies that provide a ‘public option’ – whether they are public-owned, cooperatives, or hybrid forms. Many cases of remunicipalisation have been and continue to be politically polarising, but many are not. Sometimes citizens themselves are in the driving seat, and the newly created public services open a significant space for citizen participation; sometimes the process is confined to city council meeting rooms. The word ‘remunicipalisation’ itself could be questioned, because some of the services in question had never been publicly managed or didn’t previously exist, because it is happening at intermunicipal or regional, rather than city, level and because some of what we call remunicipalisation actually involves cooperatives and other forms of citizen-owned, rather than city-owned, companies.

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PARENT
COMPANIES

Nevertheless, out of all this diversity a coherent picture can be drawn: not a turn of the tide (except in some sectors in some countries) nor a coherent movement, but an emerging remunicipalisation trend that has the potential to be a game-changer, in many ways, and far beyond public services. This trend has remained mostly under the radar, apart from some clear exceptions such as the German *Energiewende*, because most of it happens at local level, as local authorities do not necessarily wish to publicise the actions they are taking, for fear of being accused of being ideologically-driven, and of course because there are powerful players that would rather keep people in the dark about these possibilities.

BEYOND DE-PRIVATISATION

So why Europe, and why now? First, in the shorter term, the economic crisis and austerity imposed on local authorities in Europe has forced many of them to take a closer, harder look at their budgets and to seek greater control over their expenses. And more often than not they have indeed found, in spite of what private sector propagandists continue to repeat tirelessly, that privatisation is more expensive than direct public management. When, for example, Paris remunicipalised its water services in 2010, it saved 35 million euros a year just by foregoing payments to parent companies. Later, the regional court of auditors confirmed that remunicipalisation had allowed Paris to “decrease the price of water while maintaining high investment levels”. In Newcastle, United Kingdom, the modernisation of signalling and fiber optic cable system was carried out by a new in-house team for about 11 million pounds, compared with more than double this figure that it would have cost if done by a private company. The city of Bergen, Norway, where two elderly care centres were taken back in-house, had a surplus of half a million euros whereas a one million loss was expected. The costs of waste collection and cleaning services decreased from 20 to 10 million euros annually in León, Spain, with remunicipalisation, and 224 workers have received public employment contracts.

Second, 20 years or so have now passed since the large waves of liberalisation and privatisation of public services that swept both Western and Eastern Europe in the 1990s and early 2000s. It is a good time to appraise the real achievements and shortcomings of private management. It is also a time where a lot of concessions, leases, and so-called ‘public private partnerships’ (or PPPs) contracts expire, and get to be renewed – or not. Whereas privatisation of services such as water has been more in the limelight in past decades, outsourcing to the private sector has also started to progress in sectors such as local health and social services, and local administration. It is interesting to see many examples of remunicipalisation in precisely these sectors in countries such as Norway, Sweden, or Austria, where water, for instance, has never been privately managed. Local authorities seem to have found they could provide a better service directly, at a lower cost and with better conditions for workers.

But the story of remunicipalisation is not just about reversing past privatisation or redressing its failures. In many sectors, it is also about a profound reinvention of public services; a paradigm change. In the energy sector, this is obvious enough, with the rise of decentralised, renewables-based energy systems. But the ongoing paradigm shift is not restricted to addressing climate change, in the narrow sense. It is also visible, for instance,

in the waste sector, with the emergence of ‘zero waste’ policies. Reducing waste volumes is often mentioned as one of the key motivations for cities that have decided to remunicipalise waste collection and disposal services, because it is in contradiction with the business model of private waste companies, which remains entirely focused on landfills and incineration. Similarly, in France, the main reason why many small and large cities have recently remunicipalised school restaurants is to provide organic, local food to children, whereas contractors such as Sodexo typically relied on standardised, international supply chains. Some smaller French towns even source the food for their school restaurants from local municipal farms, or through partnerships with local farming cooperatives. The strong connection between remunicipalisation and the ‘relocalisation’ of the economy (and of the cash generated by public service bills) is a common thread that cuts across all these sectors.

A RENEWED FOCUS ON CITIES AND ON CITIZEN INVOLVEMENT

It is no coincidence that we see cities at the forefront of this movement. Indeed, they are first in line to deal both with the consequences of austerity and with the new challenges of climate change and resource constraints. It is at the local level that reality strikes, and it is harder for local politicians than for national

or European ones to ignore the very concrete daily consequences of public policies. One would also like to think that European cities have retained a bit of their political traditions of freedom, asylum, and citizenship. There is no doubt that active citizen involvement and participation – for which cities remain the most natural space – is at the heart of the ongoing paradigm shift and has been a fundamental driver behind many of the most interesting remunicipalisation cases of recent years in Europe, whether in alliance with local politicians or against them. Citizens have pushed local authorities to reclaim public services and in many cases have played an active part in creating and running these very services. In doing so, they are effectively reinventing what ‘public’ actually means. Fundamentally, it is about (re)building collective capacity and solidarity, beyond public services. In this sense, there is indeed a strong connection between the fight for local public services and the fight for the rights of refugees and migrants. The example of Barcelona and other Spanish cities, where years of organising against evictions and water or power cuts have led to the election of progressive municipalities committed both to remunicipalisation and migrants’ rights, are just some amongst many illustrations of this connection.

All of this begs the question, of course, of whether the current emphasis on the role

of cities in the public services sphere – and in climate issues or the topic of welcoming refugees and migrants – reflects, before anything else, a retreat of progressive forces from the national level. Are national governments not, at the same time, increasingly committed to the interests of big business and to forcing austerity on society, local authorities included? Although remunicipalisation is alive and thriving throughout most of Europe, there is also a distressing pattern of national governments actively opposing and seeking to prevent it. The Spanish government, along with the private operator and other business bodies, actually took the city of Valladolid to court, after it remunicipalised its water system. It has also adopted legislation to prevent the creation of new municipal companies or new public service jobs. Similarly, the UK now has a law actually banning city councils from creating new local bus companies.

Even if they do not all go to such extremes, it would be difficult to name one European government that is actually encouraging or even merely enabling remunicipalisation at the moment. As for the European institutions, they officially maintain some form of ‘neutrality’ towards the public or private management of essential services. But the culture prevalent at the Commission and the balance of power at the European Parliament and Council results in rules and legislations that, even when they do not directly favour the interests of large

corporate players, tend to consider integrated, liberalised markets at European level, where a handful of large for-profit players compete with each other, as the 'normal' way things should be organised. Big business knows how to make itself heard in Brussels, whereas the local governments and citizen movements that drive the remunicipalisation movement on the ground have a weaker presence, if any, in the European capital.

NETWORKS OF CITIES TO COUNTERBALANCE CORPORATE INFLUENCE

Can the remunicipalisation trend thrive and expand without proper support at the national and European levels? Do cities have the capacity to deal, by themselves, with the wider economic and geopolitical forces at work today, over which they have very little control? In the short term, remunicipalisation and the fight for better, democratic, sustainable and inclusive public services will continue to depend on the personal energy and motivation of citizens and officials. This certainly appears fragile in comparison to the established machineries of the private sector and unfavourable national and EU policies. However, there is potential for responding to the challenge. Networks of collaboration between remunicipalised public services are building up at regional, national, and European level, particularly in the water and energy sectors. Mutual assistance between cities can be an effective way to address the limitations of smaller, local public operators in comparison to large multinationals; and it could even become an effective check on the influence of multinationals over public policies.

Of course, these networks also need to develop beyond the limits of Western Europe, particularly in places where the balance of power between cities and large international companies (who more often than not have headquarters and shareholders in Western Europe) is much more unfavourable. The Eastern half of the continent is the obvious place to start. Vilnius, the capital of Lithuania, has recently decided not

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to renew its heating contract with Veolia and is now facing a one million euro compensation claim in front of an international arbitration tribunal. A few years ago, the authorities of Sofia, Bulgaria, cancelled a referendum on water remunicipalisation, allegedly because they were threatened with exactly the same kind of procedure. And whilst countries such as France, Germany, Spain or even the UK are experiencing a wave of public services remunicipalisation, their governments and the European Union often turn into active promoters of the private sector's role in providing essential services in other countries and continents, including by subsidising European multinationals under the mask of 'development assistance'.

The remunicipalisation movement in Europe already demonstrates that there is an alternative for the future of public services to the vision currently prevailing at the EU and national levels. One of the key challenges ahead is to consolidate this alternative vision and impose it on institutional agendas, both within Europe itself and in its relations with the rest of the world and particularly the Global South. With remunicipalisation, and with the reinvention of public services that it often entails, Europe has something much more valuable to share with the world.



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