Taking Back Control: The Future of Public Services

An interview with Lavinia Steinfort
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From Barcelona to Grenoble, towns, cities and regions are reclaiming democratic control over vital services like water and healthcare. We spoke to Transnational Institute researcher Lavinia Steinfort about how, contrary to decades of received wisdom, reversing privatisation results in more accessible, accountable and cost-effective public services. Seen from the midst of a pandemic, municipalisation offers a route through the crisis towards more environmentally and socially just societies.

Green European Journal: Since the mid-2010s, cities, towns and regions have been reclaiming public services and putting them under democratic control. How has the trend progressed?

Lavinia Steinfort: All over the world, citizens, public authorities and labour unions have been mobilising to bring vital services and infrastructure like water, energy, healthcare and education back into public hands. We call this remunicipalisation. It's not just privatised services brought back into public ownership: many local governments are creating new public services for the first time, such as health services.

At the Transnational Institute, our recent research identified 1408 cases of remunicipalisation involving more than 2400 local authorities, all new and previously unknown. This included at least 142 cases of newly created or remunicipalised public services that improve public health. For example, since 2010 the state of Selangor in Malaysia has offered a Women's Health Scheme which provides free mammograms to women over 35 years old and subsidises healthcare for low-income households. In 2015, the Chilean commune of Recoleta in Santiago set up the country's first popular pharmacy, selling medicines up to 70 per cent cheaper. Three years later, the country counted 40 new public pharmacies.

Remunicipalisation most often takes place in the energy, water and waste sectors. Ever since the mid-2000s, the accelerating climate crisis – as well as the energy transition movement in Germany – has led to many reclaimed energy networks and new public energy supply companies. In France, the water remunicipalisations in Grenoble in the early 2000s inspired many other municipalities across France and beyond to reclaim their water services. In 2017, over 100 Norwegian municipalities took public control over their waste collection after the bankruptcy of waste management company RenoNorden.

Why are more and more places opting for municipally run services?

Remunicipalisation is a strategic response to a failing private provider that puts profits over social and environmental concerns. In most cases, remunicipalisation happens as concessions to private companies expire. In countries with centralised systems, such as Greece or Poland, where local authorities generally have relatively little power and resources, reclaiming public infrastructure may not be an option. However, in countries where decentralisation took place – often going hand in hand with reduced local budgets – many towns and cities made deals with private providers who promised lower costs and higher efficiency. But soon it became clear that the opposite was true. Through these concessions, private companies often created more problems than they solved,

causing price hikes, job cuts, worse labour conditions and failing to deliver on promised investments. This meant higher costs for local authorities who had to step in every time a private operator failed to perform. Over the years it became clear to many local authorities that these private deals compromised public service quality, accessibility, and value for money.

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Finally, as the pandemic and other crises have shown us, the more striking the flaws of privatisation become, the greater the call for democratic public ownership. For example, during this pandemic the so-called creeping privatisation of the UK's National Health Service has led to its failure to adequately and effectively test healthcare personnel as well as the general population. This has contributed to tens of thousands of avoidable deaths.

Many cases of remunicipalisation take place in the energy sector. How can remunicipalisation be a means to move to a cleaner energy system?

Indeed, most instances of remunicipalisation occur in the energy sector, with a rise of almost 20 per cent in cases between 2017 and 2019. TNI research found that tackling the climate crisis, for example by switching to renewable energy and reducing CO_2 emissions, was a key motive to remunicipalise a public service in roughly a third of cases. This trend reflects how difficult it will be to curb the climate crisis whilst allowing private operators to compete over profits from energy services and infrastructure. Public authorities are better positioned than multinationals to prioritise long-term ecological concerns over short-term financial considerations.

To give a couple of examples, in 2018 the Bulgarian city of Dobrich remunicipalised its street lighting. The city replaced 1500 old light bulbs with energy efficient LED units, cutting electricity consumption by 47 per cent. The city also retrofitted 71 municipal buildings and 41 residential apartment blocks, providing the 2400 families living there warmer homes and savings of 30-60 per cent on their energy bills. In Burgas on the Black Sea coast, a retrofitting programme (financed by the EU, the national government, and municipal budget) made 300 residential buildings and a growing number of municipal buildings more energy efficient. This lowered energy bills by 30 per cent and improved quality of life. The design of the plan also allowed for feedback from residents to ensure it was working well.

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About 3000 kilometres to the west, the governing citizen platform Barcelona en Comú created the energy retail company Barcelona Energia in 2018 to buy energy directly from renewable sources. It is partly directed by a participatory council that is open to users and citizens' groups and is authorised to submit proposals on the strategic direction of the company, give input on issues like tariffs and investments, and help shape education policies. The new public company supplies the municipal buildings and can serve up to 20 000 households. It also provides energy to residents in precarious housing situations, including those without documents, and pressures private energy companies to do the same.

Is remunicipalisation also helping communities in the Global South to confront the climate crisis?

Many communities in the Global South have already been on the frontlines of the climate crisis for a long time. The local governments of Dumangas, Gerona and Siargao in the Philippines have created climate schools to help farmers and fishing communities monitor weather changes and adjust practices accordingly, leading to an increase in local rice production. The Filipino city of Lanuza created a disaster risk reduction and rehabilitation unit to improve its socio-environmental resilience by using a comprehensive framework that takes into account the whole ecosystem – forests, watersheds, and mangroves – and the livelihoods that depend on it, while specifically prioritising the needs of women, children, the elderly, and people with disabilities.

How does remunicipalisation relate to politics at the national level? Does it reflect that progressive forces are out of power in most places?

Remunicipalisation relates to national level politics in multiple ways. On the one hand, there's a lack of vision, ambition, coordination, and budget allocation from national governments on tackling the climate crisis and excessive inequalities. In many places, progressive forces are out of power because they moved closer to the neoliberal and racist right. As a result, many political activists have turned to the municipal level in order to transform society from the ground up, which has led to a thriving and flourishing movement for new, progressive municipalism across Europe. On the other hand, these localised struggles for transformation are neither confined to the local nor happening in isolation.

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Across Spain and its autonomous communities, it's clear that municipalist groups – both within and outside of the corridors of power – that act and organise for a fair, clean and democratic energy transition are very well connected. The Platform for a New Energy Model, for example, advocates for a new socially and environmentally fair energy model on all levels by dismantling the energy oligopoly – which is not only impeding the transition but also responsible for growing levels of energy poverty. One part of this conversation has been about deprivatising and democratising the regional power distribution networks. But since these privatisations are not based on concessions that have an expiration date, as is the case in Portugal and Germany, this move can only happen on the national level. With Spain now ruled by a coalition between leftist parties PSOE and Podemos, now is the time to pressure the government to replace privatisations with an energy infrastructure that is fully public, deeply democratic, and committed to collaboration.

At the same time, we must acknowledge that local energy remunicipalisations will have to translate into reclaiming and restructuring energy systems at the regional, national, and international level. International and country-wide coordination is clearly necessary to achieve a global energy transition. As long as we are governed by a liberalised market monopolised by competitive energy oligopolies, smaller, greener, and more democratic initiatives are likely to lose out, as we've seen in Denmark and Germany.

What about the European Union? Is it an obstacle or an enabler of democratic control of public services?

The European Union has been a persistent driver of liberalising and privatising public services. The liberalisation of the EU electricity market started as early as 1996, and the Service Directive of 2006 enabled an overall

liberalisation of the EU-wide services market. Between 2011 and 2018, the European Commission reportedly pressured member states 63 times to cut spending on healthcare or privatise or outsource health services. In 2018, Corporate Europe Observatory uncovered that the European Commission was pushing for the Service Notification Directive. This is expected to even further curtail the decision-making powers of municipalities as it would require local governments to notify the Commission about new laws and regulations – and wait for its approval. This could threaten plans that might interfere with the profits of public service privatisations. Whilst this was postponed due to differing opinions among heads of state in the European Council, the launch of the Single Market Enforcement Action Plan in March 2020 showed the Commission's continued commitment to the Service Notification Directive.

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Moreover, the role that the European Commission and the European Central Bank (together with the International Monetary Fund) played in overriding Greek sovereignty, impoverishing its people, and selling out its public assets to accommodate financial creditors, shows how the European Union can be an obstacle for protecting and promoting democratic public services. Without concerted pushback, such injustices are likely to reoccur.

Across Europe and the world, big cities seem to be booming while small towns, rural and suburban areas struggle with service cuts and economic decline, which has often been linked to political disenchantment. Can reclaimed public services revive local economies and our faith in democracy?

Reclaiming public services provides a host of opportunities to make local economies thrive. They can rebuild the democratic fabric of a community and redistribute wealth and resources, ensure that local resources are invested and reinvested in the area, reduce utility bills for those struggling to make ends meet, and tap into people's creative capacities by generating meaningful employment and involving people in decision-making processes. One model can be seen in the many new broadband services across the United States, such as publicly owned Community Network Services in Thomasville, Georgia, which has helped support small businesses and a thriving downtown area.

The municipal heating plant in Hostětín, Czech Republic, is another example. Since 2000 their new biomass plant, which uses waste wood from nearby sawmills, has been providing 85 per cent of the village households with heat. Notwithstanding the many ecological concerns around biomass, overall pollutant emissions dropped to 6 per cent of their original levels, the heating price is two-thirds of the national average, new jobs were created, and a significant amount of resources and money now remain within the region.

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In 2013, the British city of Plymouth helped create the Plymouth Energy Community, a community-based

cooperative, to tackle energy poverty and reduce carbon emissions. Its green energy arm – PEC Renewables – funds, installs and manages local schemes for the generation of renewable energy. By 2019, it had allowed over 20 000 households to save over 1 million pounds on bills and had helped the city produce enough clean electricity to supply 2 000 homes. Its expected lifetime revenue of 1.5 million pounds will be reinvested in initiatives to reduce carbon emissions and tackle energy poverty in Plymouth, which affects up to 30 per cent of some districts of the city.

Many public services in cities depend on surrounding areas for resources such as water, energy, and waste management. Can a new approach to public services contribute to changing the relationships between urban areas and their hinterlands?

Public services are often underpinned by some kind of natural or constructed infrastructure – be it ground water sources, energy grids, or postal zones – that spans a larger area. Public ownership can be a powerful instrument to foster solidarity across different districts, for instance by reinvesting the surplus of urban areas in more rural parts of the region or by changing regressive tariffs into progressive ones so that those who use less also pay less.

Especially in the water, energy, and transport sectors, we see remunicipalisations happening on the inter-municipal level. The city of Nice in France remunicipalised its water services in 2013, after which many neighbouring municipalities joined the new public water company Eau d'Azur. The main motivation for the city to reclaim its water was to put the principle of "territorial solidarity" into practice. By 2016, 80 per cent of its metropolitan population received water from Eau d'Azur.

The Covid-19 pandemic has highlighted how critical public services are to all our lives. It has also brought about an economic collapse and a shutdown just when the climate movement seemed to be making some progress. Does remunicipalisation offer a strategy for getting out of this crisis in an environmentally and socially just way?

Reclaiming public services on the local, regional and national level can definitely help governments and societies as a whole to recover from the pandemic and to emerge from it more equal, resilient, and democratic. The general mission of a public service is to care for the population; when they are privately owned or managed, people's rights to live in dignity come after private profiteering.

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Public services are also known for their limited carbon footprint. So, publicly owned essential services can align social and environmental policy goals, such as lower fees for residents and universal access to better working conditions, more capacity for community wealth building, increased investment, better value for money, and new measures to tackle the climate crisis. We should be careful not to not let our governments repeat the mistakes of the post-2008 financial crisis era, which replicated the disastrous policy recipe of austerity, cuts in public spending, and the selling off of public assets that was already widespread in the Global South. This would only worsen the recession, increase already skyrocketing levels of inequality, and result in more suffering.

Instead, we should use tax mechanisms as well as public budgets, public procurement, and public investment to reduce our reliance on extractive industries such as destructive mining, speculative finance, mass tourism, and non-essential consumerism. We can go even further – calling on governments to share decision-making powers with

public service users and workers to truly turn public actors into democratically organised and value-driven forces for change. This pandemic has highlighted our reliance on strong public services, and the climate crisis is accelerating. Remunicipalism can help make services work for people and ensure that the transition to a greener economy happens in a just way.

Lavinia Steinfort is a political geographer and activist. As a researcher at the Transnational Institute (TNI) she works on public alternatives such as (re)municipalisation of public services, a just transition towards energy democracy and transforming finance for the 99 per cent.