A New Gameplan for Taking Down Privatizers

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The outsourcing of public services to private go-getters has concentrated wealth the whole world over. The best answer to that concentration? That just may be new forms of public ownership.

Analysts at the OECD, the Paris-based research agency, have just shared a grim prediction: If current trends "prevail," all developed nations will show by 2060 "the same level of inequality as currently experienced by the United States."

If we let those current trends continue, that conclusion sounds about right. But why on earth should we let those trends continue? The trends that have made our world so unequal don't reflect some inevitable unfolding of globalization. They reflect wrong-headed political decisions. We can make different decisions.

Take privatization. Over the past four decades, governments all around the world have chosen to privatize a broad array of public services. These privatizations have generated vast new concentrations of private wealth, among them the $75 billion fortune of Carlos Slim, the world's second-richest single individual.

Our privatizers are still seeking new worlds to conquer. In the United States, for instance, they're aggressively going after public education, a near $.7 trillion annual jackpot. But privatizers today are increasingly facing as much resistance as opportunity. All over the world, publics are beginning to reject the privatization mantra. The privatizers, turns out, have a problem with their pitch.

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"Privatization," as the Guardian's Seumas Milne put it last week, "isn't working."

Privatizers everywhere promise more efficient services and cheaper prices. Most people, Milne points out, have experienced the opposite. And privatized enterprises, he adds, haven't just failed on service and price. They've "concentrated economic decision-making in fewer and fewer hands, deepened inequality, and failed to deliver the investment essential to sustainable growth."

All these perverse realities, notes a just-released report from University of Glasgow economist Andrew Cumbers, are spurring a growing global push "to take back utility sectors into public ownership."

But not just any public ownership, not the old overcentralized state entities "far removed from the ordinary citizen." Privatization's critics are looking instead at "new forms of public ownership" that "encourage broader engagement and participation in economic life by the wider public."

The new Cumbers report for the London-based Centre for Labour and Social Studies describes and compares a variety of these imaginative new forms. Some are just getting underway. Others — like Denmark's new approach to energy policy — are already delivering rather amazing results.

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Denmark is nurturing innovative "public-public" partnerships. In 2001, one of these partnerships constructed off the coast of Copenhagen what then rated as the world's largest wind farm. The partners: Copenhagen Energy, the municipally owned local utility of Denmark's largest city, and a cooperative run by the over 10,000 local residents who had purchased shares in it.

A similar cooperative-local government utility model, observes the University of Glasgow's Cumbers, has helped the Danish island of Samsoe "become one of the first places in the world to become 100 percent efficient in renewable energy."

In our new Information Age, some egalitarians are now proposing, we need to do more than undo the privatization of the traditional "natural monopolies" in sectors like electricity, water, and public transportation. Last week, for instance, brought a call to turn companies like Google, Facebook, and Amazon into public utilities.

These corporate giants, notes analyst RJ Eskow, have "achieved monopoly or near-monopoly status." They profit off publicly funded technologies like the Internet but operate "without regard for the public interest." And they don't even pay their own full tax share.

"Each of these Big Tech corporations has the ability to filter — and alter — our very perceptions of the world around us," relates Eskow. "And each of them has already shown a willingness to abuse it for their own ends."

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Over a century ago, Americans saw similar abuses in the new technologies of their own day. Their America was transforming at breakneck speed, from a rural to urban society. The nation's newly overstuffed cities, big and small alike, found themselves needing to move and warm and light ever-denser populations.

Private corporations rushed in with new technologies to deliver these services, and municipalities in the early 1900s showered franchises with hundreds of millions of dollars for gas and telephone lines, street railways, and electricity.

In some cities, companies bid honestly against each other to win these lucrative franchises. In most, honesty would not be among the bidding criteria. Private utility companies passed politicians kickbacks. Politicians passed utilities monopoly pricing power–and signed franchise agreements that locked down exorbitant phone and gas and light rates for years to come.

"In no other way," historian Otis Pease would later note, "can wealth be obtained so easily."

Public anger at the holders of this wealth would, in city after city, turn many of these fabulously lucrative, privately provided services into public utilities. America, in the process, would become significantly more equal.

We could do the same today.

Labor journalist Sam Pizzigati, an Institute for Policy Studies associate fellow, writes widely about inequality. His latest book: The Rich Don't Always Win