
The Value of Public Services

**Irish Congress of Trade Unions Conference
The Future of the Irish Water Sector
Dublin 22 March 2012**

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Outline

- Two different views of public services
- Privatising public services
- Job quality and service quality
- Instead of a conclusion

Public services...

*This [European] social capability is supported by a conception of the public realm whose underwriting of **public** science, **public** transport, **public** art, **public** networks, **public** health, **public** broadcasting, **public** knowledge and the wider **public** interest gives European civilization its unique character while offering many of its enterprises competitive advantage.'*

(Will Hutton, *The World We're In*, 2002: 258-259, emphasis added).

What should public services *do*?

- Create a public space
 - » When we use *public* services we are citizens, not consumers or clients
- De-commodify
 - » Provide a service based on publicly defined *need*, not on individual purchasing power
- Create politics not markets
 - » Public services provided by *national* states

State services for whom?

Captured by employees and/or managers

- No competition, no innovation
- Job security so no accountability; Culture of customer hostility
- Wages above market rates, so transfer resources from taxpayers to employees

Used as political spoils - clientelism

Politically influenced recruitment and appointments

Politically shaped service provision

And even corruption

Privatisation where and when

- State enterprises more important in Continental Europe than UK (and USA) until WW2
- UK latecomer to state enterprise – and first to reverse trend
- UK remains extreme case
 - » In extent of privatisation
 - » In ideological commitment

Marketisation within state services

- Outright sale of assets
 - » E.g. sale of state housing to tenants
- Privatisation of state company
 - » E.g. now EdF –Électricité de France
 - » Possibly with employee share ownership
- Contracting out
 - » Services
 - » Management state assets ('Public Private Partnership')
- Market criteria within state
 - » 'Quasi markets'
 - » Market benchmarking

Consequences of privatisation

- Changes employment
 - » Transfer to private sector E.g. UK 1979 1.5m employees in state enterprises; c1m (3-4% of **total** workforce) transferred by 1997
 - » New employment conditions (casualisation); decline low skill but secure jobs
- Changes political field
 - » Reduces power of unions
 - » New opportunity structure for private enterprises especially global companies (e.g. Connex - Veolia, Stagecoach, ISS)
- Changes income and wealth distribution
 - » Expansion private shareholders
 - » Increases remuneration top management
- New ideology and discourse
 - » From citizens to consumers
 - » From rights to wants
- Undermines nation state
 - » E.g. national broadcasters
 - » Public services provided by global enterprises

From public transport to private public transport

The screenshot shows a Mozilla Firefox browser window displaying the Veolia Transport Ireland homepage. The browser's address bar shows the URL www.veolia-transport.ie/index.php?p_1. The page features a large banner image of a modern light rail tram on a bridge. Below the banner is a navigation menu with links for Home, About Us, News, Career, and Contact Us. The main heading reads "VEOLIA TRANSDDEV TRANSPORT IRELAND". A sub-heading states "Europe's leading private operator of public transport". The text below explains that Veolia Transdev Ireland operates the LUAS, Dublin's light rail tram system, on behalf of the Railway Procurement Agency. It also mentions that the company was previously known as Veolia Transport and changed its name in March 2011. The page further states that Veolia Transdev is part of a worldwide transport group with over 280 employees in Ireland and 119,000 employees worldwide, transporting over 3.3 billion passengers annually. The browser's taskbar at the bottom shows various open applications and the system clock at 15:07.

Veolia Transport Ireland Homepage - Mozilla Firefox

www.veolia-transport.ie/index.php?p_1

AVG Secure Search

Latest Headlines Most Visited Getting Started Travel

AVG Search veolia

Veolia Transdev Ireland - Veolia Transdev Worldwide - Search

Home About Us News Career Contact Us

VEOLIA TRANSDDEV TRANSPORT

IRELAND

Europe's leading private operator of public transport

Veolia Transdev Ireland operate LUAS, Dublin's light rail tram system on behalf of Railway Procurement Agency, the government agency with responsibility for Luas and other transport projects.

Previously known as Veolia Transport, it changed its name to Veolia Transdev in March 2011 following a company merger.

Part of a worldwide transport group we employ over 280 people in Ireland and transported 27.4 million passengers safely on Luas last year. Worldwide we operate in 28 countries, employ over 119,000 people and transport over 3.3 billion passengers annually.

Our group vision is to set the standard for managing safe and sustainable mobility solutions. We do this daily operating Luas and our colleagues internationally set the standard in many different types of transport systems from light rail to trains, taxi's, boats, metro's, coaches and buses.

As a transport group we are committed to excellent customer service and quality systems and here in Ireland we hold an

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Privatisation: urban public transport

	1980	2010
London	State owned monopoly (London Transport)	Public transport authority (Transport for London) contracts out bus services; Underground Public Private Partnership
Paris	State owned monopoly (RATP)	RATP but delegated management (see)
Rome	State owned monopoly	State owned monopoly but changed legal form
Stockholm	State owned monopoly	Private enterprise contractor (Connex/ Veolia runs metro)
Berlin	Municipally owned monopoly	Municipally owned monopoly

Paradoxes of privatisation

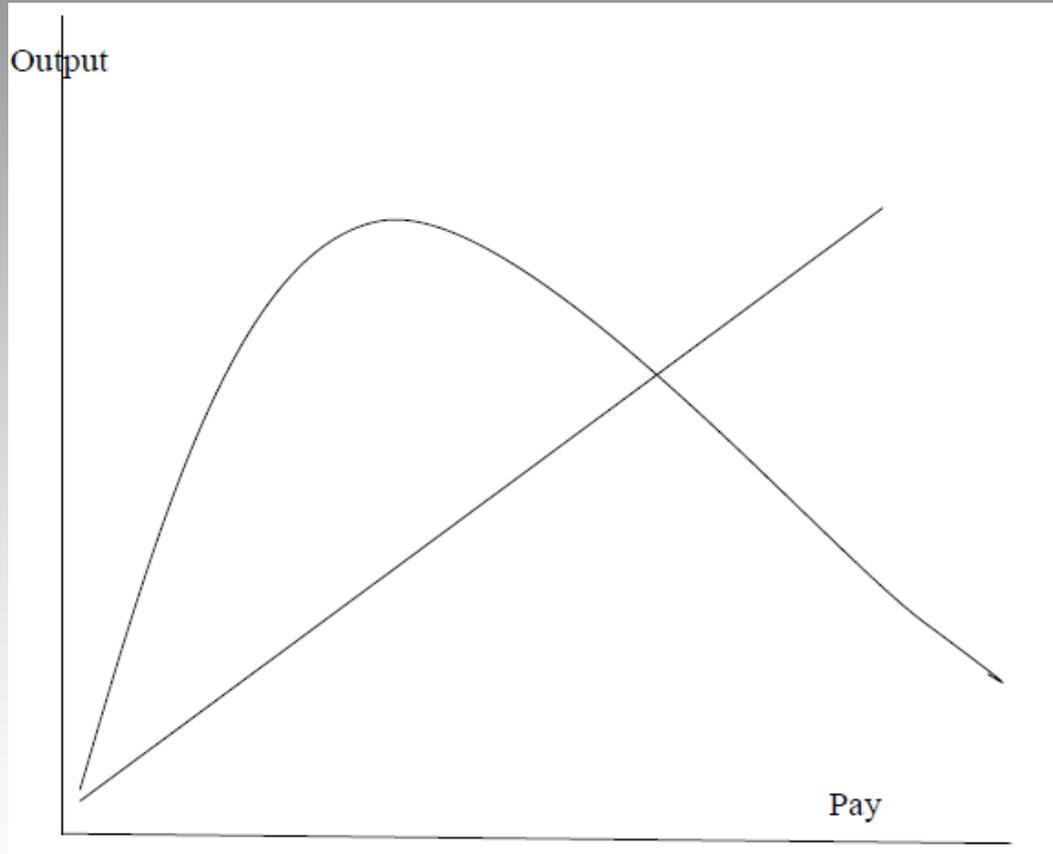
- Efficiency gains debatable (Florio)
- Private share-holder value companies are necessarily short-term oriented.
- Usually no popular mandate and sometimes the reverse:
 - » In late 1990s 70% British electorate supported **renationalisation** of railways in late 1990s
 - » In October 2008 77% German population believed state should take equity stake in energy companies and a majority consider railways and postal services should be in public ownership – FT 30.10.2008; see also Die Zeit 09.08.2007.
- Legal structures to create markets
 - » E.g. railway ‘competition’ requires complicated (expensive!) legal structures: lots of money for lawyers!
 - » Blame cultures (fault attribution) and destructive competition
- Re-regulation
 - » Ensuring public services (e.g. universal service provision) still happen - E.g. water, electricity
 - » And even more money for lawyers and consultants...

Public service ethos?

- [this job is about providing]... 'a public service you know, not just public transport'
(Dublin bus worker quoted in Doherty, 2008)
- 'Profit is as necessary as the air we breathe, but it would be terrible if we worked only to make a profit'
(Hermann Abs, chairman of Deutsche Bank quoted in 1992...)

It depends on a lot more than just private / public...

Meeting the Madoff curve



After a certain point, more pay means *less* output

See Le Grand (2010)

Private sector management self-understandings are not suited for public service!

EU and privatisation

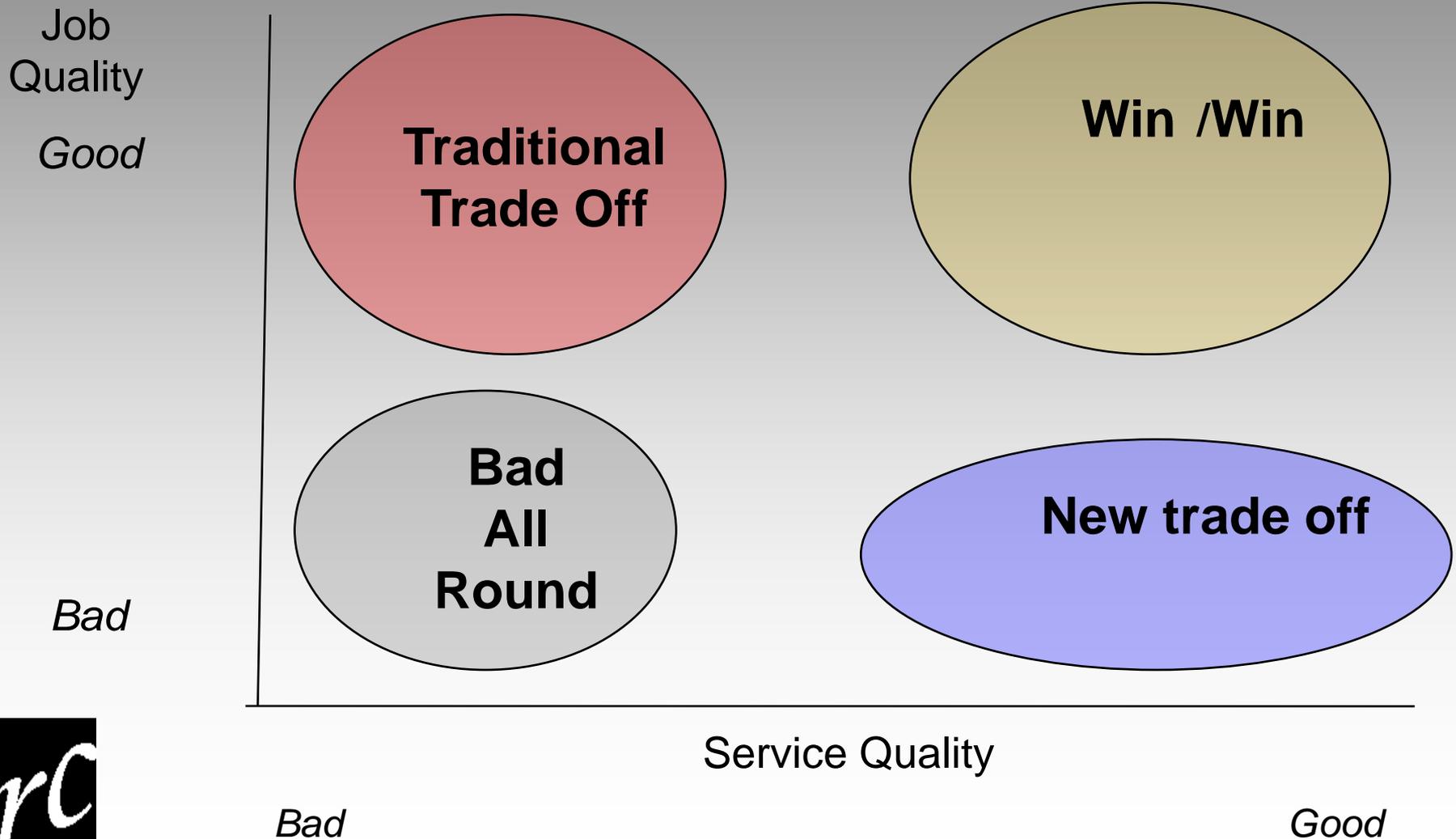
- EU is regulatory not redistributive
 - » (It regulates, it does not tax and spend)
- Market-making role
 - » Anchored in origins of EU in Treaty of Rome ('common market')
- Since the 1990s the EU has clearly increasingly undermined **national state enterprises** through competition policy:
 - » Examples: electricity, transport, telecommunications are increasingly privatised
- No clear impact yet (?) on delivery of **state services**
 - » Education, health remain state-funded and state-delivered

Good bad jobs

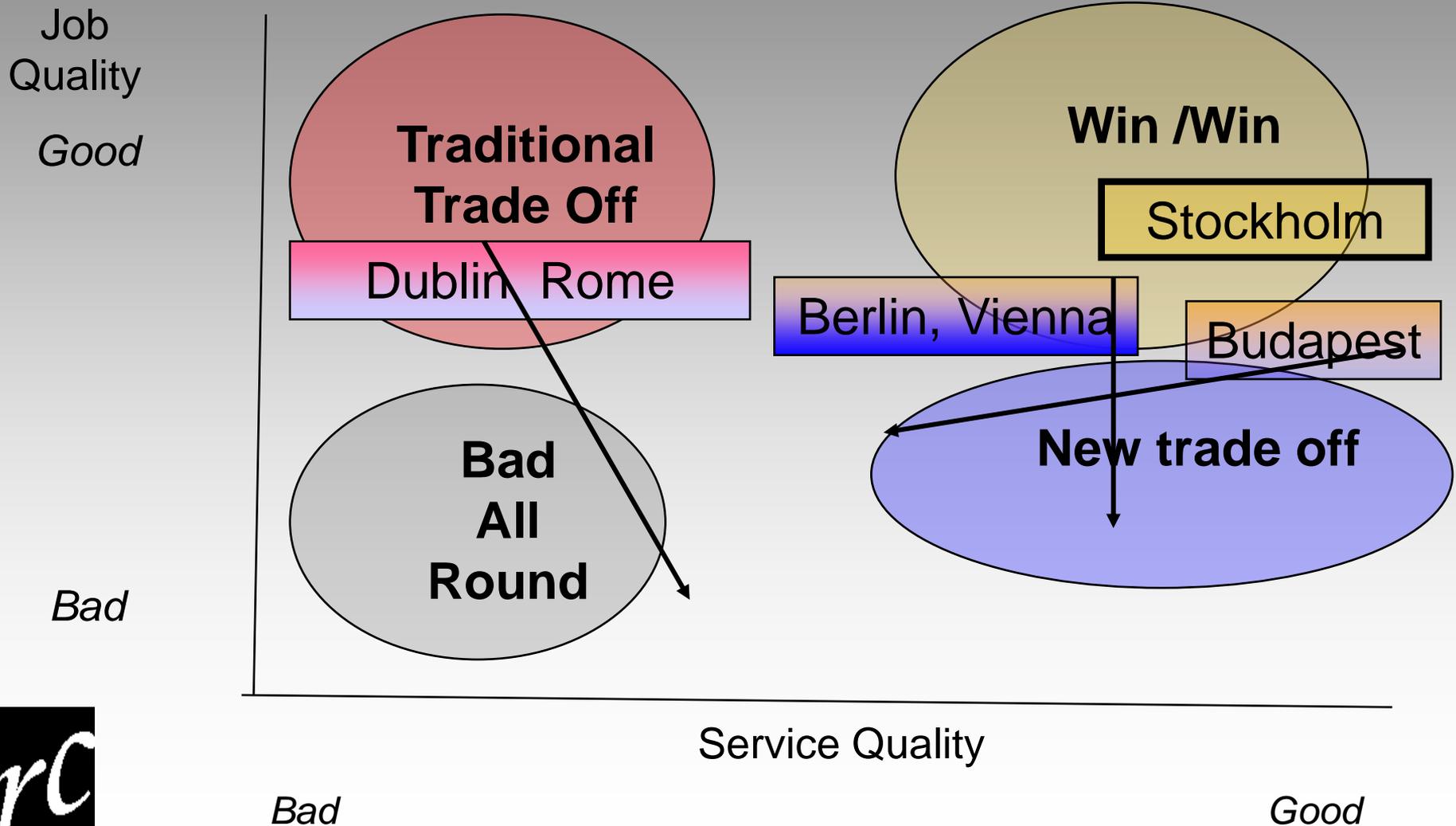
Public sector used to provide...

“Work that required relatively modest skills, paid rather low wages, but offered security of employment and (because of the commitment of most public employers to concepts of the ‘good employer’) freedom from the brutalisation often associated with low-skilled and low-paid work” (Crouch et al, 2001: 239).

Employment quality versus service quality?



Employment quality versus service quality?



So?

It actually all depends...

- Private provision *may* improve service
- Private provision *will probably* undermine employment conditions for *some* employees

But it definitely will...

Increase income inequality

Some sources

- Florio, Massimo (2004). *The great divestiture: evaluating the welfare impact of the British privatisation*. Cambridge, Mass: MIT.
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- Wickham, James and Erik Latniak (2010). 'European urban public transport: Towards a single European employment model?' *Work Organisation, Labour and Globalisation* 4.1: 160-174.
- Wolmar, Christian (2002) *Down the tube: The battle for London's underground*. London: Aurum Press.