
PRIVATIZATION: FRIEND OR FOE?

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By Jim Jordal

But they will sit every man under his vine and under his fig tree; And no one will make them afraid:

Micah 4:4a WEB

Remember, Yahweh, what has come on us: Look, and see our reproach Our inheritance is turned to strangers, Our houses to aliens. We are orphans and fatherless; Our mothers are as widows. We have drunken our water for money; Our wood is sold to us. Our pursuers are on our necks: We are weary, and have no rest.

Lamentations 5:1-5 WEB

Privatization seems to be the Holy Grail of conservative economic policy these days. "Turn a failed government over to private enterprise because it can no longer afford public services needed by the people," runs the cry. Private ownership of practically all former government facilities and programs is promised as a way to balance the budget, lower taxes, and gain the advantages accruing to more responsive and efficient private entrepreneurs.

In the U.S. advocates of privatization attempt to sell public infrastructure to wealthy private equity and venture funds. This trend is motivated by continuing government difficulties in building and maintaining needed highways, bridges, sanitation facilities, schools, prisons, emergency responders, and even the military. It seems there is never enough money to do the job properly. So the answer is to turn the task over to private enterprise with its seemingly unlimited funds and better management skills. Of course these unlimited funds are the product of lax government policies, cooperative legislative bodies, and low taxes on the wealthy.

We are all familiar with privately owned freeways, bridges, and historic places charging admission or tolls for public use. But do we know that increasing numbers of prisons are privately owned and that one of the conditions found in some corporate corrections contracts with government is that government must keep the number of prisoners at a certain level in order to fulfill cheap labor agreements?

And are we aware of the increasing drive to sell public sanitation and water systems to private corporations, often for one-time payments by the corporation to alleviate some government shortage? And what happens to water rates once corporate control is established? Yes, up go the rates, sometimes by several hundred percent.

Maybe that's what happened to the prophet Jeremiah's suffering people in the throes of Babylonian captivity chronicled by the Lamentations of Jeremiah? Their cry as recorded above was that they had to pay for the water they drank and the wood they needed for cooking and heat. They became slaves of the system ruling them.

Is privatization good for anyone? It's wonderful for hedge funds and private equity firms able to amass large sums of capital to take advantage of needy units of government willing to sell the people's rights for one-time infusions of money. It appears to be good for states or cities pining to unload costly public systems onto private companies willing to run them for profit. In some cases public infrastructure like water and sewer systems have been allowed by penny-pinching bureaucrats to degenerate for up to a century and can now be sold as a way of avoiding massive public expenditures. But the gains are elusive at best because the private firms now in possession of public facilities can and often do raise prices to obscene levels.

In poor developing nations privatization is the destroyer of families and cultures. At the behest of creditors like the World Bank and International Monetary Fund (IMF) these debtor countries are required as a condition of loan forgiveness or modification (structural adjustments) to either sell off public facilities or to raise prices for water, cooking oil, gasoline and other commodities vital to human existence. The result is further impoverishing of the already poor.

Motivation for privatization goes beyond the mere saving of money into traditional conservative antipathy for government and bureaucracy. It is assumed that private enterprise can always do better than government at almost any task. But it also falsely assumes that private enterprise will honor human rights in the process of making profits. That is a very shaky assumption, as current events reveal.

Privatization could be good if managers of money were as interested in the public welfare as they are in lining their own pockets, but that's wishful thinking because, as they readily admit, the main business of business is making money. And privatizing would be unnecessary if government performed its duty of doing what the public cannot do for itself in an efficient and reasonable manner.