



May 1st Mobilisation update #4



Fourth in a series of updates in the run up to the Global Unions May 1st Mobilisation

This issue focuses on:

28 April 2003

Respect through quality public services

Privatisation of public services like health, education and water is increasing the poverty and suffering of the most vulnerable people in the developing world.

In many countries privatisation is the direct result of the policies and practices of the World Bank and International Monetary Fund. Reduction in the size of the public sector is frequently a key condition they place on granting loans.

The World Bank recognises that access to vital services such as health, education, water and sanitation are essential to reducing poverty, yet the Bank fails to ensure that governments bear a responsibility for these services. Far from being commodities for "customers", quality public services are a fundamental right for all people.

The World Trade Organisation (WTO) is targeting trade in services as a global economic opportunity. The General Agreement on Trade in Services (GATS), promoted by the WTO, has the potential to further spread privatisation in public services. The profits are likely to be disproportionately delivered to countries and companies from the developed world.

PRIVATISATION OF WATER

There are strong arguments for keeping water supplies in government hands. Left to the market, water becomes a commodity, available only to those who can pay.

Yet governments around the world have come under increasing pressure to contract their water services to the private sector. The multinational companies have argued that private sector involvement offers the only solution to the huge task of delivering water and sanitation services. Frequently the World Bank and International Monetary Fund impose some form of privatisation as a condition for borrowing funds.

With 95% of water services still in pub-

lic hands, the potential markets for multinationals look like rich pickings. But the world's largest water company Suez has recently decided to pull out of major cities in the developing world, and others such as Vivendi and SAUR have voiced doubts about investing in developing countries. The reason? Companies are concerned that they cannot make adequate profits from selling water services to the poor.

The case studies on the next page show how private sector investment in water can fail.

KEEPING WATER IN THE PUBLIC SECTOR

There is an alternative, as the case study from Brazil overleaf shows. An innovative approach through public/public partnerships is showing successful results in the water sector, and offering a real alternative to privatisation. Faced with the problem of providing quality services in a cash-strapped environment, some public providers have looked at public/public partnerships to build a better service. These partnerships involve a successful public sector operation "twinning" with a struggling public provider and offering expertise, particularly in building capacity. As a result, many cities and towns have successfully restructured their water operations while retaining public ownership and management.

These examples illustrate that economic and social imperatives need not be in conflict, but that treating services as for-profit commodities can lead to disastrous consequences. Providing quality public services is the critical responsibility of governments. The very future of communities depends on it. ●

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The Water Barons (Centre for Public Integrity www.publicintegrity.org)

What some members of the Global Unions family are planning for this May 1st.

Canada Virage a droite interdit: The Inter-union committee of the Montreal Metropolitan area combines Respect with their main theme "Virage a droite interdit", "no right turn", to address public services, globalisation, social justice and employment at this year's demonstrations and as topics for their meeting with the Prime Minister of Québec.

Czech Republic (CMKOS) Respect from international point of view: European integration and globalisation are both issues to be highlighted in this year's May 1st activities in the Czech Republic. CMKOS will link up with "Respect" - Workers rights, quality and accessible public services and the perspectives of young workers will be the focus of attention.

Mongolia (CMTU) nation-wide campaign and rallies for Respect: The CMTU is organising a campaign on "Respect for Workers' rights" including demonstrations and rallies under the general slogan "Respect for Workers' rights" throughout the country. There will also be meetings to raise demands with parliament, and the labour inspectorate, as well as a range of media initiatives and youth initiatives.

Peru (CUT) Marches and cultural events: The *Confederación Unitaria de Trabajadores* mobilises all its affiliates to march for Respect in downtown Lima. The demonstrators will be accompanied by folkloristic groups and will also pay tribute to historical union, political and social leaders of Peru.

South Africa (COSATU) Rallies throughout the country: "Deepen service to members and fight for Respect for workers' rights" is the theme for the May 1st activities held in 24 regions of the country.

Spain (UGT/CC.OO.): Por la paz y el empleo: In every province of Spain actions are planned under the theme "for peace and employment". On the 28th of April, commemoration day for dead and injured workers, UGT and CC.OO. demand Respect for Health and Safety. CC.OO. will also call for Respect on May 1st.

Tell us what you are planning!
may1@global-unions.org

Public Services International, campaigning for quality public services

Public Services International (PSI), a member of the Global Unions group, representing public sector unions worldwide, has launched a global campaign in support of quality public services. PSI believes that globalisation must take on a social agenda, and the right of all people to quality public services underpins that agenda. This recognition of the role of quality public services was strongly endorsed recently at the ICFTU World Women's conference in Melbourne in 2003.

PSI's campaign will involve its 612 affiliates from 149 countries, mobilising a membership of 20 million workers. The campaign will target the issues most relevant in each country, recognising that there is no single formula for ensuring quality services are delivered.

In addition to national campaigning, the PSI has targeted the policies of inter-

national organisations such as the World Bank, International Monetary Fund and the World Trade Organisation. PSI has gathered extensive case material to demonstrate that a simplistic, pro-privatisation agenda has in many circumstances considerably worsened problems for communities. ●

For more information on the campaign visit PSI's website www.world-psi.org.

The water saga: the Philippines

There have been some spectacular private sector failures in water, one being in Manila in the Philippines. A Suez subsidiary, Maynilad Water was granted a concession in 1995, which was affected by the Philippines currency collapse two years later. The company sought to impose price increases of up to 100%, ultimately failing to pay the regulator the required fees in an attempt to restore its profits. Maynilad abandoned the concession in 2002, claiming \$303 million compensation for its investments.

The water saga: the USA

Even in the developed world, private water services can fail. The city of Atlanta in the USA privatised its water in 1999 to United Water Resources (UWR), the US subsidiary of Suez. A city audit revealed that the company failed to collect \$33 million and asked repeatedly for a raise of about \$4 million per year. Savings were also not delivered to the extent promised. The concession contract has now been terminated.

Public control of water: a success story

A sharp contrast can be drawn between these examples and the story of DMAE, the public water provider in Porto Alegre, Brazil. In 1961, Porto Alegre City Council transformed its water department into DMAE, a financially independent and municipally owned organisation, allowing it to borrow from the Inter-American Development Bank. A council made up of representatives of organisations from civil society controls and approves all DMAE operations and decisions. The local government also runs a participatory budget process, enabling citizens to have a say in council decisions, including water services. Today, DMAE continues to be a publicly owned organisation, supplying water to 99.5% of the population. It is financially self-sufficient and outperforms other Brazilian services in wastewater treatment.



We want services which are:

- Open, transparent and inclusive of the views of the community and workers
- Universal and accessible
- Modern, professional and relevant
- Ethical and free from corruption
- Responsive to the needs of women and minority groups
- Exempt from fees which limit access
- An investment in the future of the community

