Introduction: The Many Forms of Privatization

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In political economy, as in everyday usage, the terms "public" and "private" are used to distinguish both between states and other organizations in the formal economy, and between households or communities and formal economies, including their state sectors. Although the terms have been useful as analytical tools, it has long been recognized by many political economists that they are not dichotomous, readily separable entities. Rather, public and private in both senses of these terms are interpenetrating and complex categories that shift over time in relation to content and degree of separation.

The nature, and representation, of either private or public are constantly being constructed not only by states and by the search for profit, but also by the individual and collective struggles of citizens. Both the public and the private are contested terrains, as are their degrees of separation. Although important insights are to be gained at various levels of abstraction, the public and the private can be fully understood only in an historically specific context and through investigations of particular interventions along with their consequences for particular groups.

This issue of SPE considers some of the ways public and private are being rapidly reconstructed in Canada. The reconstruction is simultaneously material and ideological, with neoconservative and neoliberal ideologies driving changes that influence both experiences and ideas. In the state sector,
the debt provides a major justification for selling the house to pay the mortgage, as *Duncan Cameron* puts it. In the private sector of the formal economy, the global economy takes the main stage.

But the message is about much more than simply reducing what governments and employers spend or have spent. It is also about putting the house in order by changing the expectations as well as the rights and responsibilities of workers or citizens more generally. The message is that we must pay for what are considered excessive claims on the state and on employers. As *Liora Salter and Rick Salter* make clear, the notion of the “public interest” has disappeared from the dominant discourse, or rather, “it has been reconceived as simply the end product of agreements negotiated among various [industrial] interest groups.” And the message is about disciplining us supposedly to compete more efficiently and effectively in a global economy. In this discourse, there is no choice but to conform. The prevailing language denies the reality that devastating choices are being imposed on us by those who have no trouble believing in their own agency, while claiming that some sort of invisible hand restricts the rest of us.

The ideological shift has been far from simple. Nor has it been simply accepted, as *Marcella Munro*’s contribution on the Ontario Days of Action demonstrates. Although forceful critiques of the welfare state have come in particular from women and First Nations, as we are reminded in the articles by *Jane Aronson and Sheila Neysmith* and by the Salters, respectively, those with choices to make have been well aware of the value many Canadians place on state provision, regulation and redistribution. Nowhere is this more evident than in the health care sector. At a conference organized mainly for those with a corporate interest in profiting from health care, and co-sponsored by the major US for-profit company that recently bought out the non-profit Ontario Blue Cross, the president of Ekos Research Associates put the issue quite clearly. Reporting that the majority of Canadians approve of their health care system, he went on to say:
It is encouraging to think that we have a success story in such a crucial area as health care. At the same time, it is disconcerting to think that we are going to have to tell the public that this singular success story is no longer going to be available to them.1

The problem for the privatizers is that for a substantial majority of us the health care system works and is valued. Their solution, as we can see especially from the Aronson and Neysmith article, is to press simultaneously for radical changes to our values and to the system itself.

Increasingly, what is done in the private, for-profit sector is taken by definition to be more efficient and effective. It becomes "common sense" to search for "best practices" in the private sector alone. The bottom line becomes the only line. Privatization, then, becomes the desired solution to debt reduction and global competition, and the preferred means of not only saving but also improving social services. This representation is particularly evident, Cameron argues, in Finance Minister Paul Martin’s discourse. As the articles in this special issue of SPE explain in terms of specific areas of Canadian state policy, privatization takes a variety of forms and has multiple meanings. Perhaps the most obvious form of privatization is the process of selling state assets or corporations. Air Canada, Alberta liquor stores, the Manitoba telephone system and countless other public agencies are now in private hands, whether or not they have served public purposes and whether or not they have provided net revenues to the public purse.

Another easily recognizable form of privatization is the contracting out of services. New Brunswick prisons are built and managed by private firms; the National Capital Commission hires a firm made up of former employees to mow the grass in its parks; McDonald’s joins Marriott and other firms in the successful quest to take over the operation of food services in our hospitals; municipal workers compete with giant US firms for garbage collection work; management consulting firms replace public servants in the development and evaluation of public policy. Some of these “make or buy” decisions in the state sector are not new, but others are, and both the ideological climate of “getting government right” and the dictates of central agencies within government
to promote "contract government" mean that the decision to buy is increasingly a foregone conclusion. But other, less visible forms of privatization are equally important and in some ways are indicative of more profound change, especially in terms of their impact on common sense views. One of these less visible forms is the virtually complete adoption of for-profit private sector practices in the public sector of the formal economy. While, as the Salters and Cameron explain, the public sector in the formal economy has never been at "arms length" from such practices or influences, some aspects of public sector practices were at least defined as different. Job security is just one example. A dedication to service another. Increasingly, however, such different practices are rejected in favour of making the public sector a business like the rest. Democratic debate concerning the public interest is replaced by customer satisfaction surveys. Public institutions busy themselves identifying their core businesses, product lines, marketing strategies and profit centres. As these examples show, even the language of business is pervading the state sector, now so full of stakeholders buying into value-added activities that promise bottom line results, all in fulfilment of each state agency's business plan.

Another less visible form of privatization is the relocation of services and employment from the public sphere to the private household or to informal "community" sites. As with other forms taken by the privatization process, this relocation is not entirely new. Heather Menzies shows that new electronic communications systems are making it possible to shift more employment to the private household, where the work is performed under an array of salaried, waged, piece work and own account arrangements. Aronson and Neysmith consider similar patterns in health care, where seriously ill or injured patients in need of complicated care previously provided in institutional settings are now being sent to the private household, where they are cared for primarily by unpaid female relatives. The relative isolation entailed by this form of privatization influences both how people experience the world and how readily they can organize to change it. Accompanying the shift of services and employment to the household site is another kind of privatization.
Responsibility for an increasing amount of the work, and for providing the tools with which to do the work, is transferred to individuals. Menzies draws our attention to the work we now do to input data for our bank accounts, while Aronson and Neysmith document the increasing pressures on women to provide unpaid health and social services in the home and in the "community." Although this work transfer is frequently presented as both reflecting and increasing choice, the articles by Menzies and by Aronson and Neysmith explore how choice is defined in "consumer" terms and is severely limited by the search for profit and by the reorganization of the state.

The shifting of responsibility to individuals also takes the form of shifting the burden of payment from all of us together through the tax system (however inequitably) to out-of-pocket costs that target individuals. Tuition fees get raised, state-insured health services get delisted, user fees get imposed or raised, charges get levied for access to information and services formerly available free of charge. The effect of these charges is of course typically inequitable as well as inefficient. This is especially the case if the service remains state-subsidized while becoming inaccessible to those without the capacity for private payment, as with tuition fees in universities and colleges or user fees in health care.

The commodification of state-produced goods and services is often accompanied by yet another form of privatization, that of control. Not only does public information come with a price tag, its design and distribution is increasingly controlled by private individuals and firms. Thus, for example, the Canadian Institute for Health Information becomes the primary source for data on our medicare system, removing activities from Health Canada and from Statistics Canada to an agency that is beyond public accountability while remaining heavily dependent on the public purse. Just as the demands for "evidence-based" decision-making become more insistent in health care, access to relevant kinds of evidence becomes more restricted. And public debate about what kinds of evidence are relevant is also restricted as, in health care and other fields of public
endeavour, governments establish “partnerships” with private interests to collect, analyze and disseminate information.

More generally, public/private partnerships are on the rise, sometimes entailing confidential arrangements, ostensibly to protect “trade secrets.” Meanwhile, democratic institutions, such as school boards in New Brunswick and Ontario, are literally or effectively dismantled. And even when new regional institutions are established, such as regional health authorities, they are heavily populated by appointees drawn from the world of business. Moreover, even if some or most of the members of these authorities are elected, their provincial masters tell them how much they can spend and what policies and procedures to use in spending it.

As suggested by these last observations, privatization is not always or simply about downsizing the state sector. It may require a particularly strong, authoritarian state, as currently exemplified by the Harris government in Ontario and by the Thatcher government before it in the United Kingdom. True, as Aronson and Neysmith demonstrate, privatization has reduced significantly some aspects of the state’s involvement in the provision of services. This is consistent with the call to have the state steer but not row the boat, to cite the Osborne and Gaebler metaphor. As the Salters point out, however, what first appears as deregulation and dismantling may be more a reorganization than a withdrawal. The state’s enforcement of its restructuring of health care, for example, may mean more state intervention in the private household rather than less. In the case of the First Nations, meanwhile, the new strategies for self-government may camouflage new constraints on the citizens of these nations.

The contributions to this special issue of SPE speak to the complicated, and contradictory, nature of the processes of privatization. In its multiple forms, privatization both reflects and helps influence changing ideologies. It also reflects and helps shape changes in the material practices of states, for-profit businesses and households. It is very much a product of human agency, very little an expression of inevitability.
It can thus be slowed down, altered and indeed reversed. It poses a profound threat to the democratic, egalitarian values and practices espoused by socialists. This is not to suggest that successful resistance will come easily. Nor is it to suggest that reversing the processes of privatization can or should be simply a matter of returning to the ways things used to be. But it is a call to action, informed by analysis. It is in this spirit that this special issue on privatization is presented.

Notes

3. Proposals to impose user fees for health care are often labelled “zombies” or the walking dead, in that they keep getting resurrected despite repeated rejection by policy makers and by the general public on the grounds that they restrict access to needed services while doing little to discourage wasteful utilization. Because some (e.g., the healthy rich, health insurance firms, fee-for-service physicians and other providers) would benefit, however, the zombies periodically stalk the land. See Robert G. Evans, et al., “Who Are the Zombie Masters, and What Do They Want?” (Premier’s Council on Health, Well-being and Social Justice, Toronto, Ontario, 1994) and the other Premier’s Council papers on user fees.