Preface: The return of public ownership

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Public ownership is coming back into the center of mainstream public policy debates. Indeed, as this excellent book by Thomas Hanna rigorously and systematically documents, it never really went away and continued to thrive in the most unlikely places. Its resurgence, taking a number of forms since the bank nationalizations of 2007–2009, should be welcomed, but with a few caveats for progressives concerned with its potential to advance economic democracy. For approximately two decades – the period of neoliberal globalization from the collapse of the Soviet bloc to the financial crisis – public ownership had few friends or advocates. The UK Labour Party, which had been one of the strongest and continuing advocates of public ownership since 1945 – ‘common ownership of the means of production, distribution, and exchange’ in its celebrated Clause IV phraseology – finally ditched its commitment in the Blairite New Labour modernizing ‘Third Way’ project in 1995.

In the 1990s, the center left tried to outdo the right throughout the world in demonstrating its commitment to privatization, attempting to burnish its business-friendly credentials in creating the right market conditions for foreign investment. Offering up public assets to foreign investors through privatization was a way of demonstrating that a country was ‘open to business.’ Privatization and market deregulation policies were pursued with as much ardor under French socialism, Italian or, for that matter, Indian variants of communism in places like Kerala and West Bengal, or German social democracy as they were under British conservatism. Such was the mood of the times. All world regions had their particular experiences of neoliberal-inspired privatization programs – at the behest of the EU, World Bank, IMF, OECD and other cheerleaders – and subsequent

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experiences of deteriorating services, decaying infrastructure and profit appropriation by corporate and financial elites.

The return of public ownership and the continuing battles against privatization and vested interests

The new millennium has seen a decisive shift in mood. Beginning in Latin America with an open revolt against the consequences of water privatization by the very poorest in Bolivia and Argentina, but spreading out to the European and North American heartland of capitalism, cities, regions and national governments have rediscovered the merits of public ownership amidst the failings of privatization to deliver effective public services and modernization of infrastructure. What is remarkable is the sectoral, geographical and political diversity of this trend. It involves a range of sectors, most predominantly water and energy but also including transport, education, waste, local government and social services.

As a phenomenon, it has covered all continents and a vast range of cities: from Paris to Houston, from Dar-es-Salaam to Jakarta, from Buenos Aires to Berlin. France, the United States and Germany have become the unexpected epicenters of remunicipalization campaigns. The political diversity is also striking, involving Republican heartlands in the United States, Gaullist strongholds in France and relatively conservative regions and cities in southern Germany. In many cases, remunicipalization is the result of effective grassroots campaigns driven by a combination of citizens aggrieved at the effects of poor service delivery and rising costs (which cuts across traditional political fault lines), green groups motivated by tackling climate change and movements for more radical democratic control of public services.

Hamburg has been an inspirational example. The city established its own public energy company in 2009 and now has 130,000 customers – enough to produce a profit, which is now being reinvested back into producing renewable energy from solar and wind power. But Hamburg shows the political tensions and problems of trying to implement new democratic forms of ownership in the face of well-entrenched vested interests and political cross-currents. There, local social democratic politicians and energy-sector trade unions, wedded to coal and nuclear power and with close links to the Swedish corporation, Vattenfall (which has been running the privatized local energy system), have been a powerful coalition against remunicipalization. Despite a successful 2013 referendum, fought by a citizens' campaign, to take the privatized electricity grid and heating system

back into public ownership, the ruling social democrats have so far blocked moves for a fully integrated municipal energy company. This has stymied efforts to make a serious advance toward the complete eradication of fossil fuels, or tackling fuel poverty in a more robust manner.

Equally significant to the big city trend in Germany have been remunicipalization campaigns in smaller towns and cities. Many rural towns in otherwise conservative regions such as Bavaria and Baden Wurttemberg have seen impressive grassroots campaigns led by local residents that push local governments into taking action. An oft-quoted example is the town of Wolfhagen (population approximately 14,000) in the state of Hessen, which has won a federal government award as ‘an energy efficient town.’ The local town council bought back the grid from EON Mitte in 2006, following a six-year campaign against privatization. Like many other parts of Germany, Wolfhagen still retained a small energy-producing public company, which gave it the technical expertise both to strike a tough bargain with EON but also to devise a new strategy to promote renewables with the goal of being self-sufficient in renewables by the end of 2015 (achieved), realized through the construction of five wind turbines and a 42,000-panel solar park. Wolfhagen also shows how a new hybrid approach to public ownership can combine citizen involvement with state support; the municipal company that was created involved the setting up of a community cooperative that gives local residents a 25 percent stake, sharing revenue but also fostering greater civic engagement. This kind of ‘public–public partnership’ is becoming common in many other cities, from Copenhagen to Buenos Aires, and points the way toward more democratic and citizen–engaged models of public ownership.

Despite these hopeful signs, it would be premature to herald the demise of neoliberalism. Powerful organizations such as the EU, World Bank, IMF and OECD continue to advocate privatization and public-sector cutbacks as policy solutions to economic crises, rather than viewing them as part of the problem. In some cases, there is a geopolitically selective amnesia to all this. In the wake of the Eurozone crisis, centrist politicians in countries such as Germany and Denmark, belonging to parties that are rediscovering the merits of public ownership at home, happily continue to insist on privatization and the selling off of valuable state assets to rentier foreign corporate interests in countries such as Greece and Italy. Ironically, the EU’s forced austerity and privatization in Greece has opened a pathway for the Chinese state to invest in the cash-strapped country, one of the unintended consequences being that a Chinese state owned

entity, Cosco, now owns the main Greek port of Piraeus after a half-billion-dollar investment.

Faltering neoliberalism, the return of the state and the need for radical democratic alternatives

Despite its continuing advocacy at the highest levels, privatization is failing everywhere to deliver the effective modernization and efficiencies promised back in the 1980s. It continues because it serves elite interests – particularly rapacious financial institutions, which recognize that there is considerable value to be extracted from essential services such as energy and water, for which ‘market demand’ is a constant. One of the most sobering examples comes from London, the heartland of global privatization, where the local water utility, Thames Water, was until recently owned by a consortium led by the Australian bank, the Macquarie Group. The latter recognized the opportunities to be made from leveraging future revenue streams from water charges to London’s populace for financial innovation. This involved developing securitized debt schemes, which could be packaged up and sold against expected future revenues, which could then feed into high dividends and returns for shareholders. Over a 10-year period, this meant that the local company became saddled with £8 billion of debt, finding itself unable to pay for much-needed renewal of the sewerage system involving a new £4 billion tunnel. Not surprisingly, when it tried to persuade consumers to pay an increase of 10 percent on their water charges to fund the tunnel, there was a considerable outcry. Yet Macquarie was able to escape censure or legal action because of the poorly regulated privatized system.

Despite many similar examples, privatization continues to be in vogue with global elites. A recent OECD country report on Slovenia is typical in this respect. Like many EU countries, Slovenia is currently ‘under instruction’ from the Eurozone troika to pursue austerity and balanced-budget objectives into the 2020s. The country is urged to ‘pursue faster, well thought out privatisation so as to further reduce public debt and the high level of contingent liabilities.’ Little is said here of the country’s tradition of varied forms of public ownership and strong economic democracy, which have helped keep inequalities down and made it one of Eastern Europe’s few success stories in the transition to capitalism.

Despite the continuing grip of basic neoliberal tenets, the state is coming back into economic governance because of the failings of privatization and austerity policies and the increasingly angry public mood in the face of more elite-driven globalization. As Karl

Polanyi long ago reminded us, left to its own devices, a deregulated economy eventually unravels, which at some point results in a social and political response. Important questions for progressives in these circumstances are what kind of state emerges and whose interests are served? Can we link state action to the renewal of a democratic public sphere? As the recent presidential elections in the United States and France demonstrated, though in slightly different ways, if progressives fail to advocate their own more democratic and radical alternatives to the status quo, they risk being marginalized by a xenophobic economic nationalism, represented by Le Pen, Trump, Brexit and the far right on the one hand and the stubborn, obdurate, but ultimately doomed neoliberal project, as represented by the new Elysee incumbent, Emmanuel Macron, on the other. The center-left ‘modernizers’ of the 1990s and centrist throwbacks (operating as if it were still 1999) such as Macron and the UK former finance minister George Osborne and indeed the Wall Street-dominated Obama regime, through their continuing adherence to the doomed market utopia of neoliberalism, continue to sow the seeds of the far-right populist harvest against globalization and expose the hollow shell of liberal democracy.

Rethinking public ownership for the twenty-first century

In the face of such challenges, progressives need to be far more vocal in both revealing the creeping corporate autocracy of economic life while renewing a project for a more radical democratic vision. This should of course include public ownership and, as Thomas Hanna shows, there is no shortage of ideas and alternative models for how this could work. And, as Hanna and others argue, there is no one-size-fits-all approach. We should be alert to and tolerant of, diverse forms of collective ownership, recognizing the need to align our models with the variegated economic practices that make up the contemporary capitalist landscape, if we are to transition to the next system.

But, as I have argued elsewhere, we also need to engage with and expose some of the myths on the right about failures of past nationalization programs. A questioning of the rationale behind private ownership should not take us back to the monolithic state enterprises characteristic of the Soviet Union or even western democracies from the 1940s through to the 1990s. Instead, we should be open to the possibilities that new and diverse forms of public ownership offer. To do this effectively, the left needs also to wrestle back its older concerns with freedom, democracy and individual dignity from their capture by the Hayekian right.

Critically, we need new forms of collective ownership that draw upon a diverse and pluralistic set of institutional arrangements as the best means for stimulating economic democracy, innovation and social justice. In my recent book, I set out five guiding principles for a renewal of public ownership:

- A commitment to social justice as class justice in the sense advocated by Marx, where individuals have decision-making power with respect to their own labor and how they use it;
- A renewed engagement with older forms of mutualism and collectivism to build alliances beyond the left's traditional social base;
- A commitment to the promotion of knowledge creation, innovation and diversity in economic practice;
- The importance of dialogue and pluralism in economic decision-making;
- A regime of decentered and distributed decision-making.

The last point is particularly important to countering the neoliberal hold on the public realm. Following Friedrich Hayek's devastating critique of public ownership as centralized planning, it is unrealistic to imagine that all economic decisions can be subject to collective democratic planning. Nevertheless, this does not detract from the need to try to find solutions that open up the economy to more collective and participatory decision-making processes as a general philosophy.

While an alternative political economy will also require the need for planning and ownership at higher geographical scales in some strategic sectors, these need not necessarily be concentrated within particular places, organizations or social groups. What it does require is a commitment to the decentering of knowledge and decision-making power wherever possible to a plurality and diversity of organizations (e.g. mutual bodies, trade union research networks, small business associations, government and autonomously funded think tanks) to offer alternative and competing interpretations of economic problems that contribute to public debate. Of course, there are no guarantees in any economic system that elite or special interests will not capture policy agendas to the detriment of the social body as a whole, but dispersing functions, knowledge and institutional capacity does at least provide important countervailing tendencies, as I show in my book with the different examples of relatively successful public ownership in Norway's state owned oil industry and Denmark's decentralized and collectively owned renewable energy complex.

Beyond twentieth-century dystopias and pathways out of the current crisis

The twentieth century was marked by two competing visions. On the one hand was a vision of socialism as centralized state ownership (or nationalization) that could deliver equality and happiness to the masses and on the other was Margaret Thatcher's (and perhaps Hayek's) dream of a property-owning democracy. Both proved to be hopelessly abstract and undeliverable chimeras when confronted with the realities of economy and society and the political and institutional mechanisms, practices and variegated geographical traditions and trajectories that underpin them.

As the twenty-first century unfolds, we have a series of developing and related political-economic crises which need radical alternative solutions. First and foremost is the looming ecological crisis of global warming, at root caused by an unsustainable economic growth model which suits certain vested private interests at the expense of the rest of the planet. Despite the overwhelming scientific evidence of climate change, these vested interests are doing a good job at preventing effective collective action. Trump's decision to withdraw the United States from the Paris climate agreement is a symbolic moment in an elite counter-revolution, which creates its own populist narrative, thus signifying a deeper malaise.

This in turn signifies a second crisis brought about by the growing division between the elite decision-makers and opinion formers and the citizens whose lives are adversely affected by top-down economic-policy prescription on everything from trade to labor-market security to welfare reform. The distrust of scientific evidence, even that which is firmly established by a vast majority of academic studies, is grist to the mill of post-truth populists like Trump and others on the far right. In the UK, the success of the Brexiteers was similarly based on the pillorying of 'experts.' But, for our purposes here, this growing disconnect between the broad mass of citizens and a 'post-political,' technocratic and 'sensible' class – which, in the words of Jacques Ranciere, 'polices' the rest of us – serves to remind us of the dangers and superficiality of a liberal-democratic project in a globalizing world of deep and accelerating inequalities. We are in a world that looks increasingly like a global Weimar Republic, with the danger of revisiting the twentieth century's tragedies with an added element of farce.

Related to this is a third, unresolved crisis: one of neoliberal economic governance. Despite its many failings, the holy trinity of

privatization, market deregulation and unfettered competition rolls on. While we can report on the growing resistance through new forms of public ownership at the local and regional levels in particular, national and global economic governance is still in thrall to the small-state austerians, with devastating consequences for many of the most disadvantaged citizens and communities worldwide. Finding a way out of the current impasse requires that we develop new thinking with regards to the best paths to embark on in delivering the French Revolution's still relevant triumvirate of *liberté*, *égalité* and *fraternité* (or solidarity). As I have argued, Karl Marx's nineteenth-century critique of capitalism and the appropriation of common wealth for private interests remains the central failing of global capitalism today as it did when he wrote it.

A reinvigorated demand for greater public ownership is an important element in a next system-alternative project. As Hanna rightly notes, this involves both learning from past mistakes and accepting that there is no 'off the shelf' nationalization model of public ownership that can be applied everywhere to retake the economy from elite interests. Rather, there is a need to work with existing and diverse collective and mutualist traditions in civil society to push forward an alternative economic project. Books such as this, which take stock of the incredible richness and diversity of already-existing forms of public ownership and illuminate their roles in addressing vital collective policy goals and problems, are an important part of that.

A final and critically important point is that in developing new forms of public ownership for the twenty-first century, we nurture and sustain respectful, but critical, forms of public discourse and collective learning. At the root of many of today's problems of economic marginalization and political alienation, which threaten the very fabric of democracy, is both the colonization of economic decision-making by an elite, but also its consequences for public participation and engagement in the economy. As we organize, campaign for and write about a transition to a more progressive economic system of diverse and democratic forms of public and collective ownership, it is important that the public itself is involved and has rights of control and ownership of decision-making. This would mean developing institutional arrangements – such as, for example, new hybrid multi-stakeholder models – that help spread participation and knowledge about the economy and its functioning.