

PUBLIC SERVICES AND PRIVATISATION

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Preamble:

The most important responsibilities of caring Governments is to ensure the provision of vital public services such as health care, education, energy, water and public transport. Our current government is on a transition. Opposition political parties have not yet discussed their ideologies and visions for the Country. They are all yet to inform us of their manifestos. The recent history of our Country reveals that we have passed through feudalism (although not fully), and totalitarianism, in the name of either socialism or democracy. The ruling Party appears to be promoting the capitalist system. It is entitled to choose whatever political system it wishes to adopt. However, it is very important to understand the fact that a wholesale privatisation of public utilities and services is neither the norm of all capitalist countries ('Western Democracies') nor a panacea for addressing the need for provision of those vital services. There are lots of things we need to learn from countries such as the United Kingdom and most Scandinavian Countries. In the United Kingdom, for instance, political parties such as Labour take it as a tradition and obligation to maintain the provision of most of those vital services in the hands of the State (i.e. the Public Sector), citing the devastating effects of most privatised utilities by the Conservative Party whose private owners and their shareholders take profitability as the priority rather than public interest. In developing countries such as Ethiopia, we need to be extremely careful when we make vital decisions that affect the lives of the citizens. There are thousands of places and potentials for the private sector, starting from petty trades and cottage industries to large companies. The major concerns expressed in this small paper are the vital services that affect the survival and wellbeing of the population. The particular case in hand is the future of the Ethiopian Electric Power Corporation (formerly the Ethiopian Electric Light and Power Authority, ELPA that was formed in 1956) and the Ethiopian Airlines, among others. I would like to encourage all parties to refrain from making hasty decisions and facilitate open public discussion on such fundamental issues, especially at the current transition period.

1. Nationalisation of vital public services and their implications

The main purpose of governments is to collect revenue and provide services. Under such systems, the prime objective is the security of supply of services such as energy, (e.g. electric), water, health care and education. Where it involves payments (such as energy bills), the state ensures that the costs are affordable. Corruption of government officials should not be taken as a justification to discredit the role of the public sector in favour of the private sector. It is true that there have been a number of reports on gross embezzlement of the public resources (tax revenues, foreign aid and loans) that made few individuals millionaires and even billionaires over night at the cost of the population that has been subjected to starvation, death, exile and misery.

Since its establishment in 1956, the Ethiopian Electric Light and Power Authority – famously known as ELPA (currently EEPCO) - has been providing invaluable services. Recently, however, the supply of electric power to the population is reported to be absolutely inadequate and inefficient. So is the supply of water. A Country that is endowed with immense water sources should not fail to supply this to the population. Big buildings have been constructed. The population is increasing from time to time. Public resources have to be utilised in effective and efficient manners to overcome those unnecessary shortages.

The Ethiopian Airlines is another service in question. Is it true that there is an intention to sell also to a private sector? I just cannot believe it. It was founded in 1945. It provided invaluable local and international services. It is one of the best airlines in the world, in terms of area coverage and quality services. It remained a national pride. Sale of those national treasures amounts to penalising success and betrayal of responsibility. I beg you to stop it.

2. Privatisation of vital public services and their implications

There is a big danger where provision of vital public services is sold to the private sector whose motives are profit maximisation. Typical examples even in developed nations such as the United Kingdom are the most serious negative impacts of privatised sectors under the current Conservative Government. It is reported that one in ten people are living in what they call fuel poverty. Similar problems are reported from other privatised sections such as transport, health care and education. We need to learn from such experiences.

As mentioned above, the subject matter of this paper is the vital public services that affect day to day lives and wellbeing. In other areas, however, existing huge potentials need to be exhausted to encourage and support the private sector in such areas as food production, cash crops, small scale irrigation schemes, revolving fund for women and cooperatives, self employment, transport, manufacturing, mining, catering and tourism industries.

3. Public-Private Partnership (e.g. giving long leases in the UK, Australia and Canada)

There are also some good opportunities to develop public-private partnership to deliver certain facilities and services that can satisfy both partners without jeopardising the public interest, but to work in a complementary manner. Such systems allow the public sector to give the private sector a lease period during which the desired additional services are provided, especially in the areas of irrigation schemes, mining, construction of homes, roads and railways and supplies.

Here again, there should be close government regulations and follow up, to ensure adherence to signed agreements in terms of the quality, efficiency and cost of the expected services.

Conclusion:

Following capitalism does not necessarily mean that public services and assets should be privatised. Experience in the western democracies reveals the fact that governments are responsible for provision of most public services. There are many cases where privatising vital services has affected qualities and affordability even here in the western world.

Based on my international working experience, especially in the developing countries in Africa, Asia and the South Pacific, the private sector engaged in mining, logging, production of cash crops, etc. have inflicted irreversible damages, in many places, in terms of uncontrolled toxic chemicals (that affect land, rivers and the food chain), land degradation, desertification and climate change. This is obviously because most of those private companies, especially foreign, are interested in the short term maximisation of their profits without due care for the local communities and the environment they live in. It would therefore be the responsibility of governments to ensure the undertakings of environmental and social impact assessments before the beginning of development projects, followed by effective monitoring and evaluation exercises, to ensure that progresses are being made towards achievement of the desired objectives.

What is most needed is for the public sector to improve accountability, transparency and efficiency of the provision and management of assets and public services. Currently our Country is undergoing a transition. Corruption has affected our people so badly. The way out in this journey is the development of a genuine accountable, responsible and transparent democratic system where no one can get away with the crimes of embezzlement, nepotism and similar crimes and ensure that the citizens receive the vital services they deserve.