

Privatisation: theory and practice

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Privatisation has been one of the most obvious and controversial aspects of the global trend to neoliberal economics over the past forty years. Across the globe, neoliberal governments and regimes have pursued privatisation policies ranging from the wholesale sell-off of nationalised industries and public services to more 'subtle' policies of marketisation or 'outsourcing', where state controlled entities and service provision are 'opened to competition'.

In general these policies are promoted and framed with talk of 'efficiencies', or more usually and explicitly 'private sector efficiencies', 'value for money', 'improved service', 'improved investment', 'lower costs', 'lower prices', and a host of other descriptors highlighting the advantages of privatisation. These advantages are usually accompanied by talk of the 'inefficiencies' and 'bureaucracy' of state-run enterprises and services, along with a demonisation of so-called 'vested interests', usually referring to workers in the public or semi-state sector, and in particular to their unions, who are regularly derided as opposing 'progress' or 'modernisation', while clinging to 'outdated hard left ideas' and demanding 'unreasonable' pay and conditions, relative to their private sector contemporaries.

Yet despite what the economic orthodoxy may proclaim, in the vast majority of cases the policy of privatisation or marketisation has failed in every respect when compared to the promises and rationals of those who advocate and implement it. Rather than the promised 'value for money' and 'market efficiencies', the history of privatisation is littered with examples of exactly the opposite. Prices increase, services are reduced or even discon-

tinued, investment stalls, or worse, companies are asset stripped and sold on, or left with large associated debts. Entities are often broken up so the more profitable elements can be separated to maximise potential profits, conditions for workers are eroded as staffing levels are 'consolidated', and new jobs are filled with workers on often inferior contracts, or outsourced to other private firms. In some cases governments are forced to intervene, and either impose new regulation on a sector in the face of failings in the privatised entities, or to prop them up financially with a bail out.

Given the reality of privatisation as experienced both by users and workers in the sectors involved, it is unsurprising that moves to privatisation have almost always been met with resistance. The level of resistance and its success at halting or overturning such moves is varied, as are the tactics and degree of force employed by those implementing them, but it is an almost universal feature of moves toward privatisation. It is worth remembering that even if the some common narratives of the 'birth' of neoliberalism focus on the governments of Thatcher in the UK and Reagan in the US, the first major 'experiment' in neoliberalism was in 1973 in Chile, following the Pinochet coup against the democratically elected government of Allende. The coup by right wing forces opposed to the Allende government's reforms, such as the nationalisation of copper mines and other companies, including some subsidiaries of US firms, was backed by the US with then National Security Advisor, and soon to be Secretary of State, Henry Kissinger famously commenting

I don't see why we need to

stand by and watch a country go communist due to the irresponsibility of its people. The issues are much too important for the Chilean voters to be left to decide for themselves.

The stark reality of neoliberalism is that the resistance to such policies from significant chunks of the population means the implementation of its policies, including privatisation, is often achieved by authoritarian regimes and dictators, as in Chile and Argentina, or by means of exploiting some existing crisis, economic or otherwise, in a country such as the neoliberal 'shock therapy' in the former eastern block states after the collapse of the USSR, or the various 'structural adjustment programs' imposed by the IMF as conditions for monetary aid.

Given this strong opposition to privatisation, and neoliberalism in general, and the many obvious failures of such policies, it is of course necessary to ask why do the various ruling classes round the world insist on such policies? Why, despite all the evidence to the contrary, does the economic orthodoxy by and large still cling to a mantra that could easily be expressed as 'private good, public bad'? The answer to these questions is to be found at the heart of the capitalist system. In the remainder of this article I will try to give a brief outline of how a Marxist analysis of capitalism offers the best framework to explain policies such as privatization, before offering a brief synopsis of some of the examples of privatisation undertaken by the Irish state, both in the past and, unfortunately, those which are still being pursued with great enthusiasm, by our ruling class today.

Why Privatisation?

Why do governments in Ireland and internationally pursue policies privatisation

with such consistency and ruthlessness? Their own stated answer to this question, namely that private enterprise is more efficient and dynamic than public ownership, has been so often falsified by experience - not least in the crash of 2008 - that it cannot be taken at face value.

'In order to line the pockets of their rich cronies', the popular answer on the street, has, in fact, a good deal of truth in it but it is not the whole story. The politicians and businessmen of the fifties and sixties, when the general consensus was for expanding public ownership and for so-called 'mixed economies', were no less greedy and venal than those of today. In addition to immediate greed there is clearly an element of ideology involved. 'Public bad! Private good!' is a central element of the neoliberal ideology which has dominated the system and the thinking of most governments globally since the days of Margaret Thatcher and Ronald Reagan. The large majority of politicians, economists and senior civil servants accept and believe this ideology.

But this still raises the question of why they accept and believe it? After all it was not always so. From the Second World War until the mid-seventies, which included the biggest boom in the history of the system, the dominant view among the ruling classes and governments of Western capitalism was not neo-liberalism but Keynesianism which favoured a substantial measure of state ownership and intervention.

What produced the dramatic change and brought about the current mania for privatisation was the fact that in the mid-1970s 'Keynesian' mixed economy capitalism entered into a profound international crisis. It was the first major global recession since the 1930s and after a brief recovery it was followed by a second recession in the 1979-82. The underlying reason

for this dramatic reversal in the fortunes of the system was the coming into play of the tendency of the rate of profit to fall, as analysed by Karl Marx in Volume 3 of *Capital*.

Capitalism as a system is driven by the pursuit of profit but it also contains a built in tendency for the overall rate of profit to fall - it is a fundamental contradiction of the system. What causes the rate of profit to fall is that the source of profit is the surplus value extracted from labour but competition obliges each business to invest evermore on technology, equipment etc (constant capital) in proportion to what it invests in labour (wages). Each capitalist does this in order to grab for their business a bigger share of the total profits in the system but the ultimate effect is to lower total profit in relation to total outlay, i.e. a decline in the rate of profit. When the rate of profit falls below a certain point the capitalists stop investing and the system goes into crisis (recession, slump etc).

In practice there are a number of factors that can counteract the falling of rate of profit - at least for a period. One is increasing the rate of exploitation of workers, a second is export of capital to areas of the globe where it is scarce (this was behind the imperialism of the late 19th century), a third is massive destruction of capital in war and a fourth is siphoning off large amounts of capital into arms expenditure.

The evidence suggests that, after the Great Depression of the thirties, the destruction of capital in the Second World War restored the fortunes of the system and paved the way for the post-war boom which was sustained on the basis of mas-

sive arms spending. In the long run however the tendency for the rate of profit to fall asserted itself. In the fifties global profit rates were very high, but from the mid-sixties to the mid-seventies they fell sharply, hence the return to general crisis. Since then the rate of profit has gone through various ups and downs but never fully recovered.¹

Neo-liberalism, with its combination of privatisation and attacks on workers' rights and organisation (Thatcherism remains the classic example), was the ruling class response to this situation; it was and remains a sustained attempt to raise the rate of profit at the expense of the working class. It is this which makes privatisation so deadly. In the abstract, state ownership (without workers control) is not inherently more socialist than private ownership and the state capitalism of the Soviet Union and Eastern Europe displayed ample evidence of corruption and inefficiency. But the whole purpose of neo-liberal privatisation is both to 'line the pockets of the rich' and increase the share of profit in the overall wealth of society. This is why it invariably goes hand in hand with cutbacks, job losses, attacks on working conditions and union rights and an overall rise in inequality as documented recently by Thomas Piketty. (See Kieran Allen's article in this issue).

The Irish Experience of Privatisation

Eircom

Not even the most cursory discussion of privatisation in Ireland could be consid-

¹See Michael Roberts, From global slump to long depression, *International Socialism* 140, p.35. Obviously what has been offered here is an extremely compressed account of a hugely complex theory and historical experience. For much more comprehensive analyses of these issues see Chris Harman, *Zombie Capitalism: global capitalism and the relevance of Marx*, London 2009, Joseph Choonara, *Unravelling Capitalism*, London 2009 and Brian O'Boyle, Cracking the crisis - financial conspiracy or falling rate of profitability, *Irish Marxist Review* 7.

ered without mentioning the privatisation of the state telecommunications company, Telecom Éireann. The privatisation in 1999 is noteworthy not only for the disastrous results but for the massive hype surrounding the sell-off.

Telecom Éireann was established in 1983 to take over the running of the Irish telecommunications network which had previously been run under the auspices of the Department of Posts and Telegraphs. Immediately they undertook a major investment program in the network infrastructure, and by the mid 1990's the network was one of the most modern in Europe. In addition to the landline network, Telecom Éireann also had a mobile division - Eircell, a monitored alarm system, - Phonewatch, and a 75 percent stake in cable operator - Cablelink (the remaining 25 percent being owned by the national broadcaster RTE).

The process of privatisation began in 1995 and Dutch and Swedish firms KPN and Telia took a 35 percent stake in the company. Such was the hype around the privatisation, including media campaigns aimed at getting small and first time investors to buy shares, that when the company, renamed Eircom, was floated on the stock market in July 1999 over 574,000 people bought shares. The shares were initially offered at €3.90 but following an initial surge rapidly began to fall, dropping below its floatation price in September. Five months after the floatation KPN and Telia sold their joint 35 percent stake at a profit of £1.1 billion. Despite assurances from the government, within a year the share price had fallen 27 percent.

In 2001, one of the first of many rounds of asset stripping occurred when the profitable mobile division, Eircell, was sold to Vodafone.

Following the Eircell sell-off, the company was subjected to take over bids from

two consortia led by Denis O'Brian and Tony O'Rielly. Tony O'Rielly's Valentia consortium eventually won out and promptly removed Eircom from the stock exchange. Remaining investors who had held onto their shares were bought out with a loss of 30 percent. In 2004 Valentia refloated Eircom and it was estimated that they had profited by €1 billion.

Since it was privatized, Eircom has had six separate owners and two stock market floatations. Over this period it has seen dramatic cuts in its workforce, with many jobs outsourced to contractors. Investment in the network infrastructure has been slow and patchy, and asset stripping has seen the sell off of subsidiaries including Eircell, Phonewatch and Cablelink. On top of this the company has been lumbered with enormous debt. Two buyouts in particular contributed massively to this debt. Acquisitions of Eircom by Valentia and later in 2006 by Australian bank Babcock & Brown were both achieved by means of leveraged buyouts (LBO). This method of acquisition allows firms seeking to buy a company to borrow in the company's name. The Valentia buyout alone piled €2.7 billion of debt onto Eircom's balance sheet.

In March of 2012 Eircom was forced into examinership with debts of €4.1 billion. In June a deal was reached which saw its creditors, headed by the US investment giant Blackstone, take ownership of the company from the previous owner and the employee share ownership trust (ESOT). As of April 2014 the company announced it had engaged Rothschild, Goldman Sachs and Morgan Stanley to advise it as it considers a fresh public stock offering.

After 15 years of profiteering by vulture capitalists seeking a quick buck, what was a state of the art publicly owned communications network, has ended up as a network far from today's state of the art

and with prices among the highest in Europe. Along the way, it has been repeatedly asset stripped and its workforce has been slashed. If there has been any benefit at all to the public at large from the ongoing debacle, it is probably the hard lesson learned by those who bought into the hype of the initial floatation and invested in shares, far from the 'share owning society' envisaged by the then Minister for Communications Mary O'Rourke, the fiasco left many much more aware of the standard warning that 'the price of shares may fall as well as rise'.

Electricity and Gas

While the Electricity Supply Board (ESB) is facing an imminent threat of privatisation there have been sell off of a number of it's assets. West Offaly and Lough Ree power stations, built in 2005 and 2006, have already been sold off to a Spanish company Endesa² and ESB have announced they will be selling their 50 percent stake in two of it's international investments, Marchwood Power Ltd in the UK and Bizkaia Energia SL in Spain³. Prior to the introduction of competition into the electricity market Ireland had some of the lowest electricity prices in Europe, in fact in 2002 the prices were the lowest in the EU-15. Following the introduction of competition the ESB's prices were set 14 percent higher to encourage other firms to enter the market yet despite this new competition in the market by 2009 prices were the highest in the EU-25.⁴

In late 2013 it was announced that Bord Gais had agreed to the sale of its elec-

tricity supply division, Bord Gais Energy, to a consortium led by Centrica for €1.1 billion.⁵ The deal involves the splitting up of the company with Centrica paying €129 million - with an a potential further €21 over the next 3 years depending on performance - for the retail business of Bord Gais Energy and the Whitehall power station in Cork, Brookfield paying €700 million for the wind energy business and Icon Infrastructure paying €200 million for the northern subsidiary Firmus. The value of this deal has been widely criticised particularly the Centrica deal of €129 million which includes the Whitegate power station which was only built 4 years ago at a cost of €400 million!⁶

Health

The health sector is always one of the most the controversial areas when it comes to privatisation. For many, the very idea of profiting from those in need of health care is not something they are comfortable with.

Privatisation already had in-roads in the Irish health service long before many overt moves towards privatising aspects of health provision became the norm. In Ireland many aspects of primary care have long been in the private sector. General practitioners operate as private businesses and drugs are dispensed through privately owned pharmacies. Treatment provided to those with medical cards is delivered as payments by the state, to these private entities. Even when the state has built primary care centers, they have mainly been delivered through public private partner-

²<http://www.independent.ie/irish-news/esb-plans-to-sell-off-power-stations-29696107.html>

³<http://www.esb.ie/main/press/pressreleaseWS.jsp?id=2674>

⁴Jimmy Nolan *Privatisation, Robbing the peoples wealth*. Trade Union Left Fourm 2012.

⁵<http://www.irishtimes.com/business/sectors/energy-and-resources/bord-g%C3%A1is-defends-sale-price-of-whitegate-plant-1.1742314>

⁶ibid.

ships (PPP) with private developers building them and private professionals working in them⁷. Consultants in Irish hospitals have very generous contracts which allow them to spend long hours treating patients with private health insurance in preference to public patients. Despite changes to consultant contracts which promised to curb the amount of time consultants could spend treating private patients to 30 percent, in practice, private patients can access treatment ahead of those on public waiting lists. Attempts to alleviate the numbers languishing on waiting lists for treatment have also involved privatised care. The national treatment purchase fund (NTPF) was set up to purchase private treatment for public patients on waiting list for longer than a set time. In 2011 it was revealed that despite rules against it, 714 public patients referred to the NTPF by consultants working in a public capacity, were then treated by the same consultant in a private capacity⁸.

On top of this we have the stated government policy of moving to ‘universal health insurance’⁹. This could better be termed as a policy of compulsory private health insurance. This is a move toward a system based on the US model, a health system generally regarded as among the worst in the developed world. The government line is that this will end the current two tier health system and give everyone the same access to health services currently enjoyed by those with private cover. In July of 2013 it was estimated that 42 percent of the Irish population had pri-

vate health insurance¹⁰, the most obvious effect of the governments plans will be to force the 58 percent who don’t have private cover - a percentage which has been increasing year on year since the recession began as people struggle with reduced incomes and rising premia - to purchase a basic plan covering services which are at present paid from general taxation . Cost estimates for this basic plan or basket vary - and it is not yet clear what the basic plan will cover - however the Department of Public Expenditure and Reform estimated in a letter to the Department of Health that it could cost over €1,600.¹¹ On top of this people will be able to purchase additional policies on top of the basic package if they so wish, these additional policies will be fully individually risk assessed unlike current premia which are based on an average risk known as ‘community rating’. This move to full risk assessment may make this additional coverage decidedly more expensive for many. It seems reasonable to suggest that people would only buy this top up cover if it confers some additional benefits so even when the private insurers are finished extracting their pound of flesh we will still be left with a two tier system although full individual risk assessment may mean that it is a smaller and even more wealthy cohort who will benefit from it. Much of this model is based on the Dutch health service and a recent study there has shown that families are spending close to a quarter of their income on health costs while over all health costs are spiraling with the total spend on

⁷For example the 16 primary care centres announced in July 2012 will be built as PPP’s <http://www.ndfa.ie/TenderCompetitions/PrimaryCareCentresPPPProgramme.htm>

⁸<http://www.thejournal.ie/hundreds-of-patients-referred-to-private-fund-%E2%80%93-only-to-be-seen-by-same-consultant-293683-Dec2011/>

⁹*The Path to Universal Health care, White Paper on Universal Health Insurance* <http://health.gov.ie/wp-content/uploads/2014/04/White-Paper-Final-version-1-April-2014.pdf>

¹⁰<http://www.thejournal.ie/health-insurance-numbers-1497962-Jun2014/>

¹¹<http://www.irishtimes.com/news/health/universal-health-insurance-what-is-it-all-about-1.1747201>

health doubling in the last 11 years.¹²

Rather than building nursing homes the state has largely turned to the private sector to provide this service. Under former Minister for health Mary Harney's 'fair deal' scheme¹³ those entering care pay 80 percent of their income and 7.5 percent of any assets they have, per year, with the state covering the remaining costs. This policy effectively forces people in need of nursing home care into the hands of private companies. Not only are the state forcing people to pay a large portion of their income to these companies, but they also provide a subsidy to the companies by paying the remainder of the cost of the care, and this is on top of generous tax breaks granted to build the homes in the first place. Of course the health minister James Reilly is well aware of these subsidies having a 9 percent stake in a private nursing home in Tipperary.¹⁴

There was wide spread anger in 2012 when the Department of Health attempted to cut over 1 million hours of home help. This move was bad enough on its own, but it occurred in a context where home help services, which have traditionally been provided by not for profit companies funded by the HSE, have increasingly been outsourced to large private providers. The anger was compounded when it was revealed that one of the personal advisors to health minister James Reilly, Maureen Windle, was previously an advisor to an Irish subsidiary of Sodexo, who own

the franchise for one of the largest private home help providers in the state, Comfort Keepers.¹⁵

Most recently in the health sector we have witnessed the resignation of the chairman of the West/Northwest Hospital Group, Noel Daly after it emerged that the group had contracted a consulting group D&F Health Partnership, of which he was a founding director, and still held a 50 percent stake, to conduct a review of maternity services in the region, without the contract going to tender or disclosing his conflict of interest.¹⁶ The incident has received widespread media attention but less has been reported about D&F Health Partnership's other dealings with the HSE. In 2008, in an example of the outsourcing and privatisation of public policy, they were appointed by the HSE to decide on the location for a new acute hospital in the North East¹⁷. In 2009 another company of which he was a director, Meret Healthcare, was contracted by the HSE to build 10 primary care centres through PPPs¹⁸.

Transport

In 1992 the B&I line, a shipping company that had been nationalised by the Irish government in 1965, was privatised and renamed Irish Ferries. This sell-off stands as a chilling example of what can happen to workers' rights when companies are privatised. In 2005 Irish Ferries attempted to replace over 500 workers by registering its vessels in other countries, under

¹²<http://www.irishtimes.com/news/health/dutch-health-insurance-costing-23-5-of-income-1.1752380>

¹³<http://www.hse.ie/go/fairdeal/>

¹⁴<http://www.thejournal.ie/james-reilly-statement-debt-dail-nursing-home-517780-Jul2012/>

¹⁵'Links to Reilly Adviser Clarified' Wall, Martin *The Irish Times* October 10, 2012

¹⁶<http://www.irishtimes.com/news/health/hospital-group-chief-resigns-over-conflict-of-interest-1.1829029>

¹⁷http://www.hse.ie/eng/services/news/2008_Archive/Oct_2008/North_East_Hospital_Location_-_Recommendation.html

¹⁸<http://www.imt.ie/news/public-health/2009/06/meret-contracted-for-ten-centres.html>

so called ‘flags of convenience’, and hiring foreign workers on significantly lower wages of €3.60 an hour, and with vastly inferior terms and conditions. Following strike action and protests from thousands of trade unionists around the country a deal was reached which allowed any worker who wished to remain with the company, to keep their wage levels and pay and conditions, and guaranteed new workers at least the Irish minimum wage. Despite this in 2006 it emerged that workers on one of its ferries were being paid €4 an hour.¹⁹

In 2006 the government sold its majority stake in the national airline Air Lingus when it was floated on the stock exchange, maintaining only a 25 percent stake. Serious problems have arisen in the workers’ pension scheme and there is a deficit of €780 million. A government appointed ‘expert panel’ have recommended that Air Lingus contribute €190.7 million to the fund and that the Dublin Airport Authority (DAA) contribute a further €72.8 million²⁰. This recommendation is both a long way from solving the underlying issues and far from approved, indeed it has been speculated that Ryanair - with their strong anti-trade union and anti-workers’ rights stance and a 29.8 percent stake in the company - may vote against any move to put additional funds into the pension scheme. Even with this latest deal workers would be expected to take significant cuts to their pension entitlements.

Despite the massive pension deficit

Air Lingus remains a profitable entity and its latest accounts show an operating profit of €61.1 million with net cash reserves of €372.9 million (€908.5 million gross).²¹ Yet while current and former workers worry about what will happen to the pensions they have paid into over many years - for some the majority of their working lives - the company still saw fit to increase their contribution to CEO Christoph Mueller’s pension by 15 percent to €175,000 and award him a performance bonus of €420,000 as part of a pay package of some €1.5 million²²²³.

In late 2013 it was announced by the National Transport Authority (NTA) that 20 Dublin Bus routes, mainly orbital and local, and a number of Bus Eireann services will be subject to a tendering process for their operation from 2016.²⁴ This is seen by many as the ‘thin end of the wedge’ when it comes to the privatisation of public transport in Ireland. State subvention to Dublin bus has been cut drastically since 2008 is generally low by comparison with similar cities outside of Ireland, 29 percent of total revenue compared with a 79 percent subvention in Lyon. Even in London which already has a privatised bus service run by a tendering process, similar to the one announced by the NTA, the subvention is 39 percent.²⁵ In a sign of things to come if routes are tendered to private operators only concerned with making a profit in June 2014 a number of private bus operators providing public services around the

¹⁹<http://www.irishexaminer.com/archives/2008/0206/world/probe-into-claims-irish-ferries-paying-4-an-hour-54541.html>

²⁰<http://www.independent.ie/irish-news/news/aer-lingus-to-pay-191m-under-plan-to-fix-pension-row-30390856.html>

²¹<http://corporate.aerlingus.com/media/corporateaerlinguscom/content/pdfs/AerLingusGroupplc2013preliminaryresultsreleaseFINAL240214.pdf>

²²<http://www.rte.ie/news/2014/0502/614766-aer-lingus/>

²³<http://www.independent.ie/business/irish/aer-lingus-boss-muellers-15m-pay-package-jars-varadkar-30175787.html>

²⁴<http://www.thejournal.ie/bus-privitisation-1210354-Dec2013/>

²⁵Deloitte: ‘Cost and Efficiency Review of Dublin Bus and Bus Eireann’. January 2009.

country have threatened to pull out of the government free travel scheme.²⁶ Despite claims of reduced cost it is likely that a significant state subvention would still be required to private operators in order for them to provide public services which although essential are not 'economically viable'.

Council Services

The agenda of privatisation has seen many areas of service provision which have traditionally been provided by the councils have been increasingly pushed into the private sector. Services affected in this way include bin collection, social housing and water.

The privatisation of the bin collection service in Dublin was a long process. From the first introduction of bin charges campaigners made it abundantly clear that this was a prelude to the eventual privatisation of the service. When the service in Dublin City Council was sold to Grayhound in January 2012 it did not take long for many of the problems associated with privatisation to arise. Where as with the council provided service the annual standing charge could be paid in quarterly installments Grayhound insisted that the full charge would have to be paid up front. Following widespread negative reactions the company eventually backed down slightly and allowed people to pay in two installments.²⁷ Grayhound also moved quickly to remove waivers for those on low incomes and by the end of 2013 the fees charged to waiver customers had doubled.²⁸ In March

2012 in the South Dublin County Council area Grayhound demanded 3 million to cover the costs of providing bin collections to waiver customers.²⁹

There has been a chronic lack of social housing in Ireland for many years and Social Justice Ireland has estimated that there are about 90,000 people on housing waiting lists. Councils have effectively stopped any large scale building of social housing Dublin City Council plan to start construction on only 35 new houses up to the end of 2016 and complete 130 others started in previous years³⁰ - and have turned to the private sector to provide accommodation. A rent allowance is paid to those on low income although the caps on how much may be paid in rent by recipients means that tenants are often forced to pay under the counter top ups in many properties. Under the RAS (Rental Accommodation Scheme) people receiving rent allowance long term and in need of housing may be provided with a house in the private rental sector. The local authority enters into a lease agreement with the landlord and the tenant then pays a portion of the rent to the local authority. In June 2014 the government introduced a new housing bill which effectively views the provision of private rented accommodation the same as getting a council house. Once someone is housed under the bill they will be removed from the housing waiting list. People Before Profit TD Richard Boyd Barrett has said that

'This bill represents a fundamental dismantling of social housing provision by the state. Despite all the spin and mis-

²⁶<http://www.irishtimes.com/news/politics/transport-firms-issue-threat-over-free-travel-scheme-1.1849661>

²⁷<http://www.thejournal.ie/instalment-plan-for-dublin-bin-services-welcomed-331901-Jan2012/>

²⁸<http://www.herald.ie/news/bin-firm-ups-rates-for-waiver-customers-29751911.html>

²⁹<http://www.rte.ie/news/2012/0229/314061-greyhound/>

³⁰<http://www.irishtimes.com/news/social-affairs/dublin-s-funds-for-building-social-housing-to-fall-by-almost-half-1.1790208>

information being put out by the government the fact remains that with the passing of this bill, tens of thousands of families will be removed from housing lists they have been on up to fifteen years and will now be deemed to be appropriately housed in private rented accommodation.’³¹

As of January 2014 all functions relating to the provision of water services in the local authorities has been transferred to Irish Water. From October 2014 Irish Water will start charging for water and the first bills are expected in January of 2015. This first step towards privatisation has already met with strong opposition and protesters have won victories over the installation of water meters in their areas. Although in its early stages towards privatisation Irish Water has already demonstrated its willingness to out source as much of its work as possible. According to submissions to the Oireachtas environment committee in January 2014 Irish Water planned to spend nearly €86 million on consultants including IBM (€44.8 million), Accenture (€17.2 million), Ernst & Young (€4.6 million), KPMG (€2.2 million) and a further €13.3 million to 18 other contractors who were procured ‘to support the work’ of the major providers. they will also spend nearly €4 million on the procurement of legal services from McCann Fitzgerald (€970,000) and A&L Goodbody (€2.9 million).³²

Conclusion

Privatisation has failed time and time again. It has failed in the stated goals of delivering improved services and lowering prices. Despite repeated assertions from

politicians, business representatives and in the media about the supposed benefits the strong level of opposition to the privatisation of public services shows that people do not believe privatisation is a good thing. Yet simply pointing out the failures of privatisation, particularly on its own terms, is not enough to fight against it. The majority of our ruling class are completely committed to privatisation and must be forced to change course.

In addition to a solid understanding of the reasons neoliberals push for privatisation - reasons best explained by a Marxist analysis of the capitalist system - determined and vibrant campaigns bringing together everyone affected by privatisation are essential. We must work to unite workers threatened by privatisation with those who use and rely on the services they provide. These campaigns must be clear in their opposition to private profiteering from the provision of basic public services.

Given the ongoing battle against the first steps of moves to privatise water in Ireland - the introduction of water charges - the building of such campaigns is a vital necessity. The stunning resistance - and victory - of the people of Cochabamba in Bolivia to the privatisation of their water supply can serve as a glowing example of what we need to do. Uniting diverse groups from trade union and political activists to cocoa growers, street traders and homeless children protests brought the city to a standstill and eventually forced their government into a u-turn.

It is this spirit of resistance which we need to capture if we are to successfully oppose the privatisation of the services we rely on every day.

³¹<http://richardboydbarrett.ie/2014/06/24/passing-of-housing-bill-will-unleash-outrage-and-despair-for-tens-of-thousands-on-housing-list/>

³²<http://www.thejournal.ie/irish-water-consultants-spending-1263769-Jan2014/>