

7 REASONS, WHY

PRIVATISATIONS

ARE DANGEROUS



1 PROFITS ARE PRIVATISED; LOSSES ARE SOCIALISED

After privatisations businesses are trimmed to achieve profits. This is meant to benefit private shareholders and not anymore the community. When private businesses take losses or go bankrupt, the public hand has to step in again as one simply cannot be without water or energy supply.

2 SHORT TERM PROFIT INTERESTS

Private businesses act short-term in order to make profits. Therefore, frequently, long-term investments are not made. If the service is returned to public ownership, municipalities have to make up for omitted investments and the community has to carry the costs.



3 LOSS OF DEMOCRATIC CONTROL



Affordable living, climate protection, social justice – entities supplying services for general interest can make an important contribution to the achievement of these political goals. Once these services and businesses are privatised the democratic influence is lost.

4 NO SOCIAL RESPONSIBILITY

Private operators do not consider the socially disadvantaged in their price structure. A socially fair price structure in the form of social tariffs is seldom seen with private businesses. However with public providers it can certainly be found. Furthermore privatisation frequently leads to reduction in employee numbers.



5 PRICE INCREASES

Experience shows that excessive price increases have frequently occurred after privatisations. This poses a serious problem for low-income households when these increases are for essential services such as water supply or housing.



6 LOSS OF QUALITY

Many privatisations are seen as failure, because services are not performed any more to the expected quality level. They are either performed insufficiently or the infrastructure is neglected. Lack of investment and maintenance leads to drastic losses in quality.



7 HARD TO UNDO

With the return to the public sector most of the time a strong and financially powerful resistance is to be expected from the previously privatised entities. In general, the costs are far higher than the income achieved from the original privatisation.

