

REFLECTIONS ON RECENT EXAMPLES OF PUBLIC-PRIVATE POLITICS

RES PUBLICA, REASSESSING THE ROLE OF THE PUBLIC SECTOR
AND THE PUBLIC INTEREST,
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REFLECTIONS ON RECENT PUBLIC-PRIVATE DEBATES

- Just when we thought the “boom” of privatization was reaching the end, as most public assets had been seemingly sold by national governments in Europe....
- Just when the study of privatization and its determinants was becoming old-fashioned...
- Everything starts to change again...
- Privatization takes a brand new shape in Europe...
- And is accompanied in parallel by nationalization (or state propping up of specific sectors)
- So my reflections on public-private politics in the contemporary period are organized following RES PUBLICA's two main questions:
- 1) What is public, why should something be under public responsibility? (Normative, economic & political dimensions)
- 2) Who determines what is public/private? Why? What justifications? (Descriptive, observe reality).

REFLECTIONS ON RECENT PUBLIC-PRIVATE DEBATES

- I will bring together the most relevant of my reflections as they are found in separate recently published or ongoing papers and research projects and divide them into two blocks to try and answer RES PUBLICA questions from my view:
 - 1) **Who** has been determining the public-private line in recent years in Europe? **Why?**
 - 2) Why this violates the public “line” and how **more publicness** can be created.

WHO IS DETERMINING THE PUBLIC-PRIVATE LINE?

- The financial and economic crises in Europe mark a starting point for new research
- Post Great Depression – significant policy change (Keynesianism, etc). Great Depression – no. Resilience of liberalism (Mark Thatcher and Vivian Schmidt)
- Puzzle: to explain policy change (or not) in the aftermath of the crisis



[Charlotte Burns](#), [Judith Clifton](#) & [Lucia Quaglia](#), Explaining policy change in the EU: financial reform after the crisis. *Journal of European Public Policy*, forthcoming, pages 1-19 <http://dx.doi.org/10.1080/13501763.2017.1301535>

THEORETICAL FRAMEWORK & METHODOLOGY

- We use the PET (punctuated equilibrium theory) as a framework to capture inertia, incremental and major policy change
- PET assumes most policy change is incremental, but there will be at times a “focusing event” which provides salience pushing an issue (or allow it to be pushed by a policy entrepreneur)
- Two causal mechanisms used by PET to explain policy change are venue shopping and policy framing
- Assuming as it does policy systems have a status quo bias:
 1. Reframing a policy issue is central to policy change
 2. Policy-makers may seek to reframe before shifting venue
- Strategic selection of two case studies:
 1. A policy area where we might expect change and this does not happen
 2. A policy area where one would not expect change and significant policy change occurs

	Financial Regulation	Privatization
Policy salience	Crisis makes this salient as seen as a cause	Ownership not seen as cause of crisis. Privatization not salient
Policy entrepreneurialism	Commission cautious. Overall did not act as policy entrepreneur	Astonishing. Establishment of the “Troika”.
Policy image	Some attempts to change (end of laissez-faire) but finally image of “global Anglo Saxon finance” prevailed	Focus away from privatization and efficiency towards privatization as a means of maximizing income for to pay lenders (fiscal). Plus image of Greeks as lazy, politicians inept and state too fat.
Interests	Strong lobbying from financial sector, City of London, MS...	Strong lobbying from German and other borrower banks on Greece (PIGS)
Policy venue	No change proposed	Commission has no competence over ownership (Treaties). Troika dealt with finance and fiscal conditionality. Troika as a “bridging” institution (EC-ECB-IMF)
Outcome	Incremental policy change	Significant policy change: privatization as conditionality <i>a la</i> Washington Consensus.

KEY FINDINGS (I)

- An unprecedented development whereby the “Troika” was used to effectively push privatization on a Member State: Greece above all
- Economic Restructuring Plans contain long lists of state assets which must be sold, when and for how much
- The list includes many fundamental public services – water, energy, ports, etc. as well as statements on outsourcing
- “Clumsy” approach to privatization. Privatization agency set up in Athens with Commission-approved members; lack of sensitivity about the need for and role of the public sector (e.g. Enterprise France).
- So “why” is this happening?

WHY IS THE PUBLIC-PRIVATE LINE BEING DRAWN AS IT IS?

- To date most studies on the Troika’s policies for peripheral members of the EU have taken a country case study approach
- We seek to obtain a broader picture by analyzing comparatively across countries its policies for Greece, Ireland and Portugal (PIG)
- We think there is much material for study in the Troika’s economic restructuring programmes to shed light on EU politics on public-private.

THEORETICAL FRAMEWORK & METHODOLOGY

- Peck (2013) argues neoliberal policies deploy “strategies of displacement” in order to “make others pay”
- In the case of the crisis, the costs and blame are shifted in the following direction:
 1. From markets to the state
 2. From élites to the marginalized
 3. From central to local government.
- Hence we study the social, spatial and scalar dimensions of Troika policies by analysing the demands made by the Troika in the Economic Restructuring Packages (we analyse the politics of the demands, not the actual outcome here).
- The social, spatial and scalar dynamics of state shrinking in europe’s periphery after the great recession

FINDINGS II (PROVISIONAL)

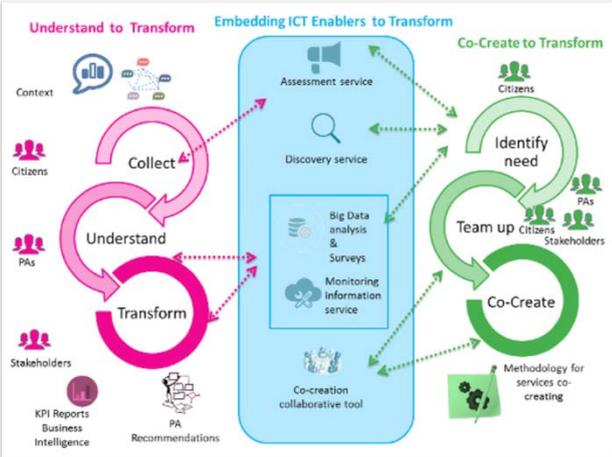
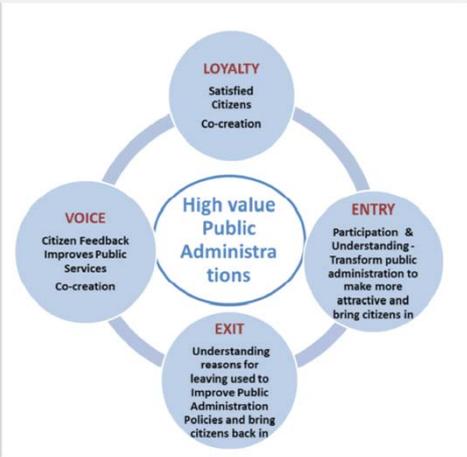
- Major attempts to shrink the state are found in all cases, but especially the Greek case where the list of assets to sell was humiliating for the government
- Public sector outsourcing was pushed in all three countries
- There were other policies: the state was effectively “straightjacketed” i.e. by freezing Public Private Partnerships in Portugal and Ireland. Public service provision was stalled.
- Simultaneously, Troika allowed for the recapitalization of over-indebted private banks
- Hence the transfer of private liabilities to the sovereign debt burden under negotiation, with a view to selling off these same banks when they became profitable once more
- Troika politics reflect Peck’s “strategies of displacement”: costs and blame channeled towards the state and away from markets; top-down non-democratic institutions onto local governments; financial élites to public service users/EU citizens.

THE PUBLIC LINE AND HOW MORE PUBLICNESS CAN BE CREATED

- The Commission's Horizon2020 is pushing "co-creation" in general, including in the public sector
- CITADEL – Empowering Citizens to Transform Public Administration
- Consortium of social science scholars, technology partners and public administrators
- <http://www.citadel-h2020.eu>

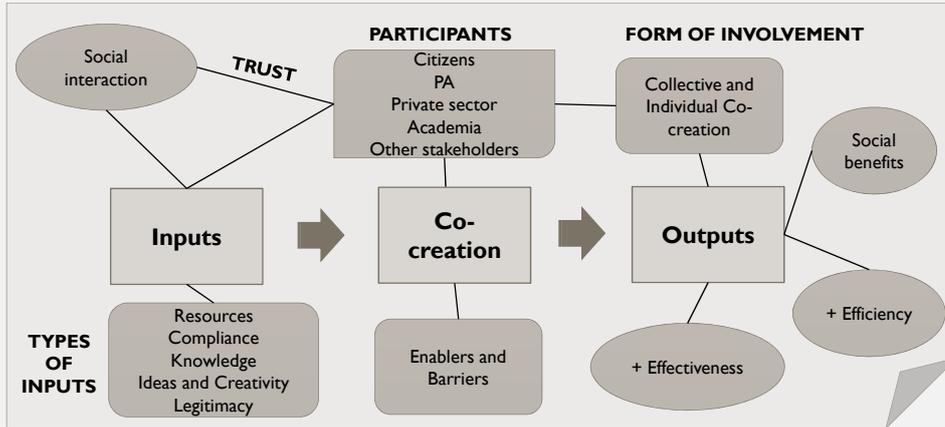


CITADEL LOGIC



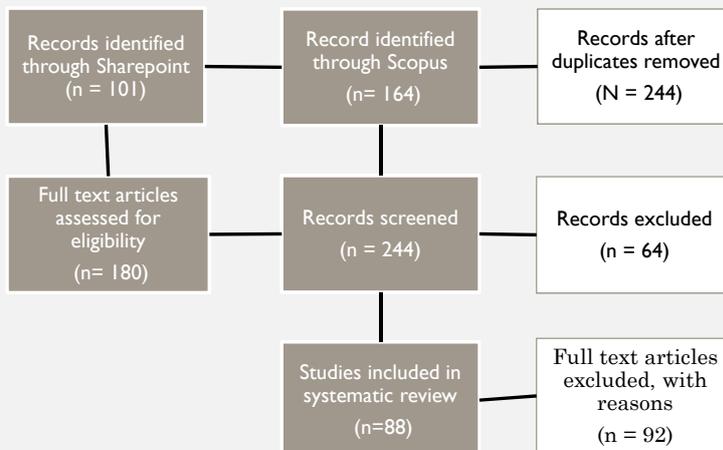
CITADEL STUDY OF CO-CREATION AND CITIZENS' PARTICIPATION

Co-creation framework



CITADEL STUDY OF CO-CREATION AND CITIZENS' PARTICIPATION

Flow diagram



CITADEL STUDY OF CO-CREATION AND CITIZENS' PARTICIPATION

Public sector diversity

Crime prevention and safety (6)	Food security	E-Government	Elderly Care (8)
Local environment	Employment	Health (16)	Waste collection and recycling
Smart cities	Education (11)	Neighbourhood services	Welfare
Information technology	Media and entertainment	Law and justice	Consulting services



FINDINGS III (PRELIMINARY)

- **Most common sectors:** health, education, elderly care and local environment.
- **Age:** young people and the elderly are more willing to participate in co-creation activities.
- **Education:** Enabler: the more educated are more likely to get involved in co-creation, especially in high-tech activities. Barrier: Education “techno-elite”: less educated users are less likely to co-create.
- **Other barriers:** legal restrictions (some datasets are not completely open to the public).
- **Poverty:** A lack of resources may dampen people’s motivation to co-create
- **Gender:** Women are more likely to co-create than men.
- **Employment:** Unclear. Some studies provide evidence of higher involvement among unemployed while others among employed.
- **Trust and confidence** are key characteristics of co-creation in most case studies.

SOURCES

- [Charlotte Burns](#), [Judith Clifton](#) & [Lucia Quaglia](#), Explaining policy change in the EU: financial reform after the crisis. *Journal of European Public Policy*, forthcoming, pages 1-19 | <http://dx.doi.org/10.1080/13501763.2017.1301535>
- Judith Clifton & Daniel Díaz-Fuentes, The social, spatial and scalar dynamics of state shrinking in Europe's periphery after the Great Recession. Working Paper.