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FAST FACTS

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Privatization, the Public Service Trojan Horse

One of the key political dynamics of our time is the pressure on governments to provide more public services with fewer resources. With an aging population and deteriorating urban infrastructure, expanding immigration and globalization of commerce, all levels of government are faced with greater demand for public services. At the same time, taxation seems to be a limited resource and a politically loaded means of meeting these needs.

Some politicians and business leaders propose privatization of public services as a solution to this dilemma. In very general terms, privatization – contracting-out, outsourcing, public-private partnerships, sale of assets, among other forms – is being touted as a way of providing public services.

Privatization, the Public Service Trojan Horse - The State of Public Services in Manitoba, looks at various forms of privatization to be found in provincial and municipal services. Some of the findings in the report deal with;

Health Care – where there is a drive by government to take healthcare services (both medical and ancillary) out of the public healthcare basket, and some

resistance to adding services to the basket. The contracting out in health care has been mostly disastrous as the home care, Aramark/USSC and Smart Health cases show from the 1990's. Moreover, experience elsewhere in Canada shows that privatizing other aspects of healthcare is equally inefficient. While private clinics are challenging what the province will accept within the definitions of the law, there seems to be an accommodation that is working.

Kindergarten to Grade 12 Schools – a low grade form of privatization is provoked by under funding, as public schools increasingly rely on fundraising (teachers buying classroom essentials out of their own pockets, for example) and on the commercialization of schools (almost 2/3 of schools use materials with corporate sponsorship). In higher education, adopting a business view of education tops the privatization list. Foreign students are being treated as a cash resource, but, more importantly, government is centralizing control and institutional governance of universities and colleges (as seen in the ongoing dispute over the creation of UCN). In both these sub-sectors, quality and equity in education are being threatened.



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Municipal Services – where the contracting out of services, from waste collection to recreation facilities, are proceeding, or threaten to proceed, at nearly breakneck speed. The cases of garbage collection in Winnipeg (where the cost saving has not materialized), recreation services in Brandon (golf and rink services in Brandon have decreased), and Handi-Transit in both Winnipeg and Brandon (which is being consistently under funded), show that contracting out has not been less expensive nor has the quality of service improved.

P3s, the much-touted saviour of cities with huge capital requirements, are suspect as the case of the Charleswood Bridge shows, which will cost citizens almost 25 percent more than if financed by city government.

Social Services – where overt, obvious privatization has not been far-reaching. Covert forms, however, are, as a wide range of social services are delivered by voluntary organizations. Implicit privatization has also taken place through the ever-decreasing levels of overall government funding, the restrained support for early childhood education and care, and the dramatic decrease in various forms of income support for Manitobans on low income. Total government per capita expenditure, for instance, regained 1992 levels only in 2004.

In brief, the authors of the report say that privatization in all sectors has not lived up to the promises and claims of lower cost and more efficient and more effective public services. As numerous instances show, privatization does not deliver the economic goods, but it does harm to us in other ways.

There is some public awareness of large-scale privatization, such as the sale of

the Manitoba Telephone System, or the Charleswood Bridge P3. Occasionally there are reports on the privatization of garbage collection or concessions at our golf courses. But a great deal of privatization, is hidden and subtle, such as the contracting out of janitorial services, the under funding of child care, or the imposition of business management methods in colleges. And “creeping privatisation,” in its most common and surreptitious form, the introduction of user fees, seems to be completely ignored.

Currently, many governments are leaning towards having more private enterprise provide services to their publics. But, as they devolve services to these contractors they are losing operational control. Though most government services continue to be provided by public agencies, the authors of the report warn that the balance that allows governments to maintain accessible and quality services is precariously close to being lost.

“Privatization in the guise of solving our public service needs, just like the Trojan Horse of Greek myth, is more likely to erode our public service system than energize it,” say the authors of the report. “The choice to let it in or keep it out is ours. Without due attention and serious effort on the part of citizens and politicians, private sector agencies could soon dominate public service and Manitobans will have little or no power to reclaim authority for the services essential to our quality of life.”

- Dennis Lewycky

Dennis Lewycky is co-author of the CCPA-Manitoba research report, Privatization: The Public Service Trojan Horse. The full report is available on our website at www.policyalternatives.ca



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