

A Look at Privatization of Public Resources

There has been a steady drum-beat to privatize the assets commonly owned by national, state, and local government and the services provided by government. The winners in the privatization process are the businesses who gain control of the assets or are authorized to provide the services. Often the public is the loser.

A look at privatization of services

Privatization of services is the act of moving services provided by government agencies into corporations and businesses. There are some essential services that are best provided by government since privatizing these public services results in higher cost - corporations make a profit off these public services when privatized even while the public pays for them.

Robert Reich developed five guidelines for determining when public services should not be privatized:¹

1. Don't privatize when the purpose of the service is to bring us together – reinforcing our communities, helping us connect with one another across class and race, linking up Americans who'd otherwise be isolated or marginalized.
2. Don't privatize when the service is less costly when paid for through tax revenues than through prices set by for-profit corporations.
3. Don't privatize when the people who are supposed to get the service have no power to complain when services are poor.
4. Don't privatize when those who are getting the service have no way to know they're receiving poor quality.
5. Don't privatize where for-profit corporations face insufficient competition to keep prices under control.



The dome of the Iowa Capitol. Photo by Pam Mackey Taylor

It is not only services that can be privatized

Beyond services, other public assets are subject to being privatized. Our public parks and recreation areas face efforts to sell the park land or the assets (such as trees). Wildlife needs to be

¹ Robert Reich, "Robert Reich, Privatization Can't Solve Our Country's Ills", *Truthdig*, December 14, 2018

protected for everyone to enjoy – without overfishing or destruction of their habitat. Our water is a shared asset; the waters in rivers and aquifers need to be used sustainably. The goal is to establish public policies so that those natural resources we all share are not destroyed.

The public trust doctrine and protecting the commons

Government is the trustee of all the things we share - public roads and bridges, water, wildlife, air, public universities, state parks, education and public health. These things we share, sometimes known as the commons, are the cornerstones of the well-being of our state. There is little or no economic activity without the public goods provided by things like roads, water, and education. Therefore, protecting, enhancing and restoring our shared public wealth is the central responsibility of government.

This view of the role of government is based on something called the public trust doctrine. The public trust doctrine has two components.

1. The first is that the responsibility of government is to maintain, protect and enhance the commons now and into the future. Essentially, that government holds these things we share as a public trust.
2. The second component is that community members hold the right to benefit from the commons - the things we share, such as water, wildlife, air, public universities, state parks, education and public health, as well as public roads and bridges.



Our economy relies on the commons. Without an educated populace, we can't fill jobs. Without the roads and bridges, we cannot get the grain to market. Without clean air and water, we have poor health. These rights and responsibilities under the public trust doctrine apply to all of the common assets of the state, including the public universities, water, wildlife, the atmosphere, roads, parks and even the institutions of government itself.

Even if you subscribe to the view that the primary task of government is economic support, the commons are key to successful fulfillment of that task. There would be little or no economic activity without the public goods like clean water, clean air, roads and education. Therefore, protecting, enhancing and restoring our shared public wealth and health, and providing equal access to these public goods is the central responsibility of government.

Public money in public hands for the public good²

The basic recipe that expresses the public trust duty is “public money in public hands for the public good.” Public money should be held in public hands and not transferred to private interests for private gain.

² For more information, see David Bollier, “Reclaiming the Commons”, *Boston Review*, June 1, 2019

Glossary

Common assets – physical items of the commons.

Commons - the things we share, such as public roads and bridges, water, wildlife, air, public universities, state parks, education and public health.

Externalizing – when the participants in the market put their wastes and pollution into the commons or ask that the taxpayers subsidize their operations.

Fiduciary – one who manages the money and property of another person or group of persons; a caretaker of the funds and property. In this context, the government manages the commons that we all share.



Fiduciary duty - a legal obligation to take care of assets for the sole benefit of a designated beneficiary. The public entrusts its money and common assets to government to manage for the benefit of the public.

Greater good – for the benefit of the public.

Prioritizing the commons – putting protection and funding of the commons above other priorities, such as giving corporations tax breaks.

Private sector – the part of the economic system run by businesses and industries. They can be privately-owned businesses or publicly owned corporations.

Privatization - the act of moving services provided by government agencies into corporations and businesses. This is also called **enclosure** in some of the literature.

Public or Common Good - Key areas that fall under the public good include education, public health, the environment, infrastructure such as roads and bridges, and government services such as the courts.

Public Hands - Public money held in public treasury which will be used for public good and not transferred to private interests for private gain.

Public Money - Money which is secured through taxes such as sales or income taxes or fees on such things as hunting or license plates must be used for the public good.

Public sector – activities and services operated by government agencies.

Public trust doctrine - The public trust doctrine has two components. The first is the right of community members to benefit from the commons. The second is the responsibility of government to maintain, protect and enhance the commons now and into the future.

Trustee – the fiduciary.