

# **PRIVATIZATION**

## **SHIFTING BURDENS FROM THE PUBLIC SECTOR TO WOMEN'S 'PUBLIC'/ 'PRIVATE' LIVES**

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Privatization is a phenomenon that is sweeping across the globe -- in the advanced countries of Europe and North America, the 'transition economies' in Central and Eastern Europe and Central Asia, and in the poor countries in the South. Globalization, the leap in technological developments, the end of the Cold War, the rise of private capital flows and decreasing ODA, internal public sector problems and ideological pressure are among the major factors which have given rise to a 'privatization revolution'. Among developing countries, privatization is propelled by international financial institutions as part of structural adjustment packages that promote the supremacy of the market (or the private sector) over state (or public) provision and allocation of goods and services.

The privatization of publicly provided goods and services is justified through several, sometimes contradictory, reasons -- ensure efficient service, promote universal coverage, relieve government subsidies, alleviate debt burdens, release 'fiscal space' to fund basic services. In a privatizing society, profit motives are increasingly replacing the 'common good' notion for providing a public service. Privatization has become settled wisdom and standard panacea for ailing economies, even as empirical evidence worldwide has not been conclusive.<sup>2</sup> Ideological issues are dead; the discourse on privatization now focuses on so-called 'second generation issues' (e.g. regulatory mechanisms) on how to make privatization better, even as poor women's voices have been largely marginalized in the 'first-generation' discourse.

### **What happens to women in a privatization regime?**

With privatization, the public sector has redefined its role and, in the process, has also redefined the 'public' and 'private' of women's lives, as paid workers in the public sector workforce and as (as unpaid and increasingly burdened household managers, respectively. Privatization impacts men and women differentially. Women are affected disproportionately as providers and consumers of erstwhile public goods and services.

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<sup>2</sup> An ILO sectoral review of the experience with privatization and restructuring of public utilities (water, gas, electricity) in Africa, the Americas, Asia and Europe (de Luca 1997) dispels two widespread basic images: 'One is that public companies necessarily perform better, or worse, than private ones... and that privatization is a panacea, a cure for all the difficulties faced by a given public enterprise, or the reverse.' From the empirical evidence available on effectiveness and cost-efficiency, it is not possible to draw a straightforward, firm conclusion as to the advantage of private or public firms. On the impact on consumers and society: (a) Privatization can mean improvements in the quality of service offered, although this does not occur systematically; (b) On coverage - the outcome is mixed; in some cases, poorer families and regions and the countryside were marginalized; and (c) On prices - water tariffs of privatized companies in Europe are at least as high as those of public utility firms; for electricity and gas, there is little difference between public and private management. In general, utility prices do increase under private management; typically, large industrial clients experience slight increases or even cuts in tariffs, while residential and small business consumers often suffer sharp increases. Some companies could even go further and raise household tariffs disproportionately to deter small clients and be able to concentrate on the more profitable, large ones (Hall 1997 in de Luca 1997). On environmental concerns, the ILO study reports that 'public management, more directly accountable to the public, has a greater incentive to maximize environmental quality than private management, which primarily pursues profit.'

As paid workers in the public workforce, women—who constitute the majority of the bureaucracy as clerks or typists, teachers or nurses—are at the forefront of the onslaught of privatization. Some questions need hard answers. Are women vulnerable to layoffs because of their position in the labor force or because of discriminatory practices? Are they released from the workforce because their jobs have been streamlined, or because they are more easily persuaded to leave? How and why do employers discriminate? How well are women being reintegrated into the private sector workforce, if at all? In the current economic crunch, will the private sector be able to accommodate these prospective entrants, or will 'privatized' women join the ranks of the unprotected informal sector? Will hard-earned gender gains in the workplace be the first to go? What adjustments have women made in response to their changed positions?

Privatization places additional burdens on women's lives. Burdens once borne by the public would now be borne by women privately, adding further stress to women's lives. Through privatization, public enterprises with combined social and income-generating functions will be transformed into purely profit-oriented enterprises. The losses would be in the social function, where support mechanisms and subsidies for the poorer sections of society lie. Privatization of an erstwhile public good like water which price is largely subsidized by the public, will now find its price in the 'market'; price consequences on the accessibility and quality of water would further challenge women with already over-stretched budgets to keep the household economy afloat. Rising gender tensions and stress-related domestic violence are not likely to be far behind. The effects of privatization on the private and reproductive lives of women has yet to be explored.

Public sector agencies such as those which deliver basic services -- in health, education and water/electricity -- are 'gendered' institutions characterized by unequal power relations between men and women employees. Where the public sector is an important employer of women, its restructuring under a privatization regime has negative consequences for women. The experience of women under various privatization regimes indicates the erosion of social, cultural and economic gains which women have painstakingly earned in the past through various struggles and negotiation processes.

- In Vietnam, women bore the brunt of privatizing state-owned enterprises (SOEs) in which 69% of the laid-off workforce were women; today, a 'poor underclass' of households has emerged which would probably be mostly women-headed (McDonald 1995).
- In Laos, retrenchment in the civil service brought about havoc in women's lives in which displaced higher-ranked women went into private business and lower-ranked women went into more informal work and subsistence agriculture (Chagnon 1996).
- In Cambodia where women number disproportionately more than men due to decades of genocidal war, the privatization of SOEs have also displaced more women than men (Ledgerwood 1996).
- In Manila (Philippines), the privatized water services may have resulted in the initial decrease of water rates, but the privatized enterprises have already petitioned for rate increases twice in the past three years.
- In Hungary, women were among the first to be released from the public workforce, the services they provided among the first to be contracted out, and the facilities they needed (e.g. day care) among the first to be sold off (Sewall 1992). Moreover, cultural transformations have occurred in which traditionally low-paying 'female' jobs have become high-paying, prestigious jobs overnight and have increasingly been taken over by men, according to some 'Western ideal' of gender-appropriate jobs being transplanted to Hungary.
- In the Czech Republic, more women than men remain in the declining state sector (Paukert 1997).
- In Egypt, privatization has contributed to the demise of 'state feminism' in which the state increasingly withdrew many important rights it had provided to middle- and working class women, including paid

maternity leaves, day-care services (Hatem 1994). Moreover, privatization combined with fundamentalist Islamism became a formidable force that ordered women to return to the home.

- In Canada, privatization hurt women not only by cutting down their jobs but also by cutting back on services women need, leaving women to pick up the slack (CUPE 1999). Women's work is transformed from being paid work to 'hidden burden', unions lose women members at a time when women have become more active than ever, and women are 'shoved back' into the unpaid and 'isolated' domain of the home.

These points are being offered for reflection and further exploration.

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