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Back to the Future?
The Curious Case of 'Public' Services

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Modern networked services such as water, sanitation and electricity have fluctuated back and forth between public and private ownership for more than 150 years. Most services in Europe and North America began as private entities, were municipalized and nationalized starting in the mid- to late-1800s, privatized again from the 1970s, and are now experiencing a (partial) shift back to public ownership and control.

This paper reviews the institutional scope and ideological character of these ownership swings, highlighting the diverse ways in which 'publicness' has been expressed in service delivery and infrastructure. These past and present experiments demonstrate the dynamism and inventiveness of public service reform, but also serve to illustrate how disjointed and contradictory conceptions of public services can be, and how easily notions of public and private can elide into one another. More recent efforts to claim public status for co-production of services by non-state actors serves to disrupt the historical state-private continuum, but does little to resolve the inherent tensions behind what constitutes a public service.

The review is broken into four broad periods of service reform: early municipalizations (1850s to the 1930s); nationalizations (1930s to the 1970s); privatizations (from the 1980s); and remunicipalizations and renationalizations (after 2000). The intent of the paper is not to take a position on any particular form of public service provision, but rather to demonstrate how complicated, ambiguous, and even misleading the moniker 'public' can be. In doing so it underscores the tense, yet symbiotic, relationship between the state and private capital, with the latter relying to a large extent on the capacity of governments to facilitate capital accumulation via infrastructure development. Whether service delivery is public or private matters less than its instrumental outcomes, shaped in part by the competing interests of different factions of capital, as well as increasingly vocal and effective demands for input on decision making by citizens. Identifying a service simply as 'public' does little to advance our understanding of what it is, who operates it, or in whose interests it has been established.

Early municipalizations (1850s-1920s)

The rapid industrialization of European and North American cities in the 1800s witnessed a dramatic growth in large and small firms providing services for the productive and consumptive needs of a growing working and middle class. Water, gas, transportation, waste management, health care and electricity services were among the networked amenities developed at that time, provided almost universally by private companies (Emmons 1991; Melosi 2000; Warner 1987).

Where economies of scale and capital intensity mattered (e.g. water and electricity) there tended to be larger (and increasingly oligopolistic) players, with some of the largest private utility companies still in operation today owing their existence to this period (e.g. Suez, United Water, General Electric) (Granovetter and McGuire 1998; Lorrain 2005). More localized services such as waste removal and health care were typically managed by small, sometimes informal, private providers, although consolidations quickly became the norm (Melosi 2005; Rosen 1993).

This laissez-faire approach to service development began to change in the mid- to late-1800s with a push to *municipalize* facilities – ie. having a local state authority take ownership and control of services. This trend spread throughout Europe and North America and carried into the 1940s (Booth 1985; Crofts 1895; Kellett 1978). The overarching rationale for municipalization was that service provision by multiple providers was illogical and wasteful, particularly with 'natural monopolies' such as water, gas and electricity for which it made little economic or regulatory sense to have duplicated personnel and infrastructure.

Outbreaks of cholera and other public health concerns added to the pressure. In Britain, parliament passed a series of public health measures as early as 1848 mandating local authorities to take action. Sanitary reformers had exposed the gross inadequacies of a non-interventionist approach that had allowed nine companies in London to partition the water supply among themselves in what became a "nine-headed monopoly" (Lewis 1952, 57). It proved impossible to regulate them all, and none of these firms was clearly tasked with supplying water for other critical municipal purposes, such as fire-fighting.[1]

Similar concerns were raised with capital-intensive services such as transportation, gas and electricity, but the municipalization movement came to encompass an extraordinary

[1] The irrationality of which is captured mockingly in the Hollywood film *Gangs of New York*, where rival firefighting groups fist-fight over who has the right to put out a fire while the building in question burns.

range of public services. England alone had public enterprises numbering in the hundreds, including slaughterhouses, cemeteries, crematoria, libraries, refuse and sewage disposal services, a printing plant, a sterilized milk depot and a wool conditioning house. Leisure activities were also commonly provided for and included aquariums, boys' clubs, parks, public baths, racecourses and theatres (Leopold and McDonald 2012).

This state-owned enthusiasm nevertheless hid competing and often inconsistent ideological motivations for municipal takeover. On the left, some advocates of 'municipal socialism' advanced a strong anti-capitalist sentiment – even in the United States where, at the peak of the Socialist Party in the early 1900s, "about 1200 party members held public office in 340 cities, including 79 mayors in cities such as Milwaukee, Buffalo, Minneapolis, Reading, and Schenectady" (Dreier 2013, np; see also Graicer 1989; Fechner 1929). This brand of municipalization ridiculed the "robber barons" of the day, with explicit commitments to "fairness" and "universal access" based on "widespread anti-monopoly sentiment" that "flowed easily into calls for public production and distribution of basic goods and service" (Radford 2003, 870). As Dreier (2013, np) notes of this time: "Progressive reformers fought alongside radical socialists to champion child labor laws, women's suffrage, and the establishment of public hospitals and clinics while leashing the power of landlords, banks, railroads, and utility companies" (see also Nord 1982; Radford 2003).

But just how 'socialist' this movement was is disputed. Many critics saw these initiatives as too compromised – practically and ideologically – to create real social and economic change, with no less a detractor than Vladimir Lenin (1907, np) declaring the municipalization trend to be incapable of bringing about larger socialist transformation. These far-left critics disdained the gradualist municipal politics of the Fabians, rejecting the parliamentary road to socialism that they said gas-and-water enterprises represented. "The bourgeois intelligentsia", continued Lenin, "elevate municipal socialism to a special 'trend' precisely because it dreams of social peace, of class conciliation, and seeks to divert public attention away from the fundamental questions of the economic system as a whole, and of the state *structure* as a whole, to minor questions of local self-government."

To the right were pro-market liberals who argued for municipalization on efficiency grounds, in part to combat the municipal socialist movement. Economist John Stuart Mill, for example, took up the cause of water reform in Britain, criticizing the wastefulness of balkanized private supply. In 1851, he thought it obvious that great savings in labor "would be obtained if London were supplied by a single gas or water company instead of the existing plurality… Were there only one establishment, it could make lower charges, consistently with obtaining the rate of profit now realised" (Mill 1851, 88). It was an error, he argued, to believe that competition among utility companies actually kept prices down. Collusion was the inevitable result, not cheaper prices. Nor was water the only service that would be most efficiently provided by a single supplier. Mill also pointed out the benefits of centralization in "the making of roads and bridges, the paving, lighting, and cleansing of streets."

Similar arguments were made in the United States, where the commitment to municipal services was more a response to the corruption and ineffectiveness of private companies than any ideological strategy. There were, in fact, Republicans who ran and served as reform mayors (Radford 2003). These pro-market municipalizers were exemplified by the ‘goo goos’ (short for ‘good government’) of Chicago in the early 1900s, whose “chief interest was to introduce honesty and business-like efficiency into city government. Believers in individualism, the Protestant work ethic, and private enterprise, they strove for a municipal authority that, once cleansed of corruption, would be smaller in size and function and would guarantee lower taxes and enforcement of public order and private morality” (much like advocates of ‘new public management’ today, as discussed below) (Morten 2002, 28; see also Merriner 2004).

As such, it can be argued that the outcome (if not always the intent) of this initial wave of municipalization was to (re)invigorate capital accumulation, not to challenge it – a form of state capitalism that was to be a precursor to a more highly theorized, scaled-up and explicitly anti-socialist Keynesian project from the 1930s. Recognizing the inefficiencies and health dangers of fragmented private supply systems, policy makers and certain factions of capital saw municipalization as the most immediate and effective way to prevent market decay and enhance market opportunities. As MacKillop (2005, 26) notes in the case of early water infrastructure in Los Angeles, “public investments furthered private interests on a grand scale,” as land developers pushed for public service extension to open new frontiers of accumulation. Capitalists allowed municipal socialism to develop and thrive, but only insofar as it suited their needs: “Nobody wanted this [municipalization] venture to be too ideological or harmful to private enterprise… The idea was to make the municipal water service [in Los Angeles] work efficiently, to ensure the city’s ‘greatness’, and without harm to the city’s financial situation. As long as this didn’t prevent the oligarchy from making money, they didn’t object.”

The colonial experience with municipalization, it should be noted, was very different. British administrative councils in southern Africa, for example, had no pretence of serving the public as a whole. The municipalization of the water supply in Johannesburg in 1905 was prompted as much by the water requirements of the mines as by those of (white) city residents. And Johannesburg chose to run its water service at a profit rather than lowering the price to encourage consumption among poorer inhabitants (Maud 1938, 130).

Moreover, public health crises were often used by colonial authorities to justify the mass removals of non-Europeans from central city locations rather than expand public service provision. In what has been dubbed “the sanitation syndrome,” white municipal administrations throughout Africa blamed epidemics on urban Africans to rationalize the destruction of their housing and the creation of segregated cities, even though the rhetoric was one of municipalization for improved *public* services (Swanson 1977, 338-9).

Scaling up in the Keynesian era (1930s-1970s)

From the 1930s, and escalating rapidly in the 1940s, we see a winding down of the municipalization movement (particularly for 'non-essential' services such as restaurants and theatres) and a scaling up of larger, networked state services to the national and regional level (Millward 1997; Morton 2002). Much of the latter took place in sectors where new technologies and modes of governance made large, networked services possible, such as with electricity and health care. Water provision, by contrast, stayed largely at the municipal level due to transportation costs, although policy and regulation were partly scaled up.

This nationalization trend was part of a larger paradigm shift in Western market economies at the time, with expanded public services seen as an essential part of a nationally coordinated stimulus package for production and consumption to recover from economic downswings (Keynesianism and the welfare state), and for building national competitive advantage (Fordism) (Harvey 1982; Jessop 1982). Combined with the growing authority and capacity of central states – driven in part by the demands of big business for centralized bargaining – the rationale of service efficiency and strategic planning that drove municipalisation was now being employed in the nationalization agenda, to "ensure that the commanding heights of the economy remained in public hands and was subject to government directions" (Aharoni 2013, 165).

The shift from municipal to national state ownership was particularly dramatic in Britain. In the early 1940s roughly 30% of local government income was generated by locally-owned public services. Three decades later this had been whittled down to less than 2 per cent (Sheldrake 1989, 18). In the electricity sector, 65 per cent of British local authorities supplied their own power, but these were nationalized at the stroke of a pen when more than 600 power producers were rolled into a single national authority by the Electricity Act of 1947 (Cheshire 2013). By the 1960s, *national-level* public expenditures accounted for approximately 60 per cent of gross national product, and a fifth of all goods and services were under national public ownership (Aharoni 2013, 162).

Meanwhile, ostensibly non-essential services such as markets and municipal restaurants disappeared altogether, often vilified as creating unfair competition and stifling entrepreneurship, leaving the field open to private enterprise. In effect, the emergence of *national* welfare states took the wind out of *municipal* public service sails, advancing capital accumulation on an increasingly national/global scale while squashing the potential for more radical redistributive initiatives locally.

By the 1970s this nationalization project was hegemonic, prompting Milton Friedman's derisive quote at the height of welfarism's influence – later attributed to former US President Richard Nixon – that "We are all Keynesians now" (*Time Magazine* 1966). The scale and pace of nationalization differed from place to place – as did the character of state welfare spending (Esping-Andersen 1990) – but the trend towards national public ownership of key services was widespread throughout Western market economies.

The trend was pervasive in newly independent post-colonial states as well. Those not allied to the Soviet bloc invariably introduced some form of welfare service provision via new state-owned enterprises or nationalized private entities left over from the colonial era, with the aim of accelerating development objectives that the market on its own would not be able to satisfy (with the dual aim of creating a domestic capitalist class) (Sanyal 2014; Sender and Smith 2013).

The range and quality of these public services varied dramatically, depending on state capacity, colonial legacies and ideological makeups. Some regions – notably Latin America – initiated the state enterprise project earlier and more enthusiastically, while others – notably sub-Saharan Africa – suffered from massive skills and infrastructure deficits that made large-scale service delivery projects difficult. In virtually all cases, however, public services catered largely to an urban elite, lacking the accumulation incentives to extend state resources to an under-employed and under-consuming mass. As a result, state-owned services, whether local or national, seldom resulted in universal or equitable provision, although the official justification for state ownership was to make services available to all.

Back to private (from the 1980s)

By the 1970s, a simmering backlash against state ownership broke out of its academic confines and into the public realm with the election (and imposition) of neoliberal governments around the world, starting with the UK (Margaret Thatcher) and Chile (Augusto Pinochet). This neoliberal transition is well documented and need not detain us here, but it is worth reviewing the fundamental arguments behind the rationale for going back (in part) to private sector provision of essential services more than a century after the private ownership model had come under attack.

Essentially, neoliberals argued that state ownership of key services had outlived their usefulness to become a drag on, rather than a stimulant for, economic growth. Lacking financial incentives to perform efficiently or respond to user demands, state employees were deemed to have become sclerotic and unaccountable, creating distant, unimaginative services that were out of touch with local populations and unable to respond to the needs of a dynamic private sector in a rapidly changing and highly competitive global market economy (Biersteker 1990; Lieberman 1993; Williamson 1990).

Privatization, by contrast, offered the benefits of better responsiveness to market demands and improved accountability by dint of transparent contracts that revealed the ‘true’ costs and benefits of service delivery. The result was to be a more efficient use of resources, lower service costs for end users, better choice for consumers, improved awareness of different service needs, and more rapid economic growth for all by facilitating the expansion of infrastructure required for a modern mass consumption society. Privatization was also seen to be ‘pro-poor’, insofar is it ensured cost recovery for sustainable provision and expansion of services, and creative delivery by entrepreneurs that could target the affordability levels of different income groups. This was not a promise of immediate parity, but one of incremental progress that would ignite a virtuous cycle of growth and create (local) private sector jobs without over-taxing an economy’s growth engines (World Bank 2002, 2003).

This is classical liberal economic theory at heart – with the assumption that human beings are inherently self-interested utility maximizers that respond best to financial (dis)incentives in a market economy. But this renewed push for privatization is also *neo*-liberal in the sense that it advances a more robust role for the state than the laissez faire governments of the 19th century – not necessarily in size, but in terms of government’s capacity to develop policy, monitor change, and regulate service delivery performance by the private sector. And although initial waves of neoliberal privatizations saw some wholesale divestitures of public services – such as water and sanitation facilities in the UK and Chile – for the most part ‘privatization’ has been composed of public-private partnerships (PPPs) where the state retains some ownership and/or management role in contracts with private companies (Bakker 2008).

It is also neoliberal in the sense that this new vision of service provision focuses on states at the local level once again, with an explicit agenda of decentralization and denationalization, ostensibly to democratize policy making by bringing decision making to the lowest, closest level to those that it serves. Good governance – as this framework has come to be known – was intended to resolve the problems of market failure that John Stuart Mill had identified years earlier. With the right regulations, it is argued, virtually *any* public good can be provided by the private sector:

> If regulated and monitored well, and perhaps if subsidized to some extent, public goods and services can be produced by markets while still retaining their public consumption properties. While public support will have to be greater for goods or services destined to serve the poor, even poverty reduction programs can be implemented through public-private partnering and incentive schemes that allow private actors to take the extra step of adjusting their behavior to generate social (public) benefits as well as adequate private returns. (Stiglitz 2006, 7)

As such, recent forms of privatization are only a *partial* return to the past. It is not an abandonment of the state but rather a mix of entrepreneurial private capital with the command and control effects of state involvement, lending credence to the argument that the last three decades of reform have been as much a process of neo-Keynesianism as it has been of neoliberalism (Saad-Filho and Johnston 2005).

Back to public? (after 2000)

The past decade or so has witnessed what appears to be yet another reversal, with renewed interest and growth in state-owned enterprises around the world (Chavez and Torres 2014; Clò et al 2013; Florio 2013). Does this shift represent the demise of privatization? Are we seeing a return to older forms of state ownership? Are there new dynamics at play?

The answer to these questions is ‘yes and no’. In some respects, contemporary experiences with (re)municipalization and (re)nationalization mimic the institutional and ideological rationales for state provision of the past, but they also introduce new elements to an otherwise simplistic public-private binary, with the introduction of non-state actors such as community groups in the co-production of services, the use of legislative mechanisms to prohibit privatization, more democratic forms of socialism, and a host of other pragmatic forms of public service provision.

In what follows I have identified four distinct (though not unrelated) motivations for a return to state provision of essential services, including several important sub-categories. Although every case is different, there are broad undercurrents that we can use to identify and heuristically categorize this recent ‘back to public’ trend. I start with the most overtly anti-privatization of these, moving through categories that may or may not be ideologically opposed to private sector participation, finishing with a discussion of corporatization, a form of state ownership that can be as commercial as outright privatization and which is sometimes little more than preparation for future private sector involvement.

Overt opposition to privatization

Given the intense debates around privatization over the past 30 years it comes as little surprise that one of the rationales for returning to (or retaining) state ownership has been explicit opposition to private sector participation in essential services. Some of this opposition has been overtly anti-capitalist in its orientation, as with the renationalization and restructuring of multiple service sectors in Bolivia and Venezuela, from energy to communications. In these cases privatization is argued to be an extension of an inherently unequal market system and therefore fundamentally incapable of providing equitable and sustainable service delivery. But rather than adopting Soviet-style centralization these governments have developed various forms of ‘21st century socialism’, intended to be more democratic and participatory, working with grassroots demands for ‘social control’ of essential services (Kennemore and Weeks 2011; Raby 2006).

In other cases, anti-privatization sentiment has played itself out in more social democratic fashion. In Uruguay, for example, the government has recently nationalized or strengthened state ownership of a wide range of services, although it remains firmly committed to a broader market economy (Chavez and Torres 2014). An illustration of this was a referendum held during the 2004 national elections to amend the country’s Constitution to make private provision of water and sanitation services ‘illegal’, stipulating that these services must be provided directly by the state (Terhorst, Olivera and Dwinell 2013). This was the first such Constitutional amendment in the world, winning the support of 62 per cent of voters, at the same time as it saw the election of a leftist coalition party (*Frente Amplio*) for the first time in Uruguay’s 170-year history.

Several other countries have subsequently attempted legalistic strategies to oppose privatization. In Italy, anti-privatization activists won a reverse victory of sorts in 2011, defeating a law introduced by Silvio Berlusconi's government that sought to privatize all public services of 'economic significance', including water. In this case a national referendum saw the defeat of the proposed legislation by a margin of 96 per cent, although it did not outlaw privatization *per se* (Dugard and Drage 2012). A similar law was recently revoked in Indonesia, which had previously allowed the private sector to monopolize water resources (Sundaryani 2015). Similar initiatives have been taking place at the municipal level. In 2011, residents of Berlin (Germany) voted by a margin of more than 98 per cent to pass a draft bill to force the municipal administration to disclose secret agreements on the partial privatization of the city's water services (Beveridge, Hüesker and Naumann 2014).

Importantly, none of these legal initiatives have managed to ban privatization. Even Uruguay still has private water companies operating in the country under its new Constitution (Spronk, Crespo and Olivera 2012). Nor are these examples anti-capitalist *per se.* What they have done is to put a damper on privatization initiatives and strengthened the possibility of state-driven service reform, including greater democratization and citizen participation in decision making.

Pragmatic publics

Much less political has been the trend to make services public again on financial grounds, mostly at the municipal level. In these cases, municipal bureaucrats recognize that in-house service provision is less expensive and less complicated than outsourcing or privatizing. The transaction costs of private sector participation in essential services can be considerable in terms of managing contracts and overseeing quality control, forcing many municipalities to ask if privatization makes economic sense (Hefetz and Warner 2012).

The city of Paris remunicipalized its water services for these reasons in 2010, calculating that they could bring down financial and monitoring costs by providing water in-house. The fact that Veolia and Suez lost the contract – two French multinational water companies that had been operating the city's water on contract for the previous 25 years, and had been active in water provision in Paris since 1860 – made this remunicipalization a particularly symbolic event, but the driving force was not ideological. There was an immediate €35 million cost saving to the municipality the first year, an 8 per cent reduction in water tariffs for end users, and an integration of hitherto fragmented portions of the water system (making it easier to manage) (Pigeon 2012a). And although the initial impetus for the remunicipalization had come from a Socialist-party mayor almost a decade earlier, the process to bring it to fruition was a largely bureaucratic one, with most Parisians unaware of the take over until it had (seamlessly) transitioned to a new municipal entity on January 1, 2010.

Similarly bureaucratic decision-making processes characterize much of the remunicipalization trend in the United States, where state delivery accounts for almost half of all local government services, on average, and where ‘insourcing’ (as remunicipalization is known in the US) has been on the increase for the past decade or more (Hefetz and Warner 2004; Homsy and Warner 2014). Here as well, privatization reversals are a reflection of a pragmatic desire to employ cost-saving reforms that bureaucrats deem to work, as opposed to any particular commitment to notions of ‘publicness’.

Impromptu publics

In other cases, the return of services to the state has been unplanned – even unintentional – lacking any clear practical or ideological vision. One reason for this has been sudden cancellations of long-term private contracts and/or unilateral departures of private companies. In Buenos Aires, Argentina, for example, French multinational Suez had been granted a 30-year concession to run the city’s water and sanitation services in 1993, but years of poor performance, combined with the collapse of the Argentine economy and its currency in 2001, led to an abrupt termination of the contract by the national government and a protracted period of painful stop-start negotiations between federal officials, the municipality, foreign governments, international tribunals, workers’ unions and Suez (Loftus and McDonald 2001). The end result was the formation of a new state-owned water company in 2006. This organization has managed to introduce more affordable water rates, expand services and infrastructure, and make itself more transparent and participatory than Suez, but none of these reforms had been thought through in advance and significant performance concerns remain. These problems are due in part to some of the institutional legacies of the privatization era but also stem from the *ad hoc* and unprepared ways in which the renationalization process took place, despite a government that was formally committed to a state-led macro-economic agenda (Azpiazu and Castro 2012).

Similar dynamics have played themselves out in Cochabamba, Bolivia, where the American water company Bechtel was chased out of the city by massive anti-privatization protests in 2001. The local and national governments at that time were in favor of privatization, and therefore unprepared for what to do next, but even after the election of the Movement for Socialism (MAS) party in 2005 reforms have been haphazard. Almost 15 years on, Cochabamba is still struggling to rebuild an effective post-privatization water provider, hobbled in part by the institutional legacies of the past, as well as radically different visions of what a public water provider should look like – a democratically healthy, but institutionally exhausting and tension-laden dynamic (Laurie 2011; Marston 2013; Olivera 2014).

Unexpected returns to state ownership have also occurred when there have been a lack of (credible) bidders on private contracts. In these cases the state has indicated its desire for private sector participation in services, and issued a call for proposals, but private firms have not bid because the contract conditions are either deemed too strict (often in countries in the North) or because the investment is seen as too financially risky (often in low-income countries in the South). The city of Hamilton, Canada, for example, signed a 10-year concession for water services with a private company in 1994. When the contract came up for renewal 10 years later the municipality tightened up its demands for contract performance (notably environmental standards) but there were no private bidders willing to meet the new expectations. The city was then forced to bring water services back in-house, despite a strong pro-privatization sentiment among managers and city council members. Despite this, the remunicipalization process has resulted in an improvement in the quality and transparency of services, and there appears to be little impetus to re-privatize water at this time, although the city continues to contract out other services and has increasingly commercialized its water and sanitation operations since returning them to public hands (Pigeon 2012b).

In Dar es Salaam, Tanzania, a very different process resulted in a similar remunicipalization outcome. Under intense pressure from the World Bank, the government of Tanzania agreed to a 10-year lease contract with a British-German consortium to operate the city's water and sanitation services. The process of finding private companies willing to operate in a city with such decrepit water infrastructure and high rates of poverty was itself problematic (and secretive – even Parliament was unaware of the contract negotiations until they were finalized – suggesting problems from the start). The contract was cancelled a mere 21 months later. The police arrested the company's executives and expelled them from the country for repeated violations of the contract. Plans to find new private bidders were quickly dropped, with the World Bank instead pushing for a remunicipalization of the city's water services on the grounds that suitable bidders would not be found. Dar es Salaam Water and Sewerage Corporation is now owned and operated by the Tanzanian state, but with conditions imposed by the World Bank that the public company must be run on private sector principles with a focus on cost recovery and financially based performance evaluations (Dill and Crow 2014; Pigeon 2012c).

Corporatization

This last example offers a segue into what has arguably been the most common form of public service delivery over the past 30 years: corporatization. Sometimes described as agencies or parastatals, corporatized entities are fully owned and operated by the state but have a degree of autonomy from government. They typically have a separate legal status from other public service providers and a corporate structure similar to publicly traded private sector companies, such as a board of directors.

Corporatized entities currently "make up the bulk of the public sphere in many Western European countries" and are increasingly popular in the South (Kickert 2001, 135; see also Alvarez 2006; Benzing 2005; Bremmer 2009; Chavez and Goldfrank 2004). China has arguably been the most active on this front, converting thousands of its state-owned enterprises into arm's-length agencies (Aivazian, Ge and Qui 2005; Ocko and Campo 1994; Ramesh and Araral 2010). Water and electricity utilities are common examples, although the practice extends to a much wider range of services, including airports, child care, universities, forests, hospitals and transportation (Aivazian et al 2005;

Bilodeau, Laurin et Vining 2007; Fink 2008; Meyer 2002; Moynihan 2006; Nelson and Nikolakis 2012; Oum, Adler and Yu 2006; Preker and Harding 2003; Sumsion 2006; Zatti 2012).

The institutional objective of corporatization is to create arm's-length enterprises with independent managers responsible solely for the operation of their own immediate organization, where all costs and revenues are accounted for as though they were stand-alone companies. This ring-fencing is intended to create greater financial transparency, reduce political interference, and strengthen managerial accountability within relatively autonomous service entities. It can also serve to enhance the borrowing status and credit ratings of agencies less encumbered by complex intra-governmental finances.

More controversially, corporatization has been used to create market-friendly public sector cultures and ideologies. Since the late 1970s, corporatized public utilities have been run increasingly on market-oriented operating principles such as financialized performance indicators, cost-reflexive pricing and competitive outsourcing – part of a larger neoliberal trend toward 'new public management'. Proponents of this model celebrate market-based management techniques as an effective way to depoliticize public services and improve efficiency (Hood 1991; OECD 2005; Osborne and Gaebler 1992; Preker and Harding 2003; Shirley 1999). It is here that we hear the echoes of the 'goo goos' of Chicago a century ago, whose chief interest in making municipal services public was to bring a business-like efficiency into city government.

In some cases corporatization goes a step further, with the express intent of outright privatization once the profit potential of a ring-fenced entity has been realized and market-based accounting structures and management cultures are in place (Aivazian et al 2005, 791). In other cases governments may corporatize as an interim strategy during recessionary times, waiting for a better opportunity to privatize (Florio 2013).

Corporatization may be public in name, therefore, but not necessarily in character, raising questions about the substance and nature of state ownership under this public model and whether it differs from more direct forms of private sector participation. Some critics see corporatization as the proverbial wolf in sheep's clothing, offering a façade of public ownership while propagating market ideology and advancing corporate accumulation – achieving the same goals as privatization without the political and financial risks associated with it.

For their part, corporatized managers can adopt zealous market-oriented styles, languages and techniques, often pushing through policies and actions that private companies would not implement themselves for fear of public backlash (such as widespread water cut-offs to low-income families). As a result, corporatization has seen a growing emphasis on cost-reflexive pricing and expenditure reductions via outsourcing as well as other discreet forms of cost-cutting. Consumers are increasingly seen (and come to see themselves) as 'customers' instead of 'citizens', with services seen as commodities to be bought and sold like any other product on the market, dissociated from broader public goods and concealing the complex social and labour arrangements behind their exchange price (Clarke et al 2007).

Another concern is the institutional myopia created by corporatization. Under welfarist forms of public administration, different services were typically connected via horizontally organized departments. With the advent of neoliberal corporatization, they have been legally and physically separated from one another and told not to ‘waste’ resources on other government agencies, contributing to a blinkered approach to service planning and delivery. As a result, corporatized entities can operate in splendid isolation from one another, even if they share the same equipment and serve the same population (Bollier 2003; Whincop 2003), often becoming fiefdoms with protective barriers erected in the name of autonomy. Competition within and across service units becomes valorized, typically requiring deregulation of monopolistic state control and allowing multiple service providers to compete for sub-contracts based on price.

Not all corporatizations have been carried out with this commercial imperative in mind, however. The seemingly singular administrative structure of corporatization belies more diverse material and philosophical undercurrents, from proto-privatization to distributive welfarism, some of which have been remarkably progressive (McDonald 2014). In Costa Rica, for example, ICE (the electricity utility) has been one of the most efficiently run companies in all of Latin America, public or private, while still retaining a commitment to universality and equity. Their record is based in part on a long history of commitment to public service, embedded in the social democratic characteristics of Costa Rica’s *modelo solidario* (solidarity model). ICE has occupied an important place historically in the configuration of national social identity, and has been shaped by specific political, social and economic conditions. Costa Rican citizens are aware of the state’s contributions to national development, and have proudly resisted previous attempts to privatize public enterprises. ICE is seen as a driver of social and economic progress, and has been at the centre of some of the most important social mobilizations of the past (Chavez 2014).

Tunisia’s state-owned electricity provider, *Société Tunisienne de l’Électricité et du Gaz* (STEG), offers another, though very different, illustration of relatively progressive corporatization. Founded in 1962, STEG has been enormously successful at extending affordable and reliable electricity and gas services throughout the country, without relying on harsh cost recovery policies. With more than 99 per cent coverage in rural and urban areas STEG has created the highest level of access to electricity in all of Africa. Much of this was accomplished under an autocratic regime, however, and although there are ongoing efforts to democratize STEG in the post-‘Arab Spring’ era this will not be an easy task given its long history of cloistered management. Nevertheless, STEG leaders continue to resist pressures to privatize and the company remains in public hands (Bennasr and Verdeil 2014).

Lessons learned

What lessons can we draw from 150 years of public-private oscillation? One message is that we should not put too much stock in the value of the words themselves. So-called public services can operate much the same way as private companies, celebrating their public status when the situation demands and exploiting their private potential when it does not. The large number of transnational public enterprises that defend their public standing at home while operating on a for-profit basis overseas is illustrative of this dual personality (Clifton, Comin and Diaz-Fuentes 2007).

One such example is Manitoba Hydro (Canada), which is fighting off a privatization attempt its own province while having been awarded a contract to privatize the electricity transmission network of Nigeria (Price 2014). State-owned Rand Water and Eskom in South Africa have done the same, as have Vattenfall (Sweden), EPM (Colombia) and Huaneng Power (China), to name but a few public agencies that appear, for all intents and purposes, as private, for-profit corporations outside their borders (Furlong 2015; Gentle 2009; Monstadt 2007; van Rooyen and Hall 2007).

There is also the growing use of public sector union pension funds to invest in the privatization of public services. The Ontario Teachers' Pension Plan, for example, owns a controlling share of the water and sanitation services of Chile (originally privatized under Pinochet), even though the teachers' union whose members pay into the fund holds strong anti-privatization policy positions in Canada. Publicly owned sovereign wealth funds are also investing in privatized infrastructure (Lipschutz and Romano 2012). Such is the curious case of 'public' services today.

Part of the problem here is a poverty of language. The word public is decidedly unqualified for defining an extremely diverse and complex set of realities on the ground – as is its apparent binary, private. In reality, the public is composed of an intricate web of private individuals and organizations, all with an influence on collective outcomes, and vice versa. To speak of a 'public service' tells us little about any single agency's ontological status or its intended outcomes.

Perhaps it is best to think of *publics*, in the plural, recognizing both the complex ways in which different forms of public services come together and the very dissimilar outcomes they can produce. In this regard we may need multiple forms of measuring success, recognizing a core set of universal principles that all public services could aim for (e.g. equity, accountability, sustainability) while at the same time acknowledging that no two places and sectors will value performance in exactly the same ways (see McDonald and Ruiters 2012).

The emergence of non-state, non-profit actors in modern networked services disrupts the public-private dualism further still. Whether by choice or by default, community groups, NGOs, unions and others are playing an increasingly large role in the delivery of essential services, either on their own or in partnership with governments. The practice ranges from organized informal waste pickers in India to faith-based hospitals in rural Uganda to community-owned water aqueducts in Colombia, covering everything from participatory budgeting to worker co-ops (Baiocchi and Ganuza 2014; Bélanger Dumontier, Spronk and Murray 2014; Chikarmane 2012; Dambisya, Manenzhe and Kibwika-Muyinda 2014; Hall and Lobina 2006).

One must be careful not to fetishize community participation, of course. Non-state actors may have much to contribute to the development of more democratic forms of service delivery, but they are not necessarily "the most reliable sources of social innovation", as some advocates argue, and are unlikely to have the financial or organizational capacity to resolve the massive service backlogs that exist, particularly in countries in the South (McCarthy 2005, 18). There is also the danger that community participation will be coopted by neoliberal policy makers in an effort to download the physical and financial costs of service provision onto (poor) communities (Jessop 2002).

Ironically, the more robust these debates about alternatives to privatization become the harder it is to develop a coherent pro-public movement. Anti-privatization sentiment has been remarkably consistent over the past 30 years, but these agreements serve to hide deep differences of opinion as to what should take its place. Nor should we expect widespread agreement on alternative visions of what it means to be public any time soon given the chasms in differences of opinion (McDonald, forthcoming).

In this respect we can take a cue from Ferguson (2009, 167), who asks what happens if politics is not just about "expressing indignation or denouncing the powerful. What if it is, instead, about getting what you want? Then we progressives must ask: what do we want? This is a quite different question (and a far more difficult question) than: what are we against?" History tells us much about the nature of public/private swings in the past, but we have much more to learn about where new forms of public services might take us in the future.

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