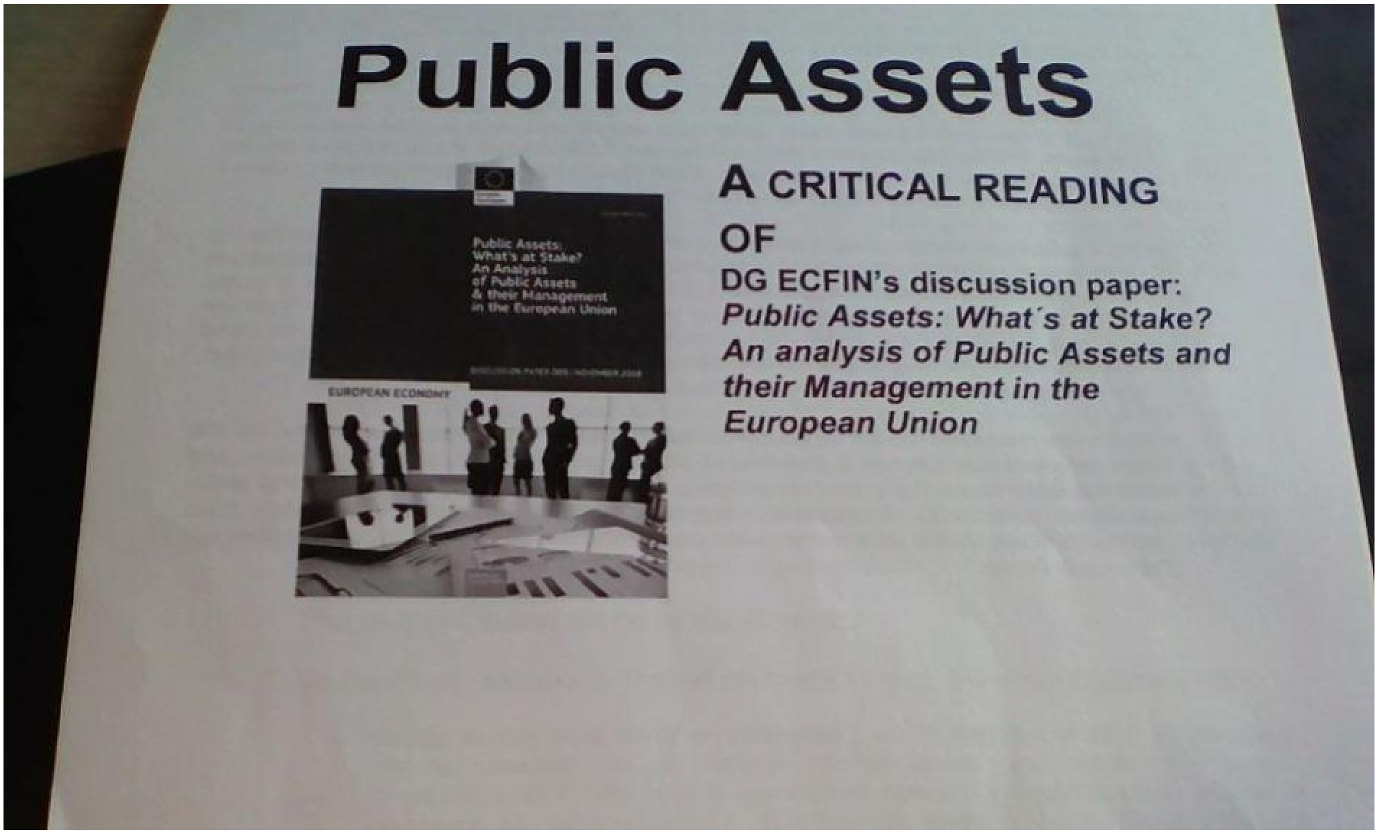
[Analysis finds Commission study hinting at further push on privatisation]



(6 August 2019) Research on public assets published by the European Commission fails to capture realistically their role in society and the economy according to a briefing produced for EPSU.

The research is partial and does not cover all aspects. No comparison with the practices of private companies that hurt the economy and society is provided like tax avoidance behaviour or impact on the environment and working conditions. The Commission should concentrate on who owns Europe.

Professor Judith Clifton of the University of Cantabria provides a critique of discussion paper published by the Commission’s finance directorate, DG ECFIN, *Public Assets: What’s at Stake? An analysis of Public Assets and their Management in the European Union*. She argues that the paper focuses too much on the financial risks and too little on the other intrinsic values of these assets:

“Whilst the privatization of these non-financial assets could reduce public debt and the “fiscal burden”, it would also shrink the potential of society and the economy itself. None of these essential questions are contemplated in the financial accounting perspective.”

The original objective of the study on which the DG ECFIN discussion paper is based was to provide an “overview of public assets” and to encourage “the adoption of best practices regarding their management (including their restructuring and/or privatization) of the portfolio of assets, with the aim of improving the sustainability of public finances and market functioning”.

Clifton challenges the decision by DG ECFIN to undertake such a study and argues that, despite the Commission’s treaty-bound to neutrality on questions of ownership, “the report concerns explicit and implicit assumptions as regards what it assumes is best practice from around the EU.”

She also queries the way the research uses a small number of randomly selected case studies. In particular, Clifton finds it shocking that: “one of the “celebrated” best practices is the Hellenic Republic Asset Development Fund (HRADF). This is a highly controversial entity imposed on Greece by the so-called “Troika” in the aftermath of the country’s debt crisis, and is associated with “imposing” privatization in a humiliating fashion, top-down.”

In her critical reading, Clifton finds fundamental flaws in the methodology of the research that “all tend to go in the direction of over-estimating the value of public assets, particularly, in countries in Eastern Europe, as well as the choice of words to paint public assets more negatively than private ones.”

She warns that the implication that some countries still have “too many” public assets, “could be used to promote further privatization in the EU, and more private-like public asset governance, especially in the East.”

DG ECFIN’s discussion paper concludes by calling for more transparency on the ownership and management of state-owned companies. However, Clifton’s critique goes further, calling also for more transparency on private ownership. It argues for “the development of a user-friendly open access database for all private and public companies so citizens can actually understand “who owns Europe”.

Background information

- Corporate Europe Observatory raised the alarm bell on the research ordered by the European Commission in 2017. EPSU supported the demand for more clarity.
- Cases on the negative impact of privatisation on the quality, workers and communities
- Background on Public Private Partnerships
- Briefing on privatisation and EPSU’s work

- Public assets: a critical reading

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