

Check against delivery



**Statement by Philip Alston  
SPECIAL RAPPORTEUR ON EXTREME POVERTY AND  
HUMAN RIGHTS**

73<sup>rd</sup> session of the General Assembly  
Third Committee  
Item 68 (b&c)

19 October 2018  
New York



## **Statement by Professor Philip Alston, Special Rapporteur on extreme poverty and human rights**

Mr Chairperson, distinguished delegates,

The report that I am presenting today focuses on the impact of policies promoting the privatization of public goods, public spaces, and public services on the enjoyment of human rights within the relevant societies and especially on persons who are living in poverty.

The world we live in today has been fundamentally reshaped in a great many ways by the widespread embrace of neoliberal economic policies. While the term neoliberalism connotes a complex array of policy positions, its most basic and influential tenets are a deep commitment to minimizing the role played by governments and the resources available to them, the privatization of as many aspects of economic and social activity as possible, and the reduction of taxation to levels that ensure that the state is a minimal presence in the lives of its citizens and that private enterprise can perform whatever community functions might be considered indispensable.

The privatization agenda has been remarkably successful in recent years and continues to be promoted aggressively by the World Bank, IMF, parts of the United Nations and the private sector. The logic of privatization assumes no necessary limits as to what can be privatized, and public goods ranging from social protection and welfare services, to schools, pension systems, parks and libraries, and policing, criminal justice and the military sector, have all been targeted.

Privatization is premised on assumptions fundamentally different from those that underpin respect for human rights, such as dignity and equality. Profit is the overriding objective, and considerations such as equality and non-discrimination are inevitably sidelined. Regulatory and other constraints are viewed as obstacles to efficiency, and accountability for other than economic outcomes sits uneasily at best. Rights holders are transformed into clients, and those who are poor, needy or troubled are marginalized. Caring, compassion, social interaction, solidarity and community, among other things, are alien concepts that belong elsewhere. While civil society has a vital role to play, it cannot possibly shoulder the burden on its own, with neither adequate resources nor authority. There is no substitute for the public sector to coordinate policies and programmes to ensure respect for human rights. Yet privatization directly undermines the viability of the public sector and redirects government funds to subsidies and tax breaks for corporate actors.

Let me introduce my report with some caveats. First, privatization takes many different forms, and these are described in my report. Second, its significance varies greatly according to the sector of society concerned, the form that privatization takes, and the degree of regulation that the government exercises over the privatized industry, service or activity. Third, a report that is limited to the 10,700 words that applies to all such UN reports, cannot possibly capture all of the complexities and nuances of a policy as ubiquitous as privatization.

Nevertheless, since Augusto Pinochet in Chile and Margaret Thatcher, each in their different ways, unleashed the forces of privatization there is now a great deal of concrete experience upon which to draw and which enables us to draw certain conclusions.

My report does not dwell at any length on the extent to which international organizations such as the World Bank, the International Monetary Fund, and the United Nations itself, have played central roles in encouraging the privatization not just of industries and utilities but of the key pillars of governance. It does, however recount the various justifications offered by these enthusiastic proponent who see the private sector as being more efficient, more capable of mobilizing finance, more innovative, able to relieve the government of much of the risk and to negotiate cheaper and more predictable construction costs, and better able to capitalize on economies of scale and minimize running costs. They claim that as a result it can generate strong profits, ensure better quality, provide enhanced maintenance, be more flexible, and avoid the rigidities and inefficiencies of government-type bureaucracy. Ostensibly, the benefits outweigh the higher financial costs of private (as opposed to public) sector financing.

But the report seeks to show that there is in fact a striking disconnect between this idealized narrative and the findings of many of the theoretical and empirical studies on the subject. Private entities are often much more expensive, less efficient, provide inferior services, and do all of this while reaping considerable profits. This is not to say that there are not many success stories, but when looked at from the point of view of those living in poverty and of those who are vulnerable to human rights violations, the overall picture is far from positive.

Human rights standards are rarely included in privatization agreements. They are systematically absent from guidelines governing both processes and outcomes. With some exceptions, privatized entities are rarely held meaningfully to account, and government and quasi-government agencies responsible for such tasks are often either underfunded or captured by the relevant industry. While it is clear both from the evidence that exists and from the basic assumptions underpinning privatization that it negatively affects the lives and rights of people living on lower incomes or in poverty, the unsurprising fact is that few detailed studies have been undertaken and that relevant data are often not collected. In a 10-year review of World Bank-supported public-private partnerships, it was concluded that the projects were “largely successful in achieving their development outcomes, but data are scarce on the effects on the poor”, as well as on access and service delivery. In other words, business performance is carefully tracked, but rights-related or poverty-related impact studies are rare.

In the face of externally or internally driven demands for “fiscal consolidation” (austerity), Governments retreat from direct service provision, trade short-term deficits for windfall profits from the sale of public assets, and push hidden financial liabilities down the road for future generations. The opportunity to shed responsibility, rather than to exercise it at arm’s length, becomes irresistible. Although it is often suggested that a fully human-rights-compliant regulatory regime can be transferred to the private sector, as argued in the present report, this is a contradiction in terms.

The human rights community often seems to assume that privatization involves little more than a change in personnel and uniforms and that public-sector-like obligations and comparable levels of accountability could be maintained, if only the conditions attached were sufficiently detailed and demanding. But this assumption is deeply mistaken. It ignores the motivations driving the process as well as the essential unwillingness of the private sector to take on rights-related

obligations, the inability of pared-down Governments to exercise meaningful supervision, the difficulty of monitoring disparate private providers, the removal of much economic decision-making from the purview of democratic contestation, and the wide-ranging consequences of empowering profit-seeking corporate actors in what used to be the public sphere.

Privatization also undermines democracy by marginalizing the role of Governments in deciding on the allocation of public goods and services, thus giving citizens even less incentive to participate in elections. A trend towards political demobilization, especially affecting low-income persons, has occurred in many States in recent years, and austerity policies closely linked to privatization have created fertile ground for the rise of populist, anti-human-rights politicians.

While in theory privatization is neither good nor bad, the ways in which it has most often occurred in recent decades and the ideological motivations driving much of it call for a different set of responses from the human rights community. In addition to the long-term strategy which is outlined in the report and which I will not repeat here, immediate steps should be taken to:

- Insist that appropriate standards be set by public and private actors involved with privatization to ensure that data on human rights impacts are collected and published, and that confidentiality carve-outs are strictly limited;
- Undertake systematic studies of privatization's impact on human rights in specific areas, and on poor and marginalized communities;
- Insist that arrangements for the privatization of public goods specifically address the human rights implications; and
- Explore new ways in which treaty bodies, Special Procedures, regional mechanisms, and national institutions can meaningfully hold States and private actors accountable in privatization contexts.