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Presidenza del Consiglio dei
ministri
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Brussels, 18 January 2012

Dear Prime Minister Monti,

The European Federation of Public Service Unions understands that your government is considering the further liberalization and privatisation of water and other local public services as part of the package of measures to address the economic crisis of Italy, to stimulate growth in the economy and lower Italy's public debt. We are concerned about this. First because such measures cast a dark cloud over your government, as a government that violates the opinion of the people. Second because the opening of water services to more competition and privatisation will not bring the benefits that you are believed they will bring. As a European organization which is concerned about improving the welfare of Europe's workers and citizens in Italy and elsewhere, we therefore ask you to withdraw these proposals.

The Italian people expressed themselves in a referendum in June 2011 on the liberalization and privatisation of water services. Enough people came out to vote to ensure the threshold was achieved. This is a remarkable achievement as you will be aware and demonstrates the passionate attachment of Italian citizens to the public ownership and role of such services in the economy and society in general. Of those that voted the opinion was nearly unanimous: Do not liberalise and privatise these services. Keep them in public ownership.

Alas, the European Central Bank ignored this democratic view in its secret letter to the Italian government of July in which it advised

"A comprehensive, far-reaching and credible reform strategy, including the full liberalisation of local public services and of professional services is needed. This should apply particularly to the provision of local services through large scale privatizations."

The ECB does not have any democratic mandate to advise such concrete measures. It likely violates the Treaty. It is therefore disappointing that your government is considering following this advice and its opinion. You will be aware that your government is criticized for not having an elected mandate. As you have pointed out that is debatable as the government receives support from the Parliament. However neither your government nor the parliament have a mandate to propose measures that would liberalise and privatise local public services such as water services as the people in a direct manner have expressed themselves. EPSU would be extremely disappointed if your government ignores this. It would be an extremely bad sign as it indicates to Europe's workers and citizens that the opinion of the ECB carries more weight than that of the people. And that is not the Europe we support.

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Second, the economic benefits of liberalization and privatisation of such local public services are not there. There is an extensive body of economic literature that contradicts the economic theories that claim benefits. Such theories often start from an ideal situation of full information, symmetry of information, equal power, full knowledge about the future etc. and then proclaim this is the natural state of affairs. This is a fallacy. But it is also empirically wrong. An extensive body of research exists which demonstrates that the benefits proclaimed have not materialize. We point out the work that is being done by the Public Services International Research Unit of the University of Greenwich (www.psir.org) and which has received international acclaim.

Other reasons can be mentioned for not advancing with proposals to liberalise and privatise. These are well known and we will not repeat them here.

Dear Prime Minister,

We ask you NOT to advance proposals to liberalize and privatise Italy's local public water and other services. They violate the democratic expression of the Italian people and bring no benefits to the Italian economy.

Yours sincerely,



Jan Willem Goudriaan
EPSU Deputy General Secretary