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Proposals of the FTE of MEXICO

## 14. Worker's struggle against privatization

**ABSTRACT:** Privatizations represent the transfer of assets and functions of the public to the private sector. It includes activities such as sale of enterprises under state control and public service contracts with contractors. Privatization has not produced economic growth but increased the exploitation of workers and the rising cost of services to the population.

### 1. Introduction

The privatization process on a global scale is the politic tendency to reduce state intervention in national economies through the transfer of businesses and industries under state control to private sector. The idea of privatization, for some authors, is to return to private sector the industries, activities, businesses and services; those who, in their time, were expropriated, seized and / or nationalized.

Privatizations have two major consequences that directly affect national product: 1– the financial assets are been transferred from private to public sector, and 2– transfer the ownership of public sector enterprises to the private sector.

In the current juncture, the privatization process acquires new connotations, derived from changes in the mechanisms of international trade and the collapse of socialism in Eastern Europe has led to a free market capitalist economy.

Privatization processes that occur in most regions, sub regions and countries of the contemporary world, are due to an alleged intention to make more rational the

government's action and more effective functioning of the mechanisms of the States.

In this context, many countries are running processes of sale and divestiture of public enterprises, and the decision to deliver state-controlled functions. This reduces the state activity in the production of goods and services, in particular, public industrial enterprises.

### 2- Privatize to increase capital accumulation and exploitation of workers

Privatizations have an intention of domination and keeping the forms of dependence on the basis of a new model of accumulation, which has increased participation of private capital, domestic and foreign (transnational). The International Monetary Fund (IMF), World Bank (WB) and International Banking recommend and defend this approach.

Privatization of entities controlled by the State, and delivery to the capital of non priority economic activities, priority activities and even strategic ones is a response to an induced behavior from international financial centers.

2011, *elektron* 11 (14) 2, FTE of Mexico

The trend aims the reduction of the public sector to strengthen the capital of national groups and transnational corporations.

Privatizations have a political and ideological backdrop, related to the alleged rational use of productive resources and the alleged political effectiveness and efficiency in the management of economic units, as well as their behavior in the markets in which concurs companies, industrial complexes, holdings, monopolies and oligopolies that make up the private sector.

The privatization is a political and economic process including strategic activities, such as hydrocarbons, electricity, water, seas, telecommunications and radio-electrical spectrum of nations. And other sectors such as aviation, ports and airports, mining, metallurgy, steel, banking and finance, and all natural resources. The purpose is to cover everything, including education, health and social security, and culture.

Privatization involves the transfer of ownership and functions through the divestiture, liberalization, deregulation, contracting or subcontracting and downsizing the state sector of the economy, to the de-nationalization of strategic sectors.

These mechanisms are generally preceded by passive privatization, which has two forms: 1 - the gradual weakening of the services and agencies, 2 - the gradual transition, the transfer of responsibility and ownership to the private sector.

Among the discussion, transnational corporations and states dogmatically argue supposed benefits. Among others, they talk about the increase in the quality of goods and services, reductions in government fiscal deficit, jobs and higher wages and lower prices and rates.

These are falsehoods. Privatization has not produced economic growth anywhere, they transfer their earnings to their roots, create few jobs in precarious conditions, without stability or

social security, and do not reinvest in the countries where they settle.

By contrast, transnational corporations and their subsidiaries take possession of national ownership, including land, water and other natural resources, pollute the environment, impair the health, strip entire populations, increase the fees for public services and accessibility turning them into commodities, and decide on the economy and politics of nations, without stopping in the crime.

### 3- Conclusions

Privatization is the cornerstone of neo-liberalism, intensified with the collapse of European socialism. Not only the "withdrawal of the state" but the private appropriation of strategic and fundamental means of production by the capital, where the ownership belongs to the living nations, not governments or states.

With the illegal accumulation of capital, States are subject to transnational corporations. It is not only the problem of jobs and wages. Privatization means the loss of labor and social rights but also the damage, theft and exploitation of entire nations, subjecting them to dependence and submission of the imperialist metropolis.

### PROPOSALS

The FTE Mexico presents to the 16th World Trade Union Congress the following proposal:

- 1- The WFTU calls the world's workers to fight privatization in all strategic sectors of production and services, promoting processes of nationalization and re-nationalization.
- 2- The WFTU calls for workers to share in the struggle for integration of key work processes and the exercise of workers' control of production.

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