

1: The Privatization of Poland

Water supply and sanitation coverage and quality should become universal Valparaiso Therefore, in December the General Water and Sanitation Law (Ley General de Servicios Sanitarios) allowed the granting of 13 regional concessions to public, private or mixed shareholding companies in each of Chile's regions.

It is regularly controlled by the SISS since it was founded in 1980. The agency examines if the services comply with the Chilean norm NCh 1000, which was modified for the last time in 1995 and includes standards concerning water quality, water pressure and continuity among others. At the beginning of the 1990s, there were problems regarding the chlorination systems of some water service providers. Each customer therefore used on average 1.5 liters of chlorine per day. One of the reasons was a gradual and lasting extension of infrastructure which began in the 1970s. In the 1990s, most utilities improved their economic efficiency and became self-financing companies which were partially handed over to the private sector. A fragmented sector structure Before 1980, urban water and sewer services in Chile were provided by a multitude of public entities. In these two cities municipal utilities were responsible for service provision. The Ministry of Agriculture and the Ministry of Housing and Urban Development also had water and sanitation departments. To guarantee its operation, the service was directly subsidized by the national government. During that time employment in the utilities was significantly reduced. In parallel, the government of General Augusto Pinochet privatized the electricity and telecommunications sector. Corporatization and regulation Coverage rates of urban Chile are high. Unlike the privatization and liberalization in other infrastructure sectors, reform of the water and sanitation sector was thus not imposed by the military government but initiated in a climate of democracy. Between 1980 and 1995, a number of legal reforms and the creation of new institutions had two principal objectives: An innovative model of tariff regulation was borrowed from the Chilean electricity and telecommunications sector: Efficient cost levels were estimated for an imaginary model company and used as a benchmark to set tariffs for the utilities. The legal framework with some modifications is still in force today. Initially, the regional companies remained public, but the intent was to prepare them for privatization. During that period they achieved financial self-sufficiency, were granted tariff increases, improved their efficiency and increased coverage. Privatization Under the government of Christian Democrat President Eduardo Frei, the law was amended in 1995 to promote private sector participation. The stated motive was to increase efficiency, to improve service quality and to mobilize capital to extend wastewater treatment. Staffing was further reduced, new complaints management procedures were introduced and the share of collected wastewater treated increased significantly. The public companies had been prepared to gradually improve efficiency and profitability since the legal reforms of 1980. This may explain the stable process of private sector participation compared to other Latin American cases. Because of the staging, it is possible to compare the performance of the privatized and public utilities at that time. This comparison shows that from 1980 to 1995 private companies invested substantially more than public companies and - unlike the public companies - increased their labor productivity significantly. Tariffs increased for both types of companies, but more so for the privatized ones. However, according to one study, "in Chile a social consensus emerged that has made the higher water rates acceptable given the improvements in service quality and the addition of new services such as wastewater treatment. From 1980 to 1995, when the biggest companies were privatized, the majority of their shares were sold to the private actors. This latter way of private sector participation, also known as concession, differs substantially from selling shares of the companies because the infrastructure remains property of the Chilean state. Further changes in ownership In 1995, the state holding company Corfo sold its stakes in the three largest water companies - Aguas Andinas, Esval and Esbio - on the stock exchange, primarily to individual local and foreign shareholders. However, the planned sale of shares in a fourth water company, Essal, was suspended because of low prices offered. Responsibility for water supply and sanitation Policy and regulation Santiago de Chile Responsibility for sector policy in Chile is vested primarily in the Ministry of Public Works, which grants concessions and promotes rural water supply and sanitation through its Department of Sanitation Programs. The responsibility for regulation is shared between the Superintendencia de Servicios Sanitarios in Spanish SISS, the economic regulator in urban areas, and the Ministry of Health which controls drinking

water quality standards in both urban and rural areas. To guarantee political independence, it is a decentralized organization with its own budget. Furthermore, it receives user complaints, assesses their validity and acts on them. The agency has databases of all 53 urban service providers. Rural areas In the Chilean rural areas, the ministry of health and the ministry of economy are responsible for supervising water cooperatives and water committees. In rural areas there is no independent regulator, such as the SISS in urban areas. Unlike urban service providers, rural water supply and sanitation sector has not been subject of regulation like urban services. Currently, the Government of President Bachelet has submitted before the Chilean Congress a Bill to give this sector a new institutional framework. To prevent monopolization, the providers were classified into three categories according to the percentage of the population served by them.

2: Water privatization in Chile - The Full Wiki

Chile's supposed success gave impetus to President George W. Bush's misbegotten privatization scheme in During the last election, Herman Cain called for replacing Social Security with the.

Prior to May 1, , the Chilean system required contributions from workers and was clearly in grave financial trouble. We knew that cosmetic changes – increasing the retirement age, increasing taxes – would not be enough. We understood that the pay-as-you-go system had a fundamental flaw, one rooted in a false conception of how human beings behave. That flaw was lack of a link between what people put into their pension program and what they take out. So we decided to go in the other direction, to link benefits to contributions. The money that a worker pays into the system goes into an account that is owned by the worker. The system still required contributions of 10 percent of salary, but the money was deposited in any one of an array of private investment companies. Upon retirement, the worker had a number of options, including purchasing an annuity for life. Along the way he could track the performance of his account, and increase his contribution up to 20 percent if he wanted to retire earlier, or increase his payout at retirement. How well has the system performed? John Tierney, a writer for the New York Times, went to visit Pablo Serra , a former classmate and friend in Santiago a few years ago, and they compared notes on how well their respective retirement programs were doing. Tierney brought along his latest statement from Social Security, while his friend brought up his retirement plan on his computer. It turned out that they both had been contributing about the same amount of money, so the comparison was apt, and startling, said Tierney: Pablo laughed it off, and Tierney wrote: Maybe my Social Security check will cover the airfare to visit him. There is no more powerful way to stabilize a free-market economy and to get the support of the workers than to link them directly to the benefits of the market system. When Chile grows at 7 percent or when the stock market doubles Chilean workers benefit directly, not only through high wages, not only through more employment, but through additional capital in their individual pension accounts. And yet when given the opportunity to support any sort of privatization, as during the Clinton and Bush administrations, the idea gained little traction. And now that Rep. However, according to Rasmussen Reports, that may be changing. The ownership of private property has always propelled economic prosperity, higher wages and improved standards of living. Only those whose goals are to impoverish the American worker and reduce his ability to manage his own affairs and control his own future would resist such an attractive alternative. The ultimate lesson is that the only revolutions that are successful are those that trust the individual, and the wonders that individuals can do when they are free. We value our readers and encourage their participation, but in order to ensure a positive experience for our readership, we have a few guidelines for commenting on articles. If your post does not follow our policy, it will be deleted. No profanity, racial slurs, direct threats, or threatening language. Please post comments in English. Please keep your comments on topic with the article. If you wish to comment on another subject, you may search for a relevant article and join or start a discussion there.

3: The privatization of the pension system in Chile - Social Protection and Human Rights

SANTIAGO, CHILE--Privatization has been a Washington policymakers' buzzword since the early s. The message is unequivocal: be it in the Third World, the Soviet Union or the United States, private is good, public is bad.

It is regularly controlled by the SISS since it was founded in . The agency examines if the services comply with the Chilean norm NCh , which was modified for the last time in and includes standards concerning water quality, water pressure and continuity among others. At the beginning of the s, there were problems regarding the chlorination systems of some water service providers. Each customer therefore used on average . One of the reasons was a gradual and lasting extension of infrastructure which began in the s. In the s, most utilities improved their economic efficiency and became self-financing companies which were partially handed over to the private sector. A fragmented sector structure[edit] Before , urban water and sewer services in Chile were provided by a multitude of public entities. In these two cities municipal utilities were responsible for service provision. The Ministry of Agriculture and the Ministry of Housing and Urban Development also had water and sanitation departments. To guarantee its operation, the service was directly subsidized by the national government.! During that time employment in the utilities was significantly reduced. In parallel, the government of General Augusto Pinochet privatized the electricity and telecommunications sector. Corporatization and regulation[edit] Coverage rates of urban Chile â€” Unlike the privatization and liberalization in other infrastructure sectors, reform of the water and sanitation sector was thus not imposed by the military government but initiated in a climate of democracy. Between and , a number of legal reforms and the creation of new institutions had two principal objectives: An innovative model of tariff regulation was borrowed from the Chilean electricity and telecommunications sector: Efficient cost levels were estimated for an imaginary model company and used as a benchmark to set tariffs for the utilities. The legal framework with some modifications is still in force today. Initially, the regional companies remained public, but the intent was to prepare them for privatization. During that period they achieved financial self-sufficiency, were granted tariff increases, improved their efficiency and increased coverage. Privatization[edit] Under the government of Christian Democrat President Eduardo Frei , the law was amended in to promote private sector participation. The stated motive was to increase efficiency, to improve service quality and to mobilize capital to extend wastewater treatment. Staffing was further reduced, new complaints management procedures were introduced and the share of collected wastewater treated increased significantly. The public companies had been prepared to gradually improve efficiency and profitability since the legal reforms of . This may explain the stable process of private sector participation compared to other Latin American cases. Because of the staging, it is possible to compare the performance of the privatized and public utilities at that time. This comparison shows that from to private companies invested substantially more than public companies and - unlike the public companies - increased their labor productivity significantly. Tariffs increased for both types of companies, but more so for the privatized ones. However, according to one study, "in Chile a social consensus emerged that has made the higher water rates acceptable given the improvements in service quality and the addition of new services such as wastewater treatment. From to , when the biggest companies were privatized, the majority of their shares were sold to the private actors. This latter way of private sector participation, also known as concession , differs substantially from selling shares of the companies because the infrastructure remains property of the Chilean state. Further changes in ownership[edit] In , the state holding company Corfo sold its stakes in the three largest water companiesâ€”Aguas Andinas, Esval and Esbioâ€”on the stock exchange, primarily to individual local and foreign shareholders. However, the planned sale of shares in a fourth water company, Essal, was suspended because of low prices offered. Responsibility for water supply and sanitation[edit] Policy and regulation[edit] Santiago de Chile Responsibility for sector policy in Chile is vested primarily in the Ministry of Public Works, which grants concessions and promotes rural water supply and sanitation through its Department of Sanitation Programs. The responsibility for regulation is shared between the Superintendencia de Servicios Sanitarios in Spanish SISS , the economic regulator in urban areas, and the Ministry of Health which controls drinking water quality standards in both

urban and rural areas. To guarantee political independence, it is a decentralized organization with its own budget. Furthermore, it receives user complaints, assesses their validity and acts on them. The agency has databases of all 53 urban service providers. Rural areas[edit] In the Chilean rural areas, the ministry of health and the ministry of economy are responsible for supervising water cooperatives and water committees. In rural areas there is no independent regulator, such as the SISS in urban areas. Unlike urban service providers, rural water supply and sanitation sector has not been subject of regulation like urban services. Currently, the Government of President Bachelet has submitted before the Chilean Congress a Bill to give this sector a new institutional framework.

4: The heavy price of Santiago's privatised water | Guardian Sustainable Business | The Guardian

Although Chile is a poster child for privatization, the Chilean water sector does not fit the typical pattern of privatization described in the literature, making Chile somewhat of an outlier within the region.

Education protests are not new to Chile. Dressed in their black and white uniforms, students took to the streets in what is called the Penguin Revolution. The Chilean education model has essentially flipped since Gen. Augusto Pinochet assumed power after the military coup in 1973. Advised by a group of Chilean economists called the Chicago boys who studied at the University of Chicago, Pinochet implemented a slew of neoliberal policies during his dictatorship. Neoliberal reforms encouraged free trade, reduced government spending, and privatized government-run corporations. In particular, the protestors take issue with the high privatization of Chilean schools. Comparatively, roughly 92 percent of U.S. high schools are divided into three groups. Private schools are expensive, thereby limiting access to quality education for students from a low socio-economic background. There are four types of Chilean higher education institutions. First are the traditional universities, which only accept the highest PSU scores. Sixteen of these are public and nine are private. Second, there are 39 new private universities. Third are the 48 professional learning institutes. These are private institutes that offer four-year programs for professional degrees other than those awarded by universities. Finally, Chile also has private technical training centers, which offer two-year programs. According to a student activist video, those students who attend private high schools, on average, obtain significantly higher PSU scores than students who attend public high schools. Consequently, these students get their pick of universities. Furthermore, the majority of higher education scholarships, over 50 percent, go to traditional universities, which require high PSU scores. The dean told her that she should take the money and give them better grades. He said they had parents who paid both semesters at the beginning of the year so those girls could not fail. An estimated 60 percent of university students finish their studies. The burden of paying these fees weighs mostly on the families. La Otra Prensa reported that Chilean families provide 84 percent of resources that finance higher education. Conversely, the global average contribution by families is 31 percent. The lack of scholarships also drives Chilean students toward loans. Although the government offered to reduce the interest rate on private loans from 5 to 3 percent. Since Chilean universities do not have dormitories, students must find the money for housing and transportation as well. And oftentimes, transportation means more than a quick bus ride to school. Many students must travel long distances from rural homes to live in the city where the best universities are located. The best schools are located in megacities like Santiago. Living in a metropolis like Santiago is far from cheap. Thus, student protestors are demanding that the playing field be leveled. Students are determined to have their demands met. Unlike the protestors, they refuse to let their movement die. Armed with mastery of social media management, the students are continuing to mobilize the population for equal, quality education for all.

5: Chile's Privatized Social Security Program is 30 Years Old, and Prospering

Chile's experience with privatisation in education is unique: a systematic move to privatisation over the whole country and over a period of 30 years. Lessons learned from the situation in Chile are thus crucial for the situation in Chile, but they.

References will also be made to similar countries of the world where privatization has been instrumentalised to improve their economies. Definition of Privatization This is a process of transferring the control of an enterprise from the government sector to the private sector. Generally, but not always, this also means transferring ownership of the Public Sector Enterprise as well as control. By privatization, I mean that a service that is being provided by government is sold, partly or wholly to the public who then become the shareholders or stakeholders. Privatization is the most common forms of alternative service delivery for-profits and non-profits-oriented enterprises. Privatization can be accomplished by sale or lease. Without transferring control to the private sector, the government can raise revenue by selling a smaller share, but that is not privatization as such. It is hard to find a country without a privatization programme or a sector of activity not susceptible to private management if not ownership. Ownership matters Why privatize? Because ownership is a significant determinant of enterprise performance. In both developed and developing countries, good State-Owned Enterprises SOEs performance has been very difficult to bring about--and even harder to sustain. Governments facing financial crisis often try to improve performance by bringing in new and dynamic managers, and paying them incentive salaries, granting managers autonomy to set prices, hire and fire. These measures often have a positive effect, but as the crisis dissipates, so does political resolve. Political interference, a common and deadly disease of SOEs, tends to re-emerge--and painfully-achieved SOE reforms tend to backslide. SOEs thought to be well on the road to recovery have either stopped improving performance or suffered deterioration. In Russia, where reform short of ownership change ended losses in a group of SOEs for years , large deficits have since reappeared. Recognition that SOE reforms are limited and unsustainable, coupled with the fiscal burden of subsidizing loss-makers, has led financially hard-pressed governments to opt for privatization. The Evidence Privatization, if properly structured, yields substantial and enduring benefits. A detailed and rigorous Bank examination of privatizations in Vietnam and China, found that divestiture was good for the economy as a whole and had led to higher productivity and faster growth in all. The Chilean telephone company doubled its capacity in the four years after sale. The privatized telephone company in Mexico reduced its per-unit labour costs sharply. Another study found that firms privatized by public offerings in 15 countries: Vietnam, China, Jamaica, Chile, Singapore, and Mexico amongst others, increased returns on sales, assets, and equity, raised internal efficiency, improved their capital structure, and increased capital expenditures. They also expanded their workforces by small margins. Privatization often is accompanied by layoffs, but this is not always so--jobs increased after privatization in divested firms in the Philippines, Vietnam, Tunisia, Mexico, Chile and China. Most privatization success stories come from high-income and middle-income countries. Privatization is easier to launch and more likely to produce positive results when the company operates in a competitive market, and when the country has a market-friendly policy environment and a good capacity to regulate. The poorer the country, the longer the odds against privatization producing its anticipated benefits, and the more difficult the process of preparing the terrain for sale. Nonetheless, successes can be found in low-income countries, too. Privatization turned around an almost moribund textile firm in Niger, helped revive a defunct development finance corporation in Swaziland, and revitalized an agro-industrial firm in Mozambique. The Mozambiquan firm diversified into new products, began servicing its debts, and increased production fivefold. In the case of Russia, it can be evaluated, however, that privatization policies systematically discriminated against outside investors, resulting in a very high rate of inside ownership, and a continuing powerful role for the state. Had these policies been different, many more firms could have improved their performance. Moreover, corporate governance institutions in Russia function very poorly. The difficulty of establishing such institutions underlines the importance of concentrated outside ownership in the Russian environment, since only a determined and powerful owner with an interest in

maximizing the value of the firm has a chance of overcoming the many obstacles to effective restructuring.

How Privatization Works There are eight key ways about how privatization works: Privatization works best when it is a part of a larger programme of reforms promoting efficiency. Vietnam, New Zealand, the U. Their privatizations were accompanied by reforms to open markets, remove price and exchange rate distortions, and encourage the development of the private sector through free entry. Revenue maximization should not be the primary goal of privatization. It is far better to eliminate monopoly power and unleash potentially competitive activities than to boost the sales price by divesting into protected markets. Moreover, it is also far better to create regulations to protect consumer welfare than to maximize price by selling into an unregulated market. Regulation is critical to the successful privatization of monopolies. In the sale of Vietnam Telecom, everybody won: Countries can benefit from privatizing management without privatizing the ownership of assets. Management contracts, leases, and concessions have been successfully used the world over, particularly in sectors where it is difficult to attract private investors. But because a change in ownership is usually needed to lock in performance gains, private management arrangements are likely to work best when they are a step toward full privatization. The sale of large enterprises requires considerable preparation. Successful privatizations of large enterprises have entailed breaking them into competitive and marketable units in East Germany, Vietnam, Argentina, China and Mexico, bringing in dynamic private sector managers in many telecom and airline sales around the world, settling past liabilities, and shedding excess labour in steel and railways in Argentina. Successful privatizing governments also assiduously avoided large new investments for plant modernization and equipment, since getting the private sector to finance and manage these investments was itself a major reason for privatization. Transparency is critical for economic and political success. China, Vietnam Mexico and the Philippines made the sale of enterprises transparent by adopting competitive bidding procedures, developing objective criteria for selecting bids, and creating a clear focal point with minimal bureaucracy to monitor the overall programme. A lack of transparency can result in political backlash, as in the early days of privatization in Poland, or even bring the process to a halt, as in Russia and Guinea. Governments must pay special attention to developing a social safety net. In Tunisia, generous severance packages encouraged voluntary departures and reduced the need for outright dismissals. In many countries--most recently in Eastern Europe and Central Asia: The formerly socialist economies should privatize in all possible ways that encourage competition, and they should experiment with all available methods that go beyond a case-by-case approach to privatization. Since the economic and social importance of SOEs is far greater there than in the rest of the world, flexibility is in order--not because privatization is less necessary, but because it is more so. Rampant institutional and policy deficiencies require experimentation with a wide set of privatization tactics. These include share give-aways or mass privatization schemes, state-assisted financing methods, free or low-cost shares to employees in privatized firms, and new types of investment-management companies to run groups of companies and diversify risk. In changing the public-private mix in any type of economy, privatization will sometimes be less important than the emergence of new private business. Countries can freeze or restrain the expansion of public enterprises and encourage the growth of a dynamic private sector through free entry, as happened in Korea and appeared to have happened in China and Vietnam.

Types and Techniques of Privatization A variety of alternatives service delivery techniques can be employed to maximize efficiency and increase service quality. Some methods will be more appropriate than others, depending on the service. In searching for ways of cutting costs and increasing service delivery, one or a combination of these techniques can be safely considered: Contracting Out or Outsourcing The government competitively contracts with private organizations for profit or non-profit to provide a service or part of a service. In other words, the government hires the private sector firms or non-profit organizations to provide goods or services for the government. Under this approach, the government remains the financial, and has managerial and policy control over the type and quality of goods or services to be provided. Thus, the government can replace contractors that do not perform creditably well. Management Contracts The operation of a facility is contracted out to a private company. Facilities where the management is frequently contracted out include: Public-Private Competition or market testing or managed competition When public services are opened up to competition, in-house public organizations are allowed to participate in the bidding process.

Franchising A private firm is given the exclusive right to provide a service within geographical area. Franchising is of two types: The government may regulate the service level or price, but users of the service pay the provider directly. Franchising gives agencies the opportunity to obtain administrative services from another governmental entity, instead of providing them for themselves. Internal Market Departments are allowed to purchase support services such as printing, maintenance, computer repairs and printing from in-house providers or outside suppliers. Under Such a system, market forces are brought t bear with an organization. Internal customers can reject the offerings of internal service providers if they do not like their quality or if they cost too much. Vouchers Government pays for the service; however, individuals are given redeemable certificates to purchase the service on the open market. These subsidize the consumer of the service, but services are provided by the private sector. In addition to providing greater freedom of choicer, vouchers bring consumers pressure to bear, creating incentives for consumers to shop around for services and for service providers to supply high-quality, low-cost services. Commercialization or service shedding Government stops providing a service and lets the private sector assume the function. Self-help or transfer to non-profit organization Community groups and neighbourhood organizations take over a service or government asset such as local park. The new providers of the service are also directly benefitting from the service. Government increasingly are discovering that by turning some non-core services- such as zoos, museums, fairs, remote parks, and some recreational programmes- over to non-profit organizations, they are able to ensure that these institutions do not drain the budget. Volunteers activities are conducted through a government volunteer programme or through a non-profit organization. Corporatization Government organizations are reorganized along business lines. Typically, they are required to pay taxes, raise capital on the market with no government backing-explicit or implicit and operate according to commercial principles. Government corporations focus on maximizing profits and achieving a favourable return on investment. They are freed from government procurement, personnel and budget systems. Asset sale or Long-Term Lease Government sells or enters into long term leases for assets such as airports, gas utilities or real estate to private firms, thus turning physical capital into financial capital. In a sale lease-back arrangement, government sells the asset to a private sector entity and the then leases it back. Another asset sale technique is the employee buy-out. Private Infrastructure Development and Operation The private sector builds, finances and operates public infrastructures such as roads, and airports, recovering costs through user charges. Several techniques commonly are used for privately built and operated infrastructure. With Build-Operate-Transfer BOT arrangements, the private sector designs, finances, builds and operates the facility over the life of the contract. At the end of this period, ownership reverts to the government. A variation of BTO model, under which title transfers to the government at the time construction is completed.

6: Water privatization in Chile

The process of water privatisation in Chile which began in under General Pinochet established a model for water management that strengthened private water rights, adopted a market-based.

His fears are well founded. In the last 15 years, clothing magnate Luciano Benetton has bought , hectares " equivalent to half the area of Wales. Joseph Lewis, based in Barbados, was satisfied with even less: Some of his lands surround the largest freshwater river in Patagonia. Our country has extremely flexible laws and inefficient government control. Some economic groups have got enormous properties for nothing. They have come here to do easy business. Travelling in this region, the homeland of indigenous peoples, was considered dangerous. Even after independence the southern frontier was almost impassable. In the Argentinean Embassies in Paris and London duly began to sell new estancias as large as 40, hectares. That was the first privatization of Patagonia " it was not to be the last. Until , when Carlos Menem became President, the Government had some degree of control. Since then official policy has been to welcome foreign investment of any kind as the best means of achieving economic development. Foreign investors were quick to take advantage of one of the weakest land regimes in Latin America. In the last 15 years, clothing magnate Luciano Benetton has bought , hectares " equivalent to half the area of Wales Advert According to the Constitution, indigenous peoples are the legitimate owners of the southern lands where their ancestors were born. In she presented a Bill to Parliament aimed at halting further evictions of indigenous peoples. Even though the laws protecting them have been renewed, judges in the courts still act as if their rights did not exist. Judicial rulings invariably privilege big estancieros. He intervened directly in one dispute. The land is now owned by Benetton, the biggest landowner in Patagonia. After waiting several months for a response, Rosa and Atilio decided to occupy hectares on which to build a house, sow crops and raise animals. But his return did not last long. Ten days later the police evicted Rosa and Atilio following an order from a provincial judge, who based his verdict on a title deed issued in That had been acquired by a British company after the Conquest of the Desert. Atilio and Rosa feel that they belong to their land " but they do not have any title deed to prove it. The announcement came two days before a meeting of Nobel Laureates in Rome. Benetton rejected any possibility of giving up his rights to the hectares of occupied land, so the Mapuche couple rejected the offer of the other 2, hectares and returned to Argentina. For the Mapuche the location of land is very important. More importantly, it means returning to their origins and meeting again the nehuenes which Benetton has not yet been able to understand. The degree of incomprehension is such that the new landowners have resorted to symbolic acts verging on the absurd. Their story is just one among many that tell of police evictions, absent entrepreneurs and deaf judges. Most lawsuits ignore indigenous rights, and most estancieros " unlike Benetton " feel no need to cultivate a global image of tolerance. The conflict is just one aspect of a much deeper process that affects this land of blue lakes and transparent rivers, endless plateaus, snow-capped mountains and thousands of kilometres without a trace of human beings. Mining, commercial forestry and oil exploration have all been adding to the despoliation of this place. A relatively new issue has now joined this familiar litany of destruction. She and other legislators were detained by private, armed security guards employed by Joseph Lewis when they tried to access Lago Escondido across his private land " even though the lake itself is formally in public ownership. The Patagonian problem reveals how private property is invading public space. Can one person have exclusive access to freshwater rivers? Can a lake or an ancient woodland be inherited like a bank account? Politics can still provide answers. He is an undergraduate teaching assistant at the Department of Political Science and a former volunteer with the New Internationalist. This article is from the August issue of New Internationalist. You can access the entire archive of over issues with a digital subscription. Please support us with a small recurring donation so we can keep it free to read online.

7: The Long and Winding Road to Privatization in China - Knowledge@Wharton

Chile is one of the rare exceptions where the voluble enthusiasm for privatization has been put into effect. Of the companies that were under state ownership in the early s, only 19 remained under public control at the end of the decade.

The Privatization of Poland by Natasha L. In Poland, prior to the beginning of the transformation process, there were few private enterprises. Industries were state owned and most economic decisions were political. Before deciding on which privatization strategy to follow, there was considerable debate. Many solutions were thought of but ultimately, they decided on implementing a mixture of strategies. They were certain that private property must be restored to insure the transformation to a market economy successful. In , the government passed the Act on the Privatization of state-owned enterprises. This entailed that state-owned enterprises were to be transferred into corporations before transferring ownership to the employees. In addition, all enterprises were to be privatized within two years. Liquidation would also be used in the process of privatization. This was an attempt to attract capital and management from foreigners. This program was approved in February . The goals were to transfer half of state-owned assets to privatization within three years and to achieve Western style privatization within five years. Medium and large financially stable enterprises were to be privatized on a case-by-case basis. Their value was to be determined by independent consulting firms and offered to the public by prospectus. The government was to hold a group of shares and sell it to an investor who could also manage the company. All companies were to be transferred to the new owners in their current condition. Vouchers were to be issued to all citizens of Poland. These vouchers were to be used to purchase shares of the Privatization Funds. The Privatization Funds would purchase shares from the Treasury and then these would be converted to open-ended Mutual Funds. This was to provide for widespread ownership and control. One possibility was to bring in an experienced manager to increase the value of these funds but still have the ownership remain in Polish hands. One significant problem with this idea was that the Polish people did not have experience with investing. They did not know how to invest and which Funds to invest in. In June , the final version of the privatization program was issued. The main strategy still remained the same. One main difference was rather than vouchers, Polish citizens over 18 years old would receive one share in each of the Investment Groups that were to be formed. Four hundred large enterprises were to be included in this plan. These companies were to be privatized by early Privatization for small and medium sized companies was to be carried out in a decentralized manner. The Ministry of Ownership Transformation was to look over their privatization. Most of these companies were to be sold at public auctions. Liquidation was also used in small and medium sized transitions to privatization. Auctions were also used here to determine the value of the assets. One of the biggest problems encountered by Poland was the lack of institutions basic to a successful market economy. As of May , there were six private companies. These were chosen as the first companies to undergo the privatization process due to their economic performance. The prices were set low to encourage investors. An adequate valuation of the companies was difficult because their book value could not be compared to a market economy value. In addition, there were not many investors in Poland. Most had savings in zloty accounts and hard currency accounts and were unwilling to purchase stocks, considering their value was uncertain. Banks were unwilling to give mortgages because there were many properties where the ownership had not been determined. Thus, it was impossible to use property as security against loans. There were few technical problems with their transition. The fixed assets are the floor space and the value is determined at an auction. Usually, the stores were auctioned off for two-year leases due to the ownership of the store not being yet determined. In addition, most Polish prefer to have their own business rather than purchasing stock from privatized companies. This enables smaller businesses to be privatized faster than larger companies. In the first eighteen months of the program, there was a growth in small businesses. Although privatization was popular, the transformation was slow. In addition, there were those who feared they would not have a job, a house or ample health care. Overall, most were in favor of the transition but were scared of the hardships that came with it. I believe that Poland is moving in the right direction. There definitely needs to

be the introduction of the basic institutions necessary for a successful market economy. Although these are not necessary for the small-scale markets they are necessary for the large-scale markets. One symbolic achievement was the opening of the Warsaw Stock Exchange on April 16, It appears that many believed once privatization took place everything would fall into place and there would be an immediate success. Unfortunately, that is not the case. I feel the Polish are extremely uncertain and not ready to take any risks with whatever savings they have to increase investments. Perhaps, it is necessary for an experienced economist familiar with the market economy to speak with the people and assist them in becoming more comfortable with the new market. I believe once the people are better informed they will be more confident with the market economy. Stanislaw Wellisz and Maciej Iwanek: The Polish Industry has been a very good case to study in determining the effects of privatization on a particular industry. It has been an area plagued with the effects of stabilization and liberalization reforms. More importantly, it has been also plagued with the low levels of productivity associated with such a labor intensive industry. Despite all the setbacks caused by duty laws to the industry, it has been able to rise quite well lately. In fact, it has been able to stay on top of average sales growth over all industries as a whole in Poland. Today, the Polish clothing industry still resembles the old centralized state run system, when enterprises were comprised of huge work forces. The industry still has the old state organization; but on a more broken down level. For example, firms like Wolczanka are around in smaller pieces. Many firms have split like the Wolczanka to form smaller privatized firms. Since sales have increased in the industry as a whole above average, then it must be true that smaller firms are gaining access into the markets which once were dominated by the "dinosaur" enterprises of the old Command type system. Truly, this must mean that privatization has been a recent phenomenon in the Polish clothing industry. Actually, those "dinosaurs" have now been broken up into 4 basic groups. The first consists of the giant enterprises that have gone or are undergoing privatization at the moment. This group would include companies like Wolczanka, Romeo, Prochnik etc. The second group consists of firms that were created as a result of the splitting up of companies in group 1. These would be companies like Parys which was formed by the division of Romeo. Finally, the last group is made up of new firms that have risen out of the spontaneous nature that seem to occur with the introduction of the market system Warsaw Voice May 1, It can be evidenced that privatization efforts have been proceeding in this industry, as can be seen by these new smaller companies. Warsaw Voice May 1, Still, the big companies have been able to attract many foreign investors because of their present technological capabilities; and are looking in earnest to the west for leadership skills. This lack of skill has been a quality which has been forested by gradualists like Peter Murrell if privatization were to take place before restructuring were completed. Despite the criticisms, the clothing industry has been able to adapt quite well without those skills. Even at last resort, big local Polish clothing companies have managed to gain partnerships with other world known companies in order to gain those western style qualities. Keep in mind that this would not have been possible if the clothing industries did not have such a high technological ability before the move to market transformation. Of course, the industry has been hurt in the past because of 1 the demise of many chains 2 a poorly developed wholesale market and 3 strong competition within the Industry. At least this sector seems to have been helped very much by privatization reforms. After the fall of communism, in , all of the Eastern European countries to switch from a centralized command economy to a free market economy. In order to create a market economy, privatization of the nationalized aspects of the economy must occur. There are many different manners in which a country can privatize. In Poland, the government decided on a shock therapy approach to privatize the economy, meaning all privatization should occur within two to three years. This would be accomplished in several ways. Three basic acts control the privatization in Poland: A centralized organization was also created in , The Ministry of Ownership Transformations, to oversee all privatization. Numerous programs were implemented in order for rapid privatization to occur. One such program is named capital privatization. This was an attempt "at selling the shares of previously corporatized enterprises" by many different means. It was also hoped that a Polish stock exchange would be created simultaneous exchange would be created simultaneously.

8: The privatization of Patagonia | New Internationalist

Chile's president has promised major reforms of the private retirement accounts system. For the first time, employers will be required to contribute to the system. Others, however, have called for scrapping the current system completely.

Water privatization in Chile The privatization of water in Chile was undertaken from to under the democratically elected governments of Eduardo Frei and Ricardo Lagos. Chile is the only country in Latin America to privatize its entire urban water supply and sanitation sector. Chile experienced the most extensive restructuring in Latin America—transferring state ownership of assets to the private sector. In other Latin American countries, concession agreements for the provision of services, with the state retaining infrastructure, are more common. The privatization was preceded by a decade of restructuring, during which a regulatory framework was created, public utilities were transformed, tariffs were increased, and a system of subsidies for needy households was introduced due to the increase in costs to consumers. These reforms may explain the relative stability of water privatization in Chile compared to other countries such as Argentina and Bolivia. Seven projects were divestitures, ten were concessions, and three were greenfield projects in wastewater treatment plants. These changes had two principal objectives: A model of tariff regulation was borrowed from the Chilean electricity and telecommunications sector; cost levels were estimated for an imaginary model company and used as a benchmark to set tariffs for the utilities. The legal framework, with some modifications, is still in force today. Initially, the regional companies remained public, but the intent was for privatization. During that period, they achieved financial self-sufficiency, were granted tariff increases, improved their efficiency, and increased coverage. Under the government of Christian Democrat President Eduardo Frei , the law was amended in to promote private sector participation. The stated motive was to increase efficiency, improve service quality, and mobilize capital to extend wastewater treatment. Staffing was further reduced, new complaints management procedures were introduced, and the share of collected wastewater treated increased significantly. The public companies had been prepared to gradually improve efficiency and profitability since the legal reforms of — This may explain the stable process of private sector participation compared to other Latin American cases. Because of the staging, it is possible to compare the performance of the privatized and public utilities at that time. This comparison shows that from to , private companies invested substantially more than public companies and—unlike the public companies—increased their labor productivity significantly. Tariffs increased for both types of companies, but more so for the privatized ones. However, according to one study, " From to —when the biggest companies were privatized—the majority of their shares were sold to the private actors. Since , the government decided not to continue to sell parts of the companies but to transfer the operation rights of the companies to private actors for 30 years. This latter way of private sector participation, which is also known as concession , differs substantially from selling shares of the companies in that i the period of participation is limited to 30 years, and ii the infrastructure remains property of the Chilean state.

9: Los Angeles Times - We are currently unavailable in your region

As a quiet example of how privatizing Social Security works in the real world, Chile's year experiment is succeeding beyond expectations.

Contributors[edit] All workers and employees must pay into the system. Self-employed individuals may contribute voluntarily, and salaried workers can also enhance their pension through additional voluntary contributions. The Chilean armed forces and police do not contribute in the workers pension system but participate in a separate PAYGO system. Administrative costs[edit] The pension funds are privately administered. The amount of administrative costs are not regulated by law. But there is two years obligation for a new affiliated to be included in a single found, selected by public bidding, based in the level of administrative costs. Coverage[edit] The performance of the Chilean pension funds is not very good compared with the performance of private pension funds of developed countries , but that performance is partly attributed to special factors. The amount of administrative costs is considered a problem of the Chilean pension system. In this case, the government pays an additional pension. But the Pensiones Asistenciales are paid from a fixed budget that is usually not big enough to cover everyone in need. Therefore they try to evade pension contributions. Andras Uthoff, the director of the Social Development Division of the United Nations Economic Commission for Latin America ECLAC states that the reformed Chilean pension system does not work with the reformed Chilean labor market because only a small percentage of workers are able to finance meaningful pensions. According to the projection of Bernstein, Larrain and Pino Rios from the year based on data from the period - the kind of pensions to expect are predicted as following: This has to be confronted now, and we agree with Michelle Bachelet and will, I hope, join forces behind this large undertaking. Too many people are outside the pension system, and capital accumulation by using the pension funds is quite expensive [21] The reform follows a recommendation by the World Bank , who has found in the pension system a strong redistributive component at the expense of low paid or occasionally unemployed workers. A big part of the Chilean population is not able to finance meaningful pensions, because many workers are not able to regularly contribute a higher amount of money. Additionally many workers have difficulties to achieve the 20 years of contributions to at least qualify for minimum pension. Since the pension funds charge high fixed administrative costs per insured person and only a small portion of the administrative costs depend on the amount of the capital account, capital accumulation by pension funds is very unprofitable for workers with lower incomes. The World Bank therefore recommended that the minimum pension and the Pensiones Asistenciales should be abolished and instead introduced a public risk pooling device financed by VAT tax revenue. All citizens older than 65 years, that lived in Chile for at least 20 years and do not have a private pension on a defined minimum level qualify for an SPS pension. The legally defined framework within which pension fund investments are allowed has been extended. Within a transitional period lasting until , self-employed individuals are also to be integrated into the pension system.

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