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PEOPLE OVER PROFIT

- Panel Seven -
Infrastructure in the age of austerity

The world has a large infrastructure backlog. In the developing world, basic infrastructure is needed to facilitate economic and social development - 1.8 billion people currently use water contaminated with faeces, risking cholera, dysentery, typhoid and polio, and 17% of the world's population lack access to electricity. In the developed world, infrastructure built decades ago is crumbling and needs urgent upgrade.

While universal access is now on the UN's agenda, we are told that in an age of austerity, private finance is the only answer. Wary of decades of evidence and public backlash from our successful campaigns, policy makers are keen to find less obvious models of privatisation to promote. The G20, OECD and World Bank are promoting the financialisation of infrastructure, which includes using capital from pension funds and sovereign wealth funds, creating business-friendly regulatory frameworks and underwriting corporate profits with state funds.

The evidence shows that these measures come with great economic and social risk and will likely result in rising inequality and corruption, as corporations receive state aid, raise prices and cut workers' wages. The long-term nature of these deals allows corruption and political incompetence to go unchallenged, locks in inflexible contracts, reduces our ability to tackle climate change and saddles future generations with massive financial, ecological and social burdens.

But there are alternatives. Progressive taxation can raise revenue so that privatisations can be stopped. Insourcing, re-municipalisation and public-public partnerships are happening increasingly across the world.