



Handing Over Control: Making an Effective Case Against Privatization

By the Topos Partnership

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Introduction

Around the country, officials at all levels of government are proposing to sell, lease or contract out government assets and operations, from water supplies to prisons to various administrative functions.

Unfortunately, the research for this project suggests that most Americans are conditionally open to the idea of privatization. A minority of Americans may be very strongly in favor of it or very strongly against it, but the majority is predisposed to agree that it makes sense in many cases. The prevailing view emerging from this research is: *Privatization is a sensible option in many cases, if done right.*

Because the agreement is conditional, it is difficult to argue categorically against privatization. And because it is about getting the details right, people tend to be open to assurances and promises about how well privatization will work in a given case.

A number of patterns of thinking discussed in the paper end up promoting this default, conditional acceptance of privatization – among self-identified liberals and independents as well as conservatives. And unfortunately, the bottom line is that the “burden of proof” is very high for anti-privatization advocates. Privatization proposals often seem to resonate with the public’s notions of common sense, even if they have no ideological reason for shifting resources into private hands. It can simply seem like a pragmatic and advantageous option for saving money and/or running things better.

Since it doesn’t rest on specific facts, assertions or arguments that might be easy to counter, but rather on a variety of patterns of thought that may be only partly conscious, an open attitude toward privatization seems especially difficult to combat.

The goal for this project – commissioned by In the Public Interest with funding from the Ford Foundation – is to both explore this unfriendly terrain in more detail, and to provide a broad range of advocates with the communications approaches that can help them most effectively navigate it.

Executive Summary

While Americans in much of the country tend not to have thought much about privatization, their ready willingness to consider it rests on a number of default patterns of thinking that transcend political orientation, including:

Lack of a clear distinction between the public and private sectors: Not only are these terms not clearly understood by members of the public, but the distinction itself is often not clear (e.g. whether a given is actually public or private *now*) – making it difficult to argue forcefully in favor of one sector as opposed to the other.

Assumptions about government ineffectiveness: In ways that may have little to do with ideology – and that will come as no surprise to advocates – many Americans assume that government is inefficient, wasteful, complacent, etc.

Assumptions about business as a powerful driver: By default, businesses are seen as lean and effective, innovative and sharp, since they must deal with competition, attract customers and make a profit. This is a prevailing default picture of how the economy is driven, among Americans of all political leanings – and it makes it clear that businesses ought to be “better” than the government at running things.

Once triggered, the contrast between “government inefficiency” and “business efficiency” is poisonous and nearly impossible to overcome. Quite simply, people believe government has no incentive to be efficient, innovative, service-oriented, etc. since it does not operate for profit.

Distrust of government motives: Finally, there is a great deal of skepticism about whether government even *aims* to solve problems, deal with public priorities, etc. While strongest among conservatives, this skepticism about “politicians” is very widespread.

The bottom line is that the “burden of proof” is very high for anti-privatization advocates. There is little active support for government handling of services and assets, and privatization proposals often seem to resonate with the public’s notions of common sense – even if from an insider’s perspective this common sense actually amounts to “magical thinking,” in which businesses will somehow do things better and cheaper in ways that benefit them as well as society more broadly. The net result is often that people feel there is no downside to giving business a chance to do the job better, particularly if they are dissatisfied with how government is currently managing things.

Recommendation

To win the long-term “war” against the privatization trend, as opposed to occasional “battles,” communicators need a reframe that will shift fundamental perspectives towards the practice, across a range of cases.

Our research demonstrates that the most effective organizing idea for opposing privatization is the following:

**Privatization means HANDING OVER CONTROL
of X to a private business.**

This reframe effectively discourages a focus on such problematic questions as: Who can run X cheaper? Who can provide the best customer experience? How big should government be?

By focusing people's attention on a different dimension of the issue entirely, the reframe inclines them to be much more skeptical, for all the right reasons.

Testing shows that the idea of "handing over control" is sticky as well as very compelling to Americans of all political persuasions, and has the potential to compete as an alternative "common sense" on the issue.

The following text illustrates one way of expressing the point in user-friendly language, including the underlined phrases:

The main reason to be wary about handing over a service or asset to a private company is that we are giving up control over how it is operated. Once we hand over control, or even outright ownership, if the private company starts running the operation into the ground, or charging exorbitant fees, we have very little say. When the public is in control, it can demand that operations be open to public review, accountable to the people, and run in the public interest. Privatization means giving control to people who may have entirely different goals and priorities, even foreign shareholders in many cases.

Once the Handing Over Control perspective is clearly established as the "organizing idea" for the conversation, communicators can introduce a range of other points effectively. The recommendation is less about which ideas must be avoided than about which idea should be fore-fronted.

Understanding the reframe's positive effects will help communicators make the most of the approach:

Aligning Public with Government: Americans tend strongly to think and talk in third-person terms about anything having to do with government ("they" "them" etc.). The reframe has an impressive ability to align people *with* government – positioning "they" (business) as running things differently from how "we" (public via government) run "our" assets and services.

In our interest: An emphasis on who controls a particular service or asset proves to be an effective way of raising questions about whose interest the operation will be benefitting. In fact, a focus on Control is more effective than a direct focus on whose interest companies operate in – or on an explicit contrast between government and businesses – since these invite defense of business, complaints about government, or comparisons that end up being counterproductive.

The genuine value of public structures/institutions: Americans tend not to focus on the genuine value of things we have collectively built for the common good – airports, school systems, etc. But when they think about why investors are so interested in getting control of these structures, they gain a new appreciation for this value we have created.

Countering the “just fix the contract” response: Importantly, this approach directly takes on one of the most standard retorts to other messages – i.e. that “we can always keep an eye on things and change course if necessary.” This approach is about making it clear that we are giving up that kind of control when we make the deal.

A sense of loss: The reframe makes the public aware of what is being lost, or given away, as opposed to what is supposedly gained in the way of financial savings or smaller government.

A New Insight: Importantly, the “Handing over control” reframe strikes people as a new insight – as opposed to a “rehash” of typical “pro-government, liberal rhetoric” – and one that explains why we can expect bad outcomes from privatization.

Extending the Control Perspective

“Monopolies”

An additional explanation that helps establish the Control perspective, and that proved effective in testing, frames privatization as handing businesses a *monopoly* over something we all need, which could be stated as follows:

The reason companies love privatization deals is the same reason we should be very wary of them: We are basically handing them a monopoly on something we all need. Competition is what keeps companies doing a good job and looking out for customers. But once a company has a long lease to operate an airport, state park or toll road, or is the sole provider of a needed service, they have a monopoly and are not competing with anyone and don't have incentives to keep prices down, do maintenance, provide good service, etc.

The *monopoly* point is sticky, compelling and new. It triggers discomfort about handing over control, since a company that has a monopoly has a grip on something important. In addition, it undermines one of the chief free-market rationales for privatization: Most people understand that a monopoly means *no competition*, and therefore less incentive to do right by “customers” (us).

Long contracts

In cases where privatization deals potentially involve very long contracts, advocates can get a great deal of traction simply by focusing on this fact, and its connection to Control. Once lengthy contract timelines are mentioned (“decades” “50 years” etc.), research participants, including conservatives, nearly always notice, remember and comment unfavorably, even heatedly, on them. The idea that a private company might be in control for a long period elicits a strong and negative reaction from most people, even those who previously expressed strong, even ideological, support for the practice.

Importantly, this approach has potential as a “tactical deal-killer.” In cases where privatization depends on long contracts, the public insistence on shorter contracts could prove to be an intractable sticking point.

Additional points

The fuller report discusses a number of additional support points that can be built into the Handing Over Control conversation, context permitting – including the idea that privatization deals are *hasty responses*, that communities and states often *regret* privatization deals, and that along with a lack of control goes a lack of *transparency*. Depending on the particulars of the proposed privatization deal, it is also effective to point out *the loss of a revenue stream*, the *safety concerns that come from cutting corners* (once we are no longer in control), and the special risk of handing over control to *foreign shareholders*.

The report also discusses message approaches that “miss the mark” – i.e. ways of focusing the conversation that may be very tempting for advocates, but that lead to pushback, confusion or lack of engagement. These include a focus on the profit motive, on hidden costs, on government’s public mission, on the corruption that is sometimes involved in privatization proposals, on the downsides for public employees, and on accountability (as opposed to the more direct question of who has *control* of the asset or service). These are not points to *avoid* – rather, they are points to introduce only after successfully establishing Handing Over Control as the focus of the communication.

DON'T LEAD WITH ... Sample language to downplay with broad audiences	DO LEAD WITH ... Sample language to forefront with broad audiences
Public employees deserve better. Companies are profit-driven. Government is actually more efficient because ... Government serves the public interest. The hidden costs of privatization Privatization is a scam, a budget gimmick. We can't trust business to operate in our interest.	Handing over control of things we all rely on... It's a bad idea to hand over a monopoly to a private business... With no competition, a company has no incentive to do a good job... Privatization contracts often mean handing over control for decades...

Research Approach

Developed over a decade of close collaboration between its three principals – a cognitive linguist, a public opinion strategist, and a cultural anthropologist – Topos’ approach is designed to deliver communications tools with a proven capacity to shift perspectives in more constructive directions, as well as giving communicators a deeper picture of the issue dynamics they are confronting, and of the fundamentally different alternatives available to them.

For this project, research has included several methods, including a review of communication strategies already in use by advocates, focus groups, and “talkback” testing of messages. The methods are designed to yield complementary findings as the researchers move between one and another – e.g. learning from approaches already in use helps identify the most problematic dynamics that messages must overcome, and focus groups and talkback testing then seek to identify messages that can improve on these and avoid the “traps.”

Focus Groups

Focus groups are group conversations, typically conducted with 6–10 people over the course of two hours. Topos uses focus groups to determine that a public discussion using new messages is both viable and effective at shifting perspectives. Focus groups approximate a “public” conversation that includes the ebb and flow of support and opposition, understanding and confusion, that is likely to emerge in real world conversations. In this way, the researchers identify the obstacles that prevent new ideas from taking hold, and the communications elements that are necessary for an effective, robust public conversation.

For this effort we conducted four focus group sessions with a total of 31 people:

- Two groups of residents of Columbus, OH (February 24, 2011)
- One group of residents of Marlton, NJ (April 1, 2011)
- One group of residents of Philadelphia metro, PA (April 1, 2011)

All focus group participants were screened to meet an engaged citizen profile, meaning they are registered to vote, pay attention to the news, and are involved in community organizations. Engaged citizens are frequently the opinion leaders in their circles, so patterns and discussion among these individuals are especially salient to understanding the public conversation. Participants represented a mix of gender, race, age, political identification, and education.

TalkBack testing

In the TalkBack method, individual subjects are presented with brief texts (roughly 100 words) and then asked a number of open-ended questions, focusing in part on subjects’ ability to *repeat the core of the message, or pass it along to others*. TalkBack texts generally focus on conveying a single key concept, such as a particular aspect of a complex issue

like privatization initiatives. New terms are often introduced as well (usually identified as terms that “experts” use), in order to test their clarity, memorability and other properties.

TalkBack testing assesses several key dimensions of a communications approach, including:

- The “stickiness” of particular ideas and terms – How well do subjects remember them? How likely are they to repeat them?
- Effectiveness as an “organizing idea” – How well do subjects stay on topic? Is the new concept shaping their thinking in a new way?
- Clarity – Are subjects able to explain the idea and reason in terms of it?
- Guides thinking in the right direction – Does the idea guide people towards constructive perspectives and away from counterproductive ones? Does it “inoculate” against opposition arguments?

Messages that do well in these ways have the capacity to change minds, engage support, and enter the culture as new “common sense.”

An important advantage of the TalkBack approach – which involves large pools of subjects, and rapid response times – is that it allows for the testing of a large number of messages, which can be refined in phases throughout the message development process. In this case 37 individual paragraphs (see appendix) were tested in Internet surveys, involving dozens of distinct directions and approaches. These TalkBack subjects included a diverse group of nearly 600 individuals who were drawn from every region of the US, representing 47 US states. The sample was comprised of 273 men and 316 women. 140 subjects were in their 20’s, 173 in their 30’s, 146 in their 40’s and 126 were 50 or older. 190 subjects identified as conservative, 153 as liberal, 180 as independent. The sample was approximately 80% white and 20% non-white. Testing took place between February and April of 2011.

In May of 2011 findings were refined through video-taped TalkBack testing with an additional 50 subjects in Ohio. On-the-street TalkBack testing enables a researcher to ask follow-up questions and engage subjects in conversation on the topic, and yields illustrations of how core messages can work in practice.

Thinking that promotes acceptance of privatization

Why are Americans so open to privatization? In this section we briefly summarize several of the key patterns of thinking that predispose many Americans to accept the practice of selling off, leasing or contracting out our government assets and operations. These include a range of deeply held conscious and unconscious ideas, as well as a lack of clarity about some ideas that are fundamental to insider perspectives.

Communicators should keep this cognitive and cultural terrain in mind, since it shapes the outcome of every public conversation they have on the issue.

Lack of distinction between “Public Sector” and “Private Sector”

Though this distinction is so clear and fundamental to insiders, members of the public often don't have a clear understanding of what these terms refer to.

More fundamentally, they often don't have a clear sense of which things actually are privately vs. publically owned/operated, or even what the distinction means.

For example, people sometimes wonder why government can't "operate on a profit."

I think the fact that we own all of these things – if we had made them profitable in what they were, they could support themselves. (Pennsylvania woman)

I think the government does a not-so-great job of running organizations to make them profitable. There is so much red tape and bureaucracy that it is impossible to run an institution with profit. (New Jersey man)

Sometimes it helps the government to have parts of their business open to business competition. (Arizona man)

If people don't clearly see the distinction between public and private they obviously are not positioned to take a strong stand in favor of one over the other. The benefits of public ownership that are so clear to insiders – public input, public service, no profit margin, transparency, public accountability, etc. – are much less readily recognized by the public.

Government ineffectiveness

People who support privatization typically don't do so because of pros and cons regarding how to run *particular* services or assets. ("I know government is effective at running X but believe private companies could better run Y ...") Rather, their opinion is typically based on more general perspectives.

It will come as no surprise to readers that one of these is the perception that government simply is not very good at running things. Note that this is a *practical* rather than an ideological perspective – and that it is often shared across partisan identification.

This general perception is expressed in a variety of ways, and people may focus on different aspects of it – e.g.:

Government is inefficient – it spends too much money getting things done, hires too many people, doesn't trim fat, etc.

Businesses provide a better customer experience – e.g. AAA vs. DMV, Barnes & Noble vs. public libraries; FedEx vs. post office, etc.

Businesses have to do a good job and be efficient in order to make a profit while government has no pressure to produce.

Businesses have to deal with competition – government would be forced to be more efficient if it faced competition from businesses.

The “professionals” in businesses simply know more about what they're doing.

Quotes from research participants:

Now the government, all we ever do is throw money at the problem, money at the problem and we never see any results. (Pennsylvania man)

If it was privately owned and they aren't producing, we fire them. How do you fire the government? (Pennsylvania man)

I would trust a public shareholder over a politician any day. I think a politician has no more interest in mind than somebody looking for profit. At least when you are looking for profit you are still concerned with what you are putting out as product. (New Jersey man)

I don't think there is really anything that the government has done that the private sector hasn't done better. Like mail, Fed Ex and UPS do a better than the U.S. Postal Service. (Ohio man)

From this perspective, poor government services and a weakened public infrastructure “prove” that government mismanages tax dollars, not that the government is in need of additional resources.

I see just going in the school every week doing volunteer work how changes are being made where they can't even have enough custodians, so everybody in the community is pitching in ... where is the tax money going? (New Jersey woman)

We have these toll roads and yet we say our bridges and our infrastructure is all falling apart. You wonder where is all this toll money going if it is not there to improve the infrastructure. I'm not asking them to make money, but they ought to at least be able to maintain the facilities with the money they got. If they can't do that, then we've got a major problem. (New Jersey man)

Business effectiveness (and the virtues of capitalism)

While most Americans have a default mental picture of ineffective government, they have a default mental picture of business that is just the opposite.

They are sometimes willing to voice populist anger towards companies – they’re “greedy,” don’t care about average people, and so forth:

[Privatization] has the potential to be a disaster in the wrong hands, with people who are only interested in making money. (57-year old liberal man, CA)

But there is a stronger, default view, that transcends political affiliation, in which businesses *compete with each other, innovate, and work hard for profits* – thereby creating prosperity, jobs and progress. In this default mental picture, businesses are the prime actors in the economy, and the entire capitalist system of businesses competing for profits is what creates quality and value.

They [companies] want to see profits every single time and competition raises profits because you are offering better and better and better. It is computers. You look at cars. Everything has gotten better because of competition. (Ohio man)

Companies have new ideas in taking these tasks in a more efficient and economical way. I think it's a good thing, because it stimulates job growth. It also might lead to a new system of delivering service, which we have not thought of before. (40-year old moderate man, TX)

Companies have the resources and expertise to get the job done more efficiently than the government at a lower cost to taxpayers. (45-year old moderate man, CA)

Things are always better and products are always better if we always introduce the fact of competition...Look at SEPTA, the transportation system. We keep investing more money in that and we get less service and meager service, mediocre service at best. If we introduce competition and another service says we can run more buses on the same route, have them more on time at a lower cost – if we introduce competition sometimes things always get better. The country is built on competition. (Pennsylvania man)

The key idea is private companies taking over government run amenities because the government is poor at running them . . . They can do it cheaper and more efficiently than the government thus making money. (23-year old liberal man, PA)

For this reason, the “anti-business” stance that can be so appealing to communicators for a variety of reasons can easily provoke a backlash on the part of listeners.

I'm looking at this sentence, “price gouging, declining services, safety concerns, cutting corners and general mismanagement.” I'm thinking to myself, “Isn't that local government?” (Pennsylvania man)

Distrust of government motives

Just as Americans of all political persuasions are often skeptical about government's effectiveness, they are also likely to question its priorities and motives. Is government even *trying* to solve problems or create progress on behalf of the public at large? People do not necessarily see the public sector as transparent or responsive to public needs or wishes.

I put very little faith in most politicians, because like the cliché says, they always lie. I think everything they do is for their career and not for the public that puts them in office. (30-year old conservative woman, GA)

I'm all for privatization - I have little faith in our government at this point and would like to see a change. (25-year old moderate woman, NY)

While insiders are aware of the various structures that ensure a relative degree of openness and accountability for the public sector – particularly in comparison with business – these are usually not on the public's radar, even if they are aware of them on some level.

Note that this perspective may be more stereotypically associated with ideological conservatives, but in fact distrust is commonly expressed by Americans of all political orientations.

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The result of the various perspectives discussed in this section is often a kind of “magical thinking.” Americans may not be clear on exactly how privatization will work or how it will help, but trust that it will somehow “save us money” or otherwise “make things better.” They are frequently so frustrated with the failures they see in government, that they feel little risk in “giving business a chance to do it better.” The “perfect contract” will fix any problems and create a win-win solution.

Recommended Strategy:

Privatization Is Handing Over Control

To defeat the practice of privatization, communicators need a strategy that goes far beyond messages people “agree with” or that create short-lived anger about a given deal. To win the “war,” as opposed to occasional “battles,” communicators need a reframe that will shift fundamental perspectives towards the practice, across a range of cases – and this means contending effectively with the default perspectives discussed in the previous section.

Our research demonstrates that the most effective organizing idea for opposing privatization is the following:

Privatization means *HANDING OVER CONTROL* of X to a private business.

When deployed correctly, this reframe creates a very constructive perspective shift. It effectively discourages a focus on such problematic questions as Who can run X cheaper? Who can provide the best customer experience? How big should government be? Instead, the perspective shift focuses people’s attention on a different dimension of the issue entirely, and casts it in a light where they are inclined to be much more skeptical, for all the right reasons.

Testing showed that people tend to understand the idea easily and refer to it themselves in subsequent discussion. While no idea is a “silver bullet” that immediately kills opposition arguments, this point proved very compelling and straightforward to many research participants of all political persuasions.

There are groups considering a proposal to privatize things like public parks that are usually run by governments and handing them over to companies with CEOs . . . as if companies aren't already bilking us enough! (45-year old conservative woman, NC, #17 “Taken for Granted”)

Handing over public services or public assets to the private sector in the long run can end up costing tax payers more money . . . They may on the surface appear to be more efficient than the government but there are many potential costs and cuts that are not immediately noticeable to the public. (32-year old liberal man, OH, #13 “Follow the Money”)

The chief idea can be expressed and elaborated in a variety of ways, but here is an example – with references to handing over control underlined – similar to texts that elicited very promising responses in testing:

The main reason to be wary about handing over a service or asset to a private company is that we are giving up control over how it is operated. Privatization typically means handing over ownership or a long contract. If the private company starts running the asset into the ground, or charging exorbitant fees, we have very little say. When the public is in control, it can demand that operations be open to public review, accountable to the people, and operate in the public interest. Privatization means giving all the control to people who may have entirely different goals and priorities outside of our control, even foreign shareholders in many cases.

I don't think it would be a good idea to let a private company run a school system. They probably would have their own agendas, and it may make it possible for them to discriminate against certain people based on race or income! ...

We don't need to be told what to do by someone with their own agenda. We need to have a say so in our school systems, and other issues regarding our wellbeing.

(51-year old liberal woman, AL, #36 Control)

User-friendly language like the phrases used in the text above help convey the chief idea. Notice that this key language is not “anti-business” – terms like “greedy,” “selfish,” “only out for themselves” and even “profit-driven” easily risk push-back. Instead it is relatively neutral language about whose hands control is in:

Handing over control

Giving up our control

Giving away control

We have no say

They take control

They're in charge

They take over

The private company will be calling the shots

One indication of the strength of this idea is that it was sometimes the take-away even when people heard texts focusing on a different idea, such as the *regret* that local government's often feel about privatization deals, or the idea that privatization is about shifting the *ownership* of public assets.

TEXT: A crisis can lead to hasty decisions we later regret. Right now, a lot of cash-strapped state and local governments are toying with the idea of privatizing,

or selling control of, public structures and services like airports, toll roads, parks, public services, and water treatment facilities. More often than not, these are just budget gimmicks that cost us more in the long run. We fill a hole in the state budget with an infusion of cash today, but then we lose the revenue we would have gotten from tolls or fees, costing us far more over time. The worst time to consider these kinds of deals is during a crisis because we'll be pressured into accepting bad deals that we'll have to live with for 50 years or more if privatizers have their way.

What are your personal feelings about the topic you read about?

I think the government would just be handing over control and with the world the way that it is we can't afford to do that. (38-year old conservative woman, AR)

Importantly, this approach directly takes on one of the most standard retorts to other messages – i.e. that “we can always keep an eye on things and change course if necessary.” In other words, this approach is about making it clear that we are giving up that kind of control when we make the deal.

An “organizing idea”

If the “handing over control” perspective is clearly established, communicators then have leeway to introduce a range of other points. In short, the recommendation is less about which ideas must be *avoided* than about which idea should be *forefronted*.

The recommended reframe, in other words, has the ability to organize patterns of thinking. It is not a simple slogan designed to get people to nod along.

Aligning Public with Government

While insiders may think of public institutions and services in terms of we/us/ours, it is usually very hard to promote this stance with other Americans, who tend strongly to think and talk in third-person terms (“they” “them” etc.) about anything having to do with government.

One of the most important effects of focusing on the idea of Control is that it ends up aligning the public with government(!). It shifts people away from the default view of government as “them” and instead positions “they” (business) as running things differently from how “we” (public via government) run “our” assets/services.

If we were to allow privatization of government services than there is a chance that we as a town or country would have no control over what kind of service we receive. (49-year old moderate woman, ID)

I don't think it is a good thing if you are taking the control of something that is a need out of the hands of private citizens ... (35-year old liberal woman, AL)

In whose interest?

A focus on who controls a particular service or asset helps promote a focus on the question of whose interest the operation will be focused on.

The biggest downside is that once a private company takes control of something, the pursuit becomes making a profit. Costs to use these services may go up, or even if that doesn't happen, there might be cost-cutting measures used to turn a profit on these operations. The government is little concerned with turning a profit on a road, for example, but a private company is beholden to shareholders and will be expected to do so, or to jettison the dead weight. (24-year old moderate man, FL)

These are public systems and once a private company would take over, we will have no way to set rules, make sure they operate fairly and make sure they have the public's back. We will no longer have a voice in what can or should be done. (48-year old conservative woman, PA)

Note that a focus on Control is more effective than a direct focus on whose interest companies operate on – or on an explicit contrast between government and businesses – since these easily seem like “anti-business” statements, or invite comparisons that end up being counterproductive.

A New Insight

Effective reframing almost always requires an approach that sounds like a “new insight” to cause people to pay attention, and this core concept sounds new and unusual enough to get attention.

Importantly, the recommended reframe strikes people as a new insight – as opposed to a “rehash” of typical “pro-government, liberal rhetoric” – and one that explains *why* we can expect bad outcomes from privatization.

I don't think this is a good idea because first, the government should own America's infrastructure, and once we sell it off there's no guarantee we'd ever get it back. Second, we would be releasing some degree of control, to the extent it could be risky . . . You've convinced me! . . . Privatization, it sounds like a clear recipe for disaster. (57-year old liberal man, New York)

I used to think if it could help diminish a budget deficit, it was a good idea, but if resources purchased with tax dollars are just "handed over", it is a bad idea. (20-year old conservative woman, WI)

I have never considered it before . . . I'm leaning towards being anti-privatization . . . Privatization gives too much power to company hands, and certain services should remain in control of the people. (20-year old liberal woman, CA)

A sense of loss

Privatization advocates are quick to suggest what the public gains in privatization deals—more money in public coffers, smaller government, greater efficiency, etc. This reframe is effective in part because it makes the public aware of what is being lost, or given away.

Privatization risks destroying what our tax dollars have built. We take away responsibility from the only party we can truly control and risk it with a company where - unless we are shareholders - our opinion means nothing. (28-year old conservative man, AL)

Public structures/institutions as things of genuine value

Americans tend not to focus on the genuine value of things we have collectively built for the common good – airports, water treatment plants, etc. But when they think about why investors are so interested in getting control of these structures, they take a new perspective on the issue.

Whatever budget problems we are facing, selling off community assets or their operations to Wall Street or big faceless corporations with no interest in our community will only result in them running our lives to our detriment. (Illinois man)

What got me, tax dollars created a gold mine in valuable public structures. They are valuable for a reason. (Ohio man)

“Monopolies”

An additional specific point that helps establish the Control perspective, and that proved effective in testing, focuses on the idea that privatization effectively means handing a private business a *monopoly* over something we all need.

Sample text

The reason companies love privatization deals is the same reason we should be very wary of them: We are basically handing them a monopoly on something we all need. Competition is what keeps companies doing a good job and looking out for customers. But once a company has a long lease to operate an airport, state park or toll road, or has bought the water supply outright, they have a monopoly and are not competing with anyone and don't have incentives to keep prices down, do maintenance, etc.

This kind of monopoly explanation proved sticky and compelling. The point seems to work in two ways. First, it triggers discomfort about “handing over control” – a company that has a monopoly has a grip on something that lots of people need. This is unsettling to many people – even *in the absence of more specific concerns*. In this sense, “monopoly” provides a functional synonym for “handing over control,” which may reach different people.

What about the people who live in that town? What if [the private companies] want to close down a national landmark or one that has been free to visit and want to start charging admission? . . . It doesn't sound like a very good idea. Sounds like the people may have no say in something that a company may run. (34-year old conservative woman, IL)

Privatization potentially gives too much power to one company, all too often owned by a foreign company . . . I am very much against it. (61-year old liberal woman, PA)

Second, it undermines one of the chief free-market rationales for privatization. Most people see that a monopoly means *no competition*.

Business is only more efficient if there is competition. I had never thought of it that way but I actually pretty much agree with that. (Ohio man)

There are certain things there is no way to get competition in there. How do you get competition in the water purification plant? (Pennsylvania woman)

I thought it was pretty convincing. How could you argue about this? . . . A monopoly is bad to me - so when I saw in there it would be a monopoly situation - then that is bad when there is no competition. (New Jersey woman)

Once we sell it off there's no guarantee we'd ever get it back . . . We would be releasing control, to the extent it could be risky. Who knows if the [company] could maintain the bridge, and what guarantee is there that the company would keep tolls down? . . . Capitalism doesn't work without competition, and privatization does away with competition. Maintenance and service can suffer while prices can rise. (57-year old liberal man, NY)

Once a private company has total control over a service that people depend on, only bad things can happen. The only thing that really keeps companies in "check" is the competition that exists between them. Once you remove that, a company is much more likely to take advantage of their new position at the top. (31-year old conservative man, MI)

Monopolies are never a good thing because the company doesn't have a reason to keep costs down or make improvements. We are basically at the mercy of this

company and there is nothing we can do to affect change. (46-year old liberal woman, MS)

The downside of privatization is that it creates a monopoly, and no competition in the market means they can do whatever they want . . . Mass profits, unchecked rules, a monopoly and no competition makes it a no brainer. It's not a good thing, in my opinion, because the people who count on these government run places will surely suffer. (36-year old liberal woman, NV)

Private businesses usually are more efficient in their practices, but that's because they have to compete with other businesses, otherwise they lose money. If a business is the sole provider of, say, water services, who do they have to compete with? No one. There's no longer an incentive . . . to be efficient. (29-year old liberal woman, TX)

Significantly, the Monopoly point strikes people as a new insight, which tends to command more attention than familiar rhetoric.

Initially, when you started reading that I didn't think it sounded like a bad idea – letting somebody else have a hand at it. But knowing the history with ATT and it's true, [the private companies] do get a monopoly . . . And if there's no one else to go to, what are you going to do? (35-year old conservative woman, OH)

Pro-privatization advocates can be expected to make the arguments that *government currently has a monopoly on the services and assets in question*, or that companies will *compete for the right to take over the services/assets*. But it should be noted that research participants themselves rarely made these points.

The research suggests that the best response is simply to return to the Control point – who would we rather have total control over services and structures that we all need, “us” or a private business?

Long contracts

In cases where privatization deals potentially involve very long contracts, this provides a strong rhetorical tool related to Control.

Once lengthy contract timelines are mentioned (“decades” “50 years” etc.), research participants, including conservatives, nearly always notice, remember and comment unfavorably, even heatedly, on them.

When appropriate, this idea is in some ways the most effective of all. The idea that a private company might be in control for a long period elicits a strong and negative reaction from most people, even those who just finished expressing strong, even ideological, support for privatization. The idea immediately strikes them as a scary and unwise commitment, and a kind of no-brainer. It is very difficult to argue in favor of long contracts.

Because the idea is simple and vivid, even those who have little knowledge or interest in the issue engage immediately – volunteering why it’s a terrible idea and adducing their own examples, analogies, personal knowledge, experience, and rationales.

75 years? If it’s a bad idea, you’ve just locked into 75 years of a bad idea. (Ohio man)

No, definitely not. No, because you’d want to re-evaluate I would say – to have that option to get out of it after a short term. (Ohio man)

I mean, 10 years is a long time in a business, and in a government, too, it’s a long time. Things can change . . . The whole structure of the company could change. (Ohio woman)

Who signed a 75 year contract without somebody having their hands in the till? (New Jersey man)

That’s a back room deal if I ever heard one. (New Jersey man)

You go into these long-term agreements and everything looks good at the beginning – couple years into it things aren’t as good as you expected, and you really don’t have recourse to make changes. (Ohio man, privatization supporter)

If we just say, ‘your contract was great – we’ll give it to you for 20 years – go run with it,’ that would be about the dumbest thing I’ve ever heard of. (Ohio man, privatization supporter)

Then I don’t think we should do it . . . I think we should be really careful, and I think it just goes back to the time period. I think they should be given a trial to see how they do and to know that we can revoke that if it’s not working . . . Let that company know that we’re not going to give them full reign. (Ohio woman, privatization supporter)

There shouldn’t be long-term contracts - 75-year contracts - because I think that is a monopoly, and I would not agree with that. (Ohio man, privatization supporter)

Importantly, this approach has potential as a “tactical deal-killer” – if the public were to insist on brief contracts, many deals would be less likely to happen.

Different lead points for different audiences

The research suggests that at least three different ways of introducing the organizing idea of Control. Depending on the situation, the audience, or the speaker, it may be most helpful to start by talking about Monopolies, Long Contracts, or more directly, the language of Handing Over Control – e.g.:

The governor is planning to hand over control of our ASSET to a private corporation. We own ASSET and built it with our tax dollars. We can’t let the governor have a garage sale with what belongs to all of us.

The state legislature wants to hand ACME Company a long-term monopoly to run service X that we all need, without any competition. Business performance is driven by competition, but if Acme has no competition for the service, what incentive is there to do a good job?

We should think twice about giving up public control of things we all need, in contracts that give big corporations control for 50 years or more.

Additional support points

One of the hallmarks of a successful organizing principle like Handing over Control is that it can “link up” with various other secondary points and approaches that resonate with it. The following are a number of additional ideas that can easily be built into the “Handing-Over-Control” conversation.

Rush to privatization: Handing over control shouldn't happen without careful consideration.

Once the privatization situation is reframed as a matter of handing over our power and control, then it makes sense to slow down and tread very carefully. Texts that warned about the dangers of haste or carelessness resonated with many people.

[Privatization] is often a decision made in haste. I used to think if it could help diminish a budget deficit, it was a good idea, but if resources purchased with tax dollars are just "handed over", it is a bad idea. (20-year old conservative woman, WI)

These moves should be done on an experimental basis, and slowly and conservatively, so that if there are any major disasters, the effects are limited. Unless someone is on fire, there's no need to rush this thing. (46-year old conservative man, TX)

You need to pick your dance partner wisely. Otherwise, you're going to be in a worse situation than before the change. (51-year old liberal man, OH)

We can't make rash decisions without giving clear thought to the possible outcomes. We don't want to jump out of the pan and into the fire, in other words. These are scary times, it's easy to let our emotions rule our thinking, rather than relying on logic. We need to be careful about letting private companies have a bigger stock in our lives. (29-year old conservative woman, KY)

Lack of transparency: Handing over control shouldn't happen blindly.

Although this did not have traction as a lead point, the idea that we often don't know as much as we should about companies served a support point to the reframe.

Examples of user-friendly language:

We can't sit in on their meetings

We don't know how they're making decisions.

A private company doesn't have to show us memos.

Why should we trust a private company we have no insight on. I have no way to know what they're up to. (29-year old liberal man, MN)

Who are these companies? Would the details be public? Who would regulate these companies? (46-year old liberal woman, TX)

[Does] a private organization have to disclose certain information the way a public company has to disclose information to the shareholders? It seems like a public issue that should have accountability. (29-year old conservative man, CA)

Regret: Handing over control doesn't work out in practice.

Simply pointing out that communities have come to regret their privatization deals helped to instill a sense of caution and doubt in many people.

We would be locked into contracts that may seem good at first but could quickly deteriorate. It only seems like a good idea because of the current economic crises but in the future we may kick ourselves for giving up an investment. (28-year old liberal woman, PA)

I have seen it first-hand not work very well. The downsides that they are telling you about are very true. It sounds very good, but doesn't work well. (66-year old conservative woman, CA)

Our local library is funded by a local company and they are making changes to the building without the local townspeople being able to vote on it or have a say . . . [privatization has taken] away my having a say in these matters. (42-year old moderate woman, NC)

Special Circumstances

One challenge in communicating a consistent message on privatization is that each situation is different. The Reframe described above will apply in virtually all situations and will go a long way toward causing people to rethink knee-jerk support for privatization.

This said, there are several support points that proved sticky and compelling in testing, and that can bolster the central reframe when a privatization deal has particular provisions. When applicable, communicators should expand on the central reframe to include the following opportunistic support points:

Revenue stream

When assets to be privatized generate a revenue stream, it can be pointed out that a one-time, short-term infusion of cash will cost us more in the long run, as we lose the public revenue stream.

The research demonstrates that this point strikes people as very practical. It is penny wise and pound foolish to sell off our revenue streams.

They are looking at what they can get in the present; they are not looking at the future. They are not looking at what is going to happen and what it is going to do to our communities later. (Pennsylvania woman)

Looking at these sort of one-off deals where you get this \$3 billion lump sum. It fixes the gap for one year but you haven't solved the problem. So next year you have the same problem again but now you have less revenue. (Ohio man)

It kind of feels like I'm having a financial crisis. I'm going to do the payday loan thing. It just digs you deeper. I'd rather have less than that continuing over time rather than quick fix that looks good initially but isn't really how to fix things. (Ohio woman)

Multi-national

The fact that a privatization deal involves multinational corporations tends to intensify the discomfort with “handing over control.” Why would we hand over public control of things we own and need to a multinational corporation that will put profits before the interests of the American people?

I just don't want more foreigners owning more of this country than we do. (Pennsylvania woman)

I agree. When they don't see the profit, they walk. It ain't their country; it ain't their people so we can walk out. It doesn't matter. (Pennsylvania woman)

Safety concerns

For assets/services that are basic to survival, such as water treatment, public safety, etc., it is often effective to point out that once companies are in control, they may cut corners.

Importantly, this is very different from a moral stance that profit is *bad* – it is a more neutral/descriptive take on the difference between public and private.

The safety context helps people draw a clear distinction between what private and public are all about – and helps them accept the idea the government is supposed to do what's in the best interest of all and reminds them that private business is supposed to do what is in the best interest of shareholders.

Some things should not be motivated by profit. That's right. The fact that there should be an ambulance for emergencies, should be there when there is an emergency. Clean drinking water. We have some rights of being citizens of the United States and I think

basic conditions like clean drinking water, basic emergency services. (Pennsylvania woman)

I own the fire company. I own it. It is not a nonprofit business, so my goal is to get rich. The only way I'm going to get rich is I could drop the standards to become a fire fighter so I don't have to pay so much in your training. I will pay you less and I can pay you less in benefits because now I have a higher turn over. As long as my bottom line each year increases greater than the cost of living, then I'm happy. (Ohio man)

Certain things shouldn't be about making money. It's serving the public. (Ohio man)

Messages that Miss the Mark

In this section we discuss messaging approaches that the research suggests are not strong candidates for winning the “war” against privatization.

Some messages simply fail to gain traction, and are easily misunderstood or dismissed.

Others are encouraging at first look – and might even do well in surveys or provoke a positive response among those who are already inclined to agree with us – yet are unlikely to shift perspectives in a significant way. They may evoke “agreement” and even enthusiasm, yet be quickly forgotten as discussion proceeds, because they don’t create a fundamentally new perspective on privatization.

Still other approaches may be effective at discouraging a particular deal, but not generalize to most situations, or may backfire in other significant ways.

Questioning the motives of businesses

For very good reasons, anti-privatization advocates are often inclined to focus on businesses’ motives and how these can work against the public interest. For example:

Corporations are focused on profit, not people.

Haven't we all seen how corporate greed is breaking this country?

From one perspective this approach could not be more reasonable. After all, businesses’ focus on profit and on flexibility in the pursuit of profit – rather than on the public good – is in fact the root of many of the problems with privatization.

But the research makes it clear that while communicators can sometimes get traction through an “anti-business” stance, this approach often backfires and certainly does not do enough to make the case against privatization for the long-term.

The chief reasons have to do with deeply held perspectives:

- Americans' tendency to defend business and even prefer it over and trust it more than government when asked to choose.
- "Profit" is not automatically "bad." If a business is earning a profit, it implies the business is efficient and producing a product or service people want. It must be doing something right.
- Even "greed" is limited in its utility because many people quickly assert that "greed" is not limited to the private sector – plenty of political leaders are driven by greed and ambition.

Tested texts that focused on the profit motive, or the difference between government's mission (public interest) and a business's mission (profits) often provoked pushback or lukewarm responses.

I think some companies have figured out how to be more efficient in doing a particular task and can make a good profit that will benefit both them and the government. I think this is a good thing. If something can save us money and also be run more efficiently why should they not be allowed to do it? (52-year old conservative man, WI)

[They say that] governments, not corporations, have our best interests at heart. I completely disagree. Government can play a role in protecting us from a business conducting malicious behavior, but competition between businesses ultimately provides us with the best alternatives. (36-year old conservative man, IL)

They might do it more efficiently, but at what cost to the consumer? They don't care about us and answer to no one but themselves. [But] if a company can be found to run certain businesses that are run by local governments badly – like the school bus system – then it should be done. (48-year old conservative woman, MD)

Just as importantly, an explicit anti-business stance is *unnecessary*. Those Americans who are inclined to take such a perspective will do so even when offered minimal, rather neutral cues in messages. This pattern is similar to research findings on other issues. For instance, a focus on animal cruelty is not the most effective messaging approach for opposing massive confined-animal feeding operations, since most people conclude (even if regretfully) that "we have to produce our food somehow." But after hearing other messages, *research participants themselves* often introduce the animal-cruelty perspective into the conversation if so inclined.

Note that the emphasis on Monopoly in the reframe relies on a caution about private enterprise that *both pro- and anti-business people* agree upon. Whether people are inclined positively, neutrally or negatively toward business, all agree that monopolies are to be avoided.

“Privatization will lead to bad outcomes!”

Many of the attacks on privatization deals focus on laying out the potentially negative consequences of the deal:

This deal will reduce services to seniors.

We should all expect that prices will increase.

They have to find their profits somewhere, and it will come out of workers' wages.

It might sound cheaper, but there are hidden costs.

While people often share these concerns, strong opposition is undermined by several factors.

One is the firm belief that these problems can be addressed. People often assume that contracts can be changed as soon as a problem occurs, that companies that do a bad job can easily be “fired,” etc.

We have to have some kind of guarantees. We can't just say okay, we're going to give you the contract. That is why we should have bids, because we want to see how you are going to treat the worker also. (Pennsylvania man)

Isn't that black and white? If private sector leased the building, couldn't there be regulations written into [it]. (Ohio woman)

Any time he starts to violate the conditions of the lease, then with any lease, you step in. (Ohio man)

Ultimately, complaints about how private companies operate, or specific examples of negative outcomes of privatization, can often be dismissed with “just spell it out in the terms” or “insist it be done differently”. Specific examples of problems do not shift people away from acceptance of privatization as a general practice. Instead, they immediately begin to think of ways to “fix privatization” so it won’t have these negative outcomes.

A second important weakness with “bad outcomes” as a focus is that people may simply dismiss or forget the claim that businesses will do a worse job than government. Without a fundamental contrast between public and private, the debate can easily become about “comparing two vendors” – business and government – and judging which will be cheaper, or have better service, etc., and that won’t favor government, particularly when people are unhappy with government services.

I see how bridges, roads, buildings, schools are managed by the government and the results are appalling. Don't know if the private sector would do better, but they couldn't do much worse. (31-year old conservative man, CA)

I actually think that privatization can be a good thing. While I understand the argument against it, the government has so much waste that I think it might be worth it. (33-year old conservative woman, OH)

The governing body should write a contract that would control fees to a reasonable amount and set standards which a private company must adhere to . . . I favor privatization for many governmental services providing there is a contract to monitor the company and ensure a high degree of services. (63-year old conservative woman, FL)

Ultimately, a focus on “bad outcomes” may simply lack a key element – explanation of *why* outcomes are always likely to be bad in a privatization deal.

Corrupt deals

It is tempting and understandable for communicators to focus on the questionable motives of the lawmakers who push privatization deals.

But the research shows that while some examples of backroom deals are so egregious that they may undermine a particular privatization effort, as a broad-based message the Corruption frame can easily backfire.

When communicators focus on the idea that lawmakers have conflicts of interest, the result is often a strong anti-politician response, but little useful focus on privatization itself.

Why are we thinking that the government is not doing all this too? If we turn it over to private, what do you think that the government – you think they are not getting their entertainment expenses and they are getting additional costs, higher salaries and all of this? (Ohio woman)

Since it is an effective message component in certain campaigns, this may be an example of a “defensive” tool that is deployed only in those very specific instances where there is already momentum for privatization, but the individual scenario involves obvious and appalling corruption. In other words, it may help in particular battles, while not helping with the “war.”

Accountability

The research for this project confirms that Americans respond positively to messages about accountability and related ideas. They want decision-makers to be held accountable, decision-making to be transparent, and so forth.

On the other hand, the testing shows that the idea of being able to hold decision makers responsible for how systems and institutions are run *tends not to hold people’s attention* as well as other points do.

For instance, their focus easily shifts back to other points discussed above, particularly who is in *control* of the systems (who “has a say”) or whose interest they are being run in.

In a way, this is not surprising. Accountability is an “after the fact” consideration compared with the question of who is in control or how something is being run in the first place. Being able to “assign blame” later is a much less powerful idea.

Even a related idea like *transparency* (the ability to see how decisions are made, etc.) is an indirect consideration compared with the question of *who is in control* or whether a company has a monopoly.

Another fundamental weakness with a focus on accountability is that it can be difficult persuading people that government is more accountable than business. By default, people often assume that *businesses are more accountable* – i.e. to us, their customers.

If the private company is doing a bad job, they will go out of business and another company would take over. The government cannot go out of business, so if it is doing a bad job, more money is simply poured into the failing system to fix it. (26-year old conservative man, IL)

This means that communicators set themselves a difficult task if their first message is that government is more accountable than business. They cannot simply assert this point and then leverage it – it must be explained and substantiated.

Focus on employees

Pointing out that companies save money (compared with government operations) by sharply cutting wages is memorable and compelling to many people, and is sometimes an effective way of triggering populist resentment without explicitly taking an anti-business stance.

The workers are the ones who suffer. A private company can only come in and do something “more efficiently” or “cheaper” by shafting the workers. (29-year old liberal man, NY)

At first you would think [privatization] would be a good idea, but then you need to sit back and realize all that will happen after they take over. The repercussions will go a lot further than just the employees that work there. (49-year old moderate man, NY)

On the other hand, this point is often very divisive – many conservatives are happy to hear that (currently “outrageous”) wages will be cut.

I just think that a private company would probably do it better and it probably would be more cost efficient and probably salary-wise it would be lower too. People would be paid lower. I think it would give them more incentive to try harder. (New Jersey man)

Now chiefs of police are making \$140,000 a year and you retire at 75 percent of that. Who can pay? We can't afford it. (New Jersey woman)

My friends who make \$100K at the state and don't do anything but hire out to a private contractor who does it cheaper, my friends are programmers who make at least \$20,000 to \$30,000 more than the people actually doing the writing and there is a problem there. (Ohio man)

Conclusion

It is very tempting, in the heat of individual anti-privatization campaigns, to take a purely *à la carte* approach – and in some cases to throw every communications strategy we can think of at the problem, and hope that “something will stick.” This ad hoc approach can seem all the more sensible given that in some cases, even the communications directions that our research demonstrates are the weakest and riskiest can seem effective in the moment.

The research demonstrates clearly, however, that the piecemeal approach won't help us win the larger war over privatization. There are simply too many battles to successfully organize against without a big picture strategy. The only practical solution is a culture shift – a change in the default patterns of thinking on this issue.

In cultural terms, ordinary people have a tendency to mistakenly believe that even after we privatize a service or asset, we will continue to have decision-making control over that asset or service. They are particularly susceptible to vague assurances that there will be some oversight written into the contract, for example, or assume that these are part of the package to begin with “because it's only sensible” to expect that it would exist.

Focusing on the truth that privatization means handing over control, sometimes over a long period, takes on this bit of magical thinking directly. It destroys the fantasy and wakes people up to the much less appealing reality of privatization.



Founded by veteran communications strategists Axel Aubrun and Joe Grady of Cultural Logic, and Meg Bostrom of Public Knowledge, Topos has as its mission to explore and ultimately *transform the landscape of public understanding* where public interest issues play out. Our approach is based on the premise that while it is *possible* to achieve short-term victories on issues through a variety of strategies, *real change* depends on a fundamental shift in public understanding. Topos was created to bring together the range of expertise needed to understand existing issue dynamics, explore possibilities for creating new issue understanding, develop a proven course of action, and arm advocates with new communications tools to win support. For more information: www.topospartnership.com

Appendix

Tested Texts

For reference, the following are all the texts used in TalkBack testing, including video testing.

Notes:

Each text attempts to express a core idea as though it had to stand alone, without further explanation or elaboration, and be expressible in less than a minute.

The labels/numbers for each text are for the researchers' convenience, and are not seen by test participants.

Ideas and terms in TalkBack texts are sometimes attributed to experts in order to test what would happen if experts *did* begin to communicate in these ways.

The texts are not intended to be used as-is, even if they are successful. They are written to fit the context of TalkBack testing, where participants typically have no prior idea what the topic is. In natural contexts, communicators will express things somewhat differently.

The testing method sometimes includes inaccurate or exaggerated points in a given paragraph, for example in order to explore the limiting cases of a given cognitive model – *final recommendations take these inaccuracies into account*.

01 Competition Supporters of privatization say it will bring competition into publicly-run operations, like municipal water systems or prisons. The trouble is that in order to have competition, there has to be a choice of providers – if you don't like McDonald's, you can go to Burger King. In the case of public assets, however, there's typically only one public asset or utility. It simply doesn't make sense to have competing highway systems, armies, municipal plumbing systems, electrical grids, bridges, courts systems, prisons, sewage systems, etc. So turning our public assets over to private businesses is creating a private monopoly – a recipe for disaster. Business is only more efficient if there's competition. The rule of thumb is that when there's only going to be one of something, keep it public.

02 Public Structures Economists talk about the “public structures” that are a foundation of our prosperity and quality of life – from road systems to school and library systems, to court systems, water systems etc. Public structures are the things we build because they benefit all of us. If we put a private company in charge of a community asset like this we'd lose control over how it was managed. That means we wouldn't have any say in decisions about user fees or maintenance investments or quality standards of the assets and utilities our parents and grandparents built. Public structures need to stay under public control.

03 Corruption If a politician is urging that a private company take over operations of some public system – whether it's running a bridge or highway or water system or a Medicaid system – there's a good chance that the politician has business ties to the company. It has happened over and over again across the country. The urge to “privatize” public systems is often based on a particular politician's conflict of interest rather than on what's best for the people in a town or

state. It can even be based on flat-out corruption – more than one politician has accepted contributions based on an agreement to get a company a government contract.

04 Plundering Why do big companies want the opportunity to run public places and systems – from park systems to roads, water systems, schools, prisons, etc.? It's obviously because they see these as opportunities to make profits. These are valuable assets that the public has built and invested in, and now the companies see a chance to step in and reap the rewards. Toll roads can yield millions of dollars in tolls. Parks have been built and protected at public expense, and can produce millions in entrance fees. We shouldn't let companies plunder these assets – we should keep them for our own benefit instead.

05 Profit-focus Whenever we consider handing over something we all need – such as a road, reservoir or building – for a private company to run, we need to ask how the fact that they are profit-focused might end up working against the public interest or the community interest. For instance, it means they have an incentive to charge us more, and to provide less service, in order to increase profits. A profit-focused business also has incentives to cut corners in ways that can threaten our health and safety, or the environment. The profit leads to other strange incentives, too – for instance, prison companies lobby for harsher laws, so that more people end up in prison. The simple fact is that private companies are about making a profit, not looking after what we in the community need.

06 Short Term To improve a town or state's short-term budget situation, it's tempting to hand over some operations to a private company that promises to do the job cheaper, whether it's running a state park, a school, a prison, a water system, etc. But this short-term "solution" can lead to major long-term problems. Once they have the contract, private companies may not have incentives to maintain the asset and make needed investments along the way, instead focusing on increasing profits however they can. In a couple years, we may find the safety and quality of the roads or water declining, while the company continues to make high profits.

07 Accountability There's one big difference between a private company running something like a school system, water system or toll road, and public officials running it on our behalf: The private company is much less accountable to us. We can't demand to be in on meetings where decisions are made. We can't demand to see what they're paying for things or how much of a mark-up there is. We can't vote a company executive out of office for running things badly or charging us too much. Once we sign a contract to hand over operations to a private company, we've got no recourse if we don't like how they're handling things.

08 Essentials We should be careful not to turn over to private hands the stuff that we simply can't do without – things like highway systems, armies, municipal water systems, electrical grids, bridges, courts systems, sewage systems, fire departments, etc. Once we turn over control of those essential services and assets to private hands, we're putting ourselves at risk. It's one thing when the owner of the local carwash runs his business into the ground, turns out to be a crook, is later bought out by a foreign company, or saves money by cutting corners. It's another thing when something happens to our irreplaceable public assets. We can't afford to take that chance – not when our lives, well-being and prosperity are at stake.

09 Good Jobs Middle class jobs are disappearing, and teachers, firefighters, and police officers, are some of the last middle class jobs around with pensions. Their wages are a little lower than they'd earn in the private sector, and they traded benefits for higher increases over the years. If we want good people to go into public service, we need to pay them a decent wage and let them have retirement security. Instead of attacking civil servants, we should work on policies to

make sure everyone has a living wage, retirement security, and access to a union to negotiate better wages from winner-take-call CEOs.

10 Bad Contracts Privatizing public systems – like selling a private company the rights to operate a town’s parking meters – never works out as advertised. There’s always fine print in the contracts, like a guarantee that the private company will get paid even during days when nobody uses the meters. The track record is very consistent: Expensive lawyers build in loopholes in the contracts that we don’t notice until it’s too late, and at the end of the day the public is stuck with a terrible deal. As my grandpa used to say, “if you’re not a poker player, don’t sit down with the pros; and whatever you do, don’t bet the damn farm.”

11 Public for a Reason Public systems are public for a reason: They don’t fit the market model. You can’t turn a profit on a highway system with just tolls (you also need taxes). You can’t have market competition when there’s only one of something (like the fire department). It’s scary to have private companies run nuclear power plants (because they try to cut corners). You can’t allow private prison companies to write harsher criminal laws (because there’s a conflict of interest). This is why we should always be cautious when folks talk about turning over our public facilities and services to private companies. The “market” just doesn’t work in many situations.

12 Cutting Corners We’re always told that turning over public services and assets over to private companies is good because private companies are more efficient than government. The track record is clear: In every case, “efficiency” is just a code word for “cutting corners.” Private companies cut corners either with safety or service, like firing staff, putting off maintenance, longer waits for service, hiring unskilled workers, or cutting people’s benefits. The problem with cutting corners is that in the end it always ends up costing more, in money and sometimes in lives.

13 Follow the money Follow the money. When a public asset like a water treatment plant, or a public service like Medicare gets handed over to the private sector to run, there is often a pile of additional costs – profits, stockholder shares, marketing, high executive salaries, bonuses, board member compensation, etc. It adds up. Where does all that extra money come from? Either taxpayers have to pay higher fees, or the company cuts corners with safety or service, like firing staff, putting off maintenance, longer waits for service or cutting people’s benefits. You can’t get something for nothing, so why would we let corporations take over the public structures we built together to serve the common good?

14 Profit Shift Experts have looked over the track record for privatization schemes to figure out why they nearly always fail. They found that the source of the problem is what they call Profit Shift. When government hands a public good or service over to a private company to run, the private company needs to do all the same work public workers had already been doing, but it also has the extra burden of turning over a profit to shareholders and investors. This means that even if they find ways to do things more efficiently or cheaply the benefits don’t end up with the public, but get shifted towards profit for owners. In fact, costs to taxpayers usually go up, services go down in quality, and most privatization efforts end up being abandoned in the end as a bad deal for the public. Because of the Profit Shift, privatizing is one of those things that sounds good in theory, but doesn’t work in practice.

15 Valued Public Structures We don’t think about it very often, but over generations our tax dollars have created a goldmine in valuable public structures like airports, toll roads, parks, and water treatment facilities. These public structures not only benefit citizens, but also earn millions to support state and local government. Now Wall Street investors and big banks are

pushing to privatize public assets because there is huge money to be made if they can buy them or get 75-year contracts to operate them. It's one thing when the owner of the local carwash runs his business into the ground or is bought out by a foreign company. It's another thing when something happens to our irreplaceable public assets. When our lives, well-being and prosperity are at stake, we can't risk letting outside investors come in who might run them into the ground, take all the money they can, and leave us with the mess.

16 Public control Most people agree that there are certain things the public has to maintain control over – like water treatment, schools, law enforcement, the military and so on. But private companies argue that there are lots of public institutions that don't need public control, like parking structures, prisons, parks, airports, or communications networks. Private firms want to take them over from the public because they think they could use them to turn a profit. Unfortunately, once a private company has ownership or a 70-year contract, and they start running these assets into the ground, or charging exorbitant fees, we find that they were actually indispensable public structures all along.

When the public is in control, it can demand that operations be transparent for public review, accountable to the people, and operate in the public interest. Privatization means giving away much of our control, and gives power over to corporate CEOs, Wall Street and even foreign companies, all of whom may have entirely different goals and priorities outside of our control.

17 Take for Granted It is easy to take a lot of things for granted. Like the public parks we use without paying for admission, the clean water that flows from the tap, or the fire department that responds when you need it. Libraries, trash collection, maintained roads, public health, the list goes on. Our quality of life relies on a range of essential public structures and services that we often take for granted. Now imagine that we let a private company lock us into a 75-year contract to run our water system, or trash collection, or parks. What incentive would they have to serve the public interest? Privatization means giving away public control of things we usually take for granted, and handing it to corporate CEOs, Wall Street and even foreign companies who have every incentive to get as much money out of the system as they can, even if that means sacrificing services, quality, or increasing fees to the public.

18 Snake Oil Whether it's about weight loss or cutting your credit card debt, there are always hucksters out there willing to sell you a "painless" solution that doesn't require making any tough choices. Privatizing public assets and services is just another misleading sales pitch. Holding our public officials accountable and improving how government works is never easy. It requires active and informed citizens, accountable public workers and officials, and time and hard work. Advocates of privatization will tell you that none of that is necessary – through the magic of private enterprise, they will deliver higher quality at a lower price, while also skimming off healthy profits for their shareholders and investors. But, like the magic diet pill, it doesn't work that way, and the public soon finds itself worse off than before, fleeced by a slick sales pitch.

19 Public Interest There's an important way that government and business are different. The private sector is about making money, and that's fine and important. But the public sector is about serving the public interest. We all need clean drinking water, reliable emergency services, well-maintained roads, and so on. When it comes to essential public services, we want the public interest to come first, not profits. Privatization, or giving private companies control over public goods and services, encourages all the wrong priorities, and citizens shouldn't stand for it.

20 State Budget Crisis A crisis can lead to hasty decisions we later regret. Right now, a lot of cash-strapped state and local governments are toying with the idea of privatizing, or selling

control of, public structures and services like airports, toll roads, parks, public services, and water treatment facilities. More often than not, these are just budget gimmicks that cost us more in the long run. We fill a hole in the state budget with an infusion of cash today, but then we lose the revenue we would have gotten from tolls or fees, costing us far more over time. The worst time to consider these kinds of deals is during a crisis because we'll be pressured into accepting bad deals that we'll have to live with for 50 years or more if privatizers have their way.

21 Monopoly There is one main reason it's a bad idea to hand over public structures and assets to private companies, which is the same reason the companies want it: The companies are usually being handed a long-term monopoly that allows them to make a profit with no competition. They will get to operate a profitable service like parking meters or toll bridges, or run a critical asset like a water system or airport, with no competition to force them to maintain high standards. Business is only efficient if there's competition. But in a monopoly situation – where a single company has long-term rights to something we all need – what incentive is there to do a good job?

22 Public doesn't benefit Some people think of private companies as more “efficient” but the problem with privatization is that this efficiency would only benefit the company, not the public. When a company is handed a 75-year contract to run something we all need – like an airport, toll road or water supply – the terms are set from the beginning, and any efficiencies, corner-cutting etc. turn into profit for the company and its shareholders, not benefits to the public.

23 Profits vs. The Public Interest (strong) It's hard to see how turning over public assets to big corporations is a good idea. Corporations must – by law – put profits above the public interest. This means corporations will always choose profits over safety, service, and protection of the environment. They'll always go right to the edge of what's legal, and try to find loopholes to exploit, and corners to cut, in order to squeeze out more profits. And those are the honest ones. Why in the world would we give up control over our public assets to folks who are legally bound to put profits above the public interest?

24 Citizen oversight committees Citizen Oversight Committees (COCs) have been tremendously effective at increasing government efficiency. Basically, these are juries of regular folks who keep an eye on things and make recommendations on how local government could do a better job, for example, with a town's parking meter system. The advantage of a Citizen Oversight Committees is that they lead to significant cost savings without requiring us to give up public control over public assets.

25 Regretting privatization Several recent studies have show that 2 out of 3 towns “seriously regret it” when they turn over public assets or services to private corporations. The most common reasons people give are: declining services, safety concerns, cutting corners, price gouging, corporate embezzlement, and general mismanagement. When the odds are this terrible, we should think twice about giving up public control of things we all need, in contracts that give big corporations control for 50, 75, or 90 years.

26 Slash and Sell Many Republicans today are “slash and sell” conservatives. They want to slash taxes for millionaires and then use the lack of revenue as an excuse to slash services we all need, like fire and police protection. But because cutting programs can't make up for the revenue losses, they also want to hold fire sales to sell off our public structures and assets. They want to sell things like public buildings and rights to collect tolls – to the banks that created the financial mess, or even to foreign companies. “Slash and sell” is a recipe for failure.

27 Wages When a public sector service gets handed over to a private company, it's workers who take the hit. For example, in one state, the proposal to privatize toll workers' jobs sets their wage at \$12 an hour for full-time and \$10 an hour for part-time toll takers. That's less than \$25,000 a year for a full-time worker breathing auto exhaust all day – less than 40% of what they earn now. And even their current wage makes it hard to pay the mortgage and make tuition payments for their college-bound children.

28 All Profit No Risk With cities and states considering selling or leasing public assets, banks and corporations see an enormous opportunity for “all profit no risk” deals. They get the profits, we get the risk. During good times, the private companies will operate roads, bridges, water supplies, health services etc. and keep the profits. But when things go wrong, when they take a short cut that results in a toxic spill or a collapsed bridge, we'll have no choice but to clean up the mess.

29 Ownership Shift Right now, we're seeing a huge push to take away public ownership and hand our property over to banks and corporations. When something is owned and operated by the public sector, it belongs to all of us – we the people. We own our parks, roads, prisons, and so on. And public services like firefighters, ambulances, health services, are run to serve us. . They may not be perfect, but as citizens we are the owner and operator. But banks and corporations are trying to take ownership of these valuable assets through 75-year contracts or buying them outright. We can't let Governors have a garage sale with what belongs to all of us.

30 Monopoly 3 The reason companies love privatization deals is the same reason we should be very wary of them: We are basically handing them a monopoly on something we all need. Competition is what keeps companies doing a good job and looking out for customers. But once a company has a 75-year lease to operate an airport, state park or toll road, or has bought the water supply outright, they have a monopoly and are not competing with anyone and don't have incentives to keep prices down, do maintenance, etc.

31 Hasty Privatization is basically a hasty response to a budget crisis – like selling a car you need to get to work. Companies know that cities and states are eager for quick cash, and the result is deals that really aren't in the public interest. In a moment of need we hand over long-term control of valuable assets, built with the public's money – like toll roads, parking meters, water supplies and buildings. And the company now has a 75-year profitable contract. There are better budget solutions than handing over long-term control to private companies in a moment of weakness.

32 Public vs. Private Interest 2 There's an important way that government and business are different. Private corporations are required by law to maximize profits for shareholders, while the public sector is required to serve the public interest. We all need clean drinking water, reliable emergency services, well-maintained roads, and so on. When it comes to essentials like this, we want the public interest to come first, not a private company's bottom line. Why in the world would we give up control over our public assets and services to folks who are legally bound to put private profits above the public interest?

33 Wages 2 How do private companies manage to do certain jobs less expensively and still make a profit for themselves? One key way they stay profitable is by dramatically cutting workers' pay and benefits. For example, in one state, the company that wants to take over toll collection will set the wage at \$12 an hour for full-time and \$10 an hour for part-time toll takers. Even the current wages make it hard for toll-takers to do things like pay the mortgage and make tuition payments for their college-bound children. Now they would earn less than

\$25,000 a year for full-time work breathing auto exhaust all day – less than 40% of what they currently make.

34 Hasty 2 Privatization is basically a hasty response to a budget crisis – like selling your car for quick cash, but then having no way to get to work. Companies know that cities and states are eager for quick cash to keep operating, and the result is deals that really aren't in the public interest. In a moment of need we hand over long-term control of valuable assets, built with the public's money – like toll roads, parking meters, water supplies and buildings. And the company now has a 75-year profitable contract. There are better budget solutions than handing over long-term control to private companies in a moment of weakness.

35 Monopoly 4 The reason companies love privatization deals is that we are basically handing them a monopoly to run something we all need, with no competition. Competition is what keeps companies doing a good job and looking out for customers. But once a company has a 75-year lease to operate an airport, state park or toll road, or has bought the water supply outright, they have a monopoly and are not competing with anyone and don't have incentives to keep prices down, do maintenance, etc.

36 Control The main reason to be wary about handing over a service or asset to a private company is that we are giving up control over how it is operated. Privatization typically means handing over ownership or a 70-year contract. If the private company starts running the asset into the ground, or charging exorbitant fees, we have very little say. When the public is in control, it can demand that operations be open to public review, accountable to the people, and operate in the public interest. Privatization means giving all the control to people who may have entirely different goals and priorities outside of our control, even foreign shareholders in many cases.

37 Profit Stream In many cases, the reason a company wants to take over a public service or asset – such as a toll road, parking meters or a public park – is that it represents a profitable revenue stream. Right now that revenue comes to us: it is money that helps pay for schools, road repairs, police, etc. But handing over operation of something like a toll road also means we lose the revenue stream. It's a great deal for the company – they get to collect the fees for something we have already spent the money to build and develop. But in return for some quick cash, we lose a long term source of revenue we need.

Video 1 In many parts of the country, private companies are making deals with local and state governments that would have *them* run things that are currently run by government – such as a road or a prison or a water system. The main reason we should be wary about privatization deals is that we are basically handing over control of something we all need, to a private company, that doesn't have the same priorities we do. Once a company has ownership or a 70-year contract, we have very little say if they start running the asset into the ground, or charging exorbitant fees, for example. When the public is in control, we can demand public review of how things are run, we can vote people out, and so forth. But a privatization deal gives all the control to people who may have entirely different goals and priorities.

Video 2 In many parts of the country, private companies are making deals with local and state governments that would have *them* run things that are currently run by government – such as a road or a prison or a water system. [Businesses are often sharp and effective because they have to survive in a competitive environment.] Companies love these so-called “privatization” deals because we are basically handing them a monopoly to run something we all need, with no competition. Competition is what keeps companies doing a good job and looking out for customers. But once the contract has been signed, the company has a monopoly and is not

competing with anyone, which means they have no incentives to run things in our interest, keep prices down, do maintenance, etc. Cities and states that make this kind of hasty deal usually end up regretting it before long.

Video 3 Some people want private companies to take over various things that government currently does - like operating roads, or prisons or the water system. The reason they like the idea is that they feel businesses are sharper and more effective at running things. But the flaw with this idea is that companies are only sharp and effective when they are *competing with each other* - but once we hand over control of something like a road or water system, the company has a *monopoly*, and no competition. With a monopoly, they have no incentive to run things well, keep prices down, do maintenance and so forth. And we have no say anymore in how things are handled. In a nutshell, that's the problem with so-called privatization.

Appendix

Focus Group Guides

Focus Group Guide - Ohio

I) Introduction (10 minutes)

- A) Standard intro – audio taping, talk one at a time, not vested, etc.
- B) Let's go around and introduce ourselves: say your name, a bit about yourself, ways that you are involved in the community.

II) Frame Tests (90 minutes)

We have several different topics to talk about tonight.

SECTIONS – ROTATE ORDER

Good Jobs

Financial Industry Reform

Profits and where the money goes

Public Control

Budgets

- A) Let's talk about jobs.
- 1) What's the bigger problem – that we don't have ENOUGH jobs, or that GOOD jobs are increasingly hard to find?
 - 2) Why are good jobs increasingly scarce? What needs to happen?

There has been a lot of talk lately about the need for good jobs, especially with increasing pressure to push down wages. Let's look at some things that are being said about public service jobs and how they set a standard for "good" jobs.

Some people say we've been able to keep good, middle class jobs in the public sector, jobs like teachers, firefighters, and police officers. Though their wages aren't higher than what they'd earn in the private sector, they are compensated with good benefits and protections that some private employers avoid, like health insurance, retirement benefits, paid leave and so on. Government jobs should set a standard for good jobs that support families – we would be furious if our state or local governments didn't provide health insurance to employees, or forced long hours with no overtime, or paid wages that can't support a family. Public service jobs help build the middle class by setting the bar a little higher for what private sector jobs should live up to – the kinds of benefits and protections we all should have.

Other people say the long-term solution is to outsource government services to private contractors who can do the work cheaper. We simply can't afford to pay Cadillac health insurance and retirement benefits to government workers. They say huge pensions are responsible for state budget crises. Some consultants are advising states to declare bankruptcy to get out of the burden of pension and healthcare obligations.

- B) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
- 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of bankruptcy would be?
 - 5) Do you think public sector jobs are "good jobs" generally? Why, why not?
 - 6) Why should it matter to you if public sector jobs have decent wages and benefits? (Probe: "It is your neighbor..." and "sets a standard")

- C) Let's talk about Wall Street and the financial industry.
- 1) A lot of people have been talking about reforming the financial industry. What do you think needs to happen?
 - 2) What role, if any, did the financial industry have in our recent economic downturn?

People are starting to talk about restrictions that need to be put on the financial industry. Let's look at some things that are being said.

Some people say Wall Street is looking to public infrastructure as a huge untapped pool of valuable assets, like airports, toll roads, parks, and water treatment facilities. Our tax dollars created a goldmine in valuable public structures that not only benefit citizens but also earn millions for state and local government, and now Wall Street investors and big banks are pushing to privatize public assets because there is huge money for them to make if they can buy them or lock local governments into 75-year contracts. These assets are too important to risk letting outside investors come in and run them into the ground, take all the money they can, and leave us to clean up the mess.

Other people say we have a budget crisis at all levels of government, and we need the influx of money this could provide. We don't even have the money to maintain our infrastructure with the resources we have – in many cities transit is in disrepair, bridges are crumbling, and schools need renovation. Investors can buy these assets, solve our current budget crisis, and do what is necessary to rebuild our infrastructure. If Wall Street makes a profit doing this, that's a win-win-win for citizens, government, and private business.

- D) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
- 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of privatization would be?
 - 5) Probe: Valued assets or crumbling infrastructure?
 - 6) Are businesses more efficient than government? Why, why not?
 - 7) Where do the savings come from?
 - 8) Can you make the case that government is more efficient?
 - 9) What about the idea that this takes money out of the community?
 - 10) It refers to being "locked into a 75 year contract" – what's your reaction?

- E) I want to stick with this topic a bit longer. Here's one other criticism that people have made about financial industry control of public assets and services.

Follow the money. When a public good like a water treatment plant, or a public service like Medicare gets handed over to the private sector to manage, there is a pile of additional costs – high executive salaries, bonuses, board member compensation, entertainment expenses, profits, etc. Where does all that extra money come from? Either taxpayers have to pay higher fees, or executives cut wages and benefits of the front line employees, or they cut corners with safety or

service. *You can't get something for nothing, so why would we let corporations take over the public structures we built together to serve the common good?*

- 1) What's your reaction? What stands out?
 - 2) Probe specifics: Parking meter rates in Chicago skyrocketed, toll workers salaries in PA were cut in half, other.
- F) Let's talk about Power and Control.
- 1) One of the complaints I frequently hear from people lately is they feel powerless; things are out of their control. How about you?
 - 2) Who or what has control? What do we do about that?

Here's a statement about how to build and protect control by the public.

Some people say the government has gotten too big and controls too much of our lives. We need to limit government to just its essential functions and let the private sector do more. The best government is limited government.

Other people say there are certain things over which the public has to maintain control. People can choose to cut back on dvd players and new clothes, but we all have to rely on essential public structures and services like water treatment, public health services, law enforcement, the military and so on. When the public is in control of these essentials, it can demand that operations be transparent to public review, accountable to the people, and operate in the public interest. Privatization takes control away from the public and local governments, and gives power over essential services to corporate CEOs, Wall Street and even foreign companies.

- G) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
- 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of privatization would be?
 - 5) Some states, like Ohio, are talking about privatizing the state's economic development agency, what do you think of that idea?

- H) I want to stick with this topic a bit longer. Here's one other criticism that people have made about control of public assets and services.

Government and business are different in one important way – Businesses thrive on competition – if you don't like McDonald's, you can go to Burger King. In the case of public structures and services, however, there's typically only one asset or utility. It simply doesn't make sense to have competing municipal plumbing systems, electrical grids, courts systems, fire departments, water systems, etc. So turning our public structures over to private business is creating a private

monopoly - a recipe for profiteering, corruption, and abuse. Business is only more efficient if there's competition. The rule of thumb is that when there's only going to be one of something, keep it public.

- 1) What's your reaction? What stands out?
 - 2) Probe specifics: examples of monopolistic behavior?
-
- l) Here's another criticism that people have made about control of public assets and services.

There's another important way that government and business are different. The private sector is about making money, and that's fine and important. But the public sector is about serving the public interest. When money starts to dictate how public services operate, we have serious problems. For example, look at the woman in Mississippi who died because the privately owned ambulance took three times longer to get to her home than the public fire department. Do we really want businesses in charge of decisions like fire, police and ambulance services?

- 1) What's your reaction? What stands out?

J) Let's talk about state budgets.

- 1) What kind of shape is the state budget in?
- 2) A lot of states have budget shortfalls now. Why is that? What should be done?

Here's a statement about how to deal with the state budget crisis.

Some people say we are in a fiscal crisis and government has to tighten its belt like the rest of us. There is a lot we can do to slim down government and get our fiscal house in order. For example, here in Ohio we can lease the Ohio turnpike to a private company for a \$3 billion lump sum.

Other people say these deals are just budget gimmicks that cost us more in the long run. We fill a hole in the state budget with an infusion of cash today, but then we lose the revenue we would have gotten from tolls, costing us far more over time. The worst time to consider these kinds of deals is during a crisis because we'll be pressured into accepting bad deals that we'll have to live with for 50 years or more if privatizers have their way.

- K) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
 - 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of privatization would be?

III) Debate (15 minutes)

A) Look at this list of assets and services that are currently public sector operations in many places. For each, note if you think privatizing that area is generally a good idea or a bad idea. (HANDCOUNT)

	Good Idea	Bad Idea
Toll road maintenance		
Toll collection		
Water & sewer systems		
Prison operations including security and medical services		
Custodial services at government buildings		
Parking meters and public parking garages		
Computer and technology systems and support		
Ownership of government buildings		
Bus and rail systems/transit systems		
Medicaid and Medicare bill processing		
Trash collection		
Military operations (security, etc.)		
Alcohol sales		
Design and construction of roads		
State economic development agencies (agencies that recruit new business and award state subsidies to business)		

- 1) Discuss why good/bad idea
- 2) Select 2-3 for more conversation: How would you convince your neighbor that it would be a bad idea to privatize X? What would you say?
- 3) Look back at all the things we talked about tonight. (REVIEW STATEMENTS) As you consider this list of areas that could be privatized, what is the best case against privatizing?
- 4) Best case for privatizing?

IV) Wrap Up (5 minutes)

- A) So if you were going to summarize in one sentence what we've been talking about tonight, what would you say? What's this all about?
- B) How important is this, really?
- C) How would you make the case to your neighbor that this is an important issue?
- D) And what role should people like us play in the process? What are our obligations and responsibilities?

Thank you!

Focus Group Guide – PA/NJ

I) Introduction (10 minutes)

- A) Standard intro – audio taping, talk one at a time, not vested, etc.
- B) Let's go around and introduce ourselves: say your name, a bit about yourself, ways that you are involved in the community.

II) Frame Tests (90 minutes)

We have several different topics to talk about tonight.

Public Ownership

- A) There has been a lot of talk lately in both PA and NJ about *what the public should own and operate, and what should be handed over to private companies*. Let's look at some things that are being said.

Some people say that we're seeing a huge push to take away public ownership and hand our property over to banks and corporations. The public owns a lot of valuable assets, like airports, toll roads, parks, and water treatment facilities. Right now we own and operate these valuable assets that were built with our money, and some even earn millions for our state and local governments. It just doesn't make sense to hand over these assets – or services we all need, from firefighters to ambulances to health services – to private companies. We can't let Governors have a garage sale with what belongs to all of us.

Other people say we need the influx of money this could provide. We aren't maintaining our infrastructure with the resources we have. Investors can buy these assets and do what is necessary to operate them. If Wall Street makes a profit doing this, that's a win-win-win for citizens, government, and private business.

- B) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
 - 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of this would be?
 - 5) Probe: Valued assets or crumbling infrastructure?
 - 6) Probe: Ownership vs. Control?
 - 7) What is the strongest case for maintaining public ownership?
- C) I want to stick with this topic a bit longer. Here's one other criticism that people have made about shifting public ownership.

Lack of Competition – Monopoly

There is one main reason it's a bad idea to hand over public structures and assets to private companies, which is the same reason the companies want it: The companies are usually being handed a long-term monopoly without any competition. That means they get to be the sole operator for a profitable service like all the parking meters or the toll bridge, or run a critical

asset like the water system or airport, with no competition to force them to maintain high standards or reasonable costs. Business performance is driven by competition – McDonalds gives you a good deal so you won't go to Burger King. But in a monopoly situation - where a single company has long-term rights to something we all need - what incentive is there to do a good job?

- 1) What's your reaction? What stands out?
- 2) What do you think the ramifications of this would be?
- 3) What do you think "long term monopoly" means?
- 4) Devil's advocate: What about the idea that the government is already a monopoly? Government doesn't have any competition, that's why we need to get private industry involved. Competitive bids would open things up.
- 5) So if there is just one of something, who do you want to run it?
- 6) Can you think of an example of this here in this state?
- 7) There was an example in Chicago where the public parking meters were handed over to a private business with a 75 year contract. Not only did the company increase rates, but the contract eliminates competition by preventing the city from building any new public parking garages that would compete with the parking meters. What's your reaction?

D) Let's erase everything we've talked about up to this point and start fresh. I want to talk about how we make sure public services are run well and efficiently.

Workers take the hit

Some people say we need to streamline a bloated government. We can save money by contracting with private companies for all kinds of jobs from landscaping to toll collection, prison guards, air traffic controllers, parking meter enforcement and so on. We simply can't afford to pay Cadillac health insurance and retirement benefits to government workers. We can drive costs down through employee savings.

Other people say privatization is an excuse to cut wages and line corporate pockets, and has nothing to do with saving tax dollars. It's fine to make a profit, but when you outsource public sector jobs, where do the profits come from? It's workers who take the hit. For example, in one state, the proposal to privatize toll workers' jobs sets their wage at \$12. That's less than \$25,000 a year for a full-time worker breathing auto exhaust all day - less than 40% of what they earn now. And taxpayers won't see a penny in savings; everything taken from workers' pockets goes to corporate profits.

- E) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
- 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of this would be?
 - 5) Probe: "outsource" "employee savings"
 - 6) Devil's advocate: Do the math, this means toll collectors make \$65,000 a year. Why should we pay those kinds of wages for a job that takes no skill?
 - 7) What is the strongest case for keeping jobs in the public sector?
- F) I want to stick with this topic a bit longer. Here's one other criticism that people have made about how these deals work.

Doesn't deliver

Even people who believe in smaller government in theory admit that in reality privatization often doesn't deliver on its promises. Several recent studies show that 2 out of 3 towns "seriously regret it" when they turn over public assets or services to private corporations. The most common reasons people give are: price gouging, declining services, safety concerns, cutting corners, and general mismanagement. When the odds are this terrible, we should think twice about giving up public control of things we all need, in contracts that give big corporations control for 50 years or more. The fact is that you can't get something for nothing, and the company's profits have to come from somewhere.

- 1) What's your reaction? What stands out?
 - 2) What do you think the ramifications of this would be?
 - 3) Imagine being locked into a cellphone or cable contract for 50 years or more.
 - 4) Can you think of an example of this here in this state?
 - 5) There was an example in one town where they privatized nearly all functions in local government – costs were far higher than initially expected, services declined. What's your reaction?
- G) I want to stick with this topic a bit longer. Here's one other criticism that people have made about how these deals work.

Costs too much

We simply can't afford to privatize services that are currently done by the public sector. In reality, contracting out these services to private companies almost always costs MORE, not less. It either costs more in higher fees to taxpayers, in reduced services, in reliability, or in more risks to public safety. When Michigan contracted out janitorial, food and bus services for schools, the costs for meals and services to students went up while quality declined. In a California town, water rates went up 78% when a German company took over the water system. An in

Nebraska, the child welfare services are in disarray because contractors walked out saying child welfare turned out to be unprofitable.

- 1) What's your reaction? What stands out?
- 2) What do you think the ramifications of this would be?
- 3) Can you think of an example of this here in this state?

H) I want to stick with this topic a bit longer. Here's one other criticism that people have made about how these deals work.

Profits vs. public interest

There's another important way that government and business are different. A private corporation is required by law to put the interests of shareholders above the interests of the public. But there are times when being motivated by profits is inappropriate. We all need clean drinking water, reliable emergency services, well-maintained roads, and so on. When it comes to essentials like this, we want the public interest to come first, not a private company's bottom line. Why in the world would we hand over our public assets and services to folks whose job it is to put private profits first?

- 1) What's your reaction? What stands out?
- 2) What do you think the ramifications of this would be?
- 3) Can you think of an example of this here in this state?
- 4) I remember reading about the judge who sentenced young people to very harsh sentences in juvenile detention, because the private prison contractor gave him part of the profits. What's your reaction?

1) Let's talk about state budgets.

- 1) What kind of shape is the state budget in?
- 2) A lot of states have budget shortfalls now. Why is that? What should be done?

Here's a statement about how to deal with the state budget crisis.

Some people say we are in a fiscal crisis and government has to tighten its belt like the rest of us. There is a lot we can do to slim down government and get our fiscal house in order. For example, here in New Jersey we can begin leasing our 37,000 public parking spaces to a private firm for the next three to five decades.

Some people say we are in a fiscal crisis and government has to tighten its belt like the rest of us. There is a lot we can do to slim down government and get our fiscal house in order. For example, in Pennsylvania we can privatize liquor sales.

Other people say these deals are just budget gimmicks that cost us more in the long run. We fill a hole in the state budget with an infusion of cash today, but then we lose the revenue we would have gotten, costing us far more over time.

- J) Take a second to think about these two statements and choose the one that is closer to your view. (HANDCOUNT)
- 1) For each side: What's your reaction? What stands out?
 - 2) What do you think needs to happen?
 - 3) What do you think most Americans would be thinking or feeling?
 - 4) What do you think the ramifications of privatization would be?
 - 5) Can you think of an example of this?
 - 6) I remember reading about a state that sold off its state office building, then agreed to lease it back for 25 years, costing far more in the long run. What's your reaction?
- K) I want to stick with this topic a bit longer. Here's one other criticism that people have made about how these deals work.

A lot of people are trying to make state budget problems sound far worse than they really are. Why? Because people make bad decisions when pressured by a "crisis." Fear makes local and state governments eager for quick cash, and the result is hasty deals that aren't in the public interest. In a moment of fear we agree to backroom deals rushed through the legislature and then we're locked into a 75-year contract. Big decisions shouldn't be made during a crisis.

- 1) What's your reaction? What stands out?
- 2) What do you think the ramifications of this would be?
- 3) Can you think of an example of this?

- L) I want to stick with this topic a bit longer. Here's one other criticism that people have made

If we don't like how some public structure or service is being run, we have a lot of options for reform; we don't have to take the extreme step of handing over power and control to corporations. For example, public employees often have the best ideas for how to make processes more efficient. And Citizen Oversight Committees (COCs) have been tremendously effective at increasing government efficiency. Basically, these are juries of regular folks who keep an eye on things and make recommendations on how local government could do a better job. They lead to significant cost savings without requiring us to give up public control over public assets.

- 1) What's your reaction? What stands out?
- 2) What do you think the ramifications of this would be?
- 3) What other reforms would you like to see?

III) Debate (15 minutes)

A) Look at this list of assets and services that are currently public sector operations in many places. For each, note if you think privatizing that area is generally a good idea or a bad idea. (HANDCOUNT)

	Good Idea	Bad Idea
Toll road maintenance		
Toll collection		
Water & sewer systems		
Prison operations including security and medical services		
Custodial services at government buildings		
Parking meters and public parking garages		
Computer and technology systems and support		
Ownership of government buildings		
Bus and rail systems/transit systems		
Medicaid and Medicare bill processing		
Trash collection		
Military operations (security, etc.)		
Alcohol sales		
Design and construction of roads		
State economic development agencies (agencies that recruit new business and award state subsidies to business)		

- 1) Discuss why good/bad idea
- 2) Select 2-3 for more conversation: How would you convince your neighbor that it would be a bad idea to privatize X? What would you say?
- 3) Look back at all the things we talked about tonight. (REVIEW STATEMENTS) As you consider this list of areas that could be privatized, what is the best case against privatizing?
- 4) Best case for privatizing?

IV) Wrap Up (5 minutes)

- A) So if you were going to summarize in one sentence what we've been talking about tonight, what would you say? What's this all about?
- B) How important is this, really?
- C) How would you make the case to your neighbor that this is an important issue?
- D) And what role should people like us play in the process? What are our obligations and responsibilities?

Thank you!