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99 PRIVATIZATION OF PUBLIC SERVICES BENEFICIAL OR DETRIMENTAL TO DEVELOPING COUNTRIES?

Outline

A. Introduction:

Instead of being detrimental, the privatization of public services is beneficial to developing countries, as it attracts foreign investment and promotes human development.

B. What is privatization of public services?

(i) Contracting out for services, voucher programs, and even the sale of public assets.

(ii) Privatization is good or bad depends on the implementation.

(iii) Various methods of privatization such as contracts, grants, subsidies etc.

C. Privatization of public services is beneficial to developing countries.

(a) Attract foreign investment

case in point: The privatization of power

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companies in Brazil, attract significant foreign investors and upgrading country's infrastructure. (Down editorial)

b) capacity increase of social services

case in point: The privatization of electricity sector in UK improved efficiency, customer services. (Down, editorial)

c) High productivity

case in point: According to World Bank, the productivity of Chile increased due to privatization.

d) Reduction in poverty

case in point: According to IMF, the privatization in United Kingdom employed 1.75 million people.

e) Rising revenue for the government

case in point: According to World Bank, Latin America countries showed growth in privatization revenues.

f) enhanced innovation and technology

case in point: According to CEIP organization, China privatization of state owned enterprises has great impact on its innovation.

g) Increased human development

case in point: According to World Bank, domestic

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the welfare and human development increased in Mexico due to privatization.

h) promotes public-private partnerships

case in point: According to Asian Development Bank, PPP growth increased in South Asia and Pacific.

i) Reducing the government role in economy

case in point: According to Nation Thailand, joint private sector panel expects 2.4-2.9% GDP growth in 2024.

j) Reduced corruption

case in point: According to World Bank, corruption rate remarkably reduced in Nigerian Banks due to privatization.

D. How privatization of private sector is detrimental to developing countries.

a) Decline in service quality

case in point: According to Circle of Blue organization, water privation ^{zati} in Philippines water quality reduced to increase profit.

b) Undermining long term goals

case in point: According to researchgate, the

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privatization of toll roads in Malaysia cause high cost of tolling and burden on economy.

c) social unrest

case in point: Argentina witnessed of mass protests after privatization (Think Tanks).

d) lower wages for workers

case in point: According to World Bank, in some countries wages have been reducing due to fiscal pressure and privatization.

E. Conclusion: