

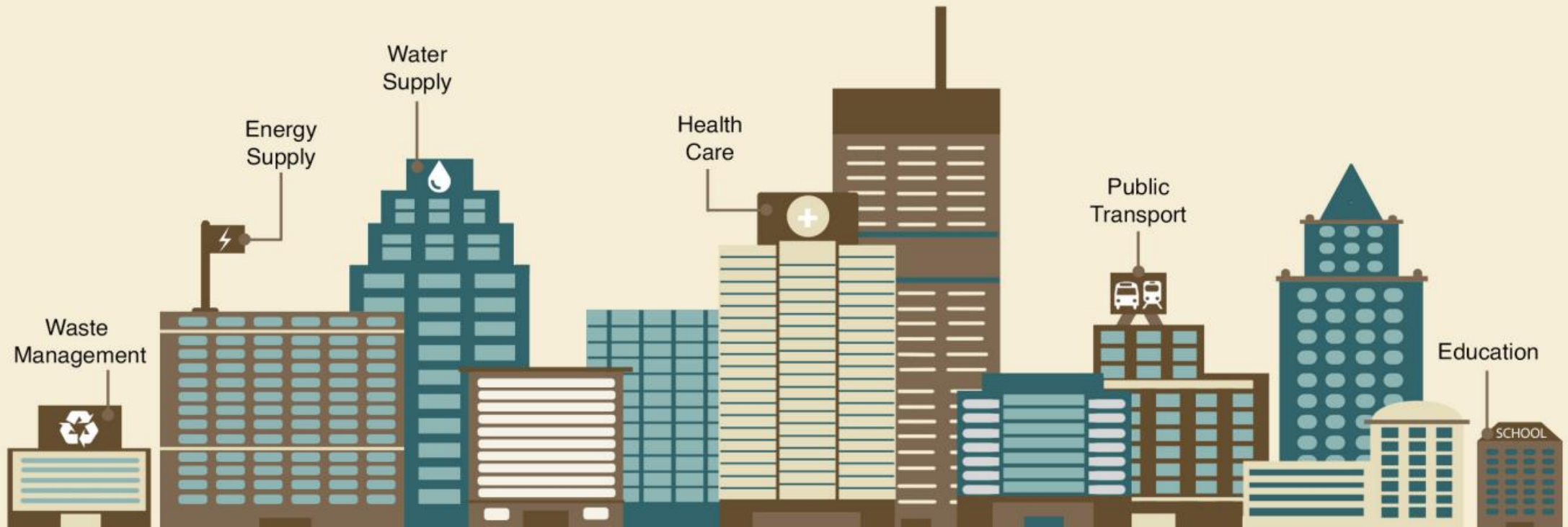


The importance of public investment and public services of general interest

Mag. Renate Brauner

7 REASONS, WHY SERVICES OF GENERAL INTEREST SHOULD BE IN PUBLIC HANDS

Provision of essential
services to the people
at affordable prices



1 PUBLIC GOOD INSTEAD OF PROFIT

Services of general interest are serving the common welfare, and as such they should be available to everybody at affordable prices. However private companies wish to achieve profits. For a private provider a non-profitable service is not of interest.



2 DISAPPOINTING PRIVATISATIONS



Services should become 'better and cheaper' when provided by private operators, but frequently those promises have not eventuated. Often the results were higher prices, and poor quality because of lack of investment.

3 CLIMATE PROTECTION

Climate protection goals can be easily implemented by publicly owned transport and energy providers. Many recently started municipal energy providers use 100% green power. However private operators frequently still use fossil fuels (coal, oil, gas) or nuclear power.



4 BETTER WORKING CONDITIONS

In many cases privatisations led to job losses, as well as stress and lower pay for staff. However with public employers fair compensation at a pay schedule rate is the norm.



5 PROFITS REMAIN IN THE COMMUNITY

In contrast to a private operator any profits of a public business flow back to the people as investment, to maintain or improve the quality of the service.

6 MORE FLEXIBILITY

Municipally owned businesses offer a range of options for the population to exert political influence on the quality and cost of services of general interest.

7 RESIDENTS PREFER THE PUBLIC HAND

In the past years citizens' initiatives were formed in several European countries to take action against the sale of publicly owned assets or to demand a return to public service provision. This shows that people prefer services of general interest to be in public hands.



1 BEST PUBLIC TRANSPORT SYSTEM

With a city train system, 5 underground, 28 tramway and 147 bus lines Vienna has one of the densest public transport networks in the world. Thanks to the EUR 365- annual public transport pass, there are more pass owners than car owners.



2 WORLD CAPITAL OF SOCIAL HOUSING

For more than 100 years Vienna has invested in affordable housing. 62% of Viennese live in public housing or publicly supported cooperative flats.



3 MODERN SCHOOLS

Vienna is investing in education. In 2018 alone, 3 new schools were opened and 100 new educational rooms were created in building extensions. Also 100 schools were refurbished. In new projects, the 'Campus model' links kindergarten, school and recreational facilities at a central location.



4 HIGHEST QUALITY OF WATER



The whole city is supplied with spring water from the Alps. Since December 2001 Vienna has been the first and only city worldwide that has protected its drinking water supply against privatisation with a constitutional law.

5 CITY OF CULTURE

About 100 museums, 39 public libraries, 14 venues for opera and musical and 13 Arthouse cinemas, funded by the city, are only a few of the broad cultural offers of the city, which delight Viennese as well as millions of guests



6 GREEN CITY

50% of the metropolitan area consists of forest, open countryside and parks and gardens, most of them managed by the city. With the Donau-Auen (Danube Wetlands) National Park Viennese can relax in a National Park within the city boundaries.

VIENNA IS A SHOWCASE

FOR SERVICES OF GENERAL INTEREST

...and should remain so

7 REASONS, WHY **PUBLIC INVESTMENT** IS NECESSARY FOR THE ECONOMY

Public investment in services of general interest is primarily investment in infrastructure; in other words in building and maintaining roads and transport networks, digital networks, energy and water supply, sewerage systems, hospitals, housing and educational facilities.



PUBLIC INVESTMENT ...

1 ... INCREASES PRODUCTIVITY

The performance and productivity of private businesses depend to a large extent on the local conditions. Good conditions are created through public investment and the connected services. So, for example, a company benefits from good power supply or the local transport network, and can consequently reduce costs.

2 ... INCREASES A LOCATION'S ATTRACTIVENESS

The better local infrastructure is developed in a region, the more attractive it is for businesses to establish themselves there. This in turn attracts even more businesses. A developed public infrastructure starts the ball rolling for the local economy.



3 ... IS FOLLOWED BY PRIVATE INVESTMENT



Public and private investments go hand in hand. Public investment in infrastructure does not, as often assumed, take the place of private investment. On the contrary, public sector investment attracts private investment and increases its productivity.

4 ... PROMOTES INNOVATION



The private sector has an enormous potential for innovation. However, when the prospects for profit in a new industry or for a new product are still low, it is public investment that bridges the risk. Therefore public spending assists in the advent of new technologies.

5 ... CREATES VALUE

Investment expenditure of the public hand frequently gets brushed off as 'creation of more debt'. However public investment creates an enormous long-term value to society which remains in place over generations. Furthermore public investment has dual benefits: improvement of quality of life, and support for the economy.



6 ... CREATES JOBS

Public investment is relevant for employment. Spending by Austrian municipalities creates and secures 460.000 full-time jobs. Expenditure in Vienna alone results in 250.000 full-time jobs.



7 ... CREATES ADDED VALUE

Municipal spending has a very positive impact on the creation of added value. Local Council expenditure in Austria generated a total effect of EUR 39 bn - in Vienna alone EUR 18 bn.



! Public services do not only include services of general interest for people but also for public infrastructure, and with that for the local economy and its businesses.

ANSWERS TO THE CRISIS – INVEST OR SAVE?

SIGNIFICANCE OF PUBLIC INVESTMENT IN INFRASTRUCTURE AND SERVICES OF GENERAL INTEREST

based on a study of Vienna Institute for International Economic Studies

- COVID crisis exposed investment gaps in services of general interest in education, health and social sectors
- Energy transition gained new momentum as a result of the Russian war against Ukraine
- Danger of stalling economic recovery due to austerity policy and hasty budget consolidation
- Sustainable investment will stabilize economic recovery and contribute to budget consolidation through growing GDP, higher tax revenues and less spending on unemployment
- New EU fiscal rules: "Golden Rule" - external financing for specific investments
- Sustainable investments in
 - Affordable housing
 - Public transport infrastructure
 - Digital infrastructure and digitalization of administration
 - Training and education
 - Public health care

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