

Discussion Forum Summary Report

Topic #1: *What Is "Public"? What Is "Private"?*

Discussion Open From 24 February to 7 March 2003

The gpgNet Discussion Forum (www.gpgNet.net) provides a platform for public debates on key aspects of public goods - local, national, regional, and global. The views expressed in the Forum are those of the Forum participants and do not necessarily reflect the positions of the organization with which the participants may be affiliated, unless stated otherwise.

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I. Focus of the Discussion

The terms "public" and "private" tend to figure prominently in policy debates and everyday discussions. Although widely used, their meaning tends to vary, depending on the context as well as across time and countries. For example:

- § "Public opinion survey" refers to the views of people at large, i.e. those of the general public;
- § "Public sector" means the realm of the state, although we also sometimes characterize the state as "the public's hand";
- § "Public domain", however, refers to the "things" (conditions or goods and services) that can be, or sometimes, even must be consumed by all, i.e. things that have not been made "private"; and
- § "Going public" is, among other things, the expression used to describe a private company's entering the stock market.

Similarly, "private" denotes the sphere of the family and household. But it also refers to the market and the exchanges of private goods and services it facilitates.

Given these manifold and varied meanings of "private" and "public", the discussion held at the gpgNet site from 24 February 2003 to 7 March 2003 was to gain focused on the overall issue of "What is 'Public'? What is 'Private'?".

II. Questions Posed

In order to facilitate the debate on this issue, a number of questions were suggested for the Forum's participants:

- § What meaning would you or your community attach to the concepts of "private" and "public"? Are they familiar terms in your society?
- § Has what is "public" and "private" changed over time in your society? Which goods or services or social roles have moved from being "private" to being "public" — and which from "public" to "private"? And what do you feel about these changes?
- § What further changes between "private" and "public" would be desirable? Or which of the past changes should be reversed? And are such changes possible?
- § Is it appropriate and meaningful to refer to globalization as a special dimension of publicness?

III. Format of the Discussion

In addition to the aforementioned questions, an issue paper, including a number of literature references, was provided for the participants' consideration. However, participants were free to comment on any dimension of the issue.

During the first week of the Forum participants were requested to register and mail in any comments and observations they had on the issue. During the second week the Forum turned interactive, with contributions to the debate being circulated among all participants. The discussion was technically moderated to filter out spam and out-of-context emails, and to provide translations into English of messages posted in other languages.

The present report provides a brief overview of the comments received, together with reflections of the moderator on select points.¹ The comments received are presented in the annex to the report.

IV. Synthesis of Contributions

As one of the contributors noted, each of the questions posed would have deserved a two-week exchange of views by itself. Hence, the debate in late February/early March was only a “curtain raiser”. Many of the points that emerged during this discussion will certainly need to be pursued at a later date in more detail. Nevertheless, important issues were already identified during this first initial debate. They are presented in summary form below.

1. *The meaning of "private" and "public"*

A number of participants held the view that at first sight it is probably quite clear what the terms "private" and "public" mean. For example, "private" tends to denote things to which clear property rights are attached and for which the owners have an exclusive right to determine how and to what extent the good (or service) is being consumed or in which way it is being utilized. "Public" tend to be things that are not being owned by private actors. In other words, "private" has for many the connotation of exclusiveness; and "public" has the connotation of inclusiveness, being there for all.

Yet, many participants stressed that, on closer examination, matters seem to be more muddled and dividing lines more blurred. One discussant, for example, mentioned that in his country private hospitals were serving the general public but the services of governmental hospitals were limited to government employees. As other comments suggested, private actors often contribute to the production of a public good (e.g. to a reduction in air pollution); and even markets are sometimes being used for public-goods provision, e.g. markets for pollution permit

¹ This first discussion on gpgNet was moderated by the Office of Development Studies (ODS), United Nations Development Programme (UNDP). The plan is that future discussions will be (co-)hosted by interested experts/institutions in the subject areas under discussions.

trading. And as another participant queried: Are we, the members of the general public, public or private? And linked to this: Is the so-called public revenue, which is being used to finance government activities, public or private money?

Moderator's observation: Often, it simplifies matters to distinguish between the consumption side and the production side of public goods. In fact, the "standard" definition of private/public goods usually focuses on the goods' consumption characteristics, i.e. on whether they are excludable or exclusive (of a private nature) or non-excludable/inclusive (of a public nature). Put differently, for determining whether a good falls into the category of "private" or "public" it does not matter how or by whom it is being provided but what the nature of its consumption benefits/costs is.

2. *The difference between “public” and “private” is largely a matter of policy choice --and social norms and values*

Broad consensus emerged around the idea that “public” and “private” are rarely predetermined and no fixed and permanent boundaries can be drawn. What is in the "public" or "private" domain changes with time and is largely an outcome of policy choices. Consequently, almost anything that is public can be a candidate for privatization or other sorts of "policy action" that takes it out of the public domain. And, on the other hand, what is put, or left, in the public domain is associated with policy choices.

Different groups have different perceptions on which goods and services are to be made "public" or "private" by policy choice. Even for the same good, there will be groups who would want to keep it in the public domain while others may want to push it into the private domain.

The political struggle over what to make/keep public and private is an age-old one, as some participants stressed. Yet, we may be discussing the public/private issue now, because countries worldwide have in recent years seen shifts towards more privatization and economic liberalization. Often these were painful shifts. But then, is the government necessarily always a good custodian of the public interest?

3. *Public-good provision suffers from market-failure, state-failure and the public's failure*

Some of the contributions to the debate talked about poor management and use of state-forests, of short-term interests of governments to augment their receipts, of bureaucracy catering more to a few (powerful) constituencies than to the interests of the general public. Thus, the view was held that state-run initiative may generate a risk of over-centralization and the use of uniform approaches where diversity and context-specificity is needed.

As others stressed, while privatization had costs, the market is often perceived as providing private goods more cost-effectively and efficiently--although not necessarily accessible any longer for all. Or, as one participant noted, private goods have the benefit of being cared for better, while public goods are at times being abused. People feel that they are not responsible for facilitating their proper and sustainable use. There is a lack of accountability.

Moderator's observation: Public goods (including externalities) are often said to constitute a case of market failure: Because of the goods' publicness (e.g. the indivisibility of their consumption benefits/costs) markets find it difficult to adequately provide them. But as the participants' observations show (echoing in effect, the findings of some of the public choice literature), government failures also occur, because government officials and politicians do not just pursue the mandate given to them by the public but also their own, private interests and concerns (e.g. in re-election or promotion). And as the comments furthermore indicate, we, the public, often do not take good care of the things that are in the public domain. Hence, the public at times also fails public goods.

4. *Moving beyond the public-private dichotomy*

It was primarily for this latter reason, the triple jeopardy of public goods, that several discussants suggested moving beyond the public-private dichotomy.

Public and private may not have polarizing connotations, especially when considering *actions* rather than *goods*. For example, when 'private' actors such as businesses are involved in solving problems of a 'public nature' through private instruments, are their actions in the "private" or in the "public" domain? In the case of Kyoto Protocol, where private actors are allowed to trade credits of pollution reduction with each other, so that overall air pollution is reduced, is the trading *action* public or private?

Some suggested that it would be important to find ways of reconciling the two domains and to see the synergy between them. It would be especially critical not to see the two realms as limited, and thus, the expansion of one necessarily entailing a contraction of the other. Just to the contrary, the two spheres would best be seen as mutually reinforcing.

The key question is not whether a good should be public or private, or whether the state or the market ought to provide it. Rather, the key challenge is how best to provide goods and services that work for the public. For instance in the ICT sector, the challenge is to create the regulatory framework that can make private infrastructure work for public ends, such as connectivity for all. In the case of rural infrastructure development, funds may be given directly to "community groups" to decide which infrastructure to develop and how, or services of private contractors could be directly enlisted to provide infrastructures for the community.

Moderator's observation: From the participants' comments as well as the wider debate on public-good provision it is evident that governments often play an important role but that public-good provision is essentially a multi-actor process. Well-designed partnerships between private and public actors can expand both, the public and private domain.

5. *A greater recognition of the importance of "public" and "public goods" as constituent elements of people's well-being*

In the words of one participant, public goods, such as roads and other infrastructure, law and order, peace and security, or sustainable water use, are often the mainstay of a community's development opportunities--and one might add, people's well-being. Similar views were echoed in other commentaries. Yet, another participant also reminded us of the fact that "poverty reduction" or "enhanced human development" are often shared goals--but not public goods. Public goods--in addition to private goods--may constitute important inputs into the achievement of such goals.

Moderator's observation: In line with the foregoing comments it is important to remember that public goods have no intrinsic value. They--or more precisely, their underprovision--matters only in the way it affects people's living conditions. Public goods, just like private goods, are means; they need not be deemed necessary only because they are public. The end is always sustainable human development.

6. *The changing lines between "public" and "private"--past and present*

Several contributors commented on recent changes in where goods are situated on the public/private continuum. But others also referred to changes in earlier times, such as the move from common, public lands to enclosed, private lands that many countries have witnessed. They also referred to the swing in policy stances during the mid/late 1970s and the 1980s, a trend, which is in some respects still continuing. And some participants also discussed globalization from the public/private perspective.

Several participants agreed that globalization (and the removal of at-the-border controls, which it often entails) creates a new dimension of publicness. But as others underlined, this publicness often goes hand-in-hand with increased privateness, viz. more private cross-border economic activity, such as trade, international financial investment, travel or communication.

Moderator's observation: One of the effects of globalization has been that national borders cannot any longer serve as shields behind which governments can violate internationally agreed-upon principles and norms, such as basic human rights. So, for the general public, globalization has often been accompanied by an increase in certain freedoms and opportunities. However, it has also been accompanied by more policy prescriptions, which have not always benefited all countries and people. In other words, various "things", which have entered the global public domain, had different utility for different parts of the world's population. As some analysts have argued, the reason has been that international decision-making still gives more voice and more negotiating power to some (state and non-state) actors than to others. The participation of all stakeholders in public matters that affect their life is therefore critical to making globalization--and global public goods--not just public in form but also public in substance.

7. *The importance of gaining a clear understanding of global public goods and cross-border externalities*

There was also agreement among the discussants that increased openness of, and interdependence among, countries has led to a growing number of global public goods--public goods, whose benefits/costs cut across borders. But one participant raised an important question: Should we distinguish between--

- Global public goods that no one can produce alone, or in other words, that require collective action across borders; and
- Cross-border externalities, i.e. positive and negative spillovers from one country into the global public domain?

The argument is that such a distinction brings out important differences in responsibility. For example, in the view of the discussant, who raised this point, there exists a shared responsibility for global public goods. But the internalization of externalities, especially of negative ones, ought to be the primary responsibility of the countries concerned. And in the case of poorer countries, official development assistance (ODA) could be used to support such efforts.

Moderator's observation: The issue of global public goods and cross-border spillovers clearly raises a whole new set of issues, including the complex issue of national policymaking sovereignty and global solidarity. Nations are sometimes being said to be "communities of more or less shared tastes". And despite this, cooperation within states and the decision of what to make/leave public and private are difficult enough. Global disparities and inequities tend to be more acute than national ones. Therefore, "publicness/privateness" must also be expected to raise more difficult issues and generate more controversy than nationally.

Hence it might be best to discuss them in a focused, issue-specific context, which the gpgNet Discussion Forum tends to do over the next months.

Conclusion

The present report presents a brief overview of, and reflections on, the gpgNet Discussion Forum debate on "What is 'Public'? What is 'Private'?" A number of important insights emerge. First, there is a need to recapture a clear notion of public and private and the importance of public and private goods to people's wellbeing. Second, the public and private domain need to be seen as mutually reinforcing--not as one existing at the expense of the other. Third, globalization has dimensions of publicness (e.g. more open borders). Fourth, while there is still a need to recapture a clear understanding of what "public" and "private" mean within national contexts and how they relate to each other, global public goods pose additional--and perhaps quite different--challenges of cooperation. And the same may well apply to regional public goods.

Thus, this discussion contributes to the beginning of the debate on privateness and publicness. It has helped to raise issues--issues, which need further study and debate by all, because all are concerned.

V. Participation Indicators

This was the inaugural discussion carried out on gpgNet.

The average number of members registered during the duration of the discussions was 180; and the number of postings/ comments received 28

Interlocutors from 17 countries participated in the debate. The countries where contributors were from were: Botswana, Brazil, Canada, France, Germany, Honduras, India, Lesotho, The Netherlands, Niger, Pakistan, Philippines, Italy, Russia, Trinidad and Tobago, United Kingdom, United States, and Zambia.