

# Cities versus Multinationals





# **Cities versus Multinationals**

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# **PASSERELLE**

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## **The Passerelle Collection**

The Passerelle Collection was created in the framework of the Coredem initiative (Communauté des sites de ressources documentaires pour une démocratie mondiale – Community of Sites of Documentary Resources for a Global Democracy), which aims at presenting current topics through analyses, proposals and experiences based both on field work and research.

Each issue is an attempt to weave together various contributions on a specific issue by civil society organizations, NGOs, social movements, media, trade unions, academics, etc.

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## **Ritimo, the Publisher**

Ritimo is the organization in charge of publishing the Passerelle Collection. Ritimo is a network for information and documentation on international solidarity and sustainable development. In 75 locations throughout France, ritimo opens public information centers on global issues, organizes civil society campaigns and develops awareness-raising and training sessions. Its editorial work focuses on disseminating a plural and critical information, focusing on civil-society led, alternative and independent media and organizations.

## **Editorial partnerships**

**ENCO (European Network of Corporate Observatories)** is a network of European civic and media organisations dedicated to investigating corporations and corporate power.

<https://corpwatchers.eu>

**Corporate Europe Observatory (CEO)**, based in Brussels, is a research and campaign group working to expose and challenge the privileged access and influence enjoyed by corporations and their lobby groups in EU policy making.

<https://corporateeurope.org>

**The Transnational Institute (TNI)**, based in Amsterdam, is an international research and advocacy institute committed to building a just, democratic and sustainable planet.

<https://www.tni.org>

**The Debt Observatory in Globalisation (ODG)**, based in Barcelona, develops critical analysis of complex and/or structural processes to show the visible (and not visible) impacts and risks of the economic and political system.

<https://odg.cat>

**The Multinationals Observatory**, based in Paris, is an online platform that provides resources and in-depth investigations on the social, ecological and political impact of French transnational corporations.

<https://multinationales.org>

# Introduction

**A**ll over the world, and especially in Europe, cities have become a key battleground against the growing reach and power of multinational corporations, and all the social and environmental ills they entail.

This has become increasingly visible in traditional urban sectors such as construction and public services, but also in the increasingly destructive tourism industry, in the “disruptions” caused or planned by tech and platform companies and in the speculative take over of cities’ living spaces. It is also visible in the countless obstacles that multinationals and their allies put in the way of city councils, communities, urban groups and movements seeking to tackle the climate emergency through decisive action or develop alternatives for providing basic services, protecting rights, or ensure a resilient energy or food supply.

From water privatisation to Airbnb and Uber, from fighting against cars and diesel pollution to promoting a “relocalised” economy that does not leak cash for the benefit of remote shareholders, a battle is brewing in Europe, one that pits cities and citizens against multinationals and the power of finance.

This is also a battle that cities and urban movements are increasingly conscious of, as they seek to gather their forces through networks and alliances to share their experience and develop common strategies. The “municipalist” movement, particularly vibrant in Spain but which has spread across the planet, is the expression of that consciousness (although it is a label that not all groups and people featured in the articles below would spontaneously use).

This publication is a first attempt to take a comprehensive look at the confrontation between cities and multinationals’ power, which is played out in many different sectors, and in different ways. It includes articles written by activists, journalists, officials and academics from different European countries. It tells stories of resistance and construction, of collective awakening and mass movements, of courageous social or political leaders. These are not only stories about mayors and city councils, but also stories about urban social movements, civil society groups, and impoverished communities and workers taking a stand and claiming their “right to

the city". We limited our scope to Europe, for pragmatic reasons and to emphasise the shared experience of European cities in recent years, but of course the same stories, or similar ones, could be told across the planet.

We are aware of the fact that "cities" is a highly contested term, both from a scientific and a political perspective. Our emphasis on cities does not come from their urban configuration or administrative qualification, but from recognising them as a political space of struggle and articulation of social majorities that, in the current era, has facilitated the articulation of new forms and practices to rein in the power of multinationals. We are also aware of the dependence of cities on extracting resources from the rural world. Cities as a space of political transformation cannot be romanticized without an analysis that acknowledges this fact.

Ultimately, this publication is about the confrontation between democracy and corporate power. In Europe, there is an increased sense that the current political system, which is based on the checks and balances model inherited from the liberal revolutions, has lost its legitimacy. Multinationals and their unparalleled economic and political influence lack effective accountability mechanisms within the existing decision-making processes of our democracies. Their unbridled power has great effects on the way we live as individuals and urban denizens, and on what we are capable of deciding collectively to manage our shared interests and expectations.

## **Democracy versus austerity**

Why have cities become such a critical battleground? A large part of the answer has to do with the global financial crisis which erupted in 2008, and its effects on Europe. It should have been an opportunity to curb the power of finance and corporations and make them accountable to social needs and democratic regulations. Instead, it turned into an opportunity to not only extend their unchecked influence on national and EU institutions in the name of fiscal consolidation, jobs and competitiveness, but also to undermine everything that was standing in their way, including basic rights, social spending, the public sector, and democracy itself, as was evident in Greece.

But the crisis also opened up a space for people to organise and build together towards a collective objective of looking out for each other and struggle against enforced austerity measures and the increasing precarisation of public services and working conditions. The impacts of austerity measures were most evident on the ground, at local level. Local politicians often far more democratically accountable to real people than remote decision-makers in Brussels or national capitals could not quite ignore the inescapable social and human consequences of these policies, which particularly affected women, migrants and vulnerable populations. Many cities councils and social movements thus became a democratic bulwark against austerity and neoliberalism.

From 2011 onwards, city squares across the world, from Egypt to Spain and the United States, were occupied by citizens protesting against corrupt and despotic governments, profiteering corporations and underlying it all the profound collusion between public authorities and private interests. This global urban movement is still alive, developing proposals that focus on people and the environment, resisting corporate power, and sometimes through the conquest of power at local level and the development of “municipalist” programmes (as in Spain after 2015).

This was again evident during the so-called “refugee crisis”, when cities and citizens across the continent had to step in to offer refuge and defend an inclusive and welcoming face of Europe, when most national governments were busy hunting and criminalising migrants, overtly or in a more hypocritical way.

### **Increased pressures**

At the same time, in the wake of the financial crisis, corporate and financial pressures on cities increased dramatically. The weight of debt was imposed heavily on many of them, used as an extortion mechanism to drastically reduce their resources and their room for manoeuvre. They were pushed to sell assets, privatise services, and reduce spending. At the same time, the financial industry turned to new vehicles of growth, such as real estate developments, large infrastructure projects such as airports and a booming tourism sector, with disastrous effects on the cost and quality of life in many cities, especially in the European periphery. Residents and councils had to cope with new, powerful global players that often enjoyed the support of national governments and international organisations. All were pushing the same paradigm of cities having to compete with each other to attract “investors” and “talent”, and be “attractive” and “competitive”.

Newer players Big Tech and the platforms industry also entered the fray, and again cities were a key target for companies such as Airbnb, Uber and Deliveroo, as well as for Google and Amazon. Their business models all rely on destroying and replacing local, established economic players, bypassing local regulations, and becoming the forces that give shape to life in the cities dictating how people move, what they eat, where they live, how they work and what they do. The larger ones also promoted their vision of the “city of the future”, privatised and heavy on proprietary technology, through their campuses, offices and headquarters across the planet. Again, these digital giants could often count on the support of national governments, and cities were left to deal with the consequences.

### **Building alternatives**

Traditional and new multinationals that are invading cities are doing little to address the increasing environmental challenges that are mounting at global level and already making their consequences felt in those very cities, in the form of heat

waves, water contamination and air pollution. Infrastructure projects, tourism and the digital economy all involve an even greater consumption of resources and massive new emissions of greenhouse gases. The corporate capture of many national governments and supra-national institutions (via revolving doors, multi-nationals' funded lobbies, think tanks and media, and often the direct funding of political parties) has prevented decisive action to tackle the climate urgency. Cities often have had no choice but to take the initiative by themselves to preserve the general interest. But it is also a reflection of the fact that many genuine solutions to environmental and climate issues are, indeed, inherently local.

Driving a transition towards decentralised and democratised energy systems, banning or reducing polluting mobility systems, developing a local, organic and just food supply, aiming at zero waste, or regulating the rent market and the Big Tech multinationals, are some of the policies which have been pursued by many city councils, either on their own initiative or due to citizen pressure. More often than not, these policies represent a direct threat to the established business model of large corporations, which actively seek to thwart them, by lobbying national and EU institutions, or by turning to the courts.

### **Remunicipalisation and relocalisation**

A common thread that runs through many of the stories told in this publication is the need for a shift towards “relocalising” our economies. For many years, the dominant trend has been delocalisation in the sense of putting public services or properties in the hands of private companies, seeking to attract foreign investors or global retail chains, sourcing public procurement for the lowest price possible whatever the social and environmental impacts might be. This has led to a leaking (sometimes a bleeding) of cash towards remote corporations and their even more remote shareholders, often based in offshore tax havens, and it has made cities dependent on foreign capital. In a context of austerity and the climate crisis, it has become increasingly obvious that this model is no longer viable.

This is why pioneering cities have opted to “redirect” their public procurement to favour local businesses and cooperatives, offering better social and environmental conditions, such as Preston in the UK and many others. This is why other pioneering cities have chosen to “remunicipalise” their public services and pursue social and environmental goals without the shackles of profit-seeking, such as Paris and many other cities throughout the continent and the rest of the world. Often, the new innovative models developed by cities, communities and local players to improve their environment and reduce their ecological impact go hand in hand with such a relocalisation of the economy, whether it be through the development of a local waste-sorting sector (rather than an incinerator), partnerships with the local farming sector to protect water quality and source quality food (rather than rely on international supply chains and expensive treatment plants), or creating



municipal or citizen-owned energy producers and suppliers to avoid a dependence on corporate giants eager to slow down the transition and favour large-scale, heavily subsidised energy projects.

## **Facing the limits of municipal power**

Across Europe, cities and their inhabitants are taking up the gauntlet of progressive social change and climate justice, but there's no escaping the fact that they have very little power, even when they are at the helm of municipal councils, and that they are facing extremely powerful foes. This publication also draws on the lessons, in this regard, of the experience of the Spanish "rebel cities" or "cities of change". The new municipalists platforms that came to power in Barcelona, Madrid and many other cities have been rapidly confronted with increased social demands and the limitations of their actual power. They are faced with global corporate giants with far more resources, that have no qualms in imposing their interests. Worse still, national and European rules and policy-makers are actively siding with the private sector against them.

The same goes, in different ways, for all cities across Europe and beyond. Conquering power at local level is not much if all the national and international legislation is geared towards limiting your room for manoeuvre and favouring corporate interests. The EU rules on public procurement, for instance, even after the recent revision to accommodate social and environmental goals, are still a major hurdle at any attempts to drive local economic development, or "community wealth building" as it is called in Preston. So of course are free trade agreements. Airbnb has been able to successfully turn to EU courts in its bid to prevent cities from regulating its operations in any way. Business and financial circles are well aware of the potential danger of progressive policies at municipal level as far as their interests are concerned, and they are fighting back. The EU Commission is currently planning a revision of the Services directive that could lead to greater constraints for municipalities seeking to remunicipalise public services, regulate corporate abuse, or develop innovative social and environmental policies.

Fortunately, cities and communities do not need to remain isolated. They are increasingly joining forces through networks and common initiatives, and increasingly willing to take the fight to the national and EU level to change legislation and increase their democratic space. They are also creating alliances with other forces that are challenging the corporate-led model, including social movements, promoters of the commons, and the social and solidarity economy sector. Cities are, essentially, a space to bring people together, around shared interests and shared aspirations. It is important that this remains the focus today if we want to have a chance to break through the stranglehold of an increasingly destructive economic and social system.

# Contents

<b>Introduction</b>	<b>5</b>
<b>RESIST</b>	<b>13</b>
<b>#RavalVsBlackstone</b> <i>The right to the city against the finance-real estate-tourism complex</i> MAX CARBONELL	<b>14</b>
<b>The German Cities and Activists Rising Up Against the Car Industry</b> DÉBORAH BERLIOZ	<b>25</b>
<b>"What is Dubrovnik Today?"</b> <i>A golf course, free trade agreements, and the battle for the soul of a city</i> IGOR LASIĆ	<b>33</b>
<b>Box : Airbnb Lobbyists in Brussels: Curbing Cities from Above</b> KENNETH HAAR	<b>41</b>
<b>Debt</b> <i>The straightjacket on municipalism</i> YAGO ÁLVAREZ	<b>42</b>
<b>"Stop 5G"</b> <i>Residents, doctors and judges going against the grain of Italy's infatuation with smartphones</i> MARIA MAGGIORE	<b>50</b>
<b>From Public Refuse to Private Profits</b> <i>Does Belgrade really need a costly, corporate-built incinerator?</i> BENOÎT COLLET	<b>57</b>
<b>Tech Giants, Privatisers and the Arms Industry</b> <i>Fighting the "smart city" in France</i> OLIVIER PETITJEAN	<b>63</b>
<b>Box : The Berlin Neighbourhood Which Forced Google Out</b> RACHEL KNAEBEL	<b>72</b>

<b>RELOCALISE</b>	<b>74</b>
<b>The “Preston Model”</b>	
<i>A UK city takes the lead in progressive procurement</i>	<b>75</b>
HAZEL SHEFFIELD	
<b>Loos en Gohelle, From Coal to Renewables</b>	
<i>Is there a future for a small town without resources?</i>	<b>83</b>
MAXIME COMBES	
<i>Box : Good Meals Out of Freshwater in Rennes</i>	<b>92</b>
BARNABÉ BINCTIN	
<b>Showcase Cities, Agora Cities</b>	
<i>A vision of Barcelona built on solidarity</i>	<b>94</b>
GUERNICA FACUNDO	
<b>Good News from the Brink</b>	
<i>The story of Horní Jitín, a small North Bohemian town that defied the coal industry</i>	<b>103</b>
RADEK VRABEL	
<b>Energy Transition</b>	
<i>A small German district shows the way</i>	<b>109</b>
DÉBORAH BERLIOZ	
<b>Cities with a Cause</b>	
<i>Are EU rules an obstacle to the growing movement of progressive local procurement?</i>	<b>114</b>
OLIVIER HOEDEMAN	
<i>Box : Progressive Procurement and Corporate Accountability in Barcelona</i>	<b>124</b>
MÓNICA VARGAS, LINA MARÍA GONZÁLEZ	
<b>(RE)MUNICIPALISE</b>	<b>127</b>
<b>Leaving Water Privatisation Behind</b>	
<i>Paris, Grenoble and the advent of a water remunicipalisation movement in France</i>	<b>128</b>
OLIVIER PETITJEAN	

<b>A City Against Established Powers</b>	
<i>Neomunicipalism in Naples</i>	137
ELEONORA DE MAJO	
<b>Defending Life in Cities through Feminist Action</b>	
<i>Taking care services out of corporate hands</i>	142
BLANCA BAYAS	
<b>Residents on the Front Line in Berlin's Housing Revolution</b>	150
RACHEL KNAEBEL	
<b>Switching off Spain's Electricity Oligopoly</b>	
<i>Three proposals to dismantle the corporate power of Spain's electricity companies</i>	160
ALFONS PÉREZ	
<b>France's New "Municipal Farmers"</b>	165
BARNABÉ BINCTIN	
<b>LOOKING FURTHER</b>	173
<b>A Public-Community Municipalism for the Defence of the Commons</b>	174
LAIA FORNÉ	
<b>Local Democracy and Feminism, Tools Against Neoliberalism</b>	183
NURIA ALABAO	
<b>Authors</b>	186
<b>Bibliography</b>	188
<b>Sitography</b>	189
<b>Previous Issues of the Passerelle Collection</b>	190



RESIST

# #RavalVsBlackstone

## The right to the city versus the finance-real estate-tourism complex

MAX CARBONELL

Barcelona has become one of the key targets – and victims – of the global tourism and property industry, spurred by financial firms such as Blackstone. But inhabitants and social movements are fighting back.

**E**ZLN Sub-Commander Marcos received a letter from the (now deceased) Eduardo Galeano a year after the uprising against the State of Mexico twenty-five years ago. Galeano wrote: “One is as great as the enemy one chooses to fight against, and as small as the fear that one feels. Choosing a great enemy will force you to grow to face it. Quell your fear, for if it grows, it will make you small.” More than 25 years later, in Barcelona’s Raval neighbourhood, one of the poorest areas of the city and which has been subjected to a devastating process of gentrification, a small community of local residents from the local housing union Sindicat d’Habitatge del Raval (SHR) also chose a great enemy – Blackstone – and proved just how great they were.

Financial and property speculation hides behind the mask of giant vulture fund Blackstone, the multinational with the most properties – or “financial assets” – in the world. Blackstone moved into Barcelona recently, laden with foreign capital, and purchased a vast number of properties, most of them below market price. One such property is a building that has been home to ten families for many years. The company purchased it as a financial asset, planning on evicting the families in order to sell or let it at a much higher price. It is the same old story: the rich get richer and the poor get poorer. But this time, the company was faced with a steely neighbourhood that took action and stood up to them. This was no mean feat as Blackstone had obtained an “open eviction” notice, a questionable legal practice



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ordered by some judges as a response to civil disobedience. Instead of an eviction set at a specific date and time, an “open eviction” notice is valid for a period of at least two weeks, making it very difficult for tenants to fight back.

### A victory against a financial giant

Nonetheless, the SHR members took action and organised a major “open” campaign over those two weeks, aiming to achieve some kind of negotiation and keep tenants in the building. This gave rise to the #RavalVsBlackstone campaign,<sup>1</sup> which mobilised the Raval neighbourhood and the entire popular housing movement in the city. Irreverent “working-class” language was used, communicated through videos, press conferences and news articles, which had more of an impact on younger people than the usual activist rhetoric. Locals occupied the street over those two weeks in a stance of preventive defence, and organised cultural and musical events, with different artists and groups taking part. Through the #BlackstoneEnComú campaign,<sup>2</sup> the movement also got Barcelona en Comú’s (BEC) City Council on board and gained the public support of many political parties and MPs.<sup>3</sup> In addition, the group held demonstrations in affluent neighbourhoods and put direct pressure (public harassment) on the company’s directors. Demonstrations also took place in cities such as London and Berlin.

[1] <https://twitter.com/hashtag/RavalVsBlackstone>

[2] <https://twitter.com/hashtag/BlackstoneEnComú>

[3] Including the President of the Catalan Parliament, Roger Torrent and UN Special Rapporteur on Housing, Leilani Farha.

And they won!<sup>4</sup> Blackstone was forced to negotiate and agreed to the families staying and paying a social rent, part of which will be financed by the City Council. The SHR's victory was the victory of the working classes of an ill-treated city neighbourhood beset by speculation. It is the triumph of a movement that, drawing on its roots, has fought hard and explored new forms of combat with an approach reminiscent of the Zapatists and their rebellious dignity. It definitely represents a victory as great as the enemy they chose.

### **Cities as a battleground between capitalism and life**

This particular local conflict is a part of a wider global dynamic where an increasing amount of economic wealth is concentrated in cities, attracting more and more inhabitants (it is estimated that by 2050, 50% of the world's population will live in cities). So, it is no surprise that there are currently a number of conflicts between those representing a capitalist outlook and those representing life in cities, areas that are fast becoming vast spaces of dispossession, but where the struggles to resist and create alternatives are also becoming stronger (Lefevbre, 1975; Harvey, 2007; Purcell, 2014).

David Harvey, in an article published after the 2008 financial crisis, invoked the "right to the city" as a collective right that all citizens have to (re)define cities with freedom, to (re)gain collective and democratic control over them and their resources which are falling into the hands of global financial capitalism [Harvey D, 2008; IDHC, 2011]. Harvey gives, as an example, the city of New York, which, in recent decades, has been redesigned to meet the interests of indigenous and transnational capitalism, with figures such as multimillionaire Michael Bloomberg, who was both an entrepreneur and Mayor of the city from 2002 to 2013. Bloomberg represents a small political-economic elite that promotes the city as a tourist and business centre, and views the "right to the city" as a right that is reserved only for them. Within the logic of the capitalist system, New York, is no different from cities such as London, Paris or Barcelona. They represent business opportunities, without any consideration of what this might mean for its inhabitants. And it is in these cities where the conflict is most evident, with exorbitant rent increases, continuous evictions, public spaces overrun by tourists and noise, gentrification, resulting in an astronomical rise in the cost of living, as well as low wages and increasingly insecure working conditions.

Behind all this lies the dual impact of the tourism and real estate industries, both with extremely important global dimensions. On the one hand, the weight of the real estate sector was clearly revealed after the 2008 financial crisis. Ten years later, the financial and real estate processes that triggered the crisis continue to exist, but have taken new shapes such as the financialisation of housing, the rental

[4] <https://www.elperiodico.com/es/barcelona/20190715/blackstone-acepta-regularizar-seis-de-los-nueve-pisos-okupados-en-hospital-99-7554414>



bubble, and with new multinational players such as Airbnb or Blackstone itself.<sup>5</sup> Aside from the devaluation of wages and growing worker insecurity, the global tourism industry has been one of the drivers of a (false) economic recovery after the global crisis in Spain, and played an increasingly important role in economic and social terms.<sup>6</sup> (Ill-Raga M, 2019)

## Financial funds and real estate vultures fuelling the tourism industry

We are facing a scenario in which cities across the world vie with each other in a global market to attract more tourists and more financial-real estate business (and their derivatives). It is therefore not by chance that the World Travel & Tourism Council, along with the second biggest company in the real estate services sector, JLL, have published a report entitled Destination 2030. Global Cities' Readiness For Tourism Growth<sup>7</sup> which lists, selects and classifies 50 international cities into different categories, based on their potential for tourism growth, and Barcelona is one of them. In other words: they sell cities, they sell our city to potential investors from the tourism and real estate sectors. The WTTC has also published another report<sup>8</sup> explaining how the emergence and consolidation of platform capitalism plays an important role in the tourism industry. The example of Airbnb is a prime example: it is a multinational corporation that has promoted real estate speculation associated with a tourism boom, and, as several

### The Blackstone Group

**Assets under management:** \$554bn (September 2019)

**People:** Stephen A. Schwarzman (CEO and chairman)

**Headquarters:** New York, USA

**Created:** 1985

**Sectors:** finance, property

**Employees:** 2,500 (2018)

#### Key facts:

- \* CEO Stephen A. Schwarzman is a close associate of Donald Trump. He funded his campaign and chaired Trump's 'Strategy and Policy Forum' between 2016 and 2017.
- \* Assets managed by Blackstone have increased fivefold since the 2008 financial crisis, which allowed it to buy real estate property at low prices and move into the kind of speculative financial activities that big banks were abandoning because of the risks.
- \* In a March 2019 report, UN Special Rapporteur on the right to housing Leilani Farha has directly criticized Blackstone for its role in the global housing crisis and for its aggressive methods in several European countries and the United States.

[5] RLS, 2018; Fresnillo, 2019.

[6] According to information from the World Tourism and Travel Council (WTTC), the sector already represents more than 10% of world GDP and generates more than 10% of employment at international level. Growth is forecast to continue at an annual rate of 4% over the next ten years.

[7] <https://www.wttc.org/publications/2019/destination-2030/>

[8] <https://www.wttc.org/publications/2019/megatrends-2019/>

studies suggest, is responsible for the rise in rents in cities such as Barcelona (Garcia-Lopez, 2019). In fact, these platforms now represent an increasing number of jobs. According to some predictions, in a few years, more than half of the USA's working population USA will form part of the "independent workforce". They will be (false) freelancers, with all that this entails in terms of job insecurity and related inequalities (Fontana J, 2019). We are, therefore, facing a global conflict with a class dimension that has resulted in a confrontation between citizens and workers on the one hand, and international capitalism and its interests on the other.

After joining the EU and losing its industrial and agricultural competitive edge, Spain has become increasingly specialised in urban tourism, positioning itself as the global capital of financial, property and tourism capitalism. Faced with

## Airbnb

**Revenue:** \$2.6bn (2018)

**People:** Brian Chesky (CEO)

**Headquarters:** San Francisco, USA

**Sectors:** hospitality, tech

**Created:** 2008

**Employees:** 12,376 (2019)

### Key facts:

- \* The digital rental platform now has more than 6 million listings worldwide. Its IPO is announced for 2020.
- \* Airbnb is under the fire of critics for its role in rising rent prices and gentrification, and confronted with a growing number of city councils seeking to limit its expansion. It has responded with a lobbying strategy both from the bottom up, organizing user groups, and at national and international levels, asking courts and governments to prevent cities from regulating its operations.
- \* The platform is infamous for its cavalier attitude towards local regulations on tourist rentals and for its refusal to share its data with public authorities.

growing inter-regional competition, the tourism sector has become a key focus for the accumulation of wealth following the 2008 economic crash (Murray I, 2015). And this has occurred not only in coastal tourist areas or as the result of large-scale urban-tourism projects, but also in many cities which have been converted into tourism havens. Barcelona, along with its brand name #MarcaBarcelona, is a paradigmatic example (Murray I, 2014). After the 1992 Olympics, Barcelona was positioned as one of the most important European tourist cities along with London, Paris and Berlin. It is currently the main destination of Mediterranean cruise ships, and its airport is the seventh biggest in Europe, with more

than 55 million passengers a year. The number of visitors has risen from 3.7 million in 1990 to over 31 million in 2016. And the numbers continue to grow. The pressures caused by tourism and gentrification are enormous in the Raval neighbourhood. Life is harder for the locals, with a loss of social and community fabric, soaring rents, unbearable air and noise pollution, traffic issues, local stores focused on tourism, etc. Yet locals are fighting back, preventing evictions on a daily basis, actively reclaiming public space and closing down tourist apartments that prevent them from sleeping at night and cause ongoing insecurity.

Those driving this systemic conflict are vulture funds, multinational service companies, real estate firms, travel and banking groups, with governments and major international players also complicit (e.g. European Union, World Bank and International Monetary Fund). Blackstone is one example, but there are others such as Divarian, which is directly related to BBVA and other banks. Their operating model is similar: “buy it, fix it, sell it”. Thanks to real estate investment trusts (REIT) and favourable reforms/laws such as the Urban Lease Act (LAU) in Spain, they buy buildings, evict their occupants and sell or let them to reap huge profits, while paying ridiculously low taxes. This is a global problem which has its roots in the underlying system, but which also requires co-operators and executors. The list of names linked to urban development in Barcelona over the past few decades is long. It includes politicians from various parties along with bankers, hoteliers and property developers.<sup>9</sup> This complicity between the public and the private sectors is also clearly reflected in entities such as Turisme de Barcelona,<sup>10</sup> a publicly-funded public-private consortium (PPC)<sup>11</sup> dedicated to the promoting and protecting the interests of the tourism industry (Aznar L, 2017).

### What can a progressive city council actually do?

In 2015, Barcelona en Comú,<sup>12</sup> a party rooted in the social movements of 15M/indignados,<sup>13</sup> took over the city’s government. What followed was a four-year term during which they promoted a 2020 Strategic Tourism Plan intended to foster “sustainable” tourism in the city with better regulations and management, and which aimed to mitigate its negative effects while promoting a more social, ecological and feminist approach. But many deemed the Plan inadequate. One example was the “Special Tourist Accommodation Urban Development Plan” (PEUAT), designed to curb, restrict and restructure tourist accommodation in neighbourhoods like Raval. However, despite this and other measures, issues related to tourist accommodation still exist, and have increased and extended to other previously unaffected areas of the city and even to municipalities in the metropolitan area.

In Barcelona, dozens of evictions take place every day, and the Raval neighbourhood is among the most affected. The City Council is often torn between citizens and corporations such as Airbnb or even Blackstone. They try to play the role of “mediator”, but with disappointing results. The reality is that they are a minority government with limited jurisdiction. The imbalance of power between corporate power and the working classes is so great that the only option is to valiantly take sides and support the latter, regardless of the consequences and potential legal battles that may ensue.

[9] These include mayors such as Pasqual Maragall, Joan Clos and Xavier Trias, and entrepreneurs such as Isidre Fainé, Joan Gaspart and Josep Lluís Núñez.

[10] It is not a coincidence that this institution was managed for many years by the hotel owner Gaspart, who also received praise from Joan Clos, then a socialist Mayor.

[11] <https://www.barcelonaturisme.com/wv3/en/>

[12] <https://barcelonaencomu.cat/es>

[13] [https://en.wikipedia.org/wiki/Anti-austerity\\_movement\\_in\\_Spain](https://en.wikipedia.org/wiki/Anti-austerity_movement_in_Spain)

After the recent municipal elections (2019), we are now entering a new political cycle. BEC has succeeded in continuing to lead the city government, but in a coalition with the PSC-PSOE party. Aside from being behind the #MarcaBarcelona brand, the party has put all its energy into criminalising poverty and implementing security policies typical of the far right.<sup>14</sup> All this offers a disparaging outlook if the idea is to wait for the City Council to stand up to financial, real estate and tourism powers such as Blackstone and Airbnb. The correlation of forces will not work in favour of citizens, and much less so at national level, where the government alternates between the two regime parties, PP and PSOE, both invested in measures with a profound antisocial impact, such as the bank “bail-out”, prioritising debt repayments over social expenses or the approval of REIT.<sup>15</sup>

### Fighting on the ground

Fortunately, the city has a vibrant social fabric that means it is fighting back. Citizens are coming together and campaigning through multiple social movements and citizen platforms (e.g. anti-overtourism, ecologists, feminists, campaigners for the right to housing, etc.), local groups, local associations and workers unions. Many of these spaces and groups have been reporting injustices and inequalities for some time, pointing to those responsible and putting themselves on the front line. The housing movement and the anti-tourist movements are good examples of this.

The mortgage crash that took place ten years ago also brought about the existence of the platform Plataforma de Afectados por la Hipoteca (PAH),<sup>16</sup> an example of popular organisation and struggle. Years later, in the new post-crash era, new spaces emerged such as the union of tenants known as Sindicato de Inquilinas<sup>17</sup> and a number of housing groups and unions – including SHR, which work from the neighbourhoods up. They all bring energy, ideas and political strategies,<sup>18</sup> and build a community power that is essential in cities under the yoke of capitalism.

Aside from its specific victories, the entire popular movement for housing – and for the right to the city – has managed to change the hegemonic narrative and make us see housing as a right and not as a privilege. It has also created a strong consensus on the need to regulate housing prices, although there has not yet been

[14] It should be highlighted that both parties required the support – in the form of an abstention – of Manuel Valls, France's former Minister of the Interior who was responsible for expelling gypsies in France, and whose campaign was financed by Blackstone directors.

[15] REIT (a financial mechanism that facilitates real estate speculation by vulture funds), along with rental contracts reduced to three-year leases (five-year leases have now been reinstated but these are still inadequate), were key elements that, added to the current tourism pressure, have caused the enormous rental bubble.

[16] The PAH is a decentralised organisation that undertakes civil disobedience in order to prevent evictions, while also proposing laws and implementing "social action" alternatives (re-occupying empty homes that belong to banks). <https://afectadosporlahipoteca.com/>

[17] <https://sindicatdellogateres.org/>

[18] They highlight the impacts of the rental bubble, by preventing evictions, forcing corporate-driven owners to offer social rentals and/or occupying apartments.



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any legislative or governmental action. In view of this situation, interesting proposals have emerged such as the Primer Congreso Catalán de la Vivienda<sup>19</sup> (First Catalan Housing Congress), advocated by the popular movement, which took place in the autumn of 2019. It is dedicated to networking and building unity of action, (re) thinking common strategy and tactics, updating and improving activist practices and sharing knowledge and references – basically pulling out all the stops in order to achieve more structural victories (like rent regulation) and guarantee rights and security. Accessing municipal government in order to implement progressive policies continues to be a legitimate objective, but this must not be the sole avenue for change, and it must not lead to giving up on objectives and principles that will create a disconnection with grassroots movements. On the contrary; it must be a place from which to demonstrate the contradictions of an unjust system, consolidate the counter-powers of the street and denounce the agents of this system, their roles and the mechanisms they use to undermine people’s right to the city.

An accumulating force of counter-powers is essential, and requires creating alliances with other resistance movements and spaces in the city. The anti-overtourism and right to housing movements, for example, have many aspects in common. In Barcelona, the Asamblea de Barrios por un Turismo Sostenible (ABTS)<sup>20</sup> (Assembly of Neighbourhoods for Sustainable Tourism) has been denouncing the tourism model and its impacts for years, organising conferences, launching campaigns and submitting proposals to change the model and halt and reverse its negative impacts. They work collectively with other movements and groups in the city, not only on housing but also on issues such as ecology and climate change. For

[19] <https://congreshabitatge.cat/>

[20] ABTS is a space that was set up a few years ago. It comprises numerous assemblies and groups from different neighbourhoods that are concerned about the impact of mass tourism which continues to grow and spread throughout the city. <https://assembleabarris.wordpress.com/>



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instance, they are blowing the whistle on the negative impacts of cruise ships<sup>21</sup> and air travel, and are involved in wider networks such as the European network StayGrounded,<sup>22</sup> which advocates a no-fly philosophy, highlighting the role air travel plays in a harmful tourism model. They are also active in new emerging movements such as those grouped around the latest Global Climate Strike of 27 September, which was highly successful in Barcelona.<sup>23</sup> Another current example is the online campaign #LaFiraOLaVida.<sup>24</sup>

Networking is part of the city's DNA, and what gives it so much strength. It also adds an international dimension. ABTS, for example, is a member of the SET network<sup>25</sup> (Southern Europe against Touristification). The housing movement is also about networking. As mentioned above, the campaign against Blackstone roused the solidarity of many other groups and even reached cities such as Berlin and London. The phenomenon is a global one, and as such, it also requires a global response.

[21] [https://cat.elpais.com/cat/2018/03/28/catalunya/1522261045\\_973059.html](https://cat.elpais.com/cat/2018/03/28/catalunya/1522261045_973059.html)

[22] <https://stay-grounded.org/>

[23] [https://twitter.com/f4f\\_barcelona/status/1178343556454465536](https://twitter.com/f4f_barcelona/status/1178343556454465536)

[24] The #LaFiraOLaVida campaign includes more than 50 entities and groups that aim to use the public land managed by La Fira, a "congress tourism" promoter in the city, for social and housing purposes. It is a public-private consortium that "independently" (or so they claim) manages public funds and spaces for events, trade fairs and congresses in accordance with a specific economic and productive model that also leads to gentrification in other parts of the city.

[25] SET: Southern European Cities and Regions against Touristification: an alliance of cities that includes Venice, Valencia, Lisbon, Malta and Barcelona, among others, that promotes face-to-face and online meetings to address a widespread global issue that is having a negative impact on their regions. <https://assembleabarris.wordpress.com/2018/04/26/roda-de-premsa-resentacio-de-la-xarxa-setnet-del-seu-manifest-fundacional-i-del-2n-forum-veinal-sobre-turisme-18-i-19-de-maig/>

These self-directed movements and groups have few economic resources, but their work is of fundamental importance.<sup>26</sup> The victory of the Raval community illustrates how, despite limited resources, community activism, collective intelligence and solidarity can back the giants of the system into a corner. It requires politicising the public space as well as our own lives in order to highlight the conflict inherent in a system based on greed, while opening up new, fairer worlds through empowerment and struggle. #RavalVsBlackstone is a breath of fresh air in times of darkness and obscurity. The force that knocked Blackstone off-balance is now having a ripple effect in other cities. In Madrid, more than 200 families in similar situations have formed a tenants' union called Sindicato de Inquilinas de Madrid and, along with other groups, have initiated the #MadridVsBlackstone campaign, following in the footsteps of Barcelona.

The capitalist offensive will continue, but so will the forces that oppose it. The case of #RavalVsBlackstone is an example of the need to create and strengthen political counter-powers that are self-managed from the bottom up, to lead the battle and win. The Zapatists also refuse to give up the fight, building community and autonomy, and defending their lives in the trenches of the Lacandon Jungle. In the Raval neighbourhood, the working classes are also digging trenches and fighting. To fight is to win and, as they say in Latin America, the fight goes on.

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[26] The down side of this success is the way in which these resistance movements are being increasingly criminalised. One example is the creation and dissemination of concepts such as "tourismphobia", coined by the tourism lobby to undercut movements fighting touristification. Another is the stigmatisation and criminalisation of the "squatter" movement by capitalist elites, because it challenges the "sacrosanct" nature of private property and defends the right to housing through squatting.

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# The German Activists and Cities Rising Up Against the Car Industry

DÉBORAH BERLIOZ

In many German cities, efforts are underway to shift focus away from cars. These include a ban on old diesel cars and a push for more cycling infrastructure. In a country where carmakers sit at the throne of the economy and have a major political influence, a small revolution is underway.

“**T**he German people have had a long love affair with the German car,” noted the German weekly, *Die Zeit*, in early 2019. “Synonymous with quality, reliability, economic power and a thriving exports market, the car is also a symbol of the country’s resurgence after World War Two.” It follows, then, that any criticism aimed at German cars is a bit like criticising German identity itself. The country boasts a thriving car industry with big names like Volkswagen, Daimler and BMW, well-known not only within Germany and Europe, but all over the world.

And yet, an increasing number of German cities and their citizens are turning against the sacred car. “There are more and more local initiatives that seek to make cities car-free,” says Tina Velo. “Many people are committed to improving the cycling infrastructure, while others are working to make public transport free, like Giessen in West Germany,” adds the thirty-something spokesperson for the group Sand im Getriebe (translated literally as the grain of sand in the gears). The group, which is aligned with Attac, is committed to making Germany’s cities completely car-free. For Tina Velo (not her own name), their work is about fighting for the planet. “Transport is the only sector where CO2 emissions have not declined since the 1990s. This is one reason why Germany is not going to meet its climate objectives.”



JAKOB HUBER/CAMPACT, CC BY-NC

## Car emissions on the rise

In 2007, Germany aimed to cut CO<sub>2</sub> emissions by 40% by 2020 compared to 1990 levels, and by 55% by 2030. Despite the country's strong growth in renewables, it is still a long way from meeting these objectives. The emission reduction rate currently stands at 32%. And although individual cars are emitting less CO<sub>2</sub> than they did in the nineties, there are more of them on the roads. According to the Federal Office for the Environment, total emissions from passenger cars increased by 0.5% between 1995 and 2017.

To get the message out there, Tina Velo and about a thousand activists blocked the international car show in Frankfurt on September 15th, 2019. The day before, between 18,000 and 25,000 people marched against what Tina Velo calls “an industry of destruction”. It would seem that Germany's unconditional love of the car has taken a knock. The Dieselgate emissions scandal has also certainly played a role in this, tarnishing the emblem of the Germany economy.

The saga began in 2015 when the US Environmental Protection Agency revealed that the Volkswagen group (which owns Volkswagen, Audi and Porsche) used various techniques to falsify the number of fine particle emissions during regulatory testing. Millions of vehicles were thus equipped with software that showed emissions to be less than what they really were. The scandal has only escalated since these initial allegations, with all German carmakers revealed to be implicated.

Carmakers were forced to recall hundreds of thousands of cars in the USA and Europe, and legal proceedings followed. In North America class action was taken. In August 2019, Volkswagen agreed to pay out 96.5 million dollars (88 million euros) in compensation to 98,000 customers across the US. In Germany, the big bosses were taken to court. In April 2019, the group's former chairman was charged

with fraud by the Braunschweig court. In July, it was Audi's turn with ex-head, Rupert Stadler, and three other company executives summoned to court. Legal action is also being taken by 400,000 German customers, with a trial that began in late September 2019.

## Government reluctant to crack down

Despite the court rulings, progress is sluggish. According to figures published last June by the organisation Transport et environnement, only a quarter of tampered vehicles were recalled to have the rigged software fixed. And Angela Merkel's government is slow to take action. A first emergency meeting was held in late 2017, followed by another last year. A plan to improve air quality in cities has been announced with a 1.5 billion budget, part of which is to go towards helping Germany's most polluted cities to invest in electric buses and cars.

"It's a good start, but we're still taking money from taxpayers to pay for the mistakes of carmakers," says Harald Moritz, a Green member of the Berlin House of Representatives. Even Karsten Schulze, member of the Allgemeiner Deutscher Automobil-Club (ADAC) steering committee, the German automobile organisation, deems the government's actions inadequate: "Carmakers are only obliged to replaced the rigged software, but that's not enough. New 'hardware' should be installed, including an emission-reducing filter. The car industry has broken the law, so those involved need to be held accountable and pay damages." Although Daimler and Volkswagen have agreed to pay up to 3,000 euros per vehicle towards retrofitting, BMW has refused to come on board.

## Lobbyists on the inside

"It cannot be in our interest to weaken the automobile sector

to such an extent that it no longer has the strength to invest in its own future," said Chancellor Angela Merkel at the Bundestag in 2018. And the figures speak for themselves. In 2017, the car industry generated almost 426 billion euros in revenue, 64% of which were exports. It employs more than 830,000 people. "The German

## Volkswagen

**Revenue:** €235.8bn (2018)

**People:** Herbert Diess (CEO)

**Main shareholders:** Porsche family holding and Lower-Saxony Land

**Headquarters:** Wolfsburg, Germany

**Created:** 1937

**Sector:** automobile

**Employees:** 302,554 (2018)

### Key facts:

\* Largest automobile corporation in the world since 2016, with more than 10 million vehicles sold each year under a range of brands including Volkswagen, Porsche, Audi, SEAT, etc.

\* Has been involved for decades in environmental scandals and heavy lobbying against stricter regulations in Europe and the US. More recently, Volkswagen was at the heart of the Dieseldgate scandal in 2015.

government has close political ties to the car industry, particularly Angela Merkel's inner circle," highlights Christina Deckwirth, a political scientist at LobbyControl. "The Chancellor made Joachim Koschnicke, former head lobbyist for the car firm Opel, her campaign manager for the 2017 national elections. Several politicians have also shifted camp and gone to work for car companies, like conservative politician Eckart von Klaeden, who was hired by Daimler in 2013, after working in Chancellor Angela Merkel's office."

According to *Der Spiegel* magazine, Eckart von Klaeden had no qualms capitalising on his political contacts to prevent stricter emission tests. In March 2015, when the European Commission sought to improve tests in real driving conditions, the lobbyist sent an email to the Chancery. "What, on the face of it may seem a minor technical decision," he wrote, "could have enormous consequences on the car industry, especially in regards to the future of Diesel engines." "There is no way," he added, "that the European Commission's proposal can be accepted." Follow-

ing this email, the government changed tact and removed all mention of a date at which testing in real driving conditions might be introduced.

## BMW

**Revenue:** €97.5bn (2018)

**People:** Oliver Zipse (CEO) and Norbert Reithofer (former CEO and Chairman)

**Main shareholders:** Stefan Quandt and Suzanne Klatten, heirs of the founding family

**Created:** 1916

**Headquarters:** Munich, Germany

**Sector:** automobile

**Employees:** 134,682 (2018)

### Key facts:

\* BMW and its two main shareholders, Stefan Quandt and Suzanne Klatten, the brother and sister heirs of the founding family, gave more than €3m to various political parties between 2010 and 2019.

\* Unlike Volkswagen and Daimler, BMW refused to contribute to the funding mechanism for retrofitting diesel cars with problematic emissions software.

"We also tend to forget that political parties receive some of their biggest donations from car companies," said Christina Deckwirth. Between 2009 and 2017, the car industry and its manufacturers, subcontractors, service providers and professional associations – donated more than 17 million euros to conservative parties (CDU and CSU), social democrats (SPD), the liberal party (FDP) and the Greens (Grünen). BMW and its two main

shareholders, brother and sister Stefan Quandt and Suzanne Klatten, have donated more than three million euros to various parties (mainly CDU and CSU, FDP, and, to a lesser extent, SPD) between 2010 and 2019. Daimler made donations worth over two million to CDU and SPD, splitting the sum evenly between them.<sup>1</sup> Between 2014 and 2017 Volkswagen donated more than 650,000 euros to various parties, including the Greens.

[1] Source: Bundestag



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## A public health issue

These figures may reveal where the government's lack of action is coming from, but Dieselgate is not just about compensating cheated customers. It is, more importantly, about the public's health. According to a study published earlier this year, the amount of nitrogen oxide in the air, large quantities of which are emitted by diesel vehicles, causes over 13,000 premature deaths in Germany each year. Since 2008, Member States are obliged to monitor air quality under a European directive. The directive set limits for fifteen air pollutants including fine particles and nitrogen dioxide. Yet, ten years later, the air quality in 57 German cities still exceeds the limits.

Faced with the government's failure to take action, civil society has had to take over. The environmental organisation Deutsche Umwelthilfe (DUH) has filed 35 complaints against German cities since 2011, demanding that they comply with European standards. Other environmental organisations such as BUND are following suit with a number of successful cases. In Berlin, for example, the Administrative Court ruled in favour of the DUH in October 2018 and the city was forced to adopt a clean air plan, which includes introducing more 20 km/h zones and more paid parking. The German capital has also been forced to ban old diesel vehicles from the city centre, where pollution levels are highest. This ban, which only affects 2.9 kilometres of Berlin's roads, has entered into force in early October 2019.

## Ban met with controversy

Although Berlin's drivers didn't bat much of an eyelid at this news, the same cannot be said for Berlin's Chamber of Industry and Commerce. "Three-quarters of corporate vehicles run on diesel," says Hauke Dierks, the Chamber's environmental expert. "Bans like this make it harder for certain shops and businesses to operate,

and have an impact on customers, employees and deliveries.” Karsten Schulze of the ADAC also deems “such measures ineffective. People are just going to avoid the streets concerned and the pollution will be recorded elsewhere.”

However, Berlin is not the only city to apply bans. There is also a ban on old diesel vehicles in certain areas of Hamburg and Darmstadt. And they have been banned from the entire city centre in Stuttgart. Bans are also due to come into effect in Cologne, Bonn and Essen. Some city councils, however, have decided to appeal court rulings. The federal government is intent on avoiding any draconian measures. Last March it voted to amend the Federal Automobile Emissions Act at the Bundestag. The text stipulates that “traffic bans [...] generally only apply where the average annual value exceeds 50 micrograms of nitrogen dioxide per cubic meter of air,” – even though the limit set by the European directive is 40 micrograms. “Changing the law is not going to stop bans,” says Harald Moritz. “It’s just the government’s way of giving the message that it is protecting its citizens from the wicked city councils that are trying stamp on their freedom. And they want to detract attention from the fact that they’re doing nothing to rein in carmakers.” The Berlin councillor is fully aware, however, that the bans are going to be difficult to enforce. “It’s not necessarily that easy to spot an old diesel car without looking at the registration papers.” He is pushing for the federal government to introduce a system where blue stickers are required for diesel vehicles, which would make checks easier. “The government is refusing to do it,” he adds with irritation. “Maybe they’re afraid that this would make it too easy to ban diesel vehicles from all city centres.”

### **Auto industry gets behind the electric car**

“This isn’t the Middle Ages – we don’t need walls around cities,” argues Joachim Damasky, General Technical and Environmental Director of the German Automobile Industry Association (Verband der Automobilindustrie – VDA), the car industry lobby. In his view, excluding cars is overlooking a whole section of the population. “What about the people who have to commute to get to work because they don’t have the means to buy an apartment in the city centre? More public transport is a good thing, but it’s expensive and it takes time.” The future, for him, is the electric car. And the car industry is ready to play its part in such a future: “Over the next three years, our companies will invest 40 billion euros in electric cars and alternatively powered methods,” says the man representing the car sector.

It was no surprise that the electric car was in the spotlight at the 2019 Frankfurt Motor Show. But for Tina Velo, it amounts to nothing more than green washing. “Firstly, such investments have come too late in the game. And secondly, it’s not only about pollution; personal cars are problematic in a number of other ways. With all the roads and carparks required, cars take up far too much room in our cities. Not to mention all the accidents. Electric cars don’t do anything to change all that. That’s why we are pushing for car-free cities.”



JORG FARYS/BUND, CC BY-NC

Although Karsten Schulze from the ADAC doesn't share Tina Velo's viewpoint, he admits that cars take up too much space in German cities. But to have less cars in cities, we need "a better public transport system," he says. His idea is a system with large parking lots at the end of metro lines. "We've been talking about this sort of model for years, but it requires a big cash investment and the councils aren't ready to go there."

### Berlin makes huge investments in car-free alternatives

After years of austerity, however, the German capital is ready to fork out. In early January, Berlin's transport senator, Regine Günther, announced investments of 28 billion euros over the next fifteen years to go towards extending and modernising the public transport system. This decision follows the mobility act adopted by the Berlin Chamber of Deputies in 2018. But again, this only came after civil society got involved. "For a long time, the local government expressed no interest whatsoever in supporting biking," explains Heinrich Strössenreuther, a Berlin greenie and keen cyclist. "The city used to spend only €3.70 per resident per year on cycling infrastructure. That's the price of a large beer. It's a ridiculously small amount compared to the money that goes into cars, which is in the ballpark of 80 euros per resident per year." Deciding to do something about it, he, along with several other activists, drafted a bill in 2015 on bike traffic, with a view to having the legislation adopted through a citizens' initiative referendum. The initiative got over 100,000 signatures in just a few months.

“This initiative made biking the word on every politician’s lips in Berlin. All the political parties were beginning to take an interest,” says Heinrich Strössenreuther. In Autumn 2016, the Social Democrats won the local elections in Berlin and teamed up with the Greens and the Left party Die Linke to govern the city. In their coalition contract, they pledged to adopt a mobility law that would prioritise bike-lanes, pedestrians and public transport in the city. Heinrich Strössenreuther and his fellow activists were asked to help draft the section on bikes and bike lanes.

### **One out of three trips by bike by 2025**

From 2019, each year 51 million euros is going to go towards developing cycling infrastructure in the German capital. The city boasts an increasing number of bike lanes, and 100,000 new bicycle parking spaces are to be installed by 2025, half of which will be near metro stations. 100 kilometres of bike freeways through the city are also on the cards. The goal is that, by 2025, one out of three trips will be made by bike compared to about one in seven today.

“For the first time, our transport policy doesn’t revolve around cars,” says the green councillor Harald Moritz. However, his party would like to take things even further. “We’d like to see toll booths at the entrance to the city with different tariff categories. The more polluting a car is, the higher the tariff.” The objective would be to ban the internal combustion engine entirely by 2030.

Although a certain revolution may be underway in Berlin, LobbyControl’s Christina Deckwirth doesn’t see the overall mentality changing; “In rural areas, people are still highly dependent on their cars, and are very annoyed about all these traffic bans. It’s an issue that people get very worked up about.”

### **The government still backing cars**

Dieselgate is far from being the only scandal to tarnish the reputation of Germany’s cars. In 2017, *Der Spiegel* revealed that BMW, Daimler and Volkswagen colluded to avoid any competition in the realm of emission-reducing technologies. In September 2018, the European Commission opened an in-depth investigation into the three carmakers and the possibility that they may have broken EU competition rules. In April 2019, the European Commission sent the automakers a statement of objections. If the Commission is not satisfied with their response, the companies may be fined up to 10% of their turnover.

In spite of this, “the federal government is still intent on defending the interests of the big carmakers,” says Christina Deckwirth. “But the numerous scandals have made the headlines here and highlighted just how big Germany’s car lobby is. And that’s opened up a serious discussion on the issue. This is the first step towards a change in policy.”



# “What is Dubrovnik Today?”

## A golf course, free-trade agreements, and the fight for the soul of a city

IGOR LASIĆ

A long-winded legal and political battle over a controversial golf course and property development project in Dubrovnik (Croatia) has become symbolic of the city’s struggle with the tourism industry. Faced with the resistance of local civil society, the private investor has initiated an investment arbitration procedure (ISDS) against Croatia. Can free trade agreements deprive cities and their inhabitants of a say over their own future?

**H**ere is what a striking postcard of the Adriatic at the beginning of the third millennium might look like: a crowd of tourists barely managing to move forward on Stradun, the most well-known Croatian street, while the business and political elite gleefully rub their hands together in a corner of the picture. On another, a film scene with swords is being shot under the medieval Dubrovnik walls, while a protest is in full swing in front of City Hall, citizens carrying signs with bloody golf clubs.

What is Dubrovnik today? Even the denizens of this city on the East coast of the Adriatic Sea would find it hard to answer that question, let alone the tourists, even those with some awareness of Dubrovnik’s past and present. And yet, the city is one of the most internationally renowned Croatian toponyms. Dubrovnik in the 21st century is, first and foremost, a big brand, with an autonomous market value. And this global popularity has altered the commercial value of Dubrovnik, determining almost every single aspect of the city’s existence.

### A city caught in the grip of the tourism industry

In order to get a better grasp on the branding of Croatia, we need to wind the clock back a few decades. Before today’s invasion of cruise ships and the diktats



of the property world, the whole of newborn Croatia went through a post-socialist transition – in other words, the restoration of capitalism. For Dubrovnik, this meant subjecting all its accumulated natural and cultural assets to the crude goal of harvesting as much profit as possible, as quickly as possible. Tourism was self-evidently the ideal solution. In the Socialist Federal Republic of Yugoslavia, the most southern prefecture of Croatia was already an extremely popular tourist destination. Today, Dubrovnik boasts more than five million visitors per year.

But the war that struck Croatia in 1991 was a game-changer. In the socialist economy, the tourism industry was mainly built on well-developed, publicly-owned hotels. The war, having destroyed the hotels, as well as the livelihoods of most Dubrovnik families, played a significant role in the great number of houses and apartments that were subsequently sold. Owners, bankrupted by the increase in the cost of living, were often forced to accept the prices offered. And after the flats and houses were sold off, city-owned and state-owned public spaces were also offered to potential buyers.

At the same time, public infrastructure, natural resources and social priorities were channelled towards the intensive needs of the tourism industry. At the turn of the millennium, a new, much bigger category of property developers appeared on the scene. For them it was not enough to simply accrue small individual hotels. Their business model called for a much greater vision. One investor found a way to acquire a massive plot of land on a hill above Dubrovnik, where he had plans to build hundreds of rental properties, as well as hotels and luxury villas. In order to

make this project reality, the plan was to first build a golf course, a sport that had never been played in Dubrovnik. A golf course requires hundreds of hectares of land, and this land-consuming aspect, combined with its connection with predatory property developers, has made this sport widely unpopular worldwide.

To return to our initial question, what is Dubrovnik today? Dubrovnik is a brand, a tourist destination, a lucrative property market and, last but not least, a movie set. The city has hosted the shootings of *Game of Thrones*, *Star Wars*, *Knightfall*, to mention just a few recent examples. But behind the blockbuster trailers lurks a far less glamorous social reality: the locals are brutally subjected to the requirements of companies which, in collusion with fundamentally estranged local authorities, exploit their natural, historical and infrastructure resources. In addition, the basic needs of the local population, from electricity and transport to education and healthcare, are regularly overlooked.

### **When a golf course becomes a symbol of dispossession**

The golf course would come to epitomise this story, becoming the very symbol of Dubrovnik's ill-fated public space and assets. The name of the first investor has since been forgotten, as has the name of the second, who took over the project just to sell it to a third investor several years later. For a town that was small in terms of demographics (only about 50,000 inhabitants) but which played a big role in history, this was a turning point in the town's collective memory.

Until this point, the golf course project had always seemed relatively contained, taking up just 100 hectares on the plateau of Mount Srđ, a 450 m-high mountain just behind the city. But by the end of 2005, this had increased to 310 hectares in local urban planning documents, encompassing most of the Srđ plateau. Local and national authorities approved the extension, even though the main development plan then in force still only provided for 100 hectares.

Other than Dubrovnik's main urban centre, Mount Srđ is the only area that would allow for any extension of the city. Any other potential areas are further afield, like the district of Nova Mokošica, an exclave built in the early eighties, several kilometres out of the city centre. This is due to Dubrovnik's location and surroundings: a narrow strip of coast overlooked by steep hilltops, with very little room for any alternative urban development solutions. Yet the local, regional and state authorities have decided to deprive Dubrovnik of any possibility of extending the city – all in the name of golf.

### **Political influence**

The golf course and its accommodation facilities have been publicly and fervently backed by two mayors of Dubrovnik, three of Croatia's Presidents, four Prime

Ministers, as well as a lengthy list of Ministers and politicians from both so-called right- and left-centre parties. The first famous name on this long list was Prime Minister Ivo Sanader, who expressed support for the project just after the surface area of the golf and real estate project was extended. Three and a half years later, he would abruptly leave office, before found guilty of corruption. But his words are still remembered: the Srd project, he said, was “of outstanding interest for the Republic of Croatia.” But interest was not mostly Croatia’s, actually. With the larger surface area, the project’s potential value rocketed. In 2006, the second owner sold the project to Israeli businessman Aaron Frenkel. He remains the owner today.

The Srd project was initially worth €70-80 million. The latest publicly-known figures are around €1.1-1.2 billion, a decent share of which, it would seem, has already been spent on not-so-legal forms of lobbying and public relations. One of the first examples dates back to the early phase of Frankel’s ownership of the project, when the Croatian media discovered that a certain law firm linked to the businessman had paid for the living expenses of Sanader’s daughter while she was studying in the US.

## Razvoj Golf

**People:** Aaron Frenkel, owner  
**Sectors:** tourism, real estate  
**Headquarters:** Zagreb, Croatia.  
**Created:** 2006

### Key facts:

- \* Aaron Frenkel, a Monte-Carlo resident, became rich as a broker and intermediary for the aeronautics in countries of the former Soviet bloc.
- \* Razvoj Golf has sued Croatia in an international investment arbitration, through a company in the Netherlands, Elitech.

In the meantime, the urban development plans were adapted to accommodate the requirements of the golf project, capitalising on the dissolution of the county council and the appointment of a government commissioner for Dubrovnik. Not only were illegal processes legalised, but it turns out that the commissioner didn’t actually have the legal power to amend the plans as he did. A

few civil society associations turned to the Constitutional court. Over the coming years, judges at various levels would repeatedly annul documents such as the amended urban development plan, the environmental impact assessment and the land use permit, despite being pressured by several authorities to allow the golf project to proceed. However, in every single case, national and local authorities would disregard the judge’s rulings, producing new and equally questionable documents, which would supposedly allow them to proceed with the project with renewed alacrity.

In the spring of 2007, the Croatian President Stipe Mesić named Aaron Frenkel Honorary Consul of Croatia in Israel. A year and a half later, the Croatian Parliament voted in a law on the golf course, unequivocally favouring big business over the interests of the wider social community, as well as those of small landowners, mostly

farmers, all of whom would be harmed by the project. The law was abolished four years later, but in the meantime, land-management plans all over Croatia had been amended to comply with it.

In 2009, the mayor of Dubrovnik signed a contract with the investor, the company “Razvoj golf” (“Golf development”), selling 47,000 city-owned square meters on Srđ, for the ridiculously low price of under €8 per square meter. The same investor had bought the surrounding land from private owners for €20 per square meter. This mayor lost office in the next elections, and was replaced by a politician opposed to the golf course. That is, he was opposed, only until his election victory and his first days in office. His justification for this turnaround was that: “The value of Dubrovnik space and land has grown so much that we can no longer handle it.”



### **“Don’t build a golf course next to this city, or any other city.”**

The citizen campaign “Srđ je naš” (“We own Srđ”) that was initiated at the time would become the life force fighting against the usurpation of Dubrovnik public goods. The mainstream Croatian media – including the largest private media group in Croatia, Europress holding (later renamed Hanza) openly and increasingly supported the investor, even announcing a new, larger surface area for the golf project: 410 hectares. Changes in political leadership at both regional and national level brought diverging views on the golf project, with several cases involving conflicts of interest and PR firms working for both Razvoj Golf and for political parties.

The celebrity architect Zaha Hadid was tasked to design some of the 400 villas planned for the Srđ, along with a hotel and 1,600 apartments intended for sale. However, all the leading Croatian and Dubrovnik architecture firms were opposed to the golf project. Even Taleb Rifai, then Secretary-General of the United Nations’ World Tourism Organisation, after spending some time in Dubrovnik on his summer vacation, felt the need to declare: “Don’t build a golf course next to this city, or any other city.”

The investor finally managed, in 2012, to produce a positive environmental impact assessment, but only after the third extension of the initial deadline (despite the fact that the law only allowed for one extension). The local community, however, did not give up. “Srđ je naš” began to prepare a local referendum against the golf course. Not only was the “city above the city” property development project an outright

## Booking Holdings

**Revenue:** \$14.5bn (2018)  
**People:** Glenn Fogel (CEO)  
**Headquarters:** Delaware, USA  
**Created:** 1997  
**Sectors:** hospitality, tech  
**Employees:** 24,500 (2019)

### Key facts:

- \* Booking Holdings owns the website booking.com and several other tourism-related online search aggregators. In 2017, 673 million overnight stays were booked through its websites.
- \* Booking.com has had many conflicts with hotel owners or public authorities at national and EU level for its anti-competitive methods.

confiscation of a public good for the sake of private profit, it also represented a serious ecological threat. Scientific studies revealed that the intended complex, with a number of non-native plants requiring huge quantities of pesticides, fertilisers and clean water, would drastically disrupt the balance of the Mediterranean ecosystem of Srđ and its surrounding area.

The referendum took place in 2013, but the political atmosphere was rife with lies, and the media complicit in intimid-

ating and threatening citizens, citing the potential compensation that would be claimed by the investor. Almost a third of the local population nevertheless made it to the polls, 85% of which voted against the project. The result, however, was not legally binding. In Croatia, turnout must be at least 50% for local referendums to be binding. And yet in the 2011 referendum on the accession of Croatia to the EU, less than 50% of voters actually went to the polls, but in this case the desire expressed by two-thirds of these voters to join the European Union was deemed representative enough...

## The fight goes international

Even UNESCO joined in the fight, as Dubrovnik had been listed as a World Heritage site for forty years. But international pressures went both ways: the President of the European Commission, José Manuel Barroso, after a meeting with the Israeli President Shimon Peres, informed the Croatian Prime Minister Zoran Milanović that he had heard about the “difficulties beyond understanding” that Aaron Frenkel was facing in Dubrovnik.

Croatian politicians had already predicted what would happen should the golf project fail. The Vice President of the Croatian government Branko Grčić, for instance, declared in 2013: “The alternative to the project is that the investors will sue Dubrovnik or the Republic of Croatia, and most certainly get massive compensation at international level! (...) If the Land management plan has been adopted, if local urban development plans have been adopted following a democratic procedure, and if the investor has painstakingly bought the land plot by plot, thus spending 40 million euros and making certain people rich in the process, who has the right



to stand in its way?” Indeed, in 2017, the company Razvoj golf filed a complaint against the Republic of Croatia with the International Centre for Settlement of Investment Disputes (ICSID), in Washington, claiming a compensation of half a billion euros for preventing its business in Dubrovnik from going ahead.

This only increased political and media pressure. At the end of 2017, Zelena Akcija (Green Action), the biggest Croatian NGO for environment protection, and its partner, the initiative Srđ je naš, were even threatened with lawsuits due to a poster produced by Zelena Akcija showing a golf club dripping with red paint. The slogan read: “Racket, not golf.” Hanza’s daily paper *Slobodna Dalmacija* interpreted the message as antisemitic towards the Srđ investor, even if neither Zelena Akcija nor any other organisation had made any such implication. It was just another low blow among the many attempts to sway public opinion.

As if this was not enough, it has been established that some Dubrovnik public funds have been used to benefit private investments. In several cases, the main infrastructure costs (roads and transport, energy or water supply) of the golf course and its facilities will have to be covered by the city’s budget, that is by taxpayers, with tens of million of euros involved.

### The local community rises up

Despite the severe imbalance of power and the undemocratic processes that political and economic leaders have instigated, it is an ongoing battle. The city of Dubrovnik is also facing other painful side effects of the tourist industry. Admittedly, the current local administration doesn’t seem to be as openly in favour of golf courses and cruise ships as previous administrations, but it doesn’t seem willing either to

counter the devastating greed for public goods. The privatisation and rebuilding of the Gruž harbor in order to host more cruise ships, which would result in extremely predictable consequences, are for now on hold due to procedural flaws. But let's not be naïve: the Franco Turkish group Global Ports Holding and Bouygues Bâtiment International, which almost got the green light for the building of megalomaniac and oversized terminals, won't miss the next opportunity.

Meanwhile, Dubrovnik is slowly suffocating due to the chronic neglect of its public goods. The city's infernal traffic jams, the inadequate parking and pedestrian lanes, the derelict municipal infrastructure and the recently liberalised taxi market are just a few examples. These last years, it appears that the city's ecological health is also under threat: pollution in the Dubrovnik bay has reached dire levels on several occasions, due to the overwhelming discharge of wastewater from the increasing amount of tourist accommodation along the coast. And it's no coincidence that housing is one of the biggest issues faced by those who call Dubrovnik home. The increasing trend is that rental prices are dictated by online tourist accommodation platforms such as Airbnb and Booking.com, which, of course, don't pay taxes in Croatia.

Locals are keenly feeling the consequences of these companies' activities, as well as of Croatia's inadequate social housing policies. There is a shortage of both doctors and nurses at Dubrovnik's general hospital (30 doctors and 60 nurses), with some hospital departments even being closed, and others merged. There are almost no applicants for vacancies in the public sector. Even the cheap imported workforce doesn't want to spend almost all their salary on rent.

Yet another effect of Srd's tourist invasion and deregulated property market, which threatens to turn a unique landscape into luxury resort, is that the local community has been roused to take action and fight against these blatant encroachments that are jeopardising centuries of people's work and care for the environment. The end of this story is, of course, impossible to predict. But there are grounds for hope: in addition to the progress and developments mentioned in this article, Dubrovnik has also become a city thriving with collective activism, making authentic portraits of the city which are more beautiful than anything on a postcard.



## Airbnb Lobbyists in Brussels: Curbing Cities from Above

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KENNETH HAAR

Five years ago Airbnb was in both a good and a bad place. The preceding years saw a boom in the use of the website, with a rocketing number of listings on the company's website. On the other hand, cities such as Amsterdam, Barcelona, Berlin and Paris were beginning to respond by adopting limits on the use of Airbnb-type letting to protect cityscapes and affordable housing. Cities introduced regulations such as compulsory permits for Airbnb listings, limits on the number of nights, or obligations to share data.

Airbnb and other similar companies turned to the EU in early 2015. The European Commission has since put pressure on Member States in two different areas, with Airbnb and its allies playing a major lobbying role:

- Member States have been told that extensive restrictions may be in breach of EU law, more specifically the Services Directive.
- Member States have been told they cannot ask Airbnb for data on its activities when local rules are enforced. Under the e-Commerce Directive, cities are unable to request that Airbnb help them systematically identify illegal activity.

Though Airbnb may have gained the upper hand, this is an on-going battle. In 2020 new debates are set to emerge that could make it even harder for cities to rein in Airbnb.

### FURTHER READING:

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**UnFairbnb. How online rental platforms use the EU to defeat cities' affordable housing measures**, Report by the Corporate Europe Observatory, May 2018. <https://corporateeurope.org/en/power-lobbies/2018/05/unfairbnb>

# Debt

## The straightjacket on municipalism

YAGO ÁLVAREZ

One of the main goals of the “municipalities of change”, elected in 2015 in Spain, was to tackle the debt problem. Drawing on the experience of civil society, they sought to develop approaches such as “citizen audits”, but found themselves facing the power of finance.

**M**ore than 300,000 families evicted, huge cuts in social budgets, a reform to Spain’s Constitution and legislative changes that have recentralised power both in Madrid and in Brussels, stealing sovereignty from citizens... The only thing that these recent events in Spain have in common is that debt has been used as a tool of subjugation.

### What do we mean when we talk about debt?

The difficulty in answering this question mirrors the difficulties encountered by Spain’s anti-debt movement when they tried to achieve the social scope necessary and unite the forces required to fight this important battle. Debt is the main subjugation and domination tool used by those who have exercised and controlled power throughout history. But it is also a moralist support which has permeated every phase of human beings’ and societies’ anthropologic evolution, constituting a basis to maintain the status quo with those that have privileged positions in said social structures. Not much has changed from this point of view. The social mantra according to which “you have to pay your debts” is deeply engrained in the collective imagination, and pointing the finger at debtors who fail to meet their “obligations”, as if they had committed a “sin”, remains established in the social canons and the moral and ethical imagination of modern-day society.



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Faced with a rise in atheism and decline in the power of religious beliefs (which are what often frightens debtors) new gods have been created. Under the rule of capitalism, these new deities are now in charge of enforcing the law of debt, along with other sacred commandments from the same annihilating faith, such as free trade and the rejection of state interventionism in the economy, that is, they reject any democratic decisions that may interfere with that religion. Dressed in black suits, the Gods of the International Monetary Fund, World Bank and World Trade Organisation are in charge of inflicting their religion on others and punishing any pagan who dares to contradict it. The international financial system, the armed wing of this religion, is engaged in capturing new followers by trapping them in its web: credit.

However, this church is also losing followers. Non-believers determined to tackle the debt system and its consequences, and to attack those that control it and use it as a tool of dispossession and domination, are building a global network. This movement takes various different forms, but is united in its goal: to reject illegitimate debts, those built on the backs of citizens for the benefit of a privileged few.

With more than 20 years of activism behind it, the Spanish anti-debt movement has positioned itself among the strongest and most developed in the world, riding the wave of the 15M/Indignados social movements (2011) and the citizens' municipalist candidacies (new citizen-based political platforms).

### **A million people against debt**

On Sunday the 12th of March 2000, as right-wing candidate Jose Maria Aznar won an absolute majority in Parliament, another side of democracy appeared in over 500 Spanish towns. Citizens were asked three questions in ballot boxes and ballot papers. The first question was: "Are you in favour of the Spanish State Government completely cancelling foreign debt that impoverished countries have with Spain?"

This was a Social Consultation for the abolition of foreign debt – the main, but not the first, important milestone in the social struggle against debt in Spain. More than 20,000 volunteers, coordinators in more than 1,400 collectives, carried out an exercise in civil disobedience and direct democracy to draw attention to the urgency of the situation.

This consultation also triggered Spain's first anti-debt social movement. The Red Ciudadana por la Abolición de la Deuda Externa (Citizens' Network for the Abolition of Foreign Debt, or RCADE), established in 2000, unites different activist strands with the aim of working towards a collective goal. In 2005, the RCADE became the campaign '*Quien debe a quien*' ('Who owes who?'), which widened its scope and developed a vision that goes far beyond economics. The subject of historic, ecological, social and gender debt was finally opened up for discussion. It is undoubtedly thanks to the work of the anti-debt movement over those years that the terms "ecological debt" and "gender debt" (the debt society has towards women for their role in giving and maintaining life) are now used spontaneously by social movements and political parties in Spain.

### **From creditors to debtors**

The housing and financial bubble, which raised wages and reduced unemployment (superficially, at least), was a demobilising factor for the vast majority of social movements during that period. Until the bubble burst and, as has happened time and time again, the weight of the debt fell on the shoulders of the powerless, and the powerful were bailed out and came out unscathed. Again, debt was being used as a subjugation tool, but this time it was used on us. While thousands of people lost their homes to banks and the country increased its foreign public debt, which increased from 40 to 100% of the GDP, with its corresponding social cuts in order to save the banks themselves, a new sense of protest and rebellion began to take shape. We went from being creditors to debtors, and began to feel the pain that we, as creditors, had caused to the countries of the Global South years before. This rage and indignation crystallized on May 15, 2011 with the creation of the 15M movement, whose growing mantra was: "Don't owe. Won't pay".

Debt and citizens' audits were one of the main points of discussion for 15M. The dogma that "debt comes first" was the rationalisation behind social cuts; it was what justified changing the Spanish Constitution; it was the explanation given to the thousands of people who lost their homes while bankers were bailed out. And in the meantime, governments of wealthy countries were flying to the aid of bankers, suppressing social rights that countries of the "New South" (those bordering Europe) had fought hard for.

Many activists that took part in the 'Who owes who?' campaign and the RCADE joined forces to form the Plataforma Auditoría Ciudadana de la Deuda (Citi-

zens' Debt Audit Platform, or PACD). It didn't take long for the new social movement to take off, with hubs cropping up in more than 10 cities around Spain. Its demands to the government were the following: analyse the reasons for the crisis and the policies applied before and after it, analyse the reasons for public debt, including the costs involved in saving the financial system, in order to identify the debts that should be repudiated and designate responsibilities. The government, however, was not interested for obvious reasons.

The PACD's slogan "No Debemos, No Pagamos" echoed through megaphones and was written on banners during the almost daily protests in the months following the 15th of May. Discussions, debates and workshops on debt multiplied.

Dozens of people from around Spain attended the PACD meetings, and reports, tools and speeches were developed which challenged the debt system. It was undoubtedly one of the Spanish anti-debt movement's biggest achievements to date: economic concepts, which are not always easy to grasp, were translated into a language that everyone could understand. The people, fed up with being the ones to pay the consequences, broke apart the moral and dogmatic fiction on debt. The neoliberal narrative crumbled in the face of overall fatigue, in the face of people who no longer believed in the siren song or the idea that "we had lived beyond our means". Another slogan read: "This is not a crisis, it's a scam", and the PACD managed to demonstrate that debt was the main tool used to carry out this scam.

Since 15M, citizens' debt audits have been one of the anti-debt movement's main strategies, managed by the PACD. These audits, inspired by similar processes and other social movements around the world, were not understood as a simple analysis of what happened, but rather as a process to empower citizens and provide them with a better understanding of how the system works. It was about ensuring citizens understood the workings of these clientelist networks, corruption, debt

## Bankia

**Assets:** €207.4 bn (2019)

**People:** José Ignacio Goirigolzarri Tellaèche (executive chair)

**Headquarters:** Madrid, Spain

**Created:** 2010

**Sector:** Bank

**Employees:** 15,924 (2018)

### Key facts:

\* Bankia, a bank created in 2010 from a merger of seven regional savings banks, found itself rapidly on the brink of collapse, because of bad management, the financial crisis and many real estate assets. It was bailed out with several billion euros by the European Union, through the Spanish government, with austerity measures imposed on the people in exchange. By January 2020, only around 13% of the bailout has been recovered.

\* Rodrigo Rato, CEO of Bankia between 2010 and 2012, had previously been a conservative Minister of Finance and leader of the International Monetary Fund. He was prosecuted and eventually sentenced to a prison term in 2018 for embezzlement thanks to the work of the citizen device 15MpaRato.

mechanisms, pressure from financial capital, the immense power of corporations and the way in which neoliberal institutions are at the service of this power. The goal was to learn how we had ended up in this situation and to join forces in order to create a future which makes it harder for these powers to go back to using the same mechanisms, and empower people to reject these subjugation strategies, and illegitimate debt in general.

The main achievement of the Spanish anti-debt movement, led by the PACD, has undoubtedly been citizen audits of political programmes, proclamations, debates and articles in different sectors (health, education and energy), as well as in the voices of those who now have a seat in the Spanish Parliament; the demand for citizens' debt audits is now one that is heard often. It is a legacy that is likely to continue and be adopted by other social movements in the future.

The PACD's work over the years following 15M was extremely busy. The anti-debt activists held many conferences and workshops, they built international networks with anti-debt movements in other countries and even created the International Citizen Audit Network (ICAN), which brought together citizens' platforms from



EMMA AVILÉS ET PACD, CC BY-SA

countries such as the United Kingdom, Belgium, Portugal, Greece and France. Another achievement that deserves to be mentioned was the development and creation of the Municipal Citizens' Observatories (OCMs). With the development of an open source software

and standardised methodology, PACD activists guided growing civil society groups towards a process of transparency and citizen participation at municipal level, asking them to get involved in their city council's accounts and demand more transparency and information on the functioning of the local public economy. Other sub-groups have also been created, such as the 15MpaRato group (which managed to put former Finance Minister and former IMF director Rodrigo Rato on the bench, involved in the IPO of Bankia, an entity that resulted from the merger of several savings banks and which had to be bailed out) as well as sectoral groups such as Audita Sanidad.

## Tackling the system from the bottom-up

It was not easy to find short-term solutions to these public discussions on foreign debt, financial markets and complex economic equations. The demand to waive

illegitimate debt was the ultimate objective, the utopian goal that motivated people to keep fighting, but a new intermediary strategy was needed. The PACD needed to create a more strategic plan which, even if it meant temporarily putting aside its bigger goals, could reach and entice many more people to be part of this growing citizen force. The movement thus changed tact and focused on a municipalist approach. Citizens needed to understand how debt worked on a local level in order to understand how it worked higher up. Moreover, this approach fitted into a political context where Spanish citizens were forging an attack on institutions.

### **Citizens' leap to municipalism**

In May 2015, hundreds of citizens' coalition groups came forward at the local elections. This surge in political involvement and the "they don't represent us" from 15M, along with the political party, Podemos' decision not to stand in local elections explains this evolution. Parties took on the demands and needs that were discussed and debated in the squares and demonstrations, giving a voice to citizens who were tired of being a "commodity in the hands of politicians and bankers". One thing that virtually all the parties pledged to do was "to carry out a citizens' debt audit". This was how the anti-debt movement's main strategy was introduced into institutions and councils; after these parties met with success, a range of new possibilities opened up on the municipal scene.

In the months following this citizen assault on municipal institutions, the anti-debt movement featured prominently on the political agenda of many of these new parties that embodied the 15M spirit. In this very exciting context, one question that came up was: "How do we carry out a citizens' audit of our council?" The new municipalist political parties thus sought the input of PACD activists. Political discussions and analytical reports took the form of workshops attended by not only activists, but also councillors, mayors and local officials aligned with these parties. These workshops were an opportunity to put into practice all the knowledge accumulated over years of PACD-led anti-debt activism throughout Spain. Theory became reality with groups of people finally able to access and assess the council's audit policies, expenses and debt from past decades. This empowered citizens to reject this debt. This work also ended up as a book entitled, *Deciphering Debt. A Guide to Local Citizens' Audits*. The book addresses the theoretical and practical aspects of municipal citizens' audits, as well as the political approach required to advocate the anti-debt culture.

### **Municipalism takes a stand against debt**

Nevertheless, the new political parties lacked a common structure that would allow them to share experiences and knowledge, as well as to join forces. Greater collaboration, training and debate on common strategies were needed. So, in November 2016, the PACD, the Committee for the Cancellation of Illegitimate Debts

(CADTM) and the electoral group Somos Oviedo (“We are Oviedo”) held the first Municipalist Meeting against illegitimate debt and budget cuts in Oviedo. The *Manifiesto de Oviedo* (Oviedo Manifesto) was presented, a text that directly rejected austerity policies imposed on local governments, called for citizen audits of previous governments as a tool to identify those responsible and repudiate the debts of a corrupt financial system. The text also demanded an end to cuts and pointed the finger at the common enemy of local and regional authorities: the Spanish Law on Rationalisation and Sustainability of Local Administrations (*Ley de Racionalización y Sostenibilidad de la Administración Local*) and the Organic Law on Budgetary Stability and Financial Sustainability (*Ley Orgánica de Estabilidad Presupuestaria y Sostenibilidad Financiera*), otherwise known as the Montoro Law, after the Finance Minister of the People’s Party at the time, Cristóbal Montoro. These laws prevent municipalities from using their budgetary surpluses for investment or social spending, obliging them to repay the debt in advance in order to boost the financial sector. It was also these laws that introduced the “austerity” of European policies at local level, capitalising on council debt in order to get their hands on municipal budgets and, in the same way that the IMF imposed restructuring measures, force local governments to cut spending and privatise public services. At the end of the meeting, the Municipalist Network Against Illegal Debt and Cuts was created. This represented another step towards fighting debt in Spain.

This network was strengthened following the meeting. More than 300 electoral groups, political parties and social movements joined in and signed the *Manifiesto*. Politicians from all institutional levels, activists and cultural figures also signed it. The Oviedo Manifesto was followed by three others in the cities of Cádiz, Rivas Vaciamadrid and Córdoba. Campaigns and working groups tackled issues such as rejecting the cost of the bank bailout, the denunciation of harmful legislative mechanisms and other campaigns and issues related to municipalism and the constraints imposed by the debt system at local level, the closest to citizens.

### **Obstacles on the horizon**

Taking power away from public administrations through neoliberalism and its favourite tool, debt, (an approach that dates back to Thatcher and Reagan) resulted in a situation that was “tied up and well tied up”, as Spanish dictator Franco said. Public administrations are made up of those same powers, that same legal web that acts as a wall to hinder the actions of those who enter politics with the intention of changing things. Bureaucracy, legislation, executive bodies, their mechanisms, everything is designed to ensure the liberal machine keeps running. Debt and trading contracts come before human rights. Banks come before political parties. And neoliberalism comes before democracy.

Our own “Greece”, Madrid Council, governed by Ahora Madrid during the term 2015/19, with an anti-debt activist running the Economy and Tax Department,



fought a battle against the Montoro Law and the central government to reverse the dire consequences of the law on citizens and to recover the economic and social sovereignty claimed by the Network. Madrid City Council became the spearhead of the Municipalist Anti-Debt Network and the entire movement fighting against debt, austerity measures and budget cuts. The right-wing Ministry of the Interior took action and geared the whole state apparatus and media towards attacking the Madrid City Council.

The word “disobedience” was heard a lot during municipalist meetings, but the legislative framework was hanging over insurgent councils like the sword of Damocles, leaving them little choice but to obey. The administrative hierarchy (Municipality/State/Europe) granted an increasingly smaller scope of action to the lower rung, with power centralised on the upper levels, where corporate power and its lobbies hold the reins.

Following two years of media and political disputes, Ahora Madrid surrendered to the pressures of the People’s Party and accepted its conditions: an Economic Financial Plan that penalised social expenditure in favour of the amortisation of debts with banks, and dismissed the counsellor mentioned above. As what happened with Greece, the spearhead of the battle against debt was defeated by the bureaucratic machine of centralised power, which undermined the movement and network. The legislative and financial power structures revealed the extent of their power and the municipalist movement seemed unable to break the legislative shackles that keep councils chained and bound.

Although this was a blow to the municipalist movement, it was not a defeat. The Municipal Network lost several important cities in the following local elections, but the denunciation of illegitimate debt and of the almighty power of corporations, finance and an overcentralised Europe has pervaded municipal civic policy and the social imagination. For the struggles to come, one thing is clear: movements against the privatisation of healthcare or against vulture funds highlight debt as one of the main tools of power which must be fought against. Two current movements that have the potential to ripple widely, ecology and feminism, are taking the issues of ecological and gender debt under their wing. There will be more debt crises ahead, but this time the movement is well-equipped with experience and is ready to face another battle.

# "Stop 5G"

## Residents, doctors and judges going against the grain of Italy's infatuation with smartphones

MARIA MAGGIORE

European institutions, telecom corporations and national governments are rushing to roll out 5G on the continent. The technology is promoted as a driver of growth and employment, but questions remain unanswered about its real economic benefits for people. On the ground, some are getting worried about the health and environmental impacts of installing dozens of new antennas. Does local resistance to 5G stand a chance?

**"T**he workers came in mid August when we were on holiday. It took them three days to put up the 35-metre tall antenna that is now the bane of our lives." Paolo<sup>1</sup> lives at the top of a hill in the village of Pagliare di Sassa, a suburb of L'Aquila, in central Italy. "Since the antenna went up we all get headaches when we're at home, our eyesight has deteriorated and, inexplicably, our household appliances don't work anymore."

Paulo's house is located uphill from apartment blocks that were rapidly put up after the earthquake that devastated the region in 2009, killing 309 people and leaving 65,000 people homeless. Built with cheap, low-quality materials, some of the blocks have become unsafe, and have already been abandoned by its residents. Other families with less resources have had no choice but to stay in the dilapidated apartments. In addition to the tragedy of the earthquake which left locals to fend for themselves, they now have to deal with the side effects of the 5G antenna: the area was chosen to experiment with new 5G technology, which the Italian government happens to be very excited about. But the people who call this area home have not given up the fight.

[1] His name has been changed.

## “We don’t want to be free-range guinea pigs!”

On 2 December 2018, several of those who signed a petition demanding the council to remove the 5G antenna met up at L’Aquila’s church square. The petition has been signed by almost 1,900 people - local engineers, doctors and residents. “We have already had the tragedy of the earthquake, we don’t want to be free-range guinea pigs as well!” stated Gianmaria Umberto, a doctor who signed the petition. Giulio Pace, chairman of the organisation Creonlus and coordinator of the local campaign against the antenna, points out that a first antenna was installed as an emergency measure in 2009 to get the phone lines working again after the earthquake. “It was only supposed to be here for six months. Then six months turned into twelve months, then twelve months turned into eighteen...” The antenna tower ended up staying for nine years. Two years ago, the mayor at the time, Massimo Cialente, passed a resolution confirming that the antenna would be staying for good. “And now we’ve got this new atrocity that turns up, in the name of the 5G future,” says Pace. Now the people of L’Aquila have two antennas blocking their view, with only two metres between them.

Investigate Europe talked to the current far-right mayor, Pierluigi Biondi, (Brothers of Italy), who maintains that “all those involved have consented” to the

5G antenna. The mayor refers to the consultation between the “Super-intendance” (department in charge of protecting the heritage site where the antenna is located) and both the local health agency and Arta, which measure exposure to electromagnetic radiation.

None of these three players was initially against the antenna. And there was a reason for this: “Arta came to measure the emission levels at 10 a.m.,” explains the chairman of the local resistance campaign, “when everyone’s at work and electromagnetic radiation is weakest. They were not measured over a 24-hour period as required by law.” The “Super-intendance” explained that it was told the antenna was the only way the local residents could have a phone network after the earthquake. It has since sent a letter to the council suggesting that the antenna be moved to another location.



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## Antenna still there

And the local health agency eventually veered on the side of caution, issuing a definitive legal notice: “No one should be in close proximity to the antenna for a period longer than four hours, and it should preferably be moved, as a precautionary measure.”

Pressure on the city council eventually ended with a vote, on 28 February 2019, to move the antenna within thirty days to an “alternative site.” The local resistance campaign had found an argument that no one could get around: in the haste to get the antenna installed, the council had forgotten to include the antenna in the local development plan, which just happens to be illegal.

And yet, since the council’s decision in February, nothing has happened. There have been European elections, then regional elections and Italy’s government has changed, but the 35-metre high antenna still stands disgracefully between the houses on the pretty hill of Pagliare di Sassa.

## Italy rushes to roll out 5G

The war against 5G is far from being won in this region. “Seven antennas are due to be installed in L’Aquila by the end of the year,” says Lucio Fedele, chief operator of the Chinese telecom equipment manufacturer ZTE, which opened its European research centre on 5G in the city, capital of the Abruzzo region and home to about 72,000 people. And this is only the tip of the iceberg. It would seem that Italian telecommunications operator heavyweights such as Vodafone, Wind Tre and Tim (Telecom Italia) are planning on installing new antennas... every hundred metres. These are not the same antennas as those in L’Aquila, but smaller 5G relay antennas that will form the bulk of the network.

“For this second phase, we’ll respond to the demand, and proceed gradually,” promises Stefano Takacs, director of operations at Wind Tre, the telecom operator responsible for 5G tests in L’Aquila. 5G technology is viewed in Italy, as it is all over Europe, as a fantastic opportunity to revive the economy and create employment.<sup>2</sup> And the stakes are big with Italian operators splashing 6.5 billion euros to get the largest share of 5G spectrum, beating European records (1.36 billion spent by UK operators and 1.41 billion by Spanish operators). An astronomical amount that will help reduce Italy’s public debt. But the telecoms industry obviously expects a return on its investment...

The government didn’t hesitate much to test out 5G. In 2017, Rome designated five test cities: L’Aquila, Bari, Milan, Prato and Matera. Telecommunication companies invested in developing the networks, teaming up with local SMEs and universities,

[2] See Investigate Europe’s publication on 5G: <https://www.investigate-europe.eu/publications/the-5g-mass-experiment/>

while city councils were generally enthusiastic about these new antennas. The International Society of Doctors for the Environment did try to request a study on the environmental and human impacts of 5G technology from the Ministry of the Environment, but it remained unheeded.

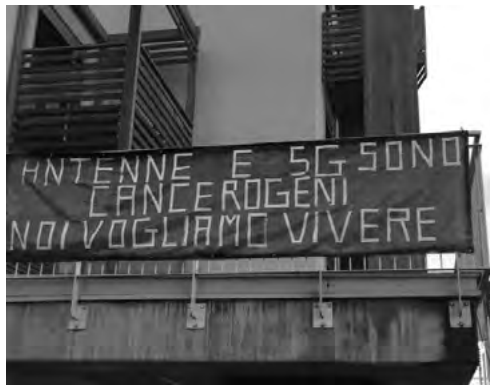
The Italian Chamber of Deputies eventually undertook an investigation in 2018, within the Transport and Telecoms Commission. But the main guests at the hearings were Vodafone, Tim and Fastweb. Few and far between are those Italian decision-makers willing to put the brakes on 5G.

### Small towns fight back

The only ones fighting against the 5G invasion are small towns (10,000 to 50,000 residents). Marsaglia, which is 100 km from Turin, was the first small town to vote against all 5G experimentation “as a precautionary measure,” explains the town’s mayor, Franca Biglio, who is also chairman for Italy’s Association of Small Councils. “We didn’t even know that our towns had been selected for 5G tests, so don’t talk to us about it being an opportunity, it’s ridiculous.” Now no 5G antennas can be installed in Marsaglia. After the step was taken in Piedmont, other small towns all over Italy joined the revolt. These include San Gregorio Matese and Scanzano Jonico in Campania, Cogne near Aosta, Cervia close to Ravenna, Caorle in Veneto as well as towns in Emilia, Calabria and Sardinia. The councils have stated that 5G experiments constitute a health and safety risk for residents and request that the government ends these experiments. To date, thirteen Italian towns selected as 5G test cities by the Italian government have refused. Seventy other towns have voted motions alerting to the risks of 5G.

An appeal submitted by 60 local government representatives was presented to the Italian parliament at a conference against 5G held in June 2019. Ironically, the political base of the Five Star Movement is asking a government whose majority party is this same Five Star Movement to put an end to 5G! Even a district of Rome, Zone XII, recently voted against 5G experimentation, putting Rome’s Five-Star mayor, Virginia Raggi, in a very awkward position.

For now, though, this seems like a drop in the ocean of Italian consumers mad about their smartphones. Italy has the third biggest cellphone penetration rate in the world (83%) after South Korea and Hong Kong. The average Italian spends two hours a day on social networks and another two



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hours on their phone. This is great news for telecommunications companies, all of which are privatised in Italy, and are fiercely fighting to get a share of this very lucrative market.

There are only a few voices out there raising the issue of the potential dangers of electromagnetic radiation. Amica (Association for chronic diseases and environmental contamination), in Turin, is one such organisation and is working to remove the antenna installed right in the city centre by the operator Tim, with the city council's consent. "Carrying out experiments on human beings is unethical and is considered a crime against humanity," says Amica's Francesca Orlando. Alongside the mayors of small towns working from the bottom up, several magistrates have also taken legal action so that the dangers of electromagnetic radiation are recognised higher up the ladder.

## Telecom Italia (Tim)

**Revenue:** €18.9bn (2019)

**People:** Luigi Gubitosi (CEO)

**Main shareholders:** Vivendi, Cassa di Risparmio di Torino e prestiti

**Headquarters:** Rome and Milan, Italy

**Created:** 1994

**Sector:** telecoms

**Employees:** 54,423 (2018)

### Key facts:

\* The telecoms market, in Italy as in the rest of Europe, is dominated by a small number of large operators, often (like Tim) former state-owned companies: Orange, Vodafone, Deutsche Telekom... These telecom giants also have a huge influence on EU institutions.

## Courts set legal precedents

Italy is already the first country in Europe with three judicial decisions establishing causal links between cellphone use and brain tumours. "Although it seems that, on the one hand, decision-makers are doing away with precautionary principles, on the other hand judges are increasingly calling attention to it. They are setting an example for politicians, showing them the approach that should be taken in regard to electromagnetic radiation," states Italian biologist Angelo Levis, Chairman of the Association for the Prevention and Control of Electromagnetic Radiation (or APPLE, its Italian acronym).

In 2012, in Brescia, near Milan, a former executive won a case, with the court recognising that his tumour was due to an occupational disease which left him 80% handicapped. The court ruled that the tumour was caused by excessive use of his cell phone, which he was glued to for several hours a day.

The last court ruling dates back to 2017. The court of Ivrea ordered Telecom Italia to pay lifelong damages to a former employee who spent three to four hours a day on his cellphone. "The idea is to do the same thing that was done to fight big

tobacco companies: sue cellphone manufacturers and distributors,” explains lawyer Stefano Bertone who won the Ivrea case. “But we have to take it one step at a time: the public is still far too in love with smartphones and apps.”

Riding the wave of this victory, the lawyer decided, in 2018, to team up with APPLE and take Italy’s Ministries of Health, Environment, Education and Economic Development to court, accusing them of not adequately informing the Italian people of the risks associated with electromagnetic fields, as had been intended with Italy’s 2001 law “Protection against electromagnetic fields.”

They ended up winning the case in early 2019 in a landmark decision in Europe, with the administrative court sentencing three of the four ministries. The judges also ordered the ministries to conduct a public information campaign within six months, outlining the risks associated with cellphone and WI-FI use. And the lawyer isn’t about to stop there. “It won’t be long before we take the whole cellphone industry to court.”

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## Other examples of 5G resistance in Europe

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Although not many, there are several local movements in Europe, with residents fighting the installation of 5G antennas.

- In the city of Patras, in Greece, a citizens' committee has put a stop to the Ministry of Digital Governance's plans to make the city, which is the third biggest in the country, a 5G experimentation area. The local resistance campaign denounced the project which would require installing "50,000 additional antennas in the city." After several months of heated discussion, the mayor finally shelved the project in July 2018, due to potential health risks.
- In Gliwice (Poland), selected by Orange, Telekom et Huawei as the backdrop for the first 5G experiments, thirty or forty residents took to the streets on 29 September 2018. The protest, which received much media attention, forced the council to take action. City council spokesperson Marek Jarzębowski, was quick to shirk any involvement, stating that they had received no official notification of the experiments and therefore, "could not be held accountable." After the protest, 5G demonstrations became few and far between before dying out completely.
- In September 2017, scientists started a European petition [<http://www.5gappeal.eu/about/>] calling for a moratorium on the roll-out of 5G. 263 scientists and doctors had signed the petition as of 27 November 2019.
- An international appeal [<https://www.5gspaceappeal.org/the-appeal>] to stop 5G on earth and in space was launched in November 2018. As of 27 November 2019, the appeal had been signed by 183,000 citizens, organisations and scientists from at least 208 countries.



# From Public Refuse to Private Profits

## Does Belgrade really need a costly, corporate-built incinerator?

**BENOÎT COLLET**

For over 50 years, one of the largest open air landfills in Europe has been poisoning the soil and air of Belgrade suburbs. French water and waste management giant Suez has signed a major contract with the leaders of the Serbian capital to build a waste-to-energy incinerator. Many fear that the privatisation of municipal waste management will harm the city and its inhabitants, both financially and ecologically.

**A**lthough the site is 700 kilometres from the coast, a host of seagulls darkens the sky. Among the crop-lined hills, a few hundred metres from the Danube, one of Europe's largest open air waste landfills occupies a valley in the suburbs of Belgrade, the capital of Serbia. For half a century, municipal services have been piling up the city's domestic garbage – more than 500,000 tons of it every year. The refuse eventually built up into a nauseating 40-metre-high hill of plastic, smashed furniture, scrap metal and organic waste. A succession of refuse trucks from Gradoscka čistoća, the municipal company in charge of the landfill, come to discharge the day's load. Digger trucks push the garbage towards the sides of the urban excrescence, which is surrounded by a blackish stream, reminiscent of a medieval castle's moat. All around, thousands of plastic bags hang on the branches of trees.

“For 50 years, nobody has done anything to improve the situation in Vinca. This is a total ecological disaster... Every six months, methane pockets trigger landfill fires,” Dragan Đjilas laments. As former mayor of Belgrade (2008-2013), he is the leader of the opposition to conservative president Aleksandar Vučić. When he was



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mayor, he had plans to build a municipal waste incinerator, but it came to nothing due to lack of financial support from private donors. It turns out that there will be an incinerator after all, but it will carry the French flag. In September 2019, French multinational Suez, leader of the international consortium Beo Clean Energy Limited, signed a €300m contract with the city of Belgrade to build the incinerator, a stone's throw from the landfill. "I'm afraid it won't solve the problems with Vinca. Suez will only burn new garbage from Belgrade. The old refuse will continue to slowly rot, and pollute the soil and the Danube," says the former mayor, sipping a glass of Coke in the offices of the Alliance for Serbia, a left-right coalition of political parties opposed to President Vučić's neoliberal and clientelist policies.

The French water and waste giant has promised to generate biogas from the existing landfill and electricity using the new incinerator, which is supposed to burn 43 tons of waste per hour, turning it into 103MW. The city council has claimed political victory, as it gets set to close one of Europe's biggest landfills while "developing a cutting-edge waste-management system," as deputy mayor Goran Vesić calls it. Suez, on the other hand, has secured a stable revenue for 25 years, while claiming to have solved Vinca's environmental problem.

### **A €1.6bn bill**

The political victory may yet prove very costly for the citizens of Belgrade. Suez is intent on getting the best return from its investment (several hundred million euros) in Vinca. The city has committed to paying the company almost €1.6bn over 25 years, until 2043, for the future incinerator, an astronomical amount in a country with a GDP of €40bn.

“It is us, the citizens, that are going to pay. The waste collection and management fees will increase. These public-private partnerships that put the private interests of foreign companies above the collective good have become the norm in Belgrade, and as a result living costs are steadily increasing,” says Aleksa Petkovic, spokesperson for the citizen group Ne Davimo Beograd (“Let us not sell Belgrade”). On the wall of his office hangs a picture of a giant duck floating on the Danube, the symbol of the movement he has belonged to since the major protests against the Belgrade Waterfront, an Emirates-funded real estate project on both banks of the river, in 2016. Since then, Ne Davimo Beograd has moved on to opposing other corporate-led urban projects, including the future Vinca incinerator.

“This kind of partnership is extremely controversial because it creates huge debt for local authorities over many years,” says Pippa Gallop from NGO Bankwatch, specialised in monitoring international financial institutions in Eastern Europe. “Yet they are aggressively promoted by the European Reconstruction and Development Bank and by the International Financial Corporation [IFC, a World Bank subsidiary].”

In Vinca, layers of plastic have accumulated in the soil. Across the country, unofficial rubbish tips have multiplied, waste sorting and recycling is almost inexistent, and the collection system is often lacking. All of Belgrade’s refuse ends up in Vinca, the city’s only landfill, to be picked at by seagulls. The city has never invested in waste management. The small amount of recycling that exists is carried out by a few private companies reclaiming electronic waste or informal waste-pickers, mostly Rom people in very insecure situations. Dragan Đjilas’s initial incinerator project involved not only generating electricity for the city’s needs, but would also provide employment to waste-pickers. “The €1.6bn that will be paid to Suez is seven times more than my old project. We had two options: either invest €300m out of our own pocket to produce our own electricity, or pay more than €1bn to a foreign corporation, while being forced to purchase electricity above market price. Guess what we chose...”

## From plastics to green energy

Over the next 25 years, the city council has committed to purchasing electricity generated by the Suez incinerator at twice the market price, according to the first version of the contract made public by Transparency Serbia. “These kinds of high prices are hardly going to stop people using coal to heat their homes,” says Aleksa Petkovic. The subsidies that the city council is providing to Suez for “renewable energy” production have increased residents’ energy bills by a few cents per kWh. The difference might seem marginal if Serbia was not a country where the average salary is no more than €300 a month.

The “green energy” label is highly questionable. It is actually inconsistent with European legislation, which Serbia has partly integrated into its national law in

view of a future accession to the European Union. A recent report by Bankwatch on the legal irregularities of the contract between Belgrade and Beo Clean Energy Limited has highlighted that the agreement on the price of electricity contradicts EU rules, which do not recognise the electricity generated from burning plastic as “renewable”. By burning 340,000 tons of plastic a year, the city also risks jeopardising the country’s objective to recycle 50% of municipal waste by 2030, still in view of adhering to EU legislation. The green varnish on Suez’ incinerator does not hold that well. “At the tender, none of the companies proposed any solution for developing waste sorting and recycling,” recalls Pippa Gallop.

Only a few bundles of plastic in Vinca testify to a beginning of recycling efforts. In the landfill, this is the job relegated to the gypsy community. Working in very precarious conditions and without protection, scrap workers wait until the trucks of Gradoscka čistoća have finished unloading their trucks before checking what can be recovered: metal scraps, concrete slabs, furniture, broken household appliances... They load everything they can onto their old cars, or sometimes their old Yugo trucks, and head to the neighbouring village,

where their warehouses are located. There, they cut up the metal in order to sell off the pieces and retrieve spare parts from electronic devices.

Thousands of people live from informal waste-picking in the area. The public company Gradoscka čistoća has granted permits to some of them to work in the landfill. Unable to create a waste processing and recycling system of its own, the city council has opted to outsource some of the work to vulnerable populations who slowly poison themselves by collecting plastic and selling it for thirty cents for three kilos. The blatant failure of Belgrade’s public waste management is reflected in the rest of the country: only 5% of refuse is processed and recycled. And yet in former Yugoslavia, Slovenia has managed to become a European waste champion

## Suez

**Revenue:** €17.3bn (2018)

**People:** Bertrand Camus (CEO)

**Main shareholders:** Engie, La Caixa

**Headquarters:** Paris, France

**Created:** 1880 (Lyonnaise des eaux)

**Sectors:** Water, Waste

**Employees:** 90,000 (2019)

### Key facts:

- \* Suez is, alongside Veolia, the global leader of both the private water sector and the private waste sector. Thanks to their lucrative historical dominion over the French market, both companies began to expand internationally in the 1980s. Their core business is based on privatisation and public-private partnerships.
- \* Suez lost several important water contracts because of the global movement against privatisation. Currently, the Barcelona council is seeking to do away with the flagship water contract of Agbar, now a Suez subsidiary.
- \* In the waste sector, Suez prioritises incineration and waste-to-energy technologies, as well as future recycling technologies, over waste reduction or zero waste objectives.



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without having to turn to the private sector. Each year, the public processing centre of Ljubljana, the country's capital, turns 166,600 tons of waste into compost, biofuel or new objects. That is close to 98% of all refuse that it receives. For Aleksa Petkovic, this is clear evidence that Zero Waste can be achieved in the Western Balkans. "All that is required is that the Serbian government improves the collection and sorting process, which at least would allow to make better use of organic waste."

### Dioxins and furan

"With public-private partnerships, it is always hard to decide who wins: the corporation or the general interest?" says Nemanja Nenadic, of Transparency Serbia. He still asks himself this question even after participating in the committee tasked with assessing companies' pre-selected tenders for Vinca. It is not any easier for city council members, who only had a few days to read the 1000-plus pages of the contract, which have not been translated into Serbian. The European Investment Bank, another financial institution of the European Union, was supposed to fund part of Suez' initial investment, but eventually withdrew its support because it deemed the project incompatible with EU environmental norms. This, however, did not prevent the European Reconstruction and Development Bank (ERBD), which aims to facilitate the transition towards a market economy in Eastern Europe, from green-lighting the project.

"This partnership with the private sector introduces a new way to finance the public sector in Serbia, which is less exposed to political instability," claims Alex Reiserer, a spokesperson for ERBD. "The contract will allow Belgrade to reduce pollution risks and prevent the destruction of ecosystems." But by outsourcing the management of waste to a private company for 25 years, the city risks losing

control of environmental hazard management. It's true, however, that this has not been a priority for the government or the city council, which are both more preoccupied with attracting foreign investors to create jobs and revive a declining industrial sector.

"How will dioxins and furan emissions from the future incinerator be measured? There is no laboratory in Serbia that can do this," Aleksa Petkovic points out. Until now, there weren't many options for Belgradians that wanted to complain about the municipal landfill. But there will be even less once Beo Clean Energy Limited takes control of it.

"We will lodge an appeal with ERBD to get it to withdraw from this harmful project," the Ne Davimo Beograd activist goes on. In spite of its determination, can his movement resist a billion-dollar plus project? If he ever comes back to power, Dragan Đilas is also intent on cancelling the public-private partnership. "And if Suez sues us before an investment arbitration tribunal, someone in the administration will eventually talk, and we'll know who in the city council profited from this crazy contract."

# Tech Giants, Privatisers and the Arms Industry

## Fighting the “smart city” in France

OLIVIER PETITJEAN

All over the globe, corporations and politicians are hyping up the concept of “smart cities”, but what exactly lies behind the catchy slogan? And whose interests does it serve? There is growing resistance to the idea due to fears of privatisation, increasing surveillance as well as its environmental and social impacts.

Judging by the number of conferences and expos on the subject, the number of times it comes up in corporate and administrative brochures, and the number of projects out there, “smart cities” are all the buzz these days. Many of the world’s cities claim to be putting a lot of energy into becoming “smarter” through a range of projects of various scope and ambition. Interestingly, it is attracting interest from very different types of corporations. Initially the interest came from companies such as IBM and Cisco (and now Huawei), which originally coined the term “smart cities”. Then also from tech giants such as Google, and the likes of Uber and Airbnb. More traditional urban players such as public service companies, utilities and real estate developers have also been quick to jump on the “smart city” bandwagon. And now, in a less showy but no less influential manner, the security industry is also getting involved.

So what is all the fuss about? And what exactly is a “smart city”, other than a vague promise that with a lot of tech and data, everything will run more smoothly and efficiently? The label has been slapped on many different kinds of projects and policy initiatives, from transport and energy to disaster preparation and road maintenance. The only thing they have in common is that digital technology is being applied to urban issues. For corporations, the lure of smart cities is obvious:



ITU/R.FARRELL, CC BY

it is another stamp to put on their products, a way to attract more contracts and more public money, and create new markets. For politicians, it is often just one of those catchy slogans (like being “attractive”, “creative” or “world-class”) they seem to need to wrap around neoliberal urban policies. But what about actual people in the actual cities? For the moment, “smart cities” are a lot of talk, and involve few concrete, game-changing projects. Does this mean, however, that we’ve got nothing to worry about? Probably not.

Although actual projects may be few and limited in scope, the ultimate implication of the current “smart city” trends are nonetheless worrisome in many aspects. They carry risks for the privacy and fundamental freedoms of urban denizens, while raising serious ecological issues. They also point towards a future where local authorities and urban citizens would hand over what little control they have over the fabric, management and evolution of cities to private corporations. Industry is always keen on pushing hyped-up tech-intensive “innovations” onto people and public authorities, without giving them time to consider the risks and the reality of the benefits. The “smart city” is just another example. A lot of new tech and new data collection tools are being installed in cities right now, in the name of seemingly benevolent objectives such as efficiency, sustainability and transparency. There are good reasons to doubt these technologies will ever genuinely help to achieve these goals. The first issue with “smart cities”, therefore, is primarily the potential waste of large amounts of public money on corporate projects of little interest, which also sidetrack politicians from adopting more ambitious or effective policies to tackle the same issues – in other words, corporate “false solutions”. But these technologies could also eventually be put to more sinister uses, such as widespread surveillance by governments or corporations.



## From privatised services to privatised cities

In many ways, a “smart city” is just a new name for a privatised city. It was invented to sell new services and management systems to local authorities. Under the “smart city” slogan, many imagine a centralised military-style command centre, from which managers can visualise the whole of the city in real time through a constant stream of data on climate, pollution, pedestrian and vehicle traffic, infrastructure networks, and so on, anticipating problems or spotting them the second they occur, and deciding on timely interventions. This is more or less what IBM sells with its “intelligent operations centre”, which was first showcased in Rio for the 2014 Olympics.

In Europe, corporations specialised in privatised public services such as Suez and Veolia (mostly present in the water and waste sectors) were among the first to appropriate the “smart city” label for their own interests. In this context, a “smart city” is mostly advertised as a way to integrate local public services such as water, waste, public transport, collective heating, lighting, facility management and so on in order to make it all more “efficient”. In the short term, it is hard to see this as anything other than putting new clothes on good old privatisation. Public services have been using digital technologies for quite some time now, but the local services listed above are so different in the way they are managed, and again so different from city to city, that integrating them into a single platform is often either impossible or does not result in concrete benefits.

There are even questions around some of the apparently most straightforward aspects of the “smart city” approach, such as intelligent lighting that would only turn on when there are people around. The medium-sized city of Angers, in the west of France (290,000 inhabitants), has just launched what is one of the country’s most ambitious “smart city” plans, outsourced to a consortium of companies including Engie and Suez. It will see the installation of thousands of sensors and other connected objects throughout the city, for a cost of €178m over 12 years to achieve “zero net carbon”. The projected savings for the city over a longer period (25 years) are only just over €100m, which raises the question of the cost-efficiency of the plan compared to other ways to achieve the same objectives.<sup>1</sup>

In the longer term, this version of the “smart city”, driven by traditional urban service corporations, risks further entrenching privatisation and extending its reach. Issues around the ownership of information and data have often been a key obstacle for cities seeking to end private contracts and remunicipalise the management of public services. More generally, there is often huge information asymmetry between private operators and the contracting local authorities about the public service, which gives the former the upper hand in negotiating around contractual terms and rates. The advent of more extensive “smart city” solutions, with an even greater emphasis on data collection, is bound to make this even worse.

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[1] [https://www.lemonde.fr/economie/article/2019/11/15/angers-investit-178-millions-d-euros-pour-devenir-un-territoire-zero-carbone\\_6019288\\_3234.html](https://www.lemonde.fr/economie/article/2019/11/15/angers-investit-178-millions-d-euros-pour-devenir-un-territoire-zero-carbone_6019288_3234.html)



RADIOFUN, CC BY-SA

There is also the risk that the different public services will be made to gradually evolve in a way that makes them more easily integrable, i.e., to fit the needs of private corporations. In Dijon, another medium-sized city in France that also likes to promote itself as a “smart city” pioneer, the same corporation that already runs the water and waste services – Suez – has now been put in charge of the new “command centre” that will supervise all electric equipment in the city (lighting, traffic lights, electric vehicle charging stations) and might one day integrate all public services. Will Dijon some day become a city run entirely by a private company?

### Tech companies taking over cities?

Such projects explain why the notion of an entirely privatised, tech-driven city is on people’s minds in a country like France, where a famous science-fiction writer, Alain Damasio, published in 2019 a novel, *Les furtifs*, set in exactly such a context. In the novel, the existing city of Orange, in the south of France, is acquired by the telecom company of the same name, and saturated with individualised control tech, giving access to different levels of service and even different areas of the city according to how much residents can pay (eventually, this system is overcome by activists and popular revolt). In some countries of the world, such science-fiction is already on the agenda. For the reasons mentioned above, the most advanced smart city projects are probably brand new cities built from scratch in Middle Eastern or Asian countries. India, in particular, which already has private cities reserved for the wealthy, is planning to build dozens of new, smart cities – a potentially huge market for which corporations from the US, Europe and China are all vying. It could be argued that projects such as those mentioned in France are mostly designed to experiment prototypes and technologies which the same corporations would then sell to much more lucrative foreign markets.

Another very publicised and controversial example of the “private city” logic are Google’s plans (or more specifically, Sidewalk Labs’, another subsidiary of Google’s parent company Alphabet) for the Toronto Waterfront. Sidewalk Labs was tasked with imagining a whole new neighbourhood, raising fears about the potential privatisation of public space and the protection of people’s privacy, especially after key privacy experts left the project due to lack of sufficient safeguards. In the spring of 2019, Sidewalk Labs published a master plan for the Toronto Waterfront which was met with widespread shock. It turned out the company had its eye on a much

bigger area than was assumed, and planned to both build and operate the future neighbourhood, including owning the technology and the data. It also wanted specific rules and governance bodies for the new area. Eventually, Sidewalk Labs was forced to back down, and a new agreement is currently under negotiation. This time it involves a smaller area, there are no special rules, data is publicly owned, and it has been agreed that Sidewalk Labs will not become the operator.

Whatever becomes of Google's projects for the Toronto Waterfront, they also point to a bigger problem. The expansion of platform companies such as Google (Google Maps and Waze), Uber, Amazon, Airbnb or even Deliveroo involves not only the massive collection of data on individual habits and urban trends, but also an ability to shape the very evolution of the city (e.g. its traffic patterns, the economic development of neighbourhoods) without any control by local authorities. In this case, the "smart city" is no longer one where public authorities rely on private corporations to achieve their objectives, but one where public authorities and urban movements have to cope with forces that have the power to shape the city in profound ways, and stand in the way of policy objectives such as affordable housing or the protection of "free" non-commercial public spaces.

### **The French smart meter wars and other "anti-smart" urban revolts**

Many cities in Europe and beyond, along with urban movements, are trying to fight off the adverse impacts of these new platform companies, starting with Airbnb and its consequences on housing in cities like Barcelona, Amsterdam and Paris. Alongside similar conflicts with Uber and the growing movement for the rights of gig economy workers, it is a sign that Silicon Valley's vision of the city of the future is being met with increasing popular and political resistance. The same could be said of the recent, successful movements against the proposed Amazon HQ2 in New York City and the new Google headquarters in Berlin – both of them examples not only of subsidised corporate property developments, but also of a certain vision of the city.

Mostly, these revolts are pitched as battles against corporate profiteers and growing privatisation. But they also come with a growing realisation of how issues of data ownership and "technological sovereignty" are becoming increasingly critical for cities, and of the need for alternative models. Airbnb's refusal to share its data with local authorities, for instance, is emerging as a key point of contention, which will prove decisive in the latter's ability to regulate the platform and its impacts – or not.

In France, growing opposition to the "smart city" has also been brewing from another corner. In 2014, after a number of test pilot projects, the French government initiated the rollout of "Linky" smart electricity meters in households all over the country. The venture soon ran into massive trouble, with many users and even

city councils refusing the Linky meters. The most cited reason for rejecting the “Linky” smart meter remains the potential health consequences of its electromagnetic waves. There is scarce evidence of serious risks, although it should be added that this particular smart meter is poorly designed from that point of view. The programme also raises concerns of privacy due to the data generated by the smart meter. Mostly, it is seen as an extremely costly (a few thousand euros paid by users through their electricity bills) corporate-driven, state-sponsored programme imposed on people, causing potential risks and with no actual real benefits. Evidence shows that the alleged rationale for installing smart meters in the first place – that they will help save energy through “smarter” individual consumption – does not translate into practice.

The revolt against “Linky” – as a symbol of technocratic, corporate “false solutions” – has been unexpectedly fervent in France, with several hundred mayors deciding, either on their own or pressured by voters, to ban the smart meter in their city. Some groups are now plotting to expand this revolt into a wider movement against smart cities in general and everything that goes with them: the Internet of Things, surveillance, “uberised” labour and green capitalism. After all, smart cities raise the same privacy and health issues (exposure to high levels of electromagnetic radiation for example) – especially with the rollout of 5G antennas – as smart meters, only on a wider scale. And they come with the added issue of privatisation (as seen above) and vulnerability to cyberattacks, without any obvious benefits except for the companies that will be tasked to roll them out. Even the claim that smart cities will be “greener” and more energy-efficient does not stack up, if one considers the massive amounts of minerals and electricity required to power the data storage and computing necessary to run the kind of smart city that corporations imagine.

### **The safe city and the arms industry**

This simmering rejection of smart cities is compounded by the fact that in France, as in other countries such as the US, the arms and security industry often lurks in the background of smart cities. Among the main clients of IBM’s “intelligence operations centre” are indeed US law enforcement agencies. In France too, the “smart city” is now increasingly associated with security objectives, i.e., the so-called “safe city”. Cities like Nice and Marseille are experimenting with “smart” facial recognition video-surveillance systems in high-schools and public transport. Marseille is creating a security-focused “command centre” for the city which is supposed to be fed by data from public services, the police, social networks and citizens. Other cities, such as Saint-Étienne, are proposing to introduce video-cameras or noise sensors in street lamps.

Behind these projects are businesses like IBM or Cisco as well as companies from the arms industry, which are seeking to expand into the domestic security market. The leading promoter of the Marseille command centre is Ineo, a subsidiary

of Engie and long-standing supplier of the French army. Behind Nice's "smart" surveillance experiments is Thales, an arms and electronics giant. The "safe city" project in Saint-Étienne is promoted by a consortium called Serenicity, behind which is a local arms and ammunition manufacturer. This is part of a wider strategy of the arms industry, which is increasingly interested in the lucrative internal security markets and is blurring the traditional difference between technologies and

## Thales

**Revenue:** €15.9bn (2018)

**People:** Patrice Caine (CEO)

**Main shareholders:** French government, Dassault

**Headquarters:** Paris, France

**Created:** 2000 (1968 for predecessor Thomson-CSF)

**Sectors:** Arms, Security, Electronics

**Employees:** 80,000 (2018)

### Key facts:

\* Specialised in electronics for the arms industry, Thales develops surveillance and radar technologies, communication and information systems, and missile systems. More recently, Thales has invested heavily in the development of drones.

\* The "smart city" is seen by Thales as a way to pursue its development in civilian markets, in particular for security services. Outside of France, Thales has sold its "safe city" solutions to public authorities in Mexico and Africa. To expand its services offer, it has recently acquired Gemalto, a global leader in the biometrics market.

materials used for external operations and those used for internal security.<sup>2</sup> The experimentation contract between Nice and Thales is typical of this worldview in the way it conflates "galloping urbanisation", "natural risks" such as extreme climate events and "human risks" such as crime and terrorism into a landscape of potential "incidents and crises" that need to be predicted and prevented "in real time" thanks to the "maximum amount of existing data" in a "hypervision and command centre".<sup>3</sup>

The development of "smart surveillance" technologies and their experimentation in France is explicitly endorsed by the French government as a way to develop national

champions and national solutions, which can then be exported to other countries, thus avoiding any reliance on foreign technologies. Thales' projects in Nice have enjoyed massive financial, technological and commercial support from a number of France's state-owned entities.

Civil society groups such as the Human Rights League and the Internet rights NGO La Quadrature du Net<sup>4</sup> are the only ones mounting a significant opposition to these plans, which are generally supported by nationale and local politicians. The independent privacy regulator, CNIL (Commission nationale informatique et

[2] See the "Border Wars" reports by the Transnational Institute and partners: <https://www.tni.org/en/publication/border-wars> and <https://www.tni.org/en/publication/border-wars-ii>.

[3] Félix Tréguer, "La « ville sûre » ou la gouvernance par les algorithmes", *Le monde diplomatique*, June 2019, <https://www.monde-diplomatique.fr/2019/06/TREGUER/59986>

[4] See the Technopolice website: <https://technopolice.fr/>



libertés), has challenged some of the projects, but remains coy about using the little powers it has. The small number of concrete, operational projects – and the secrecy which is maintained around some of them – means there hasn’t been widespread grassroots mobilisation against them. But according to La Quadrature du Net, the danger is real, even with “smart city” projects that don’t yet have an explicit security objective. Once all the sensors are in place, and once all the data is collected, they argue, corporate leaders and politicians are not going to acknowledge that these solutions can’t really help achieve sustainability objectives, and are going to find another justification for them. In a way, the installation of all these smart city technologies will inevitably create a very slippery slope towards even more surveillance and potential abuse.

### **A municipalist smart city?**

Should we, then, just oppose “smart” and “safe” cities altogether? There is definitely an anti-technology strand in many groups currently active in France on these questions. Others see a potential use for some “smart city” solutions. In many ways, the expansion of digital technologies into the urban fabric is unavoidable. The question is, how can cities, urban groups and social movements do it differently? Fortunately, there is a lot of thinking on precisely this subject at the moment throughout Europe as well as further afield.<sup>5</sup>

There is no ready-made policy solution given the scope of the issues and the little control cities actually have over them, but at least we know what some of the key

[5] See, for instance, “Rethinking the smart city. Democratising urban technology”, Evgeny Morozov and Francesca Bria, January 2018. <http://www.rosalux-nyc.org/rethinking-the-smart-city/>

issues are. Data ownership is one obvious one. Instead of the data extractive model that many corporations are currently pushing onto cities, we need to promote a model based on public open data, or, if possible, data as a commons, in a way that protects privacy. Another issue is that of technological sovereignty; in other words, not depending on the technology provided by corporations, nor being bound by its constraints. Another objective could be to develop municipal/remunicipalised/co-op alternatives to the services provided by the corporations seeking to take over cities, in order to foster a genuine sharing economy.

Cities are probably too small to fight corporate giants like Google or Airbnb on their own, especially as these corporations are backed by national governments. They can, however, find allies in civil society or in the solidarity economy and commons sector. A truly “smart” city, driven by the actual needs of people and democratic principles and not by the interests of corporations, still needs to be invented.

# The Berlin Neighbourhood which Forced Google Out

RACHEL KNAEBEL

All over the world, Google is doing the same thing, setting up “campuses” which, whether they be in Warsaw, Madrid, Tel Aviv or São Paulo, all look pretty much the same: an open-plan workspace on the ground floor, offices for tech start-ups on the second floor and offices for Google staff above them. Basically start-up incubators, with the potential for certain start-ups to be bought by the digital giant. In 2016, Google announced its plans to open such a campus in Berlin. The company acquired a former industrial redbrick complex that once housed a power plant in Kreuzberg, a gentrified area where rents are skyrocketing but which nevertheless remains politically vibrant.

Google’s project sparked a massive resistance movement, with flyers turning up in the neighbourhood’s bars and cafes, and stickers on the walls. Several public meetings were held and activists made the rounds of the local shops and businesses. The movement gained momentum in 2017, led by the coalition, “Fuck Off Google”, which brought together anarchists, neighbourhood organisations and open internet activists. The first

“noise protests” began in early 2018, and took place on the first Friday of every month. “We don’t notify the police. There were members of two neighbourhood organisations that were reluctant to come in the beginning, but in the end they came too,” says one of the group’s activists (who wishes to remain anonymous). “In two years, we all pretty much agreed on the fact that we wouldn’t engage

## Alphabet (Google)

**Revenue:** \$136.8bn (2018)

**People:** Sundar Pichai (CEO), Larry Page and Sergey Brin (founders)

**Main shareholders:** Larry Page and Sergey Brin and investment funds such as BlackRock and Vanguard

**Headquarters:** Mountain View, USA

**Created:** 1998 (Google), 2015 (Alphabet)

**Sector:** Tech

**Employees:** 103,549 (2018)

### Key facts:

- \* Many activities developed by Google and its parent company target cities: Sidewalk Labs and its projects in Toronto, but also Google Maps and Waze, and Google’s self-driving car plans.
- \* Google, like the other tech giants, is under fire for its monopolistic and anti-competitive methods. Like the other tech giants, it is also accused of large scale tax avoidance, which deprives public authorities of the funds necessary to finance public services and social assistance.
- \* Google’s office buildings and “campuses” also promote a tech-driven and corporate vision of the city.



with politicians and we most definitely wouldn't engage with Google." In September 2018, they managed to occupy the site (which was still under construction) for several hours before being removed by the police. But the efforts paid off. The construction work on the building was completed, but Google announced in Autumn 2018 that it would be abandoning its campus plans. Over the next five years, the building will be leased to two social companies providing support to the homeless. But the activist qualifies the victory as "just symbolic". It turns out that Google has acquired other buildings in Berlin's CBD for its campus, an area that is monopolised by offices.

In this case, the problem of gentrification driven by digital technologies and big multinationals setting up shop in the city connected with the urge to resist mass surveillance and the totalitarian ambitions of Google and its parent company Alphabet. "From the very first weeks of the movement, we started receiving messages of support from collectives in San Francisco, San José, Toronto..." says the Berlin activist. The groups all fight against Google-Alphabet's stranglehold on their cities. In the Canadian metropolis, Alphabet is seeking to build an entire neighbourhood via its subsidiary Sidewalk Labs. A "smart city of surveillance" (as it was called by *The Intercept*) which is widely controversial among city residents. In Berlin, the fight against the Google Campus has been "an opportunity to disseminate knowledge about communications and data decentralisation," says the activist. And it's not over. The meetings of the "anti-Google café" continue in Berlin, but in the neighbourhood of Mitte, a few streets away, where the tech giant has relocated its offices.



# RELOCALISE

# The “Preston Model”

## A UK city takes the lead in progressive procurement

HAZEL SHEFFIELD

Strongly affected by deindustrialisation, and more recently by austerity policies imposed on councils following the financial crisis, Preston, in the north of England, has chosen to no longer depend on external investors for its “development” and radically reorient its public procurement to favour local economic and social objectives, rather than large corporations. It has become a model across the country, and even beyond.

One evening in spring, 2013, two left-wing councillors stepped into The Gray Friars, a cavernous pub in Preston, a post-industrial town in the north of England, for a meeting over a pint of beer. Matthew Brown and his colleague Martyn Rawlinson were in search of new ideas for Preston, where poverty was on the rise at a time of brutal cuts. They had never met Neil McInroy and Matthew Jackson, who had travelled from Manchester where they worked for a think tank called the Centre for Local Economic Strategies, but Brown knew who he was looking for from cartoons that appeared alongside their magazine articles about regeneration. The four men found one another and shook hands. That night in the pub, they would sketch out the tenets of a new way of organising spending in towns that might protect a small place like Preston from the more extractive elements of globalisation at the same time as heralding new environmental and social standards for businesses competing over contracts.

The Preston Model, as the idea became known, came in two parts. McInroy and Jackson had spent several years establishing that more money could be retained in a local economy if schools, councils, hospitals and other civic institutions used their budgets to buy goods and services from local businesses, rather than multinational companies that might take profits elsewhere. Matthew Brown believed those businesses should be worker co-operatives, where profits go into the pockets

of workers, rather than shareholders. The model relies heavily on the technical elements of analysing spending, adjusting procurement contracts, educating new suppliers and establishing co-operative businesses. But at its heart is a more radical proposal: that the economy is not a separate, technocratic sphere or a set of alien forces that play out upon a place, but that it is moulded by the decisions of ordinary people, who can use it to create the kind of society in which they want to live.

For Martin O'Neill, a senior lecturer in political philosophy at the University of York, this proposal transforms procurement from a mere financial process into a lever that can be applied by governments to enact a set of values, in a similar way to the redistributive potential of the tax system. "It's the sense that procurement, which sounds like a dull and technocratic issue, is intensely political and we have massively undersold an important function of government to improve people's lives by not seeing procurement as having this role," he says. "We need a better language to describe it."

In the US, the term "community wealth building" has been coined by the think tank the Democracy Collaborative. The term describes the Democracy Collaborative's strategy of drawing and keeping dollars within the community: first by preventing local financial resources from "leaking out" of an area; and second by leveraging the use of procurement and investment from existing local "anchor institutions" such as hospitals, universities, foundations, cultural institutions, and city government for community-benefiting purposes. In 2007, the think tank, which is based in Washington DC, was commissioned by the Cleveland Foundation to do a spending analysis in Cleveland, Ohio. Cleveland was facing many of the problems common to post-industrial cities: its population was shrinking and many publicly-traded companies were leaving due to years of disinvestment and the decline of traditional industries. But Cleveland still had a large number of institutions that were rooted to place, including the Cleveland Clinic, Case Western Reserve University and University Hospitals. The Democracy Collaborative found that these so-called anchors were spending \$3 billion a year, but very little of that was staying in the local economy. Cleveland Hospital and several other health institutions were surrounded by neighbourhoods where 40 per cent of people lived below the poverty line. "How could there be \$3 billion circulating but everybody's poor?" asked Ted Howard, the Democracy Collaborative's chief executive.

The Democracy Collaborative conducted an analysis to identify that these anchors were purchasing from Mexico or Chicago, and looked at whether those contracts could be moved back to Cleveland suppliers. Then it looked for gaps in the market that might provide opportunities for new suppliers. Over the course of several years, it supported the establishment of a laundry and an indoor farm structured as worker-owned co-operatives, so that the workers could share in the profit of the business. They also made the co-operatives as green as possible to help anchors reach their environmental targets, and recruited employees in communities

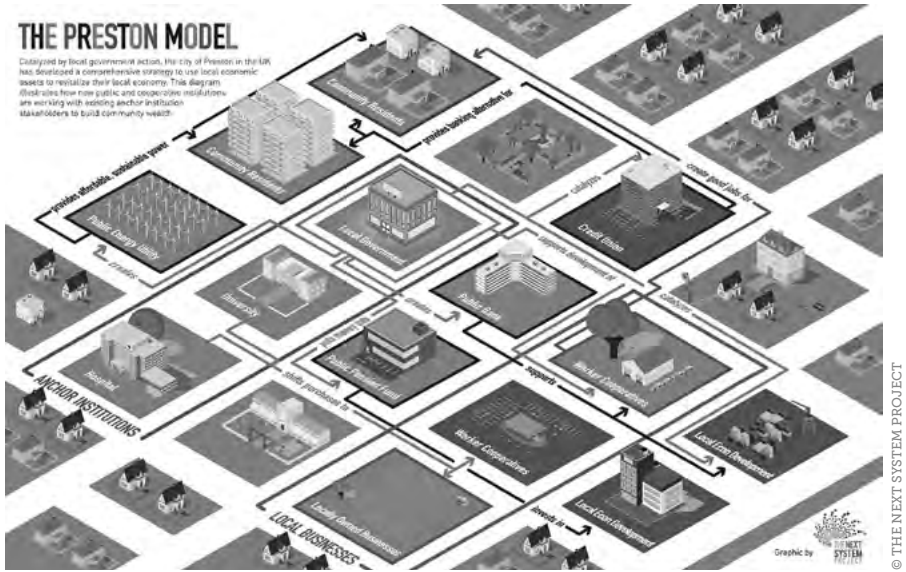
where many people struggled to get work due to time spent in prison (as many as 50 per cent of the population in some neighbourhoods). “This is a community transformation strategy,” Howard says. “The idea is that each of these companies contributes to the local economy, and coops are the vehicle to achieve this.”

By the time of the pub meeting in 2013, Preston was badly in need of transformation. The effects of the 2008 financial crisis were compounded in the UK by a central government austerity programme enacted by the Conservative coalition government that came to power in 2010. In the name of austerity, the government cut funding to councils in order to enact a sweeping realignment of the relationship between the state and its citizens that began with the neoliberal agenda of Margaret Thatcher in the eighties. Between 2010 and 2016, councils in England are estimated to have lost 60p of every £1 from central government. As budgets were cut, councils first stripped back expenses by firing high-paid staff or selling disused buildings. But the cuts have since got uglier. Since 2018, Preston council has wiped out £1.25 million from children and family services, plus a further million from the budget for learning, disability and autism. Concessionary bus charges for the elderly doubled from 50p to £1. Reports of rat infestations increased after the council halved the number of city rat catchers.

At the same time, smaller towns like Preston have struggled to attract outside investment. In 2008, Preston Council had signed off on a £700 million regeneration project called the Tithebarn, in which developers Grosvenor and Lendlease would reimagine 32 acres of the city with restaurants, cafes, cinemas, shops and pedestrianised streets. But retailers grew cooler on the project until the scheme collapsed in 2011, not long after John Lewis, a major department store, pulled out.

That same year, the Centre for Local Economic Strategies invited Ted Howard to speak to an audience drawn from its network in London. “We were inspired by [the Democracy Collaborative’s] concepts and ideas,” McNroy says. “But there were contextual issues that meant the Cleveland Model had to be different.” Top of the list: European procurement law. In the US, if a university or other local institution wants to give a contract for bed linen to a local co-op, there’s nothing to stop them. In the UK, as in the rest of Europe, procurement law requires that supplier contracts for local authorities worth more than £181,302 and works contracts of more than £4,551,413 have to go out to market in order to make sure the process is as transparent and competitive as possible.

By this time, McNroy and CLES had been testing ideas about procurement for several years in partnership with towns including West Lothian and Swindon. They wanted to try a spending analysis, but realised that Manchester, the city in which CLES is based, was too big. Nearby Preston, with a population of 141,000, was a good size, with a large number of public sector institutions including two councils, a university, a hospital and several colleges, to try an ambitious spending



analysis that might identify where money was leaking out of the economy. Plus there was an appetite among councillors to try something new after the failure of the Tithebarn project.

After their initial meeting in a pub, Brown and Rawlinson convinced Preston Council to commission CLES to do a spending analysis in the city. CLES identified the biggest institutions rooted to the city, including the city and county councils, the University of Central Lancashire (UCLan), the police and a local housing association. Together these six organisations had a combined annual spending power of £750 million. But in 2012/13, only one pound of every £20 spent stayed in Preston. So CLES worked with the anchors to rewire that spending. In 2013, the six local public bodies spent £38 million in Preston and £292 million in all of Lancashire. By 2017 these had increased to £111 million and £486 million respectively, despite an overall reduction in the council's budget. The anchors were also supported to implement the living wage, ensuring higher levels of pay for staff and contractors.

They achieved all of this within EU procurement law. "There have not been any huge issues," Matthew Brown reflected in 2019. "For works contracts, [the thresholds] are quite high. They potentially could hinder what we're trying to do but [at the moment] it's on the margins." Preston broke large contracts, such as the £1.6 million council canteen food budget, into smaller lots allowing smaller Lancashire farmers to bid to supply yoghurts, for example. The council appointed Conlon, a local construction firm, to redevelop the Preston Market, out of a shortlist of nine local and national firms because the company could commit to higher employment practices. It uses the Social Value Act, a 2013 law that requires people who commission public services to think about how they can also secure wider

social, economic and environmental benefits, in innovative ways, such as by hiring contractors who have less far to travel, cutting their carbon emissions. Changes to EU procurement law in 2014 also improved the ability for those commissioning services to prioritise suppliers with strong social and environmental records.

At the same time, Preston Council looked at how to coordinate other sources of capital to invest in local projects. The council decided to use the £5.5 billion Lancashire County Pension Fund to invest £100 million in Preston and £100 million across Lancashire, in projects including the re-opening of the Park Hotel and an £18 million student flat development. Pension payments worth £100 million have been committed to a local investment fund that will go towards capitalising a community bank. The council got the idea for a community-owned bank after working with the Hampshire Community Bank, which is modelled on the Sparkassen network of locally-owned public savings banks in Germany. Together they plan to promote Lancashire's own network of regional "challenger" banks, in order to stimulate entrepreneurship and support small businesses.

The early results of these changes are promising. Preston had the joint-second biggest improvement in its position on the indices of multiple deprivation between 2010 and 2015 (LCRCA 2018). In November 2018, Preston was named most improved city in the UK according to the Good Growth for Cities Index, which measures employment, workers' pay, house prices, transport, the environment, work-life-balance and inequality. By September 2019, the Preston City Council was closing in on £20 million in funding necessary to apply for a banking licence to open its regional community bank for the North West. "We have made an assumption that if two per cent of people move their accounts to the new bank or open their first accounts with us then we can lend half a billion pounds to local people," Brown said. "But if you could get real grassroots uplift and support for the concept and encourage 10 per cent of people to bank with us, then we could recirculate £4 billion locally."

Brown, who has been Preston's council leader since 2018, sees the community bank as another part of a strategy to democratise the economy, alongside procurement and other policies. "Anchor procurement is not everything in itself," he says. "The community bank is another part of that. It's the same principle, it's localising the investment and putting the community more in control of local economies." He is turning his attention to the next phase of the Preston Model, a co-operative education centre and seed funding from the Open Society Foundation to support the creation of ten worker-owned startups.

McInroy and CLES have had conversations about community wealth building with more than 40 local councils in the UK, from Birmingham to Wigan, Southampton to South Ayrshire in Scotland and even some borough councils in London, such as Islington, where the principles have to be heavily adapted to respond to a drastically

different economic context. “It’s all different blends,” McNroy says. “In Preston we led on procurement, but we did lots of different work on land, property and assets, and now they are focussing on democratising the workforce. In Islington we are doing less on procurement and more on co-operative ownership of the economy and of land.” He sees the work as part of a growing global network of cities pioneering a new kind of municipalism. These so-called “fearless cities” believe in the democratic ownership of public services by organisations that may one day replace local authorities altogether. They have found the city to be the ideal sized template to try out ideas.

Matthew Jackson, meanwhile, has since left CLES and is working with Preston City Council as it leads a network of seven cities on the European Union’s URBACT programme Making Spend Matter. The programme explores how to use spend analysis as an evidence tool to enhance the impact of procurement by public or anchor institutions in order to bring additional economic, social and environmental benefits to the local economy and its citizens. It runs from May 2018 to December 2018 and primarily exists to transfer the good practice developed by Preston in this area. Partner cities including Pamplona in Spain, Kavala in Greece, Bistrita in Romania and Koszalin in Poland have spent six months researching action around social and environmental criteria and another 12 months on their own city spend analysis. They are

now moving on to how procurement strategies can evolve and adapt to different scenarios. “It’s a really interesting time,” Jackson says. “The only slight problem we’ve got is what happens after we leave the EU: whether Preston City Council can lead it and whether I can still work with them as an expert.”

Anti-EU campaigners have long said that decisions around procurement will be easier for UK councils to make after the country leaves the union, as long as the UK no longer has to comply with existing rules about procurement. Yet researchers say it is not EU law, but attitudes at councils and other anchors that prevent

## Lendlease

**Revenue:** €10.2bn (2018/2019)

**People:** Stephen McCann (CEO)

**Headquarters:** Sydney, Australia

**Created:** 1958

**Sectors:** construction, real estate, infrastructure

**Employees:** 13,000 (2018/2019)

### Key facts:

\* Lendlease, an Australian construction and real estate firm, specialises in ‘urban regeneration’ projects based on public-private partnerships, such as the aborted Tithebarn project in Preston. Many of these projects are controversial because they are based on the gentrification of the ‘regenerated’ neighbourhoods and on a rise in house prices, as in the neighbourhoods of Haringey and Elephant & Castle in London.

\* Also present in the United States, Lendlease has been a key partner of Donald Trump’s for his real estate developments.





CLIVE VARLEY, CC BY

community wealth building policies from being implemented more widely. Tom Sasse, a senior researcher at the Institute for Government, says that contrary to false statements in the press, as long as authorities run a fair process they can already select bids based on a range of criteria including price, quality, risk, social value and other factors. “The lowest price bid doesn’t always win and often represents poor value,” Sasse says.

Research from the Institute for Government has shown the UK Government initially succeeded in increasing spending with small companies by introducing measures including abolishing pre-tender questionnaires. This increase peaked in 2014/15, however, and has since fallen back. In the last five years, big suppliers that receive over £100 million in revenue a year from government have won an increasing share of government work. “It is easy to blame EU rules for this, but the real barrier is changing behaviour among those awarding contracts,” Sasse says.

A Labour government in the UK could do much to support the development of community wealth building and to support other towns to adopt more radical procurement policies. Martin O’Neill says that so far Preston has demonstrated what community wealth building can do to bring values to the regulation of the economy when the government isn’t on its side. “These strategies have been important to protect quite vulnerable places in harsher climes when government isn’t on board to create more liveable economic conditions,” O’Neill says. “But what you get in this defiant move is the seeds of an agenda that with the support of a national government can be more ambitious.”

Since 2018, Neil McInroy has sat alongside Labour councillors and MPs and Ted Howard from the Democracy Collaborative on the Labour Party's Community Wealth Building unit, which has looked at how to embed these principles into future policies. And while they have so far been able to do much "on the margins", in the words of councillor Matthew Brown, some believe that more sweeping reforms would come up against EU law. Costas Lapavitsas, a former member of parliament for Syriza in Greece and professor of economics at the School of Oriental and African Studies, says that if a Labour government wanted to fully embrace the principles of the Preston Model, it would find EU procurement law standing in the way. "The way companies are selected would be directly affected by EU regulation. That's clear," he says. "The only real argument is how radical the Labour Party wants to be. If they want to be really radical, they cannot do that within the EU."

Jackson, however, believes that EU procurement directives will continue to influence the UK after it leaves the union. However he thinks an exit might embolden cities to more fully embed the principles of the Social Value Act. "There will be an opportunity to embed social values far more effectively than [authorities] have to date," he says. "I still think UK local authorities are a bit scared to embed this in policy because of EU law."

The Social Value Act puts the UK ahead of Europe in its attempts to embed social and environmental values in public contracts, Jackson says. He believes much more could be done by the EU to implement the standards set out in the 2014 directives for procurement. "The directives for 2014 were meant to be transposed into the procurement law of the member states, but what's missing for me is implementation, flexibility for SMEs and social and environmental goals for cities," he says. "There are always barriers in that we need to be compliant, we can't be anti competitive, but there's not that realisation that procurement can be used to address many of the social and environmental challenges."

Jackson says many European cities are unwilling to go a bit further on the social and environmental criteria. He says a lack of good case studies of cities with progressive policies contributes to unwillingness to experiment. "It's easier to choose on price," he says. "How you embed progressive procurement into the behaviour of seven cities is just the start. There needs to be a lot of investment in capacity building and examples of practice at the EU level."

# Loos-en-Gohelle, from Coal to Renewables

## Is there a future for a small town without resources?

MAXIME COMBES

A former coal mining town in the North of France, Loos-en-Gohelle shows how a town can free itself from fossil fuel dependence through democratic participation, beginning with the real needs of locals.

**T**here is much talk about the end of fossil fuels. But few towns have actually experienced it. Loos-en-Gohelle, however, a coal mining town in France, is an exception. Loos is a small rural town of 7,000 inhabitants located in the north of France, where coal was discovered in 1855. Mining has since shaped the town, its housing, its inhabitants, its social and economic structures and even its landscape. Loos used to be heavily coal-dependent, but thirty years after it closed its last mine, Loos is now a textbook case of how a town can liberate itself from fossil fuels. Formerly one of the largest coal production centres



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in the Nord-Pas-de-Calais mining basin, Loos has become an experimental hub for energy transition policies which are serving as an example for cities all over the world. Instead of suppressing its mining history, Loos has learned to live with it, and solar panels are now installed on the remaining spoil tips.

## Coal dependence and shrinking cities

Before looking at what has been achieved in Loos, we should remember what it means to be dependent on coal mining. In a coal mining town, coal was the determining factor of just about everything. Coal meant giving work to thousands of people. The coal industry was the main employer of the region, around which the whole economy was structured. Coal also shaped the social fabric, both in terms of socio-economic status and ways of life. Politics too were centred around coal, as all political and union activity was supposed to embody the interests of the miners and their families. Public and private spaces also all revolved around coal: roads, housing, churches, schools, hospitals, workers' gardens and sports facilities were designed to keep the miners sufficiently healthy and in close proximity to the mines. Coal mining reshaped the landscape as well: slag heaps and discarded buildings of the mining industry now cut across the horizon and transformed the cold damp countryside. Coal was also the main energy source: because miners' homes were usually heated with coal, virtually free of charge, they were not insulated. Coal mining also had a heavy impact on the environment, with water and land polluted for decades.

The end of coal mining in the region therefore represented an economic, social, political and urban collapse. The image of shrinking cities is often used to evoke the situation: factory closures, job losses, social distress,



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mass unemployment, poverty, disenfranchised districts, land and water pollution, depletion of public resources, population loss, and no prospect of change. Averting the looming social and economic disaster represented an enormous challenge, and required imagining that an alternative way of life was indeed possible. But Loos was to prove that mining cities are not necessarily fated to remain polluted ghost towns reeling from high unemployment. There is the question of whether such a collapse is, in fact, necessary in order kick-start the transition to a green economy. Can this story of a town breaking its addiction to coal serve as an example for other cities? Can what was achieved in Loos also be achieved elsewhere?

## Loos, a town built around coal

Loos-en-Gohelle has not been spared by history. It was destroyed several times by wars between the 13th and 17th century. Five kilometres northwest of Lens, Loos was again completely destroyed during the First World War. The first Battle of Loos in 1915 was a massacre, with more than 20,000 British soldiers killed between 1915 and 1918. But coal mining enabled Loos to quickly recover over the 1920s. Rebuilding, reinventing and reshaping itself forms part of the town's history.

Everywhere you look, there are signs of the town’s mining history. The ground has sunk over fifteen meters since the beginning of coal exploitation. Many of the town’s houses are former miners’ homes, some in very poor condition. If you look up, you can see the high slag heaps that cut through the horizon, 185 meters above sea level. The motorway that splits the town in two has been built on an old railway line used for coal transportation, which you have to cross to reach pits 11 (1891) and 19 (1954). While the former has a head-frame, the latter has a 66-metre-high concrete extraction tower (weighing 10,000 tonnes). This single, much more powerful unit processed the coal from several surrounding pits. Most of the mining buildings are still there. From “Base 11/19”, visitors can walk on the slag heaps or visit the sustainable development resource centres in renovated administrative buildings.

**“We can’t build the future if we reject the past”**

On 31 January 1986, 113 years of coal mining came to an end with the closure of pit 19. In 1966, 5,000 of Loos’ 8,000 inhabitants were coal workers. The end of coal mining was experienced not only as an economic trauma but also as a social and cultural one. Along with massive unemployment, there was a feeling of both abandonment and a questioning of the lifestyles and practices inherited from a century and a half of mining, in a paternalistic social and political context. There was the question of whether this mining heritage should be erased in order to move on, or be fully re-appropriated in order to take another path. It was tempting to opt for the former. Many cities have tried to close the door on their mining past, while retaining the economic and social mindset they had inherited from the mining world. Local political leaders compete to attract the few large companies that might want to come to their town, while workers hold onto the hope of a new corporate employer.



However, this wasn’t the path taken in Loos. Former mayor Marcel Caron decided to draw on the town’s coal mining heritage in order to restore collective pride. “Base 11/19”, acquired by the city council in the 1990s, quickly hosted a national theatre (Culture Commune), and soon afterwards organised activities on sustainable development and transitioning to a green economy. The association Chaîne des Terrils, founded in 1989, and established in Base 11/19 since 1995, is dedicated to protecting and honouring the town’s coal mining heritage. Thanks to both its

efforts and the town's political leadership, it was even registered as a UNESCO World Heritage site in 2012. "We cannot build the future if we reject the past," says Jean-François Caron, who succeeded his father as mayor of Loos in 2001. It would appear that making the town's coal mining heritage the foundation for a new sense of collective self-esteem was a decisive factor in Loos' success.

### **A focus on people's needs and local activities**

"We have not fallen victim to the Toyota syndrome," says Jean-François Caron when asked about how to tackle mass unemployment (about 20%). Loos has not established or expanded "economic activity zones", waiting for a large industrial company to move in, as Toyota did in Valenciennes, 70km to the east. While the majority of the people living in Loos work either in the automotive sector (in Douvrin, a neighbouring town), in the hospital sector (Lens), or in services within the Lille metropolitan area, Caron's approach prioritises activities that can be developed locally: "I am following the principles of the functional economy, which is focussed on people's needs, local practices and activities."

With the end of mining, hundreds of families found themselves in badly-insulated houses with no free coal to heat them. One of the first things the council did was set up an energy renovation plan. In one of the town's emblematic districts, houses have been completely renovated in accordance with new energy standards, insulated and equipped with solar panels, solar water heating, etc. This has made a big difference for locals, with their energy bill cut by at least half. New energy-efficient housing has also been built (45kWh/m<sup>2</sup> per year compared to 240 kWh/m<sup>2</sup> per year on average in France) with minimal heating costs (200 euros per year). In 2019, 15% of the town's apartments and houses were eco-renovated or built according to the new standards. Public buildings and lighting have been renovated to reduce heating needs and energy bills and the town's car fleet greenified. The town has cut its electricity use by four. Once investments have been paid off, this will represent an operational saving of €100,000 per year – a significant saving for a council budget of approximately €6 million.

### **Concrete steps and a systemic approach**

"If I were to start talking about global warming, there would be four of us – me and three good friends – that would be interested in joining in. Whereas if I were to talk about the savings that can be made on heating, it is immediately obvious for many people that they should participate." Caron's words sum up his team's whole political approach: getting people involved means beginning with their needs. And not doing it on behalf of them, without their input, but rather doing it with them in a way that solves their problems. 220 public meetings were held in the town over his first term (2001-2008) and nearly 150 over the second (2008-2014). The focus has been on participatory processes and putting people at the heart of po-

litical decision-making, with a deliberate shift away from technocratic approaches.

Another key aspect of Caron's approach is the emphasis on "concrete steps", which reflects a wider political objective: transforming a territory devastated by the unsustainable development of coal mining into a sustainable development model. Showing, first of all, that "it's possible" highlights the way forward, makes people proud, and triggers

a change in attitude, in a process of collective learning. The challenge is roughly as follows: each year, the town, households, shops and local businesses spend €14 million on heating, lighting and transport. This is twice as much as the council's total operating budget. The idea is therefore to siphon off part of it to fund local activities in emerging sectors, creating jobs and wealth in the area while protecting the planet.



## The solar plan

To some, it seemed unbelievable that a small poor town in northern France that was heavily coal-dependent for decades would set itself a 2050 target of 100% renewable energy. The local authorities' first step was to reverse prevailing narratives and prove that the North was also perfectly capable of creating solar power. The church roof was in poor condition and every storm that hit the town meant new repairs. After studying several options, solar panels were installed. Since 2013, more than 200 m<sup>2</sup> of solar panels have been installed on the church roof, generating 32 MWh, the equivalent of twelve households' energy consumption. It has enabled the town to save €5,000 a year. This may not sound like much, but for a small town like Loos, this was a hugely symbolic step forward.

The solar panels on the Church were living proof that the town could change direction, and it wasn't long before a solar platform called LumiWatt was installed at the bottom of a slag heap<sup>1</sup> as well. It consists of 22 photovoltaic 3 kW panels, which are currently testing ten different technologies. Studies are carried out to test performance, resistance and adaptation to the terrain to determine which technologies

[1] The project was initially funded by the town, the agglomeration of Lens-Liévin, CD2E (Centre for the creation and development of eco-businesses), and private investors (such as EDF).

## EDF

**Revenue:** €69bn (2018)

**People:** Jean-Bernard Lévy (Chair and CEO)

**Main shareholder:** French government

**Headquarters:** Paris, France

**Created:** 1946

**Sector:** Energy

**Employees:** 154,845 (2017)

### Key facts:

- \* EDF, the former national electricity company of France, is still 84% owned by the French government, while having developed extensive operations at international level.
- \* EDF has historically focused on nuclear energy, and is still the global leader in nuclear electricity generation. This nuclear energy focus, with its huge capital requirements, has hindered the development of renewable energy in France, and also explains the widespread use of energy-inefficient electric heating in the country.
- \* While EDF has recently started to develop renewable energy sources, including in France, its main focus remains nuclear electricity, and it continues to promote a highly centralised energy system, which contradicts the aspirations of many cities to develop (partly) decentralised energy strategies.

are best suited to the region. LumiWatt has made it possible to raise awareness among citizens, share knowledge and expertise, and provide real data on photovoltaic production. Loos-en-Gohelle has thus become a new technological showcase for renewable energies, proving that innovation can come from what was once the heart of the coal mining region.

Loos was then able to adopt a solar plan to “take a step forward in transitioning to a green economy”, thus making it “a positive energy town.”<sup>2</sup> Twelve public buildings with significant potential were identified, some of them requiring additional renovation work. The first phase of the solar plan (2017-2020) represents a production capacity that is twelve times as much as that produced by the solar

panels on the church roof: 440 MWh from the initial eight solar-equipped public buildings (2,500 m<sup>2</sup> of solar panels), covering over 90% of municipal buildings’ energy consumption.<sup>3</sup>

## Hand in hand with corporations or going it alone?

For a small town of 7,000 inhabitants, the level of investment required to renovate public lighting and public buildings, to install solar panels and fund individual projects, as well as develop skills for an ambitious “positive energy” action plan exceeded the available financial resources. The council had an even more ambitious plan and wanted to get EDF (France’s electricity operator) involved (e.g. with energy storage projects in mine shafts). However, EDF refused to come on board.

[2] Public leaflet: <https://www.loos-en-gohelle.fr/wp-content/uploads/2019/07/Mise-en-page-Tepos-2019-07Web.pdf>

[3] Since self-consumption is very low in France, the electricity produced is fed back into the grid and purchased by EDF at a price set by the public authorities and guaranteed over 20 years.



It is unclear why EDF turned them down, but the question is raised of whether the company has no real interest in local citizen-led experiments that seek to both economise energy and develop solar energy.

Increasing and scaling up the council team was a key challenge. The mayor recruited additional staff and relied on small private companies for project management assistance. In order to carry out the solar plan, a mixed ownership company (“société d’économie mixte,” or SEM) seemed the best solution, but required that the town have at least a 50% stake in its company’s capital. The council finally decided to operate under a concession: the concessionaire, selected according to public procurement rules, is responsible for carrying out the solar plan, which includes operating and maintaining the solar panels. But it is a concessionaire like no other. It is a consortium comprising a private local company, a region-owned mixed ownership company, the town of Loos and local citizens. A loan will cover 80% of the €560,000 required for the project and the remaining 20% will be self-financed (10% from the town and 35% from citizens and local players). Citizen involvement is key to the project’s success, especially as the newly-created company, SAS Mine de Soleil, hopes to expand into other areas.

### Getting citizens on board

Getting people involved in energy retrofitting to reduce their bills was one thing, but getting a rather poor community interested in renewables was another challenge altogether. Right from the beginning, the council worked hand in hand with citizens that were interested. They played a role in the design and implementation stages, and the solar plan is run by a team that includes councillors, citizens, and professionals.<sup>4</sup> Citizens can now become direct shareholders of SAS Mine de Soleil and the community has shown considerable interest.<sup>5</sup> “Citizens and council employees are becoming the very first ambassadors of the local energy transition,” says Jean-François Caron. A financial assistance program to purchase equipment was also set up, with 31 households becoming self-sufficient in electricity. The council has also set up a scheme where a solar panel is donated to every newborn baby in the town. And all this has been achieved without EDF or the help of any other major corporation.

### Putting energy into what can be done locally

The mayor readily acknowledges that ensuring a better public transport system is a major challenge. The mining basin has no urban hierarchy, making it extremely difficult to establish an efficient public transport system. In addition, the agglomeration, not the town, has jurisdiction over public transport, and it has contracted

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[4] Solar plan website: <https://plansolaire.loos-en-gohelle.fr/site/>

[5] “Mines de soleil” subscription form: <https://energethic-asso.fr/appel-a-financement-loos-en-gohelle/bulletin-dintention-de-soucription-mine-de-soleil/>

the service out to the private company Transdev. Caron's request that buses be equipped with bike racks for those without a bus stop near their home or workplace went unheeded. And he has been only able to set up 10 km of cycle lanes, 15 km of greenway and buy 7 CNG commercial vehicles for the town.

The council tries to intervene systemically wherever it can. Structuring and developing the renewables sector by creating jobs, supporting small companies and providing training is one of them. "Base 11/19" hosts several R&D centres: a resource centre for sustainable development (CERDD), a centre for creating and developing eco-businesses (CD2E), and now a training and apprenticeship centre for new eco-construction jobs. Around 150 jobs have been created. "The research and development centre on eco-materials and renewable energy is a benchmark in France," says Caron. "Our consistent approach has united us with many technical and financial partners both in the region and the country, as well as all over Europe, while also enhancing the attractiveness of our region," he adds. Loos' economy is now based primarily on the service sector, with a hundred shops and craftspeople. The town's economic activity has been boosted by these new green sectors, allowing traditional activities (such as restaurants, etc.) to thrive as well.

Eight years ago, less than 2% of Loos' vast agricultural area was cultivated using organic methods. Most farmers viewed the mayor's ecological projects with scepticism, as pesticides were often used for open field crops (potatoes, beets, pumpkins and carrots) they cultivated for agri-food groups such as McCain or Bonduelle. In 2010, the town acquired a dozen hectares of land and launched a call for projects which met three conditions: organic methods, collective projects, and for each hectare received, the farmer had to convert one hectare of his own to organic practices. This third condition has enabled farmers to gradually change their methods. Today, 100 of the town's 800 hectares are in the process of conversion, and several other large farms are considering it.

### **"Innovation is disobedience that has met success"**

Thanks to its clearly-identified political will, Loos-en-Gohelle now shines as one of the jewels in France's green transition. But Caron acknowledges that "what's hard is doing things on a larger scale," and it is a day-to-day struggle trying to expand social or environmental innovations. France's energy transition agency, Ademe, has called Loos a "sustainable city role-model", seeking to draw lessons from the experience that could ultimately enrich energy and green transition policies.<sup>6</sup> Identifying methods and practices that allow cities and territories to take or regain control of their energy policy is key. Nevertheless, it is probably not simply a matter of "copy and pasting". The example of Loos has illustrated that the energy transition is not merely about implementing procedures and good ideas. It is primarily

[6] [https://www.ademe.fr/sites/default/files/assets/documents/demonstrateur\\_loos-en-gohelle\\_8709.pdf](https://www.ademe.fr/sites/default/files/assets/documents/demonstrateur_loos-en-gohelle_8709.pdf)



about creating a strong political project that takes into account the town's history as well as the social and economic reality of its inhabitants. "Showing that you can do all this while being poor sends a very strong message of empowerment," explains the mayor of Loos-en-Gohelle, who has illustrated what a small town without resources can do to lead the green transition. "An ecological and social transition can't happen without an economic transition and a democratic revival." The challenge may indeed be a shift away from compartmentalised public policies towards policies that focus on individual and collective empowerment in order to move towards a greener economy.

## Good Meals Out of Freshwater in Rennes (France)

BARNABÉ BINCTIN

Although it was willing to supply its school cafeterias with food sourced from local farmers, the city of Rennes in France was faced with the constraints of public procurement, which made it legally impossible to introduce a “local” clause in its call for tenders. The situation was somewhat absurd, considering the surrounding region is one of France’s agricultural hotspots, the largest milk-producing area in the country and a top producer of pork and chicken. But the productivity of Brittany’s agricultural sector also comes at a cost. The consequences of intensive farming are now well known and documented, particularly the heavy pollution of water sources with nitrates and agrochemicals. Expensive remediation technology is then required to make the water drinkable again. Faced with a double whammy, the city of Rennes saw it as an opportunity to circumvent the ban on geographical criteria in public procurement.

How would they achieve this? Their answer was to reformulate the objective as a simple means. A city has jurisdiction over the protection of its environment, including that of its water sources. In the case of Rennes, which remunicipalised its water operator in 2014, there was even a direct economic rationale for preventing pollution at source in the first place. Sourcing food for school cafeterias represented a way to achieve this. The public procurement contract does not require, for instance, “yoghurt from the Rennes area,” which would be illegal under the European Union’s public tendering regulations, but “yoghurt which safeguards water quality in the Rennes area.” “We’re asking farmers to sell us a guarantee of water quality rather than a food product. Instead of buying a good, we’re buying a service – which can have local criteria,” explains Nadège Noisette, the deputy mayor responsible for procurement in Rennes’ city council. This legal innovation makes it possible to kill several birds with one stone: food for school cafeterias is indeed produced locally, water sources are protected, and it contributes to a change in agricultural methods in the region.

All this assumes farmers are held responsible for pollution of water sources. “We have commissioned a legal analysis, which we’ll be able to use in courts if this tender is ever challenged,” says Daniel Helle of Eau du Bassin Rennais (EBR), the inter-communal body in charge of water production for 56 cities of the wider Rennes area (representing around half a million inhabitants). But for the engineer, the point is not to blame farmers. “Of course, we’re asking them to change their methods, but in exchange, we’re offering them new outlets for their production. This is a partnership-based approach, a whole new paradigm. The idea is not to let the farming sector deal with changes on its own, but to bring in the citizen-consumer.”

The programme was built around this “win-win” approach. “Creating an outlet for their production is an incentive for farmers, and it means we can have locally-sourced sustainable food in school cafeterias. We have set precise criteria and conditions for water protection, which involve a change in agricultural methods,” adds Nadège Noisette. Obviously, only farmers in Rennes’ water catchment areas are eligible. But this still represents 2,000 farms over 1,500 sq. kilometres – a catchment area as large as for Paris. More than enough to supply the school cafeterias in the Rennes urban area, which serve around 11,000 meals a day. Such a policy would not have been possible if the city had chosen, like others in France, to hand over the school cafeterias to a private operator such as Sodexo or Elicor, which source their food in bulk from areas all over the world and favour ready-made meals. In Rennes, meals are still prepared every day by a team of 37 municipal chefs.

The city has been working on the programme for over ten years. In 2009, Eau du Bassin Rennais joined “Réseau du Grand Ouest”, a network of public buyers in the region interested in responsible procurement. A working group on school cafeterias was created, which developed this mechanism with the help of lawyers and procurement experts. In 2015, a pilot experiment was launched, through a €50,000 tender for milk and pork, with three farmers. After this successful trial, Rennes and some of its neighbouring cities took the programme a step further in 2018 with a second procurement contract of €300,000 with 20 farmers. This second contract was extended to bread and horticulture produce. Today, a large share of the apples, bread, milk and ham served in Rennes’ school cafeterias come from local catchments – for instance, about 60% of yoghurt and 10 pork-based meals a year. The programme will now be taken to an even larger scale with the development of the “Terres de sources” label (“lands of sources”), thanks to a national government subsidy. The objective is now to make these agricultural products (properly labelled) available to all in local shops and supermarkets.

Rennes’ model contrasts with the new “municipal farms” established in cities such as Vannes or Mouans-Sartoux (described in another article in this publication), but the objectives are the same. Choosing between tweaking public procurement rules or direct production of food will depend on council resources and on the quantity of food they actually need. Both are not incompatible. “We are currently conducting a feasibility study on the creation of a municipal farm on the small amount of agricultural land that the city owns,” Nadège Noisette explains. “Perhaps we could produce food that is not readily available on the local market, such as varieties of fruit, pulses or grains that are not grown around here any more. This would be an interesting way of complementing our public procurement.”

“On the one hand, public procurement is a powerful lever to transform agricultural methods and supply chains. On the other hand, municipal farms allow for secured sourcing and open up new possibilities for farmers,” summarises Daniel Helle. “Both are tools that enable local authorities to regain some control over food and agricultural policies.”

# Showcase Cities, Agora Cities

## A vision of Barcelona built on solidarity

### GUERNICA FACUNDO

A globalised city like Barcelona can choose to either continue on its current path towards becoming a “showcase city” – one that is eager to please tourists and investors, or rebuild the city, basing it on the idea of an “agora” city – focussed on the needs and aspirations of its people. The social and solidarity economy has a few ideas that might set it in the right direction...

**R**ecently, a group of individuals produced a contextualisation document on the solidarity economy in Barcelona, outlining a future strategy for the city’s solidarity economy over the next ten years. This document was based on the draft document by Jordi Estivill,<sup>1</sup> which discussed the idea of a city like Barcelona struggling between being “showcase” or “agora”.

Discussing this idea and the challenge of addressing the role of a solidarity economy in a globalised city like Barcelona is a chance to reflect on the type of city we want to live in: a showcase city that revolves around the decisions and actions of those who don’t actually live there; or a collective ‘agora city’ that is home to a thriving local economy, focussed on the needs and aspirations of the people living and working there.

We will discuss the effects that the “Barcelona showcase” has on the lives of its citizens, in particular those caused by the overwhelming presence of multination-

[1] *Invitació a l'economia solidària. Una visió des de Catalunya*. Jordi Estivill. Col·lecció Eines 2, Xarxa d'Economia Solidària. Pol·len Edicions, 2019.

als and, of course, tourism. Lastly, we will describe the strategies developed by Catalonia's Solidarity Economy Network (hereinafter the XES) to work towards agora cities.

### Showcase cities, agora cities

I often walk around my city and feel proud; it makes me happy and gives me goose bumps. Other times I find it hard to live there and it disgusts, upsets or revolts me. I feel proud and happy when the streets and squares are filled with performers and music; when people I admire share their words and thoughts in open spaces; when I take to the streets with strangers to protest or demonstrate; when people from different walks of life fly flags of all colours and hold up cardboard banners; when I take to the road on my bike; when I'm running in my trainers or walking, shouting and singing at the top of my lungs in the streets; when I go shopping at the market on Saturdays; when I chat with the baker, the postman and the neighbouring building's doorman.

I feel angry and deeply saddened when I see lots of people living on the streets, sleeping outside banks; when the Ciutat Meridiana neighbourhood is called "eviction city" and La Mina neighbourhood (a neighbourhood that the city has abandoned) is called "lawless city"; when I see a new building converted into a hotel or an empty space turned into a betting office; when I hear about the 7am traffic jams on the radio or see pavements overflowing with items, making it impossible for me to get through; when I remember places that I don't go to anymore because they've become overtaken by tourists; when police brutally take their anger out on those least able to defend themselves; when class discrimination is full of racism; when instead of public benches there are dozens of terraces designed for tourists.

The physical space of a city reflects what goes on within it; it is also the social relations within a city that constitute its creative force. Some people in the city make the street a meeting place and others see it merely as an economic equation. In a recent interview with the Observatorio del Cambio Rural (Rural Change Observatory) in Ecuador,<sup>2</sup> David Harvey explained that cities are created by the people who live in them. However, this occurs amidst capital circulation processes that increasingly and exponentially need to "progress" by purchasing and selling land, constructing buildings and new infrastructure, determining mobility standards and gathering data to sell in the future.

These processes interfere with our lives, despite the fact that they make no economic, social or environmental sense because they only serve for speculation purposes "and to perpetuate capitalist class relations". According to both Harvey and Henri Lefebvre, asserting the right to the city (defined in 1968<sup>3</sup>) requires theoretically

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[2] <https://www.youtube.com/watch?v=ySFWeukQJy8>

[3] *Le droit à la ville*. Éditions Anthropos, 1968. *El derecho a la ciudad*. Península, 1969.



SONSE, CC BY

and concretely fighting capitalist urbanisation and, more importantly, fighting the production method that it helps to perpetuate.

My agora city makes me happy; my showcase city revolts me. Many locals in Barcelona live in this permanent state of conflict while trying to assert their right to the city; a right which, as stated by Harvey, is not material or territorial, but rather political: the right to self-determination and to transform the environment in which we live. According to Harvey, the question we should ask ourselves is: “What type of city do we want?” This particular question must go hand in hand with “What kind of person do we want to be?” and “What type of social relationships do we want to prioritise?”

### **Barcelona: a brief analysis of the showcase city**

Many people see Barcelona, named one of the ten most “instagrammable” European cities in 2018, as a souvenir, profit or speculation city. In order to briefly analyse the showcase Barcelona that serves multinationals, I will focus on three closely related sectors: technology, tourism and urbanism.

In February 2018, a study entitled “Barcelona als ulls del món 2018”<sup>4</sup> (“Barcelona In the Eyes of the World 2018”) was published. According to the study, the Catalan capital boasts a positive image of a rich city that attracts developers, investors and

[4] The study “Barcelona als Ulls del Món 2018” ([https://ajuntament.barcelona.cat/premsa/wp-content/uploads/2019/01/Barcelonaalsullsdemon\\_sintesi.pdf](https://ajuntament.barcelona.cat/premsa/wp-content/uploads/2019/01/Barcelonaalsullsdemon_sintesi.pdf)) is based on surveys completed by tourists and businesses (online and on-site), locals, journalists from other cities, experts in brand creation and entrepreneurs. It analysed more than 3,000 interviews held between late 2017 and early 2018 and 260,000 tweets on Barcelona, Amsterdam, Singapore and Miami.



businesspeople, with an emerging technological and biomedical industry linked to vibrant creativity, ideal for “culturally restless urbanites”.

Barcelona’s new image, which allows people “to develop their skills and fully pursue their professional ambitions, while at the same time being able to enjoy life to the full”,<sup>5</sup> is based on the following six pillars: connection, initiative, soul, contrasts, talent and commitment. I will focus on “connection”, which I believe best illustrates the way in which the showcase city generates inequalities. Firstly, it is stated that “the privileged geographical location of Barcelona and its infrastructures makes it well connected to the world.” It also happens to attract hefty private investments.

### All-important technology

Barcelona was a world leader in international conferences in 2017, hosting 195 conferences and 2,134 state business meetings<sup>6</sup> with a total of 674,890 participants. These were in addition to the World Mobile Congress, a mobile phone “super-conference” attended by major multinational corporations (this conference boasted the most participants, with a total of 109,000 in 2018).

In 2017, the city was home to 18.3% of technology businesses in Catalonia and represented 48.4% of jobs.<sup>7</sup> Although Barcelona is renowned for being a technology hub, there are still digital divides between neighbourhoods, ages and education levels.<sup>8</sup> 16% of the city’s households have no Internet access (38.3% in Torre Baró, Ciutat Meridiana and Vallabona) and 3.7% cannot afford it.

Along with Amsterdam, Bristol, Paris, San Francisco and Seoul, Barcelona is considered to be one of the most collaborative cities in the world, cities in which “public and private initiatives are established to favour a collaborative economy, which grant people more power, aim to put an end to social inequalities and help to improve quality of life.”<sup>9</sup>

That is all well and good. But we should not confuse chalk with cheese and lump together respectable models that encourage innovation and collective wellbeing (co-working areas, consumer groups, time banks, complementary currencies, second-hand exchanges, etc.) with massive technological service platforms (related to tourism, mobility, property, etc.) that profit from exchanges between people.

[5] AlwaysBarcelona, <https://www.always.barcelona/identitat-posicionament-barcelona-un-relat-coral-brand-book.pdf>

[6] [http://bcb\\_development.barcelonaturisme.com/es/section/news-room/6.html](http://bcb_development.barcelonaturisme.com/es/section/news-room/6.html)

[7] “Barómetro del sector tecnológico en Cataluña 2018”, <http://www.ctecno.cat/wp-content/uploads/2018/07/Bar%C3%B3metro-sector-tecnol%C3%B3gico-2018-castell%C3%A0.pdf>

[8] “La brecha digital en la ciudad de Barcelona”, <https://mobileworldcapital.com/es/cletxa-digital/>

[9] <https://blogs.20minutos.es/capeando-la-crisis/tag/compartir/>



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These are big aggressive companies that speculate on data and have stratospheric investments... which are not profitable!<sup>10</sup> These companies, known as “unicorns”, attempt to dodge state and local regulations and clearly have a detrimental impact on peoples’ lives. Therefore, in 2018, 42 cities from around the world gathered in Barcelona to sign the Sharing Cities Declaration<sup>11</sup> in order to limit the atrocities experienced by citizens as a result of platform capitalism, as coined by Nick Srnicek.<sup>12</sup>

### All-important tourism

In her thesis “Barcelona, destinació turística”<sup>13</sup> (“Barcelona, Tourist Destination”), Saida Palou explains how Barcelona has promoted itself since the beginning of the 20th century, projecting certain values and an image of itself that is adapted and rewritten depending on how the city is perceived by outsiders. This was not coincidental, but is the result of a collusion (or conflict, depending on the period) between the city’s political models and the private economic interests of its ruling classes.

This is most probably why all local governments, with no exception, have agreed on (or surrendered to) the “need” to promote (in other words, sell) the city in economic terms, entrusting para-municipal organisations to do this. These institutions, focussed on tourism, economic promotion and attracting investments, have opposed local policies on many occasions.

[10] <https://www.economista.es/mercados-cotizaciones/noticias/9878444/05/19/Jose-Cobos-NYSE-El-mercado-se-siente-comodo-invirtiendoen-tecnologicas-no-rentables-porque-apuestan-por-su-potencial.html>

[11] <http://www.share.barcelona/declaration/>

[12] *Platform Capitalism*. Polity, 2016.

[13] <http://hdl.handle.net/10803/21771>

It is boasted that “Barcelona has one of the most important ports in the Mediterranean, a high-speed railway network [...] and one of the fastest-growing international airports in terms of flights, passengers and connections over recent years” (50M passengers in 2018 and 70M forecast for 2026<sup>14</sup>). Barcelona’s popularity has also given rise to the neologism *barcelonización*<sup>15</sup> (barcelonisation), coined to convey the extent to which the city has become a victim of its own success. As Carlos García<sup>16</sup> explains, Barcelona is a prime example of the consequences of overtourism in international publications. In fact, the World Tourism Organisation chose Barcelona, along with seven other cities, to study the phenomenon and propose measures to counteract this issue.<sup>17</sup>

### All-important urbanism

“Barcelona als ulls del món 2018” also explains that the city strengthens connectivity “thanks to the social fabric of neighbourhood life and other cities in its metropolitan area, [...] it has areas where companies, properties and businesses coexist, and promotes initiatives and platforms that contribute to making it a smart, advanced city.” In the study’s introduction, Gerardo Pisarello, councillor for the city’s municipalist movement, Barcelona en Comú, stated that “Barcelona is not a city to be speculated on.” Multinationals, however, know that it is exactly what it is.

Blackstone,<sup>18</sup> currently the biggest property speculator in the world, capitalises on empty, debt-ridden properties in Barcelona, and profits from its popularity with international buyers whose significant socio-economic power gives them supposed “right of way” to a cosmopolitan city, consumers with a globalised cultural outlook, for whom bars and restaurants have to stay open around the clock. This is why Barcelona, the second most expensive city in Europe (per square metre),<sup>19</sup> is also the city where affordable housing is the main concern<sup>20</sup> for those that live there.

And the concern is not unfounded, as Blackstone is just the tip of the iceberg; Barcelona has a strong presence of investors in property trading. “The low profitability offered by other investment products, the fall in stock prices over the past twelve months, and the good health of the real estate market, with prices constantly increasing (both sales and rents) means that investors have made a sharp turn towards real estate assets. These operations require almost no financing and help to drive

[14] [https://www.viaempresa.cat/economia/aeroport-barcelona-passatgers-inverso\\_209668\\_102.html](https://www.viaempresa.cat/economia/aeroport-barcelona-passatgers-inverso_209668_102.html)

[15] “No, I don’t think that barcelonisation will occur [...] in Madrid, tourism is not as invasive as it is in Barcelona. There is not an invasion here every time a cruise ship arrives.” Manuela Carmena in *La Vanguardia* 23/02/2019.

[16] <https://www.carlosgarciaweb.com/overtourism-o-masificacion-turistica/>

[17] [https://www.e-unwto.org/pb-assets/unwto/Overtourism\\_Factsheet.pdf](https://www.e-unwto.org/pb-assets/unwto/Overtourism_Factsheet.pdf)

[18] [https://www.metropoliabierta.com/el-pulso-de-la-ciudad/en-la-calle/tupida-red-mayor-fondo-buitre-espana-1\\_14188\\_102.html](https://www.metropoliabierta.com/el-pulso-de-la-ciudad/en-la-calle/tupida-red-mayor-fondo-buitre-espana-1_14188_102.html)

[19] <https://www.lavanguardia.com/economia/20190820/464187796214/calles-caras-espana-vivienda-comprar-barcelona-madrid.html>

[20] Enquesta de serveis municipals 2018, Barcelona City Council. [https://ajuntament.barcelona.cat/premsa/wpcontent/uploads/2018/10/r18021\\_ESM\\_Encreuaments\\_Evolucio\\_1989\\_2018\\_v1\\_0.pdf](https://ajuntament.barcelona.cat/premsa/wpcontent/uploads/2018/10/r18021_ESM_Encreuaments_Evolucio_1989_2018_v1_0.pdf)

up prices.”<sup>21</sup> Properties in Barcelona are not for living in, but rather for generating wealth, and there are consequences. A study conducted by the Centre d’Estudis Sociològics (Sociological Research Centre) in 2018 stated that 27% of locals had left or are thinking of leaving Barcelona, mainly due to economic reasons.<sup>22</sup>

Moreover, although Barcelona currently seeks to be a city that “allows for both personal and professional growth while at the same time [making it possible] to enjoy life to the full”,<sup>23</sup> the Catalan capital is also a city with glaring socio-economic inequalities. Property accessibility has been an issue in the city since the end of the nineteenth century, and this has been exacerbated by the arrival of multinationals (which, it should be said, the city itself sought to attract, in particular, since 1992).

### Proposals for the development of agora cities

The XES, whose headquarters are in Barcelona, promotes an agora city model that focuses on developing socio-economic links between citizens. It does not aim to satisfy capital needs, but rather people’s needs, supported by local relations and generating a social market.

In order to achieve this, the XES has developed a strategy involving awareness-raising, mapping, self-recognition and the provision of tools to improve the city environment and influence public policies so that they support the solidarity economy as much as possible and integrate its values.

With regards to awareness-raising and mapping, the two main tools used by the XES are the Feria de Economía Solidaria de Cataluña (Catalonian Solidarity Economy Fair, or FESC<sup>24</sup> using its Spanish abbreviation) and the PamaPam<sup>25</sup> website. Not only is the FESC the highest-visibility event of the year for Barcelona’s solidarity economy, but it is also a meeting point for initiatives. PamaPam is a collective tool for identifying and mapping solidarity economy initiatives that allow consumers to make informed and responsible decisions.

While the FESC and PamaPam are key awareness-raising and mapping tools, social audits<sup>26</sup> and the related annual report on “Catalonia’s Social Market”,<sup>27</sup> as well as local solidarity economy networks, are key to our strategy, which is based on self-recognition and mutual support.

[21] [https://www.metropoliabierta.com/el-pulso-de-la-ciudad/nueva-burbuja-inmobiliaria-en-barcelona\\_11708\\_102.html](https://www.metropoliabierta.com/el-pulso-de-la-ciudad/nueva-burbuja-inmobiliaria-en-barcelona_11708_102.html)

[22] [https://www.metropoliabierta.com/el-pulso-de-la-ciudad/barcelona-gente-ido-gente-ira\\_11663\\_102.html](https://www.metropoliabierta.com/el-pulso-de-la-ciudad/barcelona-gente-ido-gente-ira_11663_102.html)

[23] AlwaysBarcelona, <https://www.always.barcelona/identitat-posicionament-barcelona-un-relat-coral-brand-book.pdf>

[24] <http://fesc.xes.cat/fira>

[25] <https://pamapam.org>

[26] <http://mercatsocial.xes.cat/ca/eines/balancsocial/>

[27] <http://mercatsocial.xes.cat/ca/pdf-estat-mercat/>

Social auditing is a tool to measure accountability, social and environmental impacts and good governance that has been used in solidarity organisations since 2007 (and which has evolved significantly with regards to complexity, technological programming and technical accuracy). Nowadays, social auditing has become a reference tool for accounting and measuring the impact of Catalonia’s solidarity economy. In 2018, 188 Catalanian companies and entities carried out a social audit (450 throughout Spain), which increased to 231 in 2019.<sup>28</sup>

Local Catalanian solidarity economy networks also constitute a fundamental tool for self-recognition and mutual support in organisations located in one area (neighbourhood, town or district). Eleven such networks exist to date: four in Barcelona and seven in the rest of Catalonia. Eight others are in the process of being set up, including three in different neighbourhoods of Barcelona.

These local networks are a very good example of the way in which to build “agora” cities and towns, in the sense that they highlight the collective nature of the work “between cooperative initiatives, grassroots community initiatives, local and alternative means of communication, transversal organisations (such as Som Energia, Fiare or Coop57), social and neighbourhood movements (such as the Platform for People Affected by Mortgages (PAH), neighbourhood associations, the agro-ecological movement and the economy for the common good)”, cultural self-management areas (“people’s universities”, community centres) and community plans. These networks represent veritable archipelagos of resistance against the force of multinational corporations. This takes the form of self-managed work, collective consumption, defending citizens’ rights, mutual support, etc.

Another proposal made by the social and solidarity economy (SSE) to develop agora cities focuses on direct political impact. The XES has promoted two tools: community auditing,<sup>29</sup> an accountability tool that seeks to continually improve community management processes for equipment and public spaces, and “15 Steps Towards a Social and Solidarity Economy in Municipalities”.<sup>30</sup> Community auditing (which also encompasses the idea of social responsibility) is intended to be a tool that supports and facilitates the local policy of citizen heritage, in that it measures the impact and social return to the community. The “15 Steps Towards a Social and Solidarity Economy in Municipalities” statement is the XES’s most recent line of work and serves to promote local policies in order to develop the SSE in Catalonia.

At the beginning of this article I stated that, faced with globalisation, the Catalanian capital’s solidarity economy is seeking to develop an “agora” or collective city model. It does this not only by denouncing the effects of multinationals on our

[28] <http://mercatsocial.xes.cat/noticies/231-entitats-participen-al-balanc-social-2019/>

[29] <http://mercatsocial.xes.cat/ca/eines/el-balanc-comunitari/>

[30] [http://xes.cat/wp-content/uploads/2019/04/15mesures\\_2019.pdf](http://xes.cat/wp-content/uploads/2019/04/15mesures_2019.pdf)

lives, but by taking a practical approach: proposing self-management alternatives, conscious consumption and democratic production, developing improvement tools for solidarity economy organisations themselves, as well as influencing public policies, particularly local policies. From a personal and collective point of view, the solidarity economy offers a way of living and building social relations that creates a Barcelona that is truly “agora”. This represents a model of social relations that is poles apart from the “showcase” Barcelona designed by corporations, telling us what kind of city we want to live in and, as Harvey would put it, the kind of people we want to be.

# Good News from the Brink

## The story of Horní Jiřetín, a small North Bohemian town that defied the coal industry

RADEK VRABEL

Horní Jiřetín, a small town in the Czech Republic, was set to be wiped off the map and replaced by a brown coal mine. The end of Communist rule and the privatisation of the coal company was not going to change the town's fate. But the local community and civil society joined forces and did just that. Now the town is pressing ahead with energy transition plans, in order to do away with not only coal mining, but with fossil fuel dependency altogether.

**B**efore the Velvet Revolution took place in Czechoslovakia in 1989, Horní Jiřetín was a place which, despite its historic importance as a town located in the royal region, was destined for complete destruction in order to give way to the opencast mining of brown coal. Although it was home to approximately 2,500 residents, the Communist regime was more interested in the town's fossil fuels than in preserving its historical and cultural values, and planned to wipe the town off the map.

Despite the difficult period that took place in the 1970s, when over forty villages and towns in the North Bohemian region were wiped off the map, Horní Jiřetín and the adjacent settlement of Černice were saved from complete destruction. This was thanks to the actions of a number of figures including regional politicians, geologists, professionals and, last but not least, tireless associations and organisations which, in an era of repression, especially in the era of "normalisation" (following the Warsaw Pact invasion of Czechoslovakia in August 1968), were not always able to effectively defend themselves from propaganda coming from above.



### After the Velvet Revolution: from public to privatised coal

However, even after November 1989, when Czechoslovakia became, after more than forty years, a free nation again, entitled to the right to self-determination without Soviet interference, the woes of Horní Jiřetín continued. The coal company that threatened the town's existence was privatised and became known as Mostecká uhelná společnost a. s. (Most Coal Company). Less than a year after the Czech Republic became an independent state in 1992, it succeeded in flattening another North Bohemian village, Libkovice. The site of this village, which fell victim to the extraction and burning of brown coal, has not been mined to date.

In this case, the newly-created private coal company had no problem in spreading its destructive activities beyond the so-called "mining limits", which were established by the first democratic government after the end of communist era and still protect a significant part of Northern Bohemia from extraction today, including the cadastral territory of Horní Jiřetín and Černice. The mining limits were meant to be a permanent guarantee of security for a region devastated by intense industrial development, as well as for its residents, who had been forced to move from one place to another and were sentenced to an uncertain existence.

The coal company Mostecká uhelná (later absorbed by Czech Coal, now Sevens Energy) has been owned by controversial billionaire Pavel Tykač since 2006. It played a key role in the government's energy plans and in the decision to expand brown coal mining. It published numerous expert assessments which were then passed on to the public sector as official documents, despite the fact that it was now a private company only interested in securing its own economic growth and profit. The media portrayed the company's operations as necessary for the energy independence and security of the Czech Republic, despite the fact that most of that coal was exported, and at a price below market value.



There is still uncertainty around the company's privatisation process. Czech courts are still dealing with the case more than a decade after proceedings began. The key figures involved in privatising the company were sentenced to years in prison for corruption and fraud in Switzerland.

### Saved by civil society

At the same time, the community of Horní Jiřetín also underwent a significant transformation. Before 1989, there was an overall sense of resignation which, of course, was true of Czechoslovakian society in general. There was an exacerbated sense of uncertainty, however, for the residents of Horní Jiřetín, convinced that the coal mine extension was a "necessity". Yet, during the period between 1989

## Sev.en Energy (Czech Coal)

**Revenue:** €789m (2018)

**People:** Lubos Pavlas (CEO)

**Main shareholder:** Pavel Tykač

**Headquarters:** Schaan, Liechtenstein

**Created:** 2005

**Sectors:** Energy, Mining

**Employees:** 3,200 (2018)

#### Key facts:

- \* Like other Czech energy groups such as EPH, Sev.en Energy is headed by a billionaire with a dubious track record, Pavel Tykač.
- \* The group controls about half of the Czech Republic's lignite reserves and advocates for the exploitation of these reserves beyond the "mining limits" introduced in 1991.
- \* Sev.en Energy began in 2018 to expand internationally, acquiring gas power plants in the UK and Australia.

and 2003, most locals realised that it was important to take a stand against the political and economic power of coal corporations, and that they could actually win this fight.

The town's community gravitated towards political figures and activists that defended citizens' homes, their environment, their living space and human dignity in general. The plans to demolish Horní Jiřetín triggered a social and political transformation. The common goal of saving the town brought people together, which in turn led to a restoration of social relationships and to the emergence of a vibrant local civil society. Locals began collaborating with non-gov-

ernmental organisations such as Greenpeace, and Czech environmental groups Hnutí Duha (Friends of the Earth Czech Republic), Brontosaurus and, more recently, Limity Jsme My ("We Are the Limits"). The latter was formed specifically to fight against the expansion of brown coal mining in the Czech Republic and now develops climate justice activities all over Europe.

The real breakthrough was the relationship of trust that developed between locals and non-governmental organisations. It transformed people's perception of environmental and human rights activism. Locals began to respect and value the

enormous role played by these organisations. The result was a thriving and confident community united by more than just fighting coal mining. Cultural events, sports and hobby groups all played an important role in connecting people with the wider community. A number of different groups were formed, aiming to address various social issues, creating a space of common understanding. One example is the independent local theatre club, “SchachTa” (which in Czech plays on the words Mine or Pit). The theatre club produces its own plays on controversial social issues in the community and society in general. The local community even restored some traditions and events that had died out under the communist regime.

Local politician and activist Vladimír Buřt has been a key figure in the town’s transformation. He is the current mayor of Horní Jiřetín and Černice, but was born in the village of Albrechtice, which no longer exists, as it was destroyed by the open cast mines together with forty other settlements under the communist regime. He became politically active in 1998, fighting against coal lobbying, and has since continued to play an active role in the town’s political transformation, alongside many other residents of Horní Jiřetín, also faced with forced displacement and exploitation. Buřt became a spokesperson for the locals, challenging the dishonesty of the coal corporation. The people of Horní Jiřetín put an enormous amount of trust in him, which reflected the need for political continuity in a context of complicated negotiations and the ongoing fight for the town’s right to existence.

### **A way forward for Horní Jiřetín**

2015 was an important year for the town, with a large number of demonstrations, happenings and performances not only in Horní Jiřetín, but also in the surrounding region, the Czech Republic, as well as in other European cities such as Bratislava, Vienna and Bucharest. There were protests both against the scheduled demolition of the town and also commemorative events for the towns, villages and human lives that had already been demolished. Most importantly, these actions were also about promoting alternative solutions for energy self-sufficiency in the public arena and in the media.

Although social relations had been hindered for a long time, due to the region’s political history and the crude attempts of coal lobbyists to drive a wedge between people, the locals clearly redefined their common interests around values of creation, rather than destruction, and stood up for these values together. Following the renewal of the local community, many national figures such as actors, musicians, geologists, energy specialists, politicians and experts in a wide range of areas began to pledge support for the town, and appealed to the general public and to the Czech Republic’s government to save the town. This wider support for the town’s cause played a particularly significant role as coal remains the cornerstone of the Czech energy policy.



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After a long and harrowing twenty-year fight to save the towns of Horní Jiřetín and Černice, the 2018 municipal elections were proof that a seemingly much stronger force could be conquered. Those backing the coal company did not even put forward candidates for the elections. The Communist party was also voted out of the municipal council, as it still advocates demolishing the town in order to access the coal buried beneath its houses and homes.

As the government made no legal move to write off the deposits of coal under the town, the city council came up with its own plan to put an end to coal dependency, with the local community initiating a green energy development programme. Political activism played a key role in this development. As the town felt an existential need to become “fossil free” (or it would cease to exist), a common consensus was reached.

The date set for the end of coal mining in Horní Jiřetín and Černice is scheduled for 2024 at the very latest. The current government has promised to commission studies to help restore the land devastated by coal mines and surrounding areas, a project that would help raise the standard of living in the region. The region will still have access to electricity, as the mines are to be flooded and transformed into a hydroelectric power plant. If this all goes through as planned, the area that was once known around the world for its outstanding beauty, could once again become a place of beauty, while also supplying the entire region with clean renewable energy.

Horní Jiřetín and Černice are working towards becoming entirely fossil free. The current mayor, Vladimír Buřt, has adopted a strategic development plan, which aims to make the town’s facilities fossil free by 2023, and to further expand clean energy sources for private households with the help of regional, national and Eu-

ropean grants. The plan also includes a number of various environmental projects for the town. Green roofs, energy conservation methods and thermal insulation are some of the steps the town is taking to become self-sufficient. Horní Jiřetín also wants to add wind power stations to its clean energy mix.

This reflects a wider trend of local communities taking matters into their hands as the demands for a cleaner environment and sustainable solutions become increasingly urgent. The case of Horní Jiřetín illustrates that the need for a renewable energy transition is both existentially necessary and feasible, regardless of the context, and can unite communities across different political spectrums. It is not so much about an outright political revolution, but rather a consequence of an organic social transformation that comes from within a community and is driven by the energy sources the community chooses to rely on. Instead of traditional top-down politics, we can see political solutions being built from the bottom up, resulting in a massive shift in political discourse and a real transformation of a community's mindset. "Think globally, act locally" can indeed be the basis for transformative social change.

# Energy Transition

## A small German district shows the way

DÉBORAH BERLIOZ

Although Germany has failed to meet its climate objectives, and energy companies are still clinging to coal, a small district North of Berlin is showing the way. Commitments made by both local authorities and citizens to renewable energy have paid off, with renewable energy sources now covering 133% of residents' electricity needs.

**I**n September 2019, over 200,000 people took to Berlin's streets to protest against climate change, as protesters feel the federal government is not doing enough to address the climate crisis. And the figures back them up; Germany is clearly struggling to meet its climate commitments, falling short of its objective to reduce CO2 emissions by 40% by 2020 compared to 1990 levels, with the current reduction rate standing at just 32%. If Germany fails to take action, the goal of a 55% reduction by 2030 will also be another case of wishful thinking. The country's failure to cut emissions sufficiently is largely due to coal-fired power plants still operating in Germany. Operators of the country's power plants and coal mines – energy groups RWE, EnBW and EPH (the group owned by Czech billionaire Daniel Kretinsky) have no interest whatsoever in fast-tracking a phase-out of coal. Last year, a national commission stated that Germany would stop using coal by 2038. But for environmental activists, this is much too late, especially since cities and towns have illustrated that there is nothing standing in the way of a faster transition to renewable energy.

The district of Barnim, North of Berlin, has proven that it can indeed be done, already achieving a 40% reduction in greenhouse gas emissions by 2011. The district, which is home to 180,000 people, had already set up a zero-emissions strategy as early as 2007. "We started off by studying the region's energy resources," recalls

Ina Bassin, who works on developing the district's renewable energy sources. "We found that Barnim could hypothetically become self-sufficient in renewables."

44% of the region's energy was already sourced from renewables in 2008, with the region's large fields suitable for wind turbines and other open spaces ideal for solar panels, well above the national average of 13%. The district decided to take it further and obtained almost one million euros in federal funding for this purpose. An agency was established to study the issue and, in 2013, the district founded its own district-run limited liability company, the Barnimer Energiegesellschaft mbH (BEG), where Ina Bassin is now employed. The company provides advice to local towns and companies and runs programmes to help them reduce their CO2 emissions.

### **Green energy covers 133% of electricity needs**

The strategy is visibly paying off. There are 2,300 installations generating green energy in the district, which include wind turbines, solar panels and biogas plants, covering 133% of resident's electricity needs. In 2017, local authorities even founded a new company, the "Kreiswerke Barnim", which would go beyond providing advice and develop its own projects. Green energy can turn out to be a lucrative industry in Germany. The German Renewable Energy Sources Act (EEG) (2000), provided a guaranteed feed-in tariff on green energy for 20 years. Feed-in tariffs of course decrease over time and with revisions to the EEG, but in 2018, electricity generated by Barnim's renewable energy facilities was sold for 85.2 millions euros.

"In the past, wind turbines were generally managed by individuals or companies outside the district," explains Thomas Simon, CEO of the BEG. "They used – we could even say exploited – our space without paying local taxes. This doesn't foster a particularly positive attitude towards renewables. But when projects are run by regional authorities, taxpayers benefit directly from them. Towns use this money to build infrastructure likes schools and gymnasiums." Towns also hire local tradesmen and companies for the projects. In addition, a network of tradesmen has been set up, offering training to those wishing to specialise in green energy. In 2016, the The Institute for Decentralised Energy Technologies (IDE) in Germany carried out a study to assess the added value, and what share of it remained in the local economy, of two similar wind energy projects, one undertaken by an external energy corporation, and one by a municipal company. It concluded that the second project would bring 8 to 10 more local added value than the "corporate" project.

Barnim's strategy goes a lot further than just generating electricity. Barnimer Kreiswerke is, for instance, upgrading street lighting in several townships by installing LED lamps which are much more energy-efficient than conventional bulbs. But one of the most challenging areas is undoubtedly that of heating. Renewable energy currently only accounts for 22% of the district's heating needs. Heat is difficult to transport and heating facilities would require major investments. Yet



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the local government is determined to show the way. In 2007, the district council moved its offices to the Paul Wunderlich house in Eberswalde, the district's administrative centre. As well as being extremely well-insulated, the wood-panelled building's heating and ventilation system is run on geothermal energy, using 70% less energy than an office building run on conventional energy.

Whereas the creation of BEG, which has mostly an advisory role, was politically quite consensual, establishing a district energy company such as the Kreiswerke involved much more debate. It took two years to convince all the local political parties. Large energy companies such as RWE and E.ON were not very happy either with the new competition. The district company would like, for instance, to take over the local electricity grid, which for the moment is run by an operator which is owned at 33% by city councils and 67% by E.ON.

### Electric car-sharing

In terms of transport, the district is working to promote electric cars, using funding acquired from the Federal Ministry of Transport to increase the number of charging stations. Part of the council's car fleet is also electric. As these company cars are not used outside of office hours, a car-sharing scheme called BARshare was launched in June in order get the most use out of them. Eberswalde residents can now, using an app on their phones, hire these electric cars in the evenings and weekends. "300 people have already signed up," says a pleased Ina Bassin.

The district wanted to do more than just show residents the benefits of a renewable energy policy, however. They also wanted them to play an active part in it. In order to achieve this, local authorities backed the creation of an energy cooperative called Barnimer Energiewandel eG. The cooperative received 45,000 euros in funding, enough for two part-time employees, one of which is Madlen Haney. "It can be com-

plicated and very time consuming to get a cooperative off the ground. When there are only volunteers involved it can be difficult to manage the process and get projects underway," she says.

The cooperative is going to join forces with the Kreiswerke, making it possible for its members to contribute financially to certain projects and thus benefit from a return on their investments. But it's not just about money; the cooperative also wants to be actively involved in renewables. It has plans to put solar panels on the roof of a small business in one of the region's villages. It also sells solar panels for balconies. Equipped with a small inverter and a cable, these small photovoltaic panels generate electricity that directly supplies the household grid. "The price for our members is 333 euros," says Madlen Haney. "We've already sold about ten. This enables households to bring down their electricity bill and gain independence from big suppliers."

## EnBW

**Revenue:** €20.6bn (2018)

**People:** Frank Mastiaux (CEO)

**Headquarters:** Karlsruhe, Germany

**Created:** 1997

**Sector:** Energy

**Employees:** 21,775 (2018)

### Key facts:

\* EnBW is, alongside RWE and E.On, one of the "Big Three" German energy giants. Its historical business is based on coal and nuclear energy, and it has thus been strongly impacted by the German energy transition. Alongside the other two energy giants, it has strongly lobbied at national and EU level to protect its interests.

## A federal policy that is not particularly supportive

This passionate advocate of the energy transition would like, however, to see more support from the federal government. She is particularly disappointed about the radical drop in subsidies for solar energy following the 2012 revision of the Renewable Energy Sources Act (EEG). At the time, there was a boom in solar energy and the government saw the amount of public spending being pumped into it as a reason to slow down subsidies. Every month, the feed-in tariff for electricity generated by photovoltaic panels decreases by between 0.5 and 1%. This means that solar installations built today bring 10.18 cents per kWh against 28.74 cents in 2011.

At the same time, the price of solar panels has dropped significantly. The energy giant EnBW (partly owned by Land of Baden-Württemberg) even has plans to build an enormous solar park in Barnim without any government subsidies. Although still operating several nuclear power plants and coal-fired power stations, EnBW is seeking to branch out into renewable energy, at the expense of municipal operators or cooperatives. "They can buy solar panels wholesale, which means they get better prices than a small cooperative that has to go through a retailer," explains Madlen Haney. "The various revisions to the EEG have meant that smaller renewable energy companies are now facing real insecurity. It is, for instance, still hard to find



tradesmen specialised in mounting solar panels. So although the price on panels may have dropped, installing them is another matter.” However, the cooperative now has 31 members and 80 others subscribe to the newsletter, which keeps them up to date with developments.

To ensure the zero-emission strategy is kept up, it’s not just adults that the district has to win over, it’s also the younger generation. “Children are the future,” says Ina Bassin. It didn’t take long for the BEG to set up an “environment fund” to train early childhood educators in environmental concerns so that young children are also aware of the issues. There is also an environmental centre in Eberswalde which school groups can visit, with an interactive exhibition that provides information on how wind turbines work, as well as on waste management.

### **A university in line with district’s objectives**

If ever young people are inspired to pursue a career in renewable energy, they won’t have to go far. Eberswalde’s Sustainable Development School, a public university, opened its doors in 1992. A number of different courses are on offer with subjects as diverse as agroecology, sustainable tourism and urban and territorial planning. The students also play a significant part in ecological innovation. Three of the Institute’s graduates created the company Öklo, which builds and hires out mobile composting toilets. The toilets are particularly innovative in that they have been designed to recover certain substances that are excreted, such as phosphorus, a large quantity of which is present in urine, so as to reuse it.

The Kreiswerke Barnim has teamed up with Öklo as well as with several universities and institutes in order to develop a new composting toilet for homes, which would also recover the phosphorous. “Each time you flush the chain, you use six to nine litres of drinking water,” points out Thomas Simon. “This resource is becoming increasingly scarce. We absolutely have to stop wasting it.” But the latest big project is focussed on hydrogen. “We are producing more of this green energy than we are using, and we had to find a smart way to use the surplus,” remarks Thomas Simon. “We are thus going to install electrolyzers on several wind turbines, which will transform the electric current into hydrogen. This gas will then be used to run buses and trains in the area.” The first hydrogen-powered trains are expected to run between Berlin and Eberswalde within the next two to three years.

Meanwhile, the federal government is adopting a climate plan to try and get its climate goals back on track. Ina Bassin, Thomas Simon and Madlen Haney all agree, however, that the plan isn’t ambitious enough to enable Germany to sufficiently reduce its CO<sub>2</sub> emissions. But this isn’t about to dampen their spirits. “We hope many other districts will follow in our footsteps,” says Thomas Simon, who has been in touch with other districts interested in creating their own energy company.

# Cities with a Cause

## Are EU rules an obstacle to the growing movement of progressive public procurement?

OLIVIER HOEDEMAN

Some European cities are trying to use their spending power – via public tendering – to promote social justice and environmental goals. However, this is in a context of neoliberal EU procurement directives that were designed to promote a single market for public procurement, where contracts go to the bidder with the lowest price.

Over recent years there's been a surge in European cities that, via public tendering, are using their spending power far more pro-actively and strategically to promote social justice and environmental goals. Leading this trend are city governments that define themselves as municipalist and are committed to urban democracy and rejecting neoliberal ideology in order to achieve concrete and radical progressive change in their cities. In some cities public procurement policies have been revised in order to reduce dependency on large corporations and boost more sustainable local economic development. This frequently results in conflicts between cities and multinationals. The total value of services, works and supplies purchased by cities in the EU is nearly €2,000 billion per year, around 14% of GDP, so the transformational potential of progressive public procurement policies is enormous.<sup>1</sup>

Many of these values-based public procurement policies, however, are conceived in a context of neoliberal EU procurement directives that were designed to promote a single market for public procurement, where contracts would go to the bidder with the lowest price. These directives favoured large multinational companies at

[1] These figures are European Commission estimates, see: [http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/618990/IPOL\\_BRI\(2018\)618990\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/618990/IPOL_BRI(2018)618990_EN.pdf)



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the expense of local companies, but also contributed to social dumping and other problems. While EU legislation has improved, numerous obstacles remain for ambitious municipalist procurement policies. Cities are developing new approaches to circumvent these obstacles.

The European unification process that entered the fast lane in the 1980s and 90s, via the creation of the single market, initially meant that the use of public procurement for progressive policy purposes became seriously restricted. Public procurement was opened up to cross-border competition, including through obligatory EU-wide tendering for contracts above a certain size. The European Court of Justice (in the *Telaustria* case), moreover, ruled that the fundamental rules of the EU Treaty apply to all public contracts, including the non-discrimination principle (prohibiting all discrimination based on nationality). The EU's 2004 procurement directives had a strong neoliberal focus on "the lowest price" and "the most economically advantageous tender" as the primary criteria, giving limited space to progressive public procurement policies. This has boosted the market share of multinational corporations, which benefit from economies of scale, at the expense of small local businesses. It has also contributed to social and environmental dumping as the lowest bidding companies were able to win tenders by undercutting labour and environmental standards.

The 2014 review of these directives, fortunately, has made it possible to add social and environmental criteria when awarding public contracts. But 55% of public procurement procedures still use the lowest price as the sole award criterion.<sup>2</sup>

Before citing examples of progressive procurement policies, it is crucial to mention the closely related remunicipalisation trend for public services. More and more municipalities are deciding to end privatisation or outsourcing via procurement contracts with private firms and instead take services in-house, into direct public management. Remunicipalisation is particularly widespread in the water, energy, waste management and transport sectors, as documented by the Transnational Institute in their report “Reclaiming public services: How cities and citizens are turning back privatisation”.<sup>3</sup> When services are taken into public management, municipalities are not obliged to publish a contract notice for (EU-wide) public tenders. EU procurement legislation allows for public management, but the reality is that obstacles exist for municipalities choosing this path.<sup>4</sup>

### **Preston: community wealth building**

One of the most interesting examples of how municipalist city governments are using public procurement as a strategic tool is Preston, in the North-West of England. This city of 140,000 inhabitants uses “progressive procurement of goods and services” as part of its “community wealth building” approach. Preston, which is one of the poorest communities in England, directs its procurement budgets towards supporting small local businesses and socially oriented companies. A procurement contract to renovate Preston’s market was, for example, split into smaller contracts to enable local SMEs to bid, and social clauses are attached (employing workers on real living wages). This approach has given a boost to local economic development, and reduced dependency on multinational corporations.

Critics have accused Preston of partaking in “municipal protectionism”, but the city refutes this. The Preston City Council insists that it fully complies with EU and UK procurement law, by applying a “weighting” system for the assignment of contracts, which includes criteria other than simply the price, such as “quality, commitment to apprenticeships, attitudes to skills and training, local labour recruitment, approach to sub-contractors and length of supply chains” and well as the size of the carbon footprint. “The money that Preston repatriated came to 80% from multinationals based in London. Hence, it was not the neighbouring county that lost out, but big

[2] This figure is from the European Commission’s public procurement strategy from October 2017 (see page 5). <https://ec.europa.eu/docsroom/documents/25612/attachments/1/translations/en/renditions/native>

[3] “Reclaiming public services: How cities and citizens are turning back privatisation” is online at: <https://www.tni.org/en/collection/remunicipalisation>

[4] See, for instance, the workshop report “Limitations of progressive municipalism within a neoliberal EU”, online at: [https://corporateeurope.org/sites/default/files/attachments/progressive\\_municipalism\\_within\\_a\\_neoliberal\\_eu\\_-\\_report\\_final.pdf](https://corporateeurope.org/sites/default/files/attachments/progressive_municipalism_within_a_neoliberal_eu_-_report_final.pdf)

transnationals,” says Sarah McKinley from the Democracy Collaborative think tank.<sup>5</sup> The Preston model is one of the most visionary municipalist experiments in Europe, courageously drawing on the significant space that exists in its interpretation of procurement law. So far, Preston has achieved impressive results. The Centre for Local Economic Strategies (CLES) is actively promoting the “community wealth building” approach in other parts of the UK, and a growing number of other cities are embracing this and similar approaches.

### **Naples standing up to transnationals and the mafia**

The municipalist government of Naples is facing the two-fold challenge of preventing “interference not only of multinationals but also of the mafia” in the city’s public procurement contracts, city council member Eleonora de Majo explains. The reality of progressive cities in the south of Italy “is like an obstacle course between the power of transnationals keen to invest in fast-changing cities, and the risk of corruption.” Procurement law makes it difficult to keep these “legal and illegal exploitative powers” out, but the city is doing its best and has made headway since 2011 when the municipalist coalition entered in power. As in Preston, the city’s invitations to tender are shaped in a way that provides genuine opportunities for local projects and local companies, while impeding those linked to organised crime. Some invitations to tender have social clauses, including a requirement to recruit a significant percentage of local staff.

The city government also aims to exclude transnational corporations complicit in war or human rights violations. Eleonora de Majo highlights the example of Pizzarotti, a company that builds railway and metro stations, complicit in human rights violations in Palestine. Ideally, there would exist a blacklist of companies barring them from accessing municipal procurement contracts. But blacklisting of this kind is likely at odds with current EU procurement law, a clear obstacle to values-based public procurement.

### **Barcelona – implementing values-based procurement**

The municipalist city government of Barcelona, led by mayor Ada Colau of Barcelona en Comú, first elected in 2015 and re-elected in 2019, has a very ambitious strategy of using public procurement (19% of the city’s budget) as a strategic tool for change. Going far beyond green procurement, the city government has introduced gender equality, labour rights, social economy objectives, rights of vulnerable groups and other ethical clauses into the city’s procurement contracts. But as Alvaro Porro González, commissioner for social economy, puts it, “that’s on paper – the challenge is how to make it operational.” To make the new policies

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[5] Source: “Progressive Protectionism – An Oxymoron or a Viable Development Strategy for Europe?” Julia Eder, Department of Politics and Development Research, Institute of Sociology, Johannes Kepler University Linz - <https://afep-ippe2019.sciencesconf.org/248892/document>

work, the focus is on creating a new internal culture in the city's administration and developing tools to help civil servants. In order to speed up implementing these new policies, the city has, for instance, created a guide of social clauses for officials to use when preparing a call for tender and provided extensive training. They have also established internal assessment services to monitor how effectively the social and environmental dimension of public procurement contracts is being incorporated. As in Preston, large tenders are split into smaller ones so SMEs have a fairer chance. And while price remains an important criteria, other factors now weigh far more in the balance than they used to.

Barcelona's progressive procurement policies have run into a range of legal obstacles. The most dramatic example is perhaps when private energy giant Endesa took the city to court over the clause on energy poverty that was included in a tender. Citing the EU's Remedies Directive, Endesa challenged the obligation to protect poor consumers from being cut off from electricity, and the court agreed that this condition was at odds with procurement law.

## Biased courts

When preparing for the launch of the city's public energy utility, Barcelona Energia, the ongoing contract with Endesa ran out and the city needed a short-term bridge contract for the municipality's energy needs. The city's call for tender included two clauses in the contract notice: green energy and energy poverty. The energy poverty clause obliged the company to follow the Catalan law on energy poverty and to sign an "energy poverty" agreement with the municipality. On the last day of the bidding process, both GasNatural and Endesa filed a complaint at the special court for public contracts. The court sided with the companies, rejecting the energy poverty clause. Barcelona had to begin the bidding process all over again and Endesa won the contract. For Barcelona the problem has now been solved by creating a municipal energy company, so there's no longer any need for public invitations to tender in this area. But this still remains an issue in other domains. Progressive municipalist policies are effectively being thwarted by the way in which courts are interpreting procurement law. The courts focus entirely on the primary subject of the contract and don't take additional conditions into consideration.

The Spanish courts are very erratic in their rulings. While Madrid got the green light for a public tender that demanded bidders supply 100% green energy, Valencia lost an identical case. There is no charge to appeal and the courts often side with the companies. As a result, the losing bidders often appeal. This makes the tender process very drawn-out, which cities have to factor in to their bidding process.

The EU's 2007 Remedies Directive gives any company that believes it made a better bid for a contract awarded to a competitor access to rapid redress procedures with administrative or judicial review bodies in all EU countries.



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### Grenoble: local organic food in school canteens

Grenoble is another city that has run into legal obstacles due to the nature of its public procurement policies. The citizens of Grenoble wanted local organic food in school canteens and the city was keen to revive the local economy by supporting organic farmers. “We are basically trying to get as close as we can to 100% organic, local food in school canteens,” says city councillor Anne-Sophie Olmos. But under EU public procurement law it is illegal to include geographical criteria in public tenders. This makes it difficult for local authorities to respond to the democratic wishes of local citizens, says Olmos. But Grenoble has not given up and is trying to find a way around this obstacle. “In Grenoble we decided to adopt a public procurement policy that is genuinely public,” Olmos says. “That means that price is not the only factor we take into account when purchasing products and services. We also take into account environmental and social criteria in ways that enable small, often local, businesses to win contracts.”

Over the last three years, the city has hosted an annual event where public purchasers inform potential bidders of their social and environmental requirements and present their procurement plans for the coming year. This allows companies, many of which are local, to better understand the needs of public buyers. Another obstacle to achieving 100% organic, local food in school canteens is the fact that the EU’s common agricultural policy has undermined local self-sufficiency. Competition from large-scale industrial farmers, who also receive a larger share of EU farm subsidies, has destroyed countless small, local farms, particularly in mountainous regions. “We’re using complementary tools such as food growing projects and zoning policies to protect agricultural land in order to gradually rebuild the local food sector.”

## Blacklisting tax evading companies?

Tax evasion is another issue that could be tackled through a new approach to public procurement contracts. Corporations and wealthy individuals hiding money in tax havens are undermining the welfare state and causing a profound feeling of injustice in countries across Europe. According to a study by Datlab, “tax haven based companies won 5% of the value of public tenders throughout EU countries in 2006-2017,” which means an estimated 100 billion EUR is being awarded annually to such companies.”<sup>6</sup>

In May 2016, Barcelona’s city council passed a decree undertaking to avoid hiring companies that are linked to tax havens. City councilor Gerardo Pisarello explains the thinking behind the decision: “Municipalism is a tool to gain fiscal sovereignty, and today fiscal sovereignty is impossible without a determined fight against evasion, which is a real threat to democracy.” The city is one of 37 cities throughout Spain to have declared itself a “Tax haven free zone”. Barcelona now includes a tax haven clause in every procurement contract. Unfortunately, these clauses have, so far, mainly been of symbolic value. Not a single contract was blocked due to tax evasion because cities lack the power to enforce such clauses. Companies that bid for contracts declare they have no money in tax havens and are not involved in any illegal activity, but there is no way for the city to demand proof of this.

In Copenhagen, the city council wanted to exclude tax evading companies from public contracts, but was told by the city’s economy department that this would violate Danish and EU procurement law. The law only allows cities to exclude companies that are convicted of violating tax law. Unfortunately, the use of tax havens and other tax speculation is, in most cases, not illegal. In both Malmö and Helsinki, progressive city council members ran into the same obstacles when demanding that the city’s procurement policy should exclude tax havens and reward suppliers that embrace public country-by-country reporting (disclosing how much tax the company pays per country it operates in, thereby exposing tax evasion). There is, moreover, no official database of proven tax evaders for procurement officers to refer to.

There is clearly a need for a new legal framework obliging companies to prove they do not use tax havens. In spring 2019, the European Parliament’s Tax3 report called on the Commission to assess the EU Procurement Directive and ensure that “the application of tax-related considerations as criteria for exclusion or even as selection criteria in public procurement” becomes possible.<sup>7</sup>

[6] Source: <https://blog.datlab.eu/eu-tenders-to-tax-havens/>

[7] The Tax3 report also points out that “Member States should monitor and ensure that companies or other legal entities involved in tenders and procurement contracts do not participate in tax fraud, tax evasion and ATP. ... Calls on the Commission to publish a proposal that would oblige Member States to ensure that economic operators participating in public procurement procedures comply with a minimum level of transparency regarding tax, in particular public country-by-country reporting and transparent ownership structures.” [http://www.europarl.europa.eu/cmsdata/161562/TAX3%20Final%20Report\\_A8-0170\\_2019\\_EN.pdf](http://www.europarl.europa.eu/cmsdata/161562/TAX3%20Final%20Report_A8-0170_2019_EN.pdf)





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## Fighting social dumping

EU public procurement law has led to widespread problems of social dumping, with companies winning contracts with cheap bids because they pay lower wages and have reduced employer protection. This undermines workers' rights and has caused justified anger. The 2014 review of the public procurement directives provided more scope to introduce social clauses. Penny Clarke from the public services union federation EPSU regrets that many cities remain cautious about using the opportunities that exist in the directives, both for providing services themselves instead of outsourcing and for progressive procurement, including through social clauses.

Many cities have taken action and introduced ambitious social clauses in their public tendering procedures. Examples are Spanish cities like A Coruna, Zaragoza, Palma, Madrid and, of course, Barcelona.<sup>8</sup> Copenhagen is also a good example of the way in which public procurement can be used to protect labour rights. The Copenhagen approach is twofold: labour clauses are included in procurement contracts and the city boasts a very active approach which ensures that companies with public contracts provide fair wages and working conditions. In 2017, the city council decided to establish an internal deployment team against social dumping, based in the city's procurement department. To enforce labour clauses, this team carries out "in-depth and dialogue-based checks" of suppliers, including workplace inspections. Violations of clauses can result in sanctions, including termination of the contract. Another aspect of this policy is the obligation to post signs at construction sites to raise awareness of the city's hotline against social dumping.

[8] See "Atlas del Cambio", <http://ciudadesdelcambio.org/politica-publica/clausulas-sociales-de-contratacion>

## The way forward

Examples from cities across Europe show there is enormous potential to use public procurement as a progressive policy tool. A lot is possible on the municipal level, if the political will is there. But it is also clear that there are major legal obstacles and that a far more supportive legal and political environment is needed. The 2014 review of the EU directive opened up possibilities, but the basics of the neoliberal framework are still in place.

In the run-up to the May 2019 European Parliament elections, the citizen platform Barcelona en Comú published a booklet with proposals on how to “municipalize Europe”. One of the chapters zooms in on values-based municipal procurement: “We want a fair, plural local economy but right now the EU limits the ability of public institutions to include these criteria in public procurement. We’ll call for directives relating to public procurement to be revised in order to differentiate between national and municipal contracts, giving municipalities greater flexibility to include social and environmental clauses.”<sup>9</sup>

While some of the changes required to create an encouraging environment for values-based municipal procurement would require a new revision of the procurement directive, others don’t. The European Commission could and should create more clarity via the guidelines and guides that it regularly produces for specific areas of public procurement. This would reassure municipalities that they can embrace values-based procurement without fearing sanctions. Preparing these positive guidelines should be done in consultation with progressive municipalities as well as with trade unions and civil society organisations, which is unfortunately not always the case. This should go well beyond green and social procurement and also include support for blacklisting tax evading companies or corporations involved in violations of human rights.

In addition to the procurement directive, the remedies directive is also in need of an overhaul. This directive is currently used by corporations to threaten cities and – as is the case in Spain – to challenge tendering decisions on a massive scale. The directive needs updating in order to rule out frivolous claims and avoid legal proceedings being used as a pressure tool by big businesses.

Grenoble city councillor Anne-Sophie Olmos summarises her vision as follows: “For me, Europe should first give local and regional authorities independence in matters of basic needs such as food, water and energy. In these areas public authorities should be able to favour the local if they demonstrate that it allows the community to be autonomous.” This points to the need to re-assess one of the fundamental principles of the EU directives: promoting local economic development

[9] Barcelona en Comú held a series of six public debates entitled “From the Neighbourhood to Europe”. These were held in several different neighbourhoods in Barcelona; Municipalize Europe! Barcelona en Comú, November 2018. [https://barcelonaencomu.cat/sites/default/files/document/municipalize\\_europe.pdf](https://barcelonaencomu.cat/sites/default/files/document/municipalize_europe.pdf)

via public procurement is currently not allowed. This prevents municipalities from using procurement policy to pursue entirely legitimate policy goals or forces them to creatively explore indirect measures to achieve these goals.

But while progressive city councillors and activists are demanding more democratic space for municipalities to shape procurement policies, powerful forces are lobbying for the exact opposite. BusinessEurope, the EU-level federation of employers' federations and corporations, argues that "public procurement should become more business-friendly."<sup>10</sup> It has asked the European Commission to intervene against "the dangers [...] of the use of strategic procurement", such as environmental and social clauses. BusinessEurope claims that "unjustified additional barriers" may "impede access to procurement markets" and warns against "overly prescriptive tender requirements and award criteria or for the furtherance of unrelated societal goals." "Infringements of public procurement rules," the lobby group demands, "should be rigorously enforced."

Progressive city governments and municipalist citizen movements clearly need to increase European-wide pressure to defend their democratic space. An overhaul of the EU's public procurement directive is unlikely to happen in the short term: some countries only integrated the updated 2014 directive into national law very recently, like Spain in 2018. But clearly the directive needs further changes in order to get rid of neoliberal obstacles that stand in the way of values-based municipal procurement. Such changes should make procurement an effective tool to transition to fairer, greener, more vibrant local economies.

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[10] "Comments on the Commission's 'Public Procurement Package' ", BusinessEurope, 4 April 2018. [https://www.buinessurope.eu/sites/buseur/files/media/position\\_papers/internal\\_market/2018-04-04\\_public\\_procurement\\_package.pdf](https://www.buinessurope.eu/sites/buseur/files/media/position_papers/internal_market/2018-04-04_public_procurement_package.pdf)

# Progressive Procurement and Corporate Accountability in Barcelona<sup>1</sup>

MÓNICA VARGAS (TNI), LINA MARÍA GONZÁLEZ (NOVACT)

**P**ublic procurement is one of the areas where it is possible to achieve progress in making transnational corporations accountable, particularly with a view to making public policies consistent and coherent. Cities thus can play a fundamental role.<sup>2</sup> In Europe, since the last revision of the EU directives on public procurement, there have been numerous examples of socially and environmentally responsible public procurement policies and practices, such as the 2018 framework agreement for energy supply developed by the Madrid council,<sup>3</sup> or the regulations of the Molenbeek-Saint-Jean council in Belgium. The latter stipulates that international human rights law, humanitarian law and the right of peoples to self-determination have an *erga omnes* character (in other words, they apply to all actors without exception). Therefore, if a business contributes to activities that violate these rights, it is guilty of serious professional misconduct and can be excluded from public procurement.<sup>4</sup>

The city of Barcelona can be considered as a pioneer in Europe in recognising the extra-territorial responsibility of its urban social metabolism, in particular to the extent that it affects the countries of the Global South. Since 2016, in addition to introducing a significant degree of transparency in its public spending, the city has adopted innovative regulations in this area, in the form of municipal decrees as well as guidelines and instructions applicable to the various sectors of procurement. However, there is still considerable room for improvement in monitoring public procurement contracts and their impact on human rights and the environment.

In 2017, the Municipal Group (including the city council and other municipal entities) recorded public procurement expenses of more than €1.265bn. Looking at the

[1] This article is based on the report “Public procurement of the city council of Barcelona, an analysis of extraterritorial responsibility, violations of human rights and the environment in the countries of the Global South”, Directorate of Global Justice and International Cooperation of the Barcelona City Council, 2019 (in publication).

[2] The report includes a comparative analysis of different countries and cities that stand out in Europe by their innovative public procurement policies.

[3] Setem y Opcions. La inclusió d’aspectes ambientals, socials i de bon govern a la contractació pública. 2018 ([http://www.setem.org/setem\\_ftp/catalunya/casos-compra-publica.pdf](http://www.setem.org/setem_ftp/catalunya/casos-compra-publica.pdf)).

[4] Commune de Molenbeek-Saint-Jean. Extrait du registre aux délibérations du Conseil Communal. Séance du 26.04.17. 26 avril 2017. (<http://www.molenbeek.irisnet.be/fr/fichiers/conseil/motion/2017/motion-marches-publics-fr.pdf>).

profile of suppliers, based on data from the city council (without the other municipal entities) for 2017, out of a total of 5,381 suppliers, 87.79% were headquartered in the province of Barcelona. 68.96% were self-employed, micro and small entrepreneurs, and 17.28% were non-profit organisations.<sup>5</sup>

However if one looks at the amounts at stake, it becomes apparent that public procurement contracts mostly benefit a handful of large companies:

- Among these more than 5,000 suppliers, the five who received the most money represent 49% of all council procurement spending.<sup>6</sup>
- Just one corporation, FCC, received 20% of the total procurement expenditure.
- Four of these five corporations are multinationals or subsidiaries of multinational groups: FCC, Ferrovial, ACS and ENEL (Endesa).

An examination of the suppliers who were awarded 22,564 contracts by the entire Municipal group in 2017, for more than €1.068bn, reveals that 152 are multinationals or belong to multinational groups which have been accused by civil society of violations of human rights and/or environmental destruction. In volume, they represent 20% of the contracts awarded (more than €211m).<sup>7</sup> These companies belong to 81 multinational groups.

The entity that has allocated most resources to corporations linked to human rights violations or the destruction of ecosystems in the Global South is the city council of Barcelona. For some municipal entities, such as Mercabarna (Barcelona wholesale and food markets), more than half of the procurement contracts awarded have benefited this type of corporation.

If a company that benefits from public procurement is part of a group whose practices are not compatible with human rights, labor rights or respect for the environment – principles which the city council considers as pillars of its procurement policy –, there is both a policy inconsistency and an opportunity to advance corporate accountability. Although public procurement law does not allow the corporate group to which a company belongs to be directly targeted, local authorities have explored this path with a view to achieving socially and environmentally responsible public procurement.

All measures aiming to bring public procurement into line with municipal objectives and values can have a significant impact, by affecting commercial conditions and the behaviour of companies, of their subcontractors and of their suppliers in

[5] Ayuntamiento de Barcelona. Memòria 2017. Contractació Pública. Grup Municipal de l'Ajuntament de Barcelona. 2018. ([https://ajuntament.barcelona.cat/contractaciopublica/sites/default/files/2017\\_memoria\\_contractacio\\_aj\\_bcn\\_i\\_grup\\_mpal.pdf](https://ajuntament.barcelona.cat/contractaciopublica/sites/default/files/2017_memoria_contractacio_aj_bcn_i_grup_mpal.pdf)).

[6] The top five suppliers by amount in 2017 are FCC, CESPAS S.A., URBASER S.A., Corporación CLD Servicios Urbanos and Endesa Energía.

[7] For the purpose of our report, a database of companies that have been linked to violations of human rights or of the environment has been compiled from various sources.

supply chains. For this reason, and in order to progress in the inclusion of human rights and environmental criteria in public procurement, we recommend the following three steps:

1. The creation of a complementary research, support and training organisation, responsible for developing guidelines for the introduction of social, environmental and innovation clauses in public procurement, including criteria assessing extraterritoriality and human rights.
2. The council must develop adequate tools for monitoring contracts, with mechanisms which make it possible to assess supply chains, and which could be integrated as solvency criteria in the contracting process.
3. We recommend that companies be required to increase transparency to allow for an improved control of contracts, including information on the corporate group of which they are part. Misleading information that may be identified in that provided by companies could be qualified as a serious fraud and, consequently, trigger a sanction, or even the termination of the contract and a ban on further contracting.



# (RE)MUNICIPALISE

# Leaving Water Privatisation Behind

## Paris, Grenoble and the advent of the water remunicipalisation movement in France

OLIVIER PETITJEAN

How did France, a pioneer of water privatisation, become a hotbed for remunicipalisation? Cities like Paris and Grenoble not only ended the domination of corporate heavyweights like Veolia and Suez over the sector, but also played a key role in inventing a new generation of public water services, both in France and abroad. But the fight is far from over.

**I**n 2019, the city of Paris celebrated the 10th anniversary of its remunicipalised water service, when management and operations were taken from the hands of private companies and a new public company, Eau de Paris, was established. The end of water privatisation in Paris has been groundbreaking in many ways. Firstly, because of the sheer size of the city and its symbolic importance. Secondly, because it is the city in which the two global leaders of the private water sector, Veolia and Suez (which shared the Paris contract) have their headquarters. And lastly, and perhaps most importantly, because of the very way the remunicipalisation process was conceived and implemented. Its intention was not just to get rid of private operators that failed to provide satisfaction, but rather to promote the public service, its values, and, ultimately, its capacity to be more efficient and innovative than private companies, and address the social and environmental challenges that water operators are increasingly facing.

Ten years after the city's remunicipalisation, it is hard to find anybody who would dispute the achievements of the new public water operator Eau de Paris. In 2017,



it was awarded the prestigious United Nations Public Service Award. When the water was remunicipalised, the price of water was cut by 8% as a result of savings on financial transfers to private companies and their shareholders. In 2020, prices are still lower than they were before remunicipalisation and are the lowest in the entire Paris region. Eau de Paris also introduced innovative transparency mechanisms and democratic governance processes. These included the “Paris Water Observatory”, a commission of citizens and civil society representatives with a significant consultative role in the running of the operator. Eau de Paris also has an active policy of facilitating access to water for poorer households and homeless people (including, in recent years, homeless migrants and refugees). It has increased the number of public water fountains throughout the city. It has launched programmes to encourage water conservation. As in other cities in France and elsewhere, Paris has also initiated partnerships with the agricultural sector in order to protect its water catchments. These programmes provide financial and technical support to enable farmers to switch to organic methods, which will then reduce the level of pesticides and nitrates in ground and surface water, and thus the investments required to make raw water drinkable.

Eau de Paris comes out looking pretty good when one compares it to its arch-rival SEDIF (Syndicat des eaux d’Île-de-France), the inter-communal operator of a large chunk of the Paris suburbs which is also Veolia’s largest contract in the world. In addition to charging a significantly higher price for water than Eau de Paris, SEDIF is regularly criticised (by a number of sources including the regional court of auditors) for its lack of transparency. Another key difference between Eau de Paris and private corporations is the emphasis on technology. The latter tends to prioritise technological solutions to make water drinkable or to treat wastewater, because it is more lucrative and because it locks in their role as the service provider (as these technologies are proprietary). These solutions can also be easily replicated across the different contracts they have. By contrast, Eau de Paris has deliberately chosen to focus on prevention and limit investments, concentrating only what is actually required.

Paris, however, wasn’t the pioneer of water remunicipalisation in France. It was preceded by another city, Grenoble, in the French Alps. Like Paris, Grenoble chose not only to do away with a water privatisation contract marred by corruption, but to actively build a water public service tailored to the needs and future challenges of the city and its citizens. Better quality water was provided at a cheaper price, and democratic governance mechanisms were introduced. The success of the new water operator later resulted in a wider political programme of remunicipalising and “greening” public services and prioritising local suppliers.

Grenoble and Paris are also alike in that they did not only stop water privatisation and go on building a successful public water service on their home turf; they also actively engaged in promoting and assisting with water remunicipalisation else-

where in France, and even in other countries. Officials, politicians and civil society experts from Grenoble helped make remunicipalisation happen in Paris. In turn, officials, politicians and experts from Paris helped other municipal leaders, citizen groups and unions oppose privatisation plans in their cities or undertake their own remunicipalisation projects. The participatory governance mechanisms introduced in Grenoble when it remunicipalised its water service were replicated and expanded in Paris, and served as inspiration for other cities.

Private sector lobbyists have been quick to portray this “campaigning” for remunicipalisation as ideologically motivated. The people that drove remunicipalisation in Grenoble and Paris were clearly convinced of the virtues and of the potential of the public service, and wary of profit-seeking

in the water sector. But their choice to become active advocates of remunicipalisation was also a reflection of the numerous obstacles they had faced (and still face) when they tried to go against the interests of powerful corporations. They understood that cities needed to join forces if they wanted to build a successful public service alternative for the long term.

## Turning the tide of water privatisation

The 1990s were in many ways the apex of water privatisation. For a time, the notion that private water management was the only way forward seemed to prevail. New contracts were piling up all over the globe for Veolia and Suez (as well as other companies – such as Bechtel, Thames Water or RWE – which saw water as a promising industry). Cities in the United States, in Europe, and in the global South, from Argentina to Indonesia and the Philippines, were handing over their water services to private operators in droves, lured by promises of efficiency, technological innovation and extra cash, and in many cases pressured by international financial institutions. Up until then, private water management had been the exception. Only France and, to a lesser extent, Spain gave any space to private companies in the management of water and sanitation services. Then came the neoliberal wave of

## Veolia

**Revenue:** €25.9bn (2018)

**People:** Antoine Frérot (CEO and Chairman)

**Headquarters:** Paris, France

**Created:** 1853 (Générale des eaux)

**Sectors:** Water, Waste

**Employees:** 171,495 (2018)

### Key facts:

- \* Veolia is, along with Suez, the global leader of water and waste privatisation. France (particularly its large contracts in the Paris area Sedif, Lyon and Marseille) still accounts for almost half of its water revenue.
- \* It has been criticised by NGOs for its habit of cutting off water to poor households in France. There have been several court rulings against the company in this regard.
- \* Veolia has initiated several international arbitration procedures (ISDS), or threatened to do so, against public authorities that sought to remunicipalise privatised services.

the 1980s, which saw Chile (under General Pinochet) and the UK (under Margaret Thatcher) privatise the water sector entirely. It seemed for a while as if the rest of the world was about to move into a new era of private water management.

Only it didn't quite happen that way. It only took a few years for the water privatisation wave to come to a halt. Many flagship water contracts signed in the 1990s were cancelled, in Buenos Aires and La Paz, Atlanta, Berlin and Dar es Salaam. Several factors were behind this failure. The financial crisis in Asia and South America played a role, as did the collapse of the monetary system in Argentina in 2001-2002, which destroyed the economic equation of many water contracts. The second factor was popular resistance to privatisation, which always involved price hikes. The "Water War" of Cochabamba, in Bolivia, where weeks of protests led to the forced departure of US corporation Bechtel and a return to public water management, remains the symbol of this widespread rebuff of a water service dominated by corporate interests. In Cochabamba at the time, just as in French cities like Paris and Grenoble, this opposition had also been morphing into a more positive force: the "remunicipalisation" movement, the focus of which was not only on opposing corporations and privatisation, but also on reforming and democratising the water services of old.

Since then, the global water landscape has been dominated by a sort of position warfare. On the one hand, corporations (predominantly Veolia and Suez) continue to seek new conquests, often with the active support of international donors and institutions, but with mixed success. They regularly meet significant resistance from a diverse coalition of trade unions, social movements, civil society groups and politicians. The fight against the water privatisation in Greece, imposed by the infamous European "Troika"<sup>1</sup> in charge of enforcing austerity measures on the country in the 2010s, is a good example.

In France, the U-turn against water privatisation was even more radical. In addition to Grenoble and Paris, dozens of French cities, both large (Rennes, Nice and Montpellier) and small, remunicipalised their water services in the decade between 2005 and 2015. To this day, not one of them has chosen to re-privatise its water services, and there is not a single example of a city that had maintained public management of its water over the years choosing to shift to private management.<sup>2</sup> It's true, however, that a number of large French cities such as Lyon, Marseille, Toulouse and Bordeaux opted to stick with Suez and Veolia when their water contracts expired, sometimes despite active citizen campaigns urging them not to do so. In general, their justification was the significant cuts in the price of water granted by the private water companies (more on this below). Due to both

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[1] Formed by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF).

[2] There have, however, been a number of smaller public water companies absorbed by larger inter-communal water bodies with a privatised management of the service.



JEANNE MENJOULET, CC BY-ND

these contract renewals and contracts maintained in the Paris region such as SEDIF, private water companies still provide water to the majority of the French population (but not to the majority of French cities).

### The French (water) connection

What has made France such a hotbed of water remunicipalisation? The answer is simple: it is the country with the longest, most extensive experience in water privatisation. French officials and citizens have had more experience of the down side of water privatisation, and there have simply been more water contracts to remunicipalise. Numerous studies by consumer organisations have found that the price of water was higher in privatised cities than in cities under public management. The remunicipalisation wave in France was actually triggered by a French law established in the nineties. In a context of high-profile scandals related to the illegal funding of political parties by private companies, a landmark transparency law, the “loi Sapin”, was passed in 1993 which introduced transparency provisions in public procurement and privatisation contracts, and also limited the duration of these contracts. Basically, the law forced mayors and other local politicians, who had previously been able to decide on contracts on their own, to conduct a transparent assessment procedure before awarding or renewing public service contracts. All of a sudden, private water management was no longer a “fait accompli”.

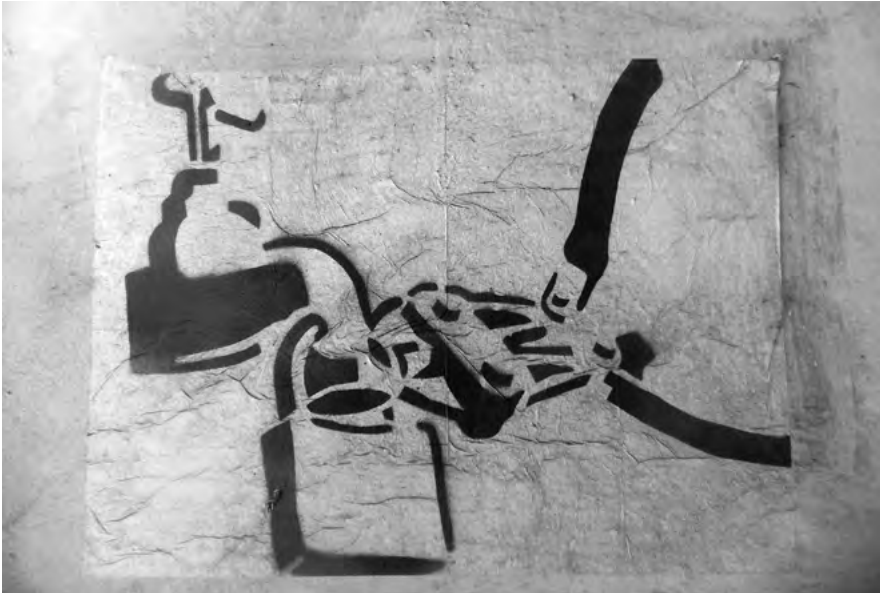
The movement for water remunicipalisation in France has clearly never been a large-scale grassroots citizen movement. Both the general public and civil society have

always expressed support for public water management, including anti-corruption groups, consumer and residents associations and environmental organisations. But it hardly ever featured as a high-priority issue. Nor was keeping water public or restoring it to public management ever high on the agenda of local politicians. But it was a clear political symbol, especially for the left. “Generally speaking, a public water system is the one favoured by the general public,” says Anne Le Strat, the leading figure in Paris’s remunicipalisation. “But this only really materialises when there are concrete, successful examples, like that of Paris.”

It was a matter of key figures taking the matter into their hands, drawing on the support of civil society and public opinion, while emphasising the symbolic importance of both water and public service, to achieve their ends. “What is key is building alliances,” says Jean-Claude Oliva, coordinator of Coordination Eau Ile-de-France, a civil society group that is one of the leading proponents of remunicipalisation. In a city like Avignon, there was a strong citizen movement backing remunicipalisation, and the mayor was willing to make it happen, but they could not find a way to overcome the opposition. In Grenoble, local civil society played a key role in challenging corruption in the water sector and pushing for remunicipalisation. In Paris, the arrival of a progressive majority in the city council in 2001, and of green politician Anne Le Strat, in charge of the city’s water portfolio, was to play a decisive role. In Nice, remunicipalisation was achieved through the resistance of local mayors of mountain villages (which were to be absorbed in the wider Nice agglomeration) who wanted to keep their water systems public. This was particularly remarkable given that Nice’s water service had been run by Veolia since the 19th century and that the mayor is a very conservative politician.

Interestingly, the remunicipalisation movement in France was also partly driven by technically-minded people who did not necessarily have very strong views about the merits of public and private management in themselves, but were dissatisfied with the abuse of absolute power of Veolia, Suez as well as the smaller company, SAUR. They primarily saw remunicipalisation as a way of reintroducing a bit of healthy competition, but were also perfectly happy to team up with more politically-driven officials and activists.

Workers in the water sector and their unions, however, were another issue altogether. At first, some of them actually opposed remunicipalisation. This was partly due to the fact that they were content with the wages and conditions offered by private water companies. And workers were not necessarily enthusiastic about the uncertainties involved in a change of ownership. Moreover, proponents of remunicipalisation were sometimes undiplomatic in their public discourse on private companies, failing to differentiate between workers, who were just doing their job, and company executives and shareholders, who were focussed on making a profit. Over time, lucrative water contracts were scaled down, forcing private water companies such as Veolia to cut jobs and reduce advantages for workers,



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making it the less attractive option. Under municipal contracts, workers could at least take pride in upholding public service values.

### The Empire strikes back

Towns and cities have been a driving force in the remunicipalisation movement. In France as well as at global level, water remunicipalisation has often pitched “cities” (local politicians and officials, along with social movements and citizen groups) against national governments and international institutions – in this case, mostly the European Union. The latter are not necessarily openly pro-privatisation; instead, they maintain a posture of apparent neutrality while adopting policies that effectively favour the private sector.

Competition law, which governs the awarding of public service contracts and procurement, often favours corporations. The law tends to treat private companies with a national or European scope as the “normal” market players, and smaller, local or state-owned operators (remunicipalised or municipal water operators being all three) as exceptions that require justification. Another area of policy that can be partial to the private sector is that pertaining to water resources management in general and the conditions in which water services are delivered. Lastly, cooperation and overseas aid policies also favour the expansion of French and European water companies into other parts of the world. Programmes designed to fund access to water are increasingly redesigned as “public-private partnerships”. In other words, EU tax payers are the ones funding new privatised contracts for companies such as Suez or Veolia.

Needless to say, water companies invest a considerable amount in lobbying at national and EU level in order to ensure that the legal and regulatory environment continues to favour their interests. However, in addition to the lobbying aspect, there are two key reasons that national and EU decision-makers favour private water corporations. The first one is that they almost all operate under a mantra of fiscal austerity, which encourages them to push water out of public budgets. The second one is that they are generally bent on supporting “national champions” (or European champions) both in their own markets and abroad.

How have the water companies themselves responded to remunicipalisation? Losing the Paris contract was, undoubtedly, a shock for Veolia and Suez, now forced to answer difficult questions as to why their own city of origin had turned its back on them. Their response has essentially been to slash water prices, by as much as 20% to 25% in cities such as Lyon, Marseille and Toulouse. This has effectively meant that they have opted for a “low cost” water service, with less maintenance and investments, which many fear will quickly prove unsustainable both for the companies and for the services they are providing. Jean-Claude Oliva also points out that the communication around the price of water is often misleading. “You need to look at the whole tariff structure, not just at the price of water for 120m<sup>3</sup> of water, which is the usual reference but is actually quite a lot. If you take a lower consumption of water, often the actual price cuts are much smaller.”

Suez and Veolia also tend to pursue low-profile contracts, such as the building or operation of water plants, which are less lucrative but also less risky. This could be seen a form of undercover, insidious privatisation. Both companies have also recalibrated their strategy, focussing on their capacity to offer local officials a range of services across sectors, and playing on the potential synergies across water, sanitation, waste, heating or public facility management, often with a “big data” or “smart city” component. They now tend to portray themselves as integrated providers of “sustainability solutions” for cities. Evidently, they maintain a very strong focus on ready-to-use technological solutions and on remediation, rather than on prevention policies such as zero waste. Their “new look” mostly amounts to window-dressing.

### **“We can go even further and do even better”**

After years of remunicipalisation success, has the French water sector reached a new equilibrium between public and private management? This is, at least, what the private water sector and its allies would like to suggest, as they tend to imply that there is no longer any difference between public and private. Cases of remunicipalisation seem to have been fewer these last years, although in 2018 there was a significant dent in the SEDIF contract with around 20 members opting out of the inter-communal body to build public operators. Water privatisation in its “pure”, cynical form is clearly no longer on the agenda. But even as they have

changed narratives and recalibrated their strategies, private water companies are still fundamentally pursuing the same objectives. Remunicipalisation is an uphill battle, as it always has been. “What we have won, we have not lost again,” says Anne Le Strat. “One could say we have won the battle of ideas, but only part of the political battle. The private water companies remain powerful, but they don’t control the game entirely anymore.”

With the climate crisis and the accumulating social and ecological issues that cities are facing, efforts to reinvent sustainable and democratic public services and uphold public service values are more urgent than ever. “We can still go further and do better,” Anne Le Strat points out. “Public water still has a lot of political potential, especially in a context where access to natural resources and addressing basic needs becomes more of a problem. It is not the private sector that will provide solutions.”



# A City Against Established Powers

## Neomunicipalism in Naples

ELEONORA DE MAJO

In the wake of the infamous 2008 “garbage emergency”, Naples voted for a municipalist Mayor and city council, which embarked on an ambitious policy of remunicipalisation and participatory urban democracy. But cities remain isolated in their confrontation with established powers and with the austerity imposed on them by the European Union and national governments.

**N**aples’ neomunicipal experience began in 2011. Mayor Luigi de Magistris was re-elected for a second five-year term in 2016. He and the coalition (of which I, as a city councillor, am a member) are still governing Italy’s third biggest city (after Rome and Milan) and the eleventh biggest in Europe per number of inhabitants.

To have a true understanding of what neomunicipalism means in a city like Naples and how this experience involves confronting major national and European powers, it is worth retracing Naples’ recent history and the context which created the conditions for our experience of radical local government.

Our neomunicipal story began in the triennium between 2008 and 2011. This was a very depressing and dark period for the city of Naples due to the corruption and malfeasance of all the traditional political parties, from the centre left parties which then governed at municipal and regional level, to the centre right parties, which governed, with Berlusconi, at national level. These seemingly opposing political sides were actually accomplices in the management of local affairs and complicit in protecting the interests of major powers as well as, in many cases, organised crime.



JANNAKIS, CC BY

### A municipalist experiment in the wake of a “garbage emergency”

Their complicity became unequivocally clear with the so-called “garbage emergency”. The waste disposal lobbies, together with organised crime groups and certain national and local politicians, created an artificial “emergency”, with tons of rubbish and mountains of garbage bags piling up in the streets. Pictures of Naples overridden with garbage circulated around the world. Being Neapolitan was suddenly synonymous with being a citizen of a dangerous, dirty and abandoned city, a hostage of mafia and political corruption. It was a period where racism against the city and its inhabitants was rampant, and tens of thousands of young people left the town, looking for a new life in the Northern Italy or abroad.

Citizens expressed both distrust and anger towards traditional parties and politicians. Poisoned by the illegal and legal garbage dumps, particularly prevalent in the suburbs, citizens wanted radical change, and sought a new, radical democratic outlook for the city.

So, in the run-up to the 2011 local elections, a coalition of citizen committees, associations and civil society groups held several meetings about the possibility of presenting candidates outside the framework of traditional politics. Thousands of people voted for Luigi de Magistris, then a member of European Parliament. De Magistris became popular after he conducted a famous investigation (“Why Not?”) into corrupt Italian politicians, both from the left and the right.

During the electoral campaign the polls showed nothing to indicate that an outsider could possibly win. But after election day, the traditional parties woke up and realised that the citizens of Naples, tired of their arrogance, had chased them away! Thus de Magistris became mayor of Naples. In 2016 he began another five-year term, with the support of the nine city councillors from DemA, a platform for democracy and autonomy combining civil society initiatives and radical leftist parties.

### **Protection of public services and war on neoliberal dogmas**

The neomunicipalist coalition inherited a city that was dirty, indebted and depressed, so its first years in power were extremely challenging. The new coalition's core actions have always been to defend the interests of citizens against those of major powers and private corporations. In order to address the garbage issue, we immediately cut all relationships with external private waste disposal companies, often linked to organised crime. Waste management was brought under municipal control, in such a way as to avoid mafia infiltrations.

The same approach was taken to the private corporation, Romeo gestioni, which managed the entire municipality's rental properties, including the maintenance of social housing. We decided to terminate the contract between the corporation and the municipality and, just as we had done with garbage, transfer the properties to municipal management. This was a tremendous undertaking as the corporation had accumulated thousands of documents on the properties. Every single piece of paper had to be transferred to our archives and re-organised from scratch.

Remunicipalising rental properties meant more affordable rents for citizens and the end of the clientelism that had developed around the management of the properties. Most importantly, it meant waging war on the neoliberal dogma of selling off real estate assets, and protecting those in dire need of housing.

The European Union's fiscal compact and other austerity policies represented a direct attack on local authorities, hindering the efforts to remunicipalise services controlled by private or corrupt companies. A lack of funds due to austerity rules often caused a slowdown in interventions and in the provision of services. An important part of our strategy has been to forge relationships with citizens through public assemblies and meetings with citizens' groups. Participatory democracy is a crucial instrument for neomunicipalism in order to achieve consensus for the protection of public services.

Another example of our actions against transnational corporations was the decision to honour the 2011 Italian referendum on water management. Millions of Italians voted for water to be recognised as a fundamental human right. And they also voted to remunicipalise the whole water supply and distribution chain in cities.

So far, Naples is the only major city in Italy to respect the referendum's result. The municipal water utility thus went from being a public-private partnership to being entirely public. The utility, called Acqua Bene Comune ("Water as a common good"), features participatory management, with a citizens' council, managed by committees and ecologist associations. The result is a water tariff that is one of the lowest of the country and a total ban on water cuts for the impoverished.

### **The Bête Noire of cities: illegitimate debt**

More recently we faced another major battle against what we call "illegitimate debt". Most Italian cities have accrued an enormous amount of debt, and owe money to the national government, private companies, hedge funds, etc.

Before the EU's fiscal compact, all cities were managed and governed through a system of debt and credit. It was the only way to guarantee services, but it also involved private speculation and clientelism. After 2010, and the radical shift in approach at EU level, cities were forced to change policy and to close their budget every year with no deficit. As a result of the EU's fiscal compact, the Italian national constitution was changed and municipal deficits are now impossible. Local governments now have to choose between either cutting social services or disobedience.

This abrupt change forced a lot of local authorities to cut social services, welfare and policies for the poorest. Our situation was particularly difficult because we inherited hundreds of millions worth of debt from previous local governments. And more debt was piled on due to financial laws approved at national level and toxic financial products. Naples, moreover, is burdened by two enormous loans due to the 1980 earthquake and the 2008 garbage emergency. These debts resulted in massive interest payments, pushing the city to the brink of bankruptcy.

So we decided to create a permanent consultative committee on municipal debt in order to address the issue of illegitimate debt. We hope to find other cities that also wish to fight against the financial blackmailing of cities. We aim to build a European campaign against illegitimate debt and the EU's fiscal compact, which imposes disastrous austerity on cities.

### **"Cities are on their own"**

Cities' struggles against transnational corporations are like an inexhaustible battle for equality and justice. Private companies and private interests are always lurking behind the corner in our daily administrative life.

This is a challenge both in regards to public procurement and big urban regeneration projects like the one in Ex Taverna Del Ferro, a famous post industrial neighbourhood which became the focus of speculation by a cement company and

several hotel chains. Fortunately, the city council was able to intervene and put a stop to the government's plans for the neighbourhood. The urban regeneration plan was re-written after discussions with community organisations and local citizens. The council has had to intervene several other times to prevent private speculation attempts in other parts of the city.

The problem is that cities are completely alone in their struggles. National governments have turned local authorities into powerless institutions without financial autonomy. This is why cities need to join forces at European level and fight together in order to be effective.

EU parliament urgently needs to recognise cities as local authorities and allow them to manage EU financial programs at municipal level in order to avoid corruption and misuse of public funds.

# Defending Life in Cities through Feminist Action

## Taking care services out of corporate hands

BLANCA BAYAS

Care activities essential to city life, such as personal services or cleaning, are increasingly monopolised by large companies offering poverty wages and draconian working conditions. But their employees – women who are often discriminated against because of their origin, skin color or age – are fighting back.

**O**n 5 March 2007, employees of the company Clece in the city of Girona, Spain – entrusted with cleaning public hospitals,<sup>1</sup> schools and other municipal buildings – began an indefinite strike that would not be forgotten. Strikers were very clear about what they wanted: the (re)municipalisation<sup>2</sup> of the cleaning services. The strike lasted for 37 days and some of the workers' demands were met, such as the conversion of part-time contracts into full-time contracts, and an increase in permanent staff.

More than ten years later, women who work for Clece are still protesting and taking action throughout Spain.<sup>3</sup> The demands of these workers have not changed. Unfortunately, neither has the abuse committed by the company which, if anything, is getting worse.

[1] Josep Trueta and Santa Caterina Hospitals.

[2] Throughout this article we will use the term (re)municipalisation to refer to both services that were formerly under government control with the idea of them once again being subject to such control (remunicipalisation); and to services that were never under public control in which public control is now sought.

[3] In Zaragoza, Valencia, Madrid, Córdoba, La Rioja, Las Palmas, Granada, A Coruña, Badalona and Viladecans, among other cities.

Several violations by the company were publicly reported over the first nine months of 2019. One example is quite recent; in September, several employees working at the Royal Palace in Madrid complained that, under their contract with Integra, a subcontractor of Clece, their working hours exceeded those set out in their contracts – 11 hours a day, for which they received 545 euros a month – among other infringements. Furthermore, these female workers had been diagnosed with diverse disabilities and were entitled to modified working conditions.<sup>4</sup>

## Profiting from care: the case of Clece

If you live in Spain, it is practically impossible not to have some experience of the “care” that Clece wants to provide you with. It is a multi-service company that has been operating in Spain since 1992 (and more recently in the UK and Portugal) and a subsidiary of Grupo Actividades de Construcción y Servicios S.A. (ACS),

### ACS/Clece

**Revenue:** €36.7bn (2018)

**People:** Florentino Pérez (CEO and chairman)

**Headquarters:** Madrid, Spain

**Created:** 1997

**Sectors:** construction, infrastructure, services

**Employees:** 195,461 (2018)

#### Key facts:

- \* Active in the construction, infrastructure and services business, Grupo ACS has prospered thanks to its close connections with local and national Spanish politicians. Florentino Pérez has played a pivotal role in nurturing these connections, more often than not using his private box in the Real Madrid stadium.
- \* Through its subsidiary Clece, Grupo ACS is banking on the growing privatisation of maintenance, cleaning and personal care services by local and national authorities. Clece’s workforce is mostly made up of women, discriminated against because of their age or origin, with poverty wages and difficult working conditions.

owned by Florentino Pérez, also President of the Real Madrid Football Club. It operates in the socio-medical, hospital, education, hotel, sports, airport, industrial and financial sectors. Effectively, it provides services of care, maintenance, cleaning, catering, gardening, internal logistics and security to hospitals, schools, nursing homes, immigrant reception centres, social services, hotels, airports and banks, among others. It often operates in contexts of exclusion, from homeless people to women who suffer gender-based violence, and even provides security services in temporary detention centres for immigrants (CETI) in Ceuta and Melilla.<sup>5</sup>

Much of what happens in a city is based around care; it is this, effectively, that sustains life.

[4] [https://elpais.com/ccaa/2019/09/26/madrid/1569526007\\_058174.html](https://elpais.com/ccaa/2019/09/26/madrid/1569526007_058174.html)

[5] Clece is focussing more on security services, with 38.7% more staff working in this area than in 2016, primarily in the temporary immigrant holding centres (CETI) in Ceuta and Melilla: <https://www.naciodigital.cat/noticia/185011/lucratiu/negoci/florentino/perez/amb/centres/immigrants/ceuta/melilla>

Clece is well aware of this and has developed an extensive network to “meet” these needs. In fact, the company’s motto is: “a company formed by people, for people”. Florentino Pérez has even defined it as “an NGO (...) dedicated to giving satisfaction to people who need it.”<sup>6</sup>

Clece manages people’s lives: it has gradually taken over all kinds of services related to social reproduction. It wins many local, regional and state government contracts for basic services (to the tune of €1.2bn in 2018 – 80% of the company’s turnover).<sup>7</sup> When it submits tenders, its bids are impossible to match, behind which are extremely low wages paid to the female workers who provide the services. In recent years, it has ousted many nonprofit organisations that previously provided these social services.<sup>8</sup> The truth is, we all finance Clece’s profits with our taxes.

Florentino Pérez’s so-called “NGO” is certainly one of the most profitable, and has transformed care services into a valuable commodity. In 2018, Clece recorded a total turnover of €1.504bn. Its profits have grown at a steady pace in recent years. In 2018, the company’s workforce numbered 74,411, 82% of whom are women, 49% aged between 45 and 60.<sup>9</sup> In other words, a feminised staff close to retirement age, tasked mostly with cleaning and social services, the most labour-intensive activities, representing 77.6% of all Clece’s staff.

Clece boasts that it employs women who have suffered gender-based violence, persons with various disabilities and women in the 50-plus age group “because of the difficulties they face in finding work.” Under neoliberal capitalism, female employees of corporations such as Clece, are not only being excluded, but are also seeing the rights diminished by the recurrent abusive policies of their employer. Clece is notorious for dismissals, insecure working conditions, low wages, staff shortages and inadequate resources, as demonstrated by its long history of complaints by its female workers.

## The women who sustain cities, and who sustain life

Most of those who clean, feed, care for and thus maintain life in European cities are impoverished, immigrant, racially-discriminated women. Anonymous women from faraway places and peripheral countries who work in the care sector for low wages and who, in turn, have left even poorer women to carry out these tasks in

[6] Appearance before the Committee for the investigation of the Castor Project, in the Catalan Parliament, on 17 June 2019.

[7] 80% of the company’s business comes from the public sector and 20% from the private sector, according to information provided by the company itself: <http://memoria2018.clece.es/>

[8] This was the case of the Home Care Service (HCS) in Barcelona in 2016, when the NGO Asociación Bienestar y Desarrollo (ABD) – which specialises in providing care to groups in insecure situations – lost the public tender to Clece and Valoriza, which belongs to the Sacyr Facilities group, another large multi-service company: [https://www.ara.cat/societat/Florentino-Sacyr-latencio-domiciliaria-Barcelona\\_0\\_1561643866.html](https://www.ara.cat/societat/Florentino-Sacyr-latencio-domiciliaria-Barcelona_0_1561643866.html)

[9] <http://memoria2018.clece.es/>



their countries of origin. This is what is known as the “global care chain”, reflecting a sexual and international division of labour within a global capitalist system.

This is evident in the case of domestic work and care in homes and private establishments, which is extremely feminised in Spain, and where more than 42% of all persons affiliated to the Special System for Household Employees are foreign women. The wages paid to female workers in this sector is 59% less than the total gross average wage, and the average pension is also the lowest in the entire Social Security System.<sup>10</sup>

This situation extends to vulnerable female workers in all sectors related to personal services. So, companies like Clece, as well as many others such as Eulen, Ferrovial Servicios, Acciona, Sacyr Facilities, OHL Ingesan, Ilunion and FCC – all of them large corporations operating in the sector – reap huge financial profits at the expense of precarious and abusive working conditions. These companies are international in scope and are focussed on accumulating capital, disregarding labour rights and cutting corners on the quality of the services they provide.

How is this possible? Current policies prioritise the repayment of financial debt,<sup>11</sup> which entails severe austerity measures and public divestment from areas as important as health, education and social services. This impacts heavily on the population, and involves thousands of extra hours of care work carried out by women in cities, who act as a “cushion” against social cuts. For those who can pay, care work is outsourced and commodified, creating a new market on which to earn profits; for those who cannot pay, care work is internalised, increasing the pressure of working hours in the social reproduction area. In short, there is an increasing trend towards dispossessing women of their time and work.<sup>12</sup> This trend has worsened in recent years, leading to an important care crisis in this stage of financialised capitalism.<sup>13</sup>

The “capital vs life” conflict – albeit not recent, as it is intrinsic to our current economic and social system – has also led in recent years to mobilisations by female workers in the care sector against the changes in working conditions. These mobilisations are channelled through workplace organisations, associations and trade unions. The “Kellys”<sup>14</sup> is one such association, set up in 2016 by chamber maids in hotels and tourist apartments with the aim of defending their labour rights. By publicising their working conditions and the reality of their lives, the Kellys have managed to rouse great social support.

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[10] Data from a recent report by the trade union UGT: <http://www.ugt.es/sites/default/files/informe-trabajo-domestico-y-de-cuidados-para-empleadores-particulares-ugt.pdf>

[11] Such as the reform of Article 135 of the Spanish Constitution in 2011 by the PSOE and the PP, and the Montoro Act on the “Rationalisation and Sustainability of Local Government” in 2013.

[12] A concept coined by geographer and theoretician David Harvey, who reveals how the predatory practice of accumulation and, hence, concentration of capital in the hands of a few is maintained, and even increased in contexts of over-accumulation, depriving large segments of the population.

[13] For more information see: [https://odg.cat/wp-content/uploads/2017/09/odg\\_deute\\_de\\_cures\\_esp\\_def\\_0.pdf](https://odg.cat/wp-content/uploads/2017/09/odg_deute_de_cures_esp_def_0.pdf)

[14] The name “Las Kellys” comes from a popular play on words: “*la Kelly, la que limpia*” (“the Kelly is she who cleans”).



ELA SINDIKATUA, CC BY-SA 2.0

### Feminist strikes for the defence of life

There have been historical labour strikes in the care sector, initiated and enacted almost entirely by women and which have been highly successful. For instance, nursing home workers in Bizkaia went on strike for 378 days between 2016 and 2017, and managed to gain improved working hours and wages, among other achievements.<sup>15</sup>

Battles are being waged against corporations and their profits in the very places where life is being maintained. The so-called “feminist strikes” of the past few years are examples of this. In 1975, 90% of women in Iceland staged a strike which completely shut down the country. Instead of going to work or doing household chores, the women went out onto the street and protested. The purpose of the strike was to demonstrate that society could not function without the productive and reproductive work of women.

In Spain, the idea of a general feminist strike emerged in 2014 and 2015, as “a strike for all women”, calling for thousands of women to take to the street in Catalonia. The following years, strikes were held on 8 March, International Women’s Day. But it was not until the force of the feminist strikes in Argentina and the “Ni una menos” movement, with its slogan “*Si nuestra vida no vale, produzcan sin nosotras*” (“If our lives are worthless, produce without us”) that the latest calls to strike, in 2018 and 2019, were extended internationally, with massive success.

[15] <https://www.ela.eus/es/gizalan/noticias/ela-logra-un-acuerdo-historico-que-pone-fin-la-huelga-de-residencias-la-mas-larga-de-la-historia-de-bizkaia>

The aim of feminist strikes is to demonstrate that women sustain the world, not only through the non-paid household labour they carry out in their homes, but through the precarious salaried jobs that sustain offices, factories, nursing homes, schools and hospitals... entire cities. The feminist movement called for strikes in the production, reproduction and consumption sectors, as well among students. The strike of 8 March 2019 involved picket lines, decentralised actions and other mobilisations in more than 170 countries around the world. The corporate sector was particularly hard hit, with vast numbers of female strikers and a consumer strike that denounced the interests of multinationals and the insecure working conditions behind their products.

There are, however, still a number of challenges. Many women with particularly insecure working conditions, many of them immigrants and/or targets of racism, have not been able to take part in the strikes or have claimed that the demonstrations fail to take their diverse realities into account. Other women have had to face reprisals in the workplace<sup>16</sup> or in their homes for participating in the strikes.

### **The battle in cities is fought where life is, and this is also where alternatives lie**

Instead of a system where care is sold to the highest bidder in the form of a commodity, some of the proposals for valuing care-related services and giving them their rightful place in cities involve (re)municipalisation and public-community partnerships involving autonomous women's organisations. The battle for (re)municipalisation, the public good and the commons<sup>17</sup> is waged where life is, in struggles for housing, water and energy, and also for other care-related services in cities.

There are examples of municipalities that have taken a stand against management abuses such as that of Clece; for instance, the city of Córdoba sued the company for trying to provisionally stop home care services in the city, leaving staff unemployed, after the City Council pressured the company to accept the demands of female workers providing the service.<sup>18</sup>

Catalonia is currently facing the imminent approval of a law to outsource personal services (healthcare, education, social care), known as the Aragonès Act, preceded by EU Directive 24/2014 on public procurement. This legislation is aimed at regulating and structuring a model for the outsourcing of these public services – some

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[16] <https://www.elsaltodiario.com/huelga-feminista/eulen-despide-a-una-limpiadora-por-secundar-la-huelga-feminista-del-8m>

[17] Common property, goods and services that are collectively owned, democratically managed and accessible over the long term to all members of a society. It is different from public property, which places the management and decisions relating to those who may access the property in the hands of governments.

[18] <https://cordopolis.es/2018/10/26/el-ayuntamiento-le-gana-un-pleito-a-clece-y-evita-pagarle-129-millones-de-euros/>



GABABATA, CC BY-SA

of which have never been privatised – and does not include public-community options. In short, it would pave the way to even more privatisation and legitimise current privatisation in sectors that provide basic and fundamental rights. Social and alternative trade union movements are currently campaigning under the *Plataforma Aturem la Llei Aragonès* (Stop the Aragonés Act Platform) to stop this law from being approved.

Fortunately, more positive models for defending the public and the commons exist, including (re)municipalisation and direct management of services. These significantly improve the working conditions of female workers, including wage increases, greater stability, and benefits added to their contracts. In addition, the services and resources they provide are carried out with quality and kindness, which in turn benefits those they care for. It is important to highlight that (re)municipalisation processes have been driven by the very same female workers who provide these care services and who decided to fight back and take action.

Over the last five years, a number of care services have been remunicipalised in Barcelona. These include three nurseries, a home medical care service (weekends and on public holidays), women’s support and information points (PIADs), as well as shelters and care for women who are victims of gender-based violence.<sup>19</sup> Other cities have followed the same path with their Home Care Service, such as Pamplona-

[19] <https://amap.cat/ca/barcelona-impulsa-una-plataforma-per-facilitar-els-processos-de-remunicipalitzacio/>

na, Chiclana, Jérez de la Frontera, Atarfe and Albolote.<sup>20</sup> Similarly, in recent years, certain cleaning services (roads and public facilities) have been (re)municipalised in several Spanish cities.<sup>21</sup>

(Re)municipalisation can be managed by citizens or cooperatives of the social and solidarity economy, through public-community-cooperative partnerships. It requires the mutual commitment of institutions and citizens, through partnerships that ensure the communities' independence and guarantee that resources are going towards the public good. Such an approach ensures accessibility, sustainability, regional anchoring and democratic governance of public services and commons.<sup>22</sup> They are therefore the opposite of public-private concessions, which are basically another form of privatisation.<sup>23</sup> One example is the home care services cooperative, SAD Mujeres Pa'lante, created by an association of women in Barcelona, formed mostly of immigrant women who are subject to racism.<sup>24</sup>

The development of these alternatives to private management by companies such as Clece has no doubt been achieved thanks to female workers standing up and fighting for decent wages and quality services. Faced with the growing commodification of care and of cities, we can look to the social and feminist economy for proposals to defend lives worth living.

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[20] <https://www.noticiasdenavarra.com/2016/12/21/vecinos/pamplona/el-ayuntamiento-recupera-todo-el-servicio-de-atencion-a-domicilio-y-contrata-166-empleadas>

[21] <https://www.elsaltodiario.com/remunicipalizacion/casi-cien-servicios-remunicipalizados-66-municipios-2011-2019-agua-publica>

[22] <https://www.elcritic.cat/opinio/laia-forne/el-difcil-equilibri-sumar-autonomia-i-funcio-publica-23907>

[23] Public-private concessions are a threat to public finance, democracy and fundamental rights. For more information, see: <https://odg.cat/es/colaboraciones-concesiones-publico-privadas-cpp/>

[24] The cooperative also provides catering services, has a dressmaking shop and runs various training sessions – gender-based violence, intercultural mediation and feminist economies – among other activities.

# Residents on the Front Line in Berlin's Housing Revolution

RACHEL KNAEBEL

Faced with skyrocketing rents and powerful real estate empires, the citizens of Berlin are fighting back. They have forced the city's authorities to take up the issue by freezing rents and protecting apartment blocks from speculators. A referendum campaign is under way that would go even further: a remunicipalisation of all corporate-owned housing in Berlin.

**O**n the 15th of July 2019, the tenants living in 670 apartments located on Karl-Marx-Allee, a major avenue in East Berlin, were able to breathe a big sigh of relief. After several months of jitters, the Mayor of Berlin had just announced that the new owners of their homes would not be a major listed property company, as initially planned, but the state of Berlin. In early November 2018, the residents of the apartment complex located near the Alexanderplatz had learnt that their apartments were soon to become the property of real estate heavyweight Deutsche Wohnen, which already own more 100,000 rental properties in the German capital. They were quick to take action, and formed a collective, hung banners of protest from their windows and took the issue up with the city government. The company happens to have a very poor reputation in Berlin. Tenants are only too aware of the way it operates: as soon as the company has got its hands on the properties, the rent shoots up and many of the tenants, particularly the less well-off, are forced to move out of the city.

The Karl-Marx-Allee apartments previously belonged to a state-owned housing provider, before being privatised in the early 1990s. With the objective of "cleaning up" public finances, Germany was busy selling off its council estates to major property companies and investment groups. Between 1990 and 2005, more than 200,000 of Berlin's former council flats were sold to private companies. And in 2004,



UWE HIKSCH, CC BY-NC-SA

the German capital privatised its biggest state-owned housing provider, GSW. It was first sold to the US investment group, Cerberus, before ending up in the hands of Deutsche Wohnen in 2013. “The only goal of the capitalist companies that buy up all these apartments is to make money and pay out their shareholders,” says Katalin Gennburg, a left-wing councillor (Die Linke) at Berlin’s local parliament. (Die Linke is one of the left-wing coalition parties in power in Berlin since 2016, along with the Social Democrats and the Greens.)

The majority of people rent in Berlin, with more than 80% of apartments rented out, a fifth to private companies which see housing as just another market to conquer. But with Berlin’s expanding population (particularly since 2010), an overheated rental market and soaring rents, there is an increasingly-shared view that privatisation is a bad idea. Rents on new leases jumped by a whopping 75% between 2011 and 2016! And although under German law there are limits to rent increases on existing leases, big property companies often use the pretext of “renovations” to raise the rent by 30 or even 50%. “People just can’t take it any more,” says Katalin Gennburg. But new tenant-led initiatives are cropping up all over the city, with about a hundred currently underway.

### **A campaign for the remunicipalisation of housing**

The new housing campaigns began in 2012 in a block of former council flats that had been privatised, this time in the neighbourhood of Kreuzberg. The tenants were facing substantial rent increases which were basically going to force them out of

their homes. They decided to do something about it and took action, occupying the neighbourhood, organising demonstrations and meeting councillors. In 2017, the city bought a section of these apartments for 56 million euros, and a tenants council now helps to manage the properties alongside the state-owned housing provider. The counterattack also paid off in Karl-Marx-Allee. “We were the ones that drove the solution, not the city senate,” points out Norbert Bogedein, Karl-Marx-Allee resident since 1996. “That’s how policies should work, from the bottom up. We want ordinary residents to be able to live in the city centre and pay ordinary rents.”

And residents are laying on the pressure. In late 2018, citizens even demanded a local referendum to expropriate Deutsche Wohnen and other big property players that own over 3,000 rental properties in Berlin. This would require the city to buy back 200,000 former council flats, but at a price below market value, and then establish a democratic system of management. There’s a good chance that the initiative will be successful. “A few years ago, the idea of expropriation would have seemed crazy. But right now our initiative resonates deeply with people,” says Rouzbeh Taheri, one of its founders. For years he has been an active housing campaigner, and in 2015 he became the spokesperson for a residents’ campaign that advocated for a citizens’ referendum to protect social housing. In the end there was no need for the referendum, as the city senate went ahead and adopted their project. The initiative to expropriate property firms has already got 77,000 signatures, and was submitted to the city senate last June. The proposal will be examined and the senate will either choose to adopt it or negotiate an alternative. If the two parties can’t reach an agreement, the campaign will need to gather, in four months, the 180,000 signatures required to hold a referendum. If they manage to do this, a vote will be held, and the result will be binding (provided that at least 25% of those enrolled in Berlin’s electoral list take part).

### **The new real estate profiteers of Berlin**

“Deutsche Wohnen is actively disliked in Berlin,” says Rouzbeh Taheri. “This is because it raises rents under any pretext, and because, for years, it has done little in the way of upkeep and repairs. This means that the heating often breaks down in the middle of winter, and the lifts stop working.” In addition, Deutsche Wohnen regularly attempts to challenge Berlin’s rent control system through various legal manoeuvres. “People remember how it used to be before their apartments were privatised and how it is now,” adds the activist. It’s really over the last ten years that private property firms have honed in on the German capital. In 2019, Deutsche Wohnen owns 115,000 of Berlin’s rental properties compared to 25,000 in 2012. In 2017, the company, which was created by the Deutsche Bank in 1998, paid out its shareholders over 260 million euros, 80 million more than the year before. In seven years, its share value has quadrupled. But Deutsche Wohnen is not the only company targeted by the housing campaign. There are at least six other companies concerned all of which own more than 6,000 rental properties in Berlin: Vonovia, ADO Prop-



erties, Covivio, Akelius, TAG Immobilien, Grand City Properties<sup>1</sup>... Most of these companies haven't been around for more than twenty years, they're all listed on the stock exchange where their value has skyrocketed at a faster rate than even the Berlin rents these past years, and many are owned by billionaires.

Vonovia was established in 2015, in the wave of post-1990 privatisations and following several mergers. It has become one of Germany's largest property companies, owning more than 40,000 rental properties throughout the capital. Grand City Properties, a Luxembourg-registered firm owned by billionaire Yakir Gabay (with a net worth of over three billion dollars according to *Forbes*), owns 84,000 rental properties throughout Germany, 7,500 of which are in Berlin. Covivio, which has over 15,000 rental properties in Berlin, is a company linked to Italian billionaire Leonardo del Vecchio (with a net worth of over 22 billion dollars according to *Forbes*), through his family-owned holding company, Delfin, which has a 25% stake in Covivio (subsidiaries of French banks *Crédit agricole assurances* and *Crédit mutuel assurances* also have shares in Covivio). BlackRock is a company with shares in Deutsche Wohnen (as much as a 10% stake in the company), Vonovia, and the company TAG Immobilien (over 9,900 rental properties in Berlin). Another big player is Akelius, a company active in Berlin since 2006 and which currently owns over 13,000 rental properties in the German capital. Through companies based in Cyprus, the group is linked to the Akelius Foundation, which just happens to be based in the Bahamas, a tax haven with an even worse reputation than Luxembourg (see the 2018 annual report of Akelius Residential Property AB, p.138). The rents charged by Akelius are the highest among all these companies. Its tenants formed a collective in 2019 and even drafted a 150-page report on the firm and its dubious operations in Berlin.<sup>2</sup>

## Deutsche Wohnen

**Revenue:** €1.1bn (2018)

**People:** Michael Zahn (CEO)

**Main shareholders:** BlackRock, MFS, and the Norwegian Sovereign Fund

**Headquarters:** Berlin, Germany

**Created:** 1998

**Sector:** Real estate

**Employees:** 1,280 (2018)

### Key facts:

\* Deutsche Wohnen was created by Deutsche Bank to take advantage of the privatisation of several council housing providers in Germany. Today, it has a portfolio of 165,500 housing units and 2,700 commercial units.

\* Having acquired the largest privatised housing provider of Berlin, GSW, Deutsche Wohnen has filed numerous lawsuits against the city administration in an attempt to thwart its efforts to protect the right to housing. Because of this and of its bad reputation as a landlord, it is today the main target of the campaign for remunicipalising housing in Berlin.

[1] The predatory investment company Blackstone has also swept down on the real estate market in Spain. Blackstone owns some 1,250 rental properties in Berlin. See Christoph Trautvetter and Sophie Bonczyk, "Profitmaximierer oder Verantwortungsvolle Vermieter? Grosse Immobilienunternehmen mit mehr als 3.000 Wohnungen in Berlin im Profil", Study, Rosa-Luxemburg-Stiftung, 2019.

[2] See also investigations by German press *Tagespiegel* and the investigation group Correctiv.

# OTTO'S LEGACY

TEXT: INGA DREYER  
DRAWINGS: CHRISTOPHE SCHWARTZ  
TRANSLATION: RACHEL KNAEBEL



AFTER THE RENOVATIONS, MY RENT MUST INCREASE TO 750,- EUROS.

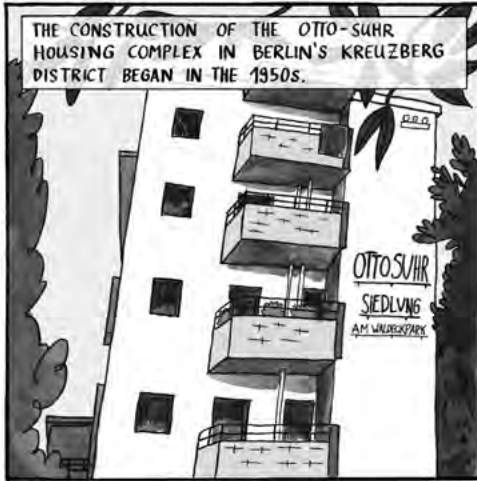


FIRST THE BEWÖGE CAME, THEN IHZ, THEN HERMES, THEN GAGFAH, THEN GSW, THEN DEUTSCHE WOHNEN. UNTIL GSW, IT WAS STILL FINE.

WE ARE DEVOURD BY DEUTSCHE WOHNEN.



I DON'T WANT TO MOVE.



\* THE NAME HAS BEEN CHANGED.



<sup>†</sup> ALLIANCE OTTO-SUHR-SIEDLUNG AND SURROUNDINGS







\*\*GOOD HOUSING FOR ALL!\*\*

\*\*INVESTORS, GET OUT OF HERE!\*\*

THE INITIATIVE IS BASED ON ARTICLE 15 OF THE CONSTITUTION, IN WHICH THE POSSIBILITY OF COLLECTIVIZATION ENSHRINED.

SOME CONTEST THAT THE PRINCIPLE CAN ALSO APPLY TO HOUSING.

THE CONCEPT OF EXPROPRIATION HAS ALSO GENERATED POLITICAL CONTROVERSY.

IT IS NOT YET CLEAR WHETHER AND HOW THE LOCAL PARLIAMENT IN BERLIN WILL RESPOND TO THE INITIATIVE, AND WHETHER THERE WILL BE A REFERENDUM OR NOT.



## Local activists take on a property giant

For years these companies kept their operations under wraps. It was not really until the tenants got involved that the companies' names, shareholders and their ways of operating were brought out of the shadows. It was thus a group of activists that met in the Syndikat, a neighbourhood bar and gathering that has been around for over thirty years, which happened to bring the issue to light. After doing a bit of research, the group revealed that Pears, a major British property firm, was heavily present in Berlin.

After receiving an eviction notice in July 2018, the Syndikat attempted to negotiate a new lease with the company acting as intermediary between them and the corporation that has owned their building since 2014. These attempts proving fruitless, the Syndikat's managers began to look into the company that had bought their building, and found the Luxembourg-based company "Properties S.A.R.L.". They also found a dozen other companies with similar names at the same Luxembourg address, all property companies that own buildings all over Berlin; basically empty shell companies. These were all traced back to Pears, the British property empire owned by a family of billionaires, which used a handful of different companies to buy thousands of rental properties in Berlin. The media kept probing and found that Pears were able to capitalise on their property companies not only by registering them in Luxembourg but also by basing them in Cyprus and the British Virgin Islands, both tax havens. According to a 2017 version of the Pears Global site, it would appear that Pears owned over 6,000 rental properties in the German capital. And yet, before the neighbourhood bar lifted the curtain, no one at Berlin's city senate had any idea that the real estate empire had moved in to the city.

## Protecting cities from speculators

But what can a city do about these property vampires whose only interest is to make a profit? Berlin has, over the last few years, taken a step and begun rebuilding social housing complexes. "But it's not enough to build them; these properties also need to be protected from speculation," says Die Linke councillor Katalin Gennburg. That seems to be where the German capital is heading. In 2017, it established preemptive rights over the city and its neighbourhoods so as to protect tenants from having their homes bought by property companies. In the wake of the decision to renationalise part of Karl-Marx-Allee, the social democrat Mayor Michael Müller had plans for the city to buy back some 60,000 of the former social housing properties. But it would have to pay market prices, which are a good deal higher today than they were fifteen years ago, when they were privatised. "If we buy back properties off Deutsche Wohnen, the company will make even more money because it's going to sell them at a much higher price than it bought them for. Then there's the risk that it will use this money to play its real estate game in other German cities," says Katalin Gennburg. Or even in other countries, like the leading property firm in Germany, Vonovia, which is already has its eyes on

properties in France. This is why the citizens' initiative to "expropriate Deutsche Wohnen and co." is so important. The campaign hinges on two articles in German Basic Law. Article 14 states that "expropriation shall only be permissible for the public good". And Article 15 states that "Land, natural resources and means of production may, for the purpose of nationalisation, be transferred to public ownership or other forms of public enterprise by a law that determines the nature and extent of compensation authorised for the common good." "Article 15 was adopted not long after the Second World War when nationalisation was still on the agenda," says Rouzbeh Taheri. But the Article has never been put to use in Germany. It's similar to the French law of 1945 that provides for the requisition of properties, but which has almost never been used. "Article 15 is about more than just a change of ownership. For us, the expropriation of big property companies needs to go hand in hand with the involvement of both tenants and the city senate," adds the activist.

The initiative estimates that it would cost the city between 8 and 14 billion euros to buy back the properties and have them renationalised. "A good part of this sum could be paid for through loans. The rent received from the renationalised properties could then go towards paying back the loans. Berlin's state-owned housing providers are in good financial health," says Rouzbeh Taheri. But even if the initiative doesn't make it to the referendum stage, it has already had a significant impact on the city's policies and is being discussed. In June 2019, Berlin announced that it will freeze rents for five years. Once voted in, the rent freeze will be retroactively dated, effective from 18 June so to avoid any rent increases before the law is ratified. Berlin's current leftist government also seems to want to protect those with less resources from being relegated to the outskirts of the city. "There's real social diversity in Berlin: the builder can live next door to the university professor in the middle of the city," explains Rouzbeh Taheri. "Even though this diversity is still alive and well, it's under attack. That's why we're fighting back."

# Switching off Spain's Electricity Oligopoly

## Three proposals to dismantle the corporate power of Spain's electricity companies

ALFONS PÉREZ

In Spain, as in other countries, the electricity sector remains dominated by a handful of large companies, powerful enough to impose their interests and hinder the energy transition. Movements against energy poverty and green cooperatives show a path towards greater energy democracy, but a third pillar is also needed: the remunicipalisation of electricity grids.

**S**pain is a paradigmatic example of how private companies can form a cartel to control a strategic sector such as electricity, thereby perpetuating a fossil and nuclear-based model and ensuring huge profits through abusive electric bills. Challenging the hegemony of Spain's electrical oligopoly – Endesa, Naturgy (formerly Gas Natural Fenosa), Hidrocarburo, Iberdrola and Viesgo – is a huge undertaking, but different proposals developed by civil society are starting to gain ground and chip away at their omnipresent power. This article aims to highlight how the Energy Poverty Alliance (APE), the Energy Sovereignty Network (Xse) and green electricity co-operatives are creating a counter-power in Spain's electricity sector.

Firstly, we should clarify the particularities of the corporate-dominated electricity sector in Spain as compared to other European countries. Do Spanish private corporations have greater power than those of Germany or France? The answer is yes. It is important to understand that the current situation is the result of a historical process in which private companies have always played a central part since the dawn of electrification. Although the 1930s had opened up the path



throughout Europe to a nationalisation of the electricity sector, aiming to undertake major public works to revive the economy and generate jobs after the 1929 crash, the electricity sector in Spain remained primarily private. The creation of public utility companies Empresa Nacional de Electricidad, S.A. (ENDESA) in 1944 and Empresa Nacional Hidroeléctrica del Ribagorza (ENHER) in 1949 were the only tools used by the Franco regime to maintain a certain degree of government control over the sector. But during the 1980s, these companies were privatised. So one could say that the electricity oligopoly was forged during two dictatorships: it was created and shaped during the Catholic dictatorship in Spain, and then internationalised during the capitalist dictatorship. This most certainly gives it a specific character. The almost hundred-year-long control of this oligopoly has allowed it to influence and co-dictate the laws governing the sector, disregarding regional laws designed to prevent energy poverty. Such power has also enabled it to influence relevant politicians, tamper with the market and put pressure on subcontractors, in addition to implementing a long string of fraudulent practices. It is thus inevitable that any attempt to transform the sector will collide with the interests of the electricity oligopoly.

Although confronting this kind of corporate power is a truly complicated affair, in recent years important experiences have emerged that have gradually eroded its foundations. Perhaps one of the most relevant is the Catalan Parliament's unanimous approval of Act 24/2015, providing for urgent measures to tackle housing emergencies and energy poverty. This small yet astonishing miracle was the result of a popular legislative initiative by the Platform for People Affected by Mortgages (PAH) and the Alliance against Energy Poverty (APE). The PAH and APE were formed following the economic crash and have succeeded in assisting those affected by mortgage loans and high bills to access basic services, at a time of staggering increases in unemployment and reduction of family incomes.

## Endesa

**Revenue:** €20.2bn (2018)

**People:** Andrea Brentan (CEO)

**Headquarters:** Madrid, Spain

**Created:** 1944

**Sector:** Energy

**Employees:** 9,706 (2018)

### Key facts:

- \* A former state-owned company, Endesa was privatised in 1988 and is now owned by the Italian group Enel. It has a dominant position in the electricity sectors of Spain and Portugal, and is also very active in South America. It owns several nuclear and coal-fired plants, which make it the largest greenhouse gas emitter in Spain.
- \* As with other large companies in the sector, Endesa has a history of recruiting former political leaders such as former conservative Prime Minister José María Aznar and former socialist vice-Prime Minister Elena Salgado.
- \* Endesa has vehemently opposed efforts by local public authorities to address energy poverty and ban service cuts.

The Energy Poverty section of Act 24/2015 is based on a very simple principle: the precautionary principle. Electricity companies were no longer allowed to cut off their customers' electricity without first checking their economic situation with social services, a kind of presumption of innocence for payment default: "People don't pay because they can't pay. If not, prove it." It should be said that the 2008 financial crisis caused a massive increase in energy poverty in Spain, both due to the exponential increase in unemployment, which reached a staggering 27% in 2013 (almost 60% among young people), and to the unchecked rise in electricity prices, making them one of the most expensive in Europe.

Act 24/2015 put an end to electricity shut-offs and was the perfect instrument for exposing the practices of corporations. Their initial reaction was to ignore the Act, given that it was a regional one, and then only partially comply with it. Now they send threatening letters to local governments, urging them to share the burden of the accumulated debt, otherwise they will resume shut-offs.

Working to guarantee basic rights is just one half of the struggle. This is complemented by proposals to create alternatives that will displace the oligopoly corporations from their dominant position. Of course, green cooperatives are the most visible part of these alternatives.

Ironically, most green cooperatives have arisen thanks to the liberalisation of the electricity sector and its division into four basic activities: sales, distribution, transportation and generation. Although some of them are also interested in electricity generation, they are mostly focused on sales, an activity that is purely market-based: they purchase electricity on the market and sell it to their clients. In 2011, the National Commission on Markets and Competition recorded just over 100 retailers in Spain, but by September 2019 this figure had risen to 558. Green cooperatives, however, play a key role in increasing the number of people who have become energy-literate under this system, taking an active part in decision-making and in the management and operations of the cooperatives. This new group of activists promoting and leading the green transition are well aware of the harm caused by corporations. They blow the whistle on them, report them and encourage the public to switch to cooperatives. This voluntary "sales department", which would be the envy of any Business School, has achieved impressive results in terms of members. Som Energia, the most successful cooperative in Spain, had 12,000 members in 2013, and boasted 60,000 as of September 2019. As a result, its staff has increased from 12 to 73 over the same period. Over 10 other cooperatives have a similar philosophy and approach. These include Noxa Enerxía, LaCorriente, Megara Energia, GoiEner, La Solar, AstuEnerxía and EnergÉtica.

As a consequence, the number of people exercising energy democracy has increased, and this is the cooperatives' most tangible political achievement: a constituency interested in transforming... interested in transforming the electricity



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sector from the bottom up. Moreover, in the case of Som Energia, the cooperative's values have transcended the electricity sector and become a "brand" present in a number of sectors. For example, Som Mobilitat, a cooperative dedicated to electric mobility, has a participative governance system that is very similar to that of Som Energia, or Som Connexió, which operates in the telecommunications sector, and the recently-established Som Biomassa, focussed on locally-produced pellets in the Pyrenees. This domino effect is, undoubtedly, yet more proof of the cooperative movement's success: cooperatives have become democratising instruments that generate trust among a growing sector of the population, fed up with the ill-treatment and abuse of large corporations.

Another aspect, however, is that, despite this new surge in democratisation, the corporations in the oligopoly do not appear to be very concerned about it. As mentioned previously, there are 588 retailers in Spain, but these large corporations continue to be profitable. This is because the profit margin in selling electricity is usually very small (between 3 and 5%) and because it does not involve strategic control over the sector. Generating and distributing electricity is far more profitable. In strategic terms, there is no doubt that electricity distribution will play an increasingly important role in the energy transition. Distribution includes the underground cables and power-lines in our towns and cities as well as electricity meters. It plays an important role in the future of decentralised renewables, and will play an even more important one with greater electrification, electric mobility, self-consumption and Smart Meter data management. It is the distributors, 98% of which are controlled by the oligopoly, which connect users to the network, and which also shut them off. But perhaps the most relevant factor is that electricity distribution is a regulated activity. At the beginning of each year, the Official State

Gazette informs the distribution companies of the revenue they will receive for renovation, maintenance and extension operations. The companies, therefore, know in advance how much they will earn and usually reduce costs to maximise their earnings by implementing abusive practices that affect workers, mostly subcontractors, and clients, and are particularly belligerent in regards to the role they play in energy poverty. On the other hand, these corporations are also aware that distribution will play a key role in the green transition, and this means power and business. Ironically, despite the fact that they are great defenders of global capitalism, privatisation and the free market, they have no qualms about carrying out a government-regulated activity that is well paid and provides financial security.

Controlling distribution is key to decentralising energy production. This is why the Energy sovereignty network (Xse), a political coalition for electricity transformation, set up in Catalonia in 2013 by green organisations, groups and cooperatives, has developed a key demand: to take back ownership and management of distribution networks through remunicipalisation. The city of Cádiz now has its own distributor (55% of which is owned by the municipality) along with towns such as Centelles and Almenar in Catalonia, as well as the local cooperatives of Crivillent, Alginet and many other towns in the Region of Valencia.

Remunicipalisation has met with technical and legal difficulties due to the fact that there is no way to reclaim electricity distribution under Spanish law. The Xse has held a number of both local and international debates, and conducted a study with feasible legal options for embarking on the path to remunicipalisation. However, the “Cities for Change”, the transformative and ground-breaking candidates that entered Spanish municipal governments in 2015, including Ada Colau’s Barcelona en Comú, were not focused on reclaiming distribution networks. It is, however, crucial that physical assets be freed from the grip of the oligopoly.

These three examples, the Energy Poverty Alliance and Act 24/2015, the green cooperatives and the creation of a democratising critical mass, together with Xse’s remunicipalisation of the distribution network, constitute a series of proposals which directly and indirectly take power away from large corporations. Whether it be the APE’s subsistence-level activism, defending the basic rights of the impoverished, or through the empowering projects of cooperatives and the Xse, these all represent ways of dismantling corporate power in Spain’s electricity sector. The political will of institutions, however, is a different matter, as revolving doors between the public and private sectors cause damage to the separation of powers. But this political environment will change with a social majority that demands and advocates change, establishing alliances with other sectors and other actors, creating a coordinated mobilisation that calls out for basic services to remain in the hands of public-community alliances. Bringing the public on board provides no guarantees, but bringing the community on board may just well guarantee everything.

# France's New "Municipal Farmers"

BARNABÉ BINCTIN

Nearly four billion meals are dished out every year in France's school cafeterias and childcare kitchens. Catering companies such as Sodexo currently dominate this market, but, more often than not, the meals have little nutritional value and the companies fail to factor in environmental concerns. A number of towns in France are challenging such a system by growing their own produce for their own school cafeterias.

**A**t first glance, the Richemont crèche, nestled in the city centre of Vannes, not far from the docks, looks like any other childcare centre: plastic slides and drawings on the walls, bins full of slippers and booties, bright colours splashed everywhere, giving the place a warm, cosy feeling. But the parents who arrive to pick up their children at the end of the day on an afternoon in September seem a little more calm and collected than the usual stressed-out variety. "When I come to pick up Suzanne, I know that she has had a good lunch, with fresh healthy ingredients," says Laëtitia, mother of the little blonde two-and-a-half-year-old. "She's even discovering new foods that I never cook, like butternut and fennel... It's a fantastic way for her to start learning about nature and about the seasons." Over the last few weeks, there have been some newcomers at the crèche: fresh fruit and vegetables, grown by the town's official farmer and delivered fresh twice a week.

Everyone agrees that being able to provide quality and, ideally, local produce is a priority. The crèche's manager, has for several years, been working towards making this dream a reality: "This is where things are going. Parents want their children to have organic, unprocessed foods," says Bérengère Picard. But getting the right quantities turned out to be tricky. Catering to toddlers is very different to catering to adults, with much smaller portions required. With 75 children aged between two months and three years, the crèche's needs were limited. "We couldn't find anyone



RIEUL TECHER, CC BY-SA

that would deliver such small quantities of fresh produce. No one's interested in delivering four kilos of fresh beans," adds the manager. At the same time, Vannes' city council was having similar issues. Although it wanted to provide fresh, local produce for the town's school cafeterias, no local market garden was interested. "We're talking about a public procurement contract, which means having to guarantee a certain amount every day, delivered on time, with very strict quality standards and monitoring... It's a lot for one farmer to deal with on their own. And on top of this, there's the whole tender process which is time-consuming and complicated, and can end up putting off even the most motivated candidate," explains Bérangère Trénit, Vannes city council environmental manager. This situation means that big companies inevitably win out over small-scale farmers.

### Can a city council turn into a producer of organic fruit and vegetables?

Out of this apparent impasse came an ambitious project, conceived in early 2018. If no one in the Vannes area was interested in producing fruit and vegetables for school cafeterias, then the Vannes city council would simply have to do it themselves! It acquired a hectare of land from its horticultural stock and commissioned GAB 56, a network of organic farmers, to undertake a feasibility study. "We needed to carry out an agricultural analysis of the land, and establish a crop calendar, calculating the land required for a diversified garden, looking at the predetermined needs and quantities required," says Maëla Peden, project advisor at GAB56. The project is being initially trialled on three public childcare centres – an average of 350 meals a day (170 lunches and 170 snacks) – so as to assess the concrete implications of a larger-scale project. It's clear that this kind of undertaking is no mean feat: "We're used to offering this sort of technical support to individual producers, but this is the first time we are doing this for a local government," explains the engineer. "In these sorts of conditions, where the land hasn't been worked on for a number of years and the idea is to grow diverse organic crops, we needed to find a farmer with a lot of experience." In spring 2019, one applicant in particular shone

## Sodexo

**Revenue:** €20.4bn (2018)

**People:** Sophie Bellon (Chairwoman), Denis Machuel (CEO)

**Headquarters:** Marseilles, France

**Created:** 1966

**Sectors:** catering, services

**Employees:** 460,663 (2018)

### Key facts:

- \* In addition to its historical catering activity, Sodexo is expanding into services to governments and corporations, including the management of privatised prisons or “workers motivation” services.
- \* Sodexo is one of France’s main purchasers of food produce, which makes it a leading importer of soy and palm oil in the country, but it is also one of France’s least transparent corporations in terms of its environmental footprint.
- \* It has been at the centre of several food safety scandals, including a food poisoning outbreak affecting thousands of German schoolchildren in 2012 due to frozen strawberries imported from China.

out above the rest. Fitting the profile perfectly, he was subsequently hired. It wasn’t long before the spades were out and Vannes’ municipal farm was officially established.

Although this idea is still very new in France, it is not altogether unheard of. For almost ten years, the town of Mouans-Sartoux, in the Alpes Maritimes region, is proud to have played a pioneering role in establishing one of the first municipal farms. And this was no easy task for small town with 10,000 residents tucked between Grasse, Antibes and Cannes. Including the city of Nice, thirty kilometres away, 1.2 million residents live in the conurbation. Wedged between this concrete paradise, Mouans-Sartoux appears as an

antique village with its four hectares of crops in the area of Haute-Combe. The experiment has, however, been extremely fruitful, and not only in the figurative sense. Every year, 25 tons of organic fruit and vegetables are harvested and served in childcare centres and school cafeterias (1,300 meals: for three schools and three childcare centres as well as few extra council staff). 85% of produce comes from the municipal farm. Topped up with a small amount of organic produce from other sources, Mouans-Sartoux is famous for being the first local government in France that guarantees its school and childcare meals to be 100% organic.

The region’s climate definitely plays a role in the project’s success. Although they sound something like twins, Cannes and Vannes have strikingly different climates. The sun is still scorching on the Côte d’Azur in early October, and the crops soak it up. And the crops aren’t the only ones to benefit from the warmth: A huge grass snake slinks out of the row of cabbages growing under netting, just a few metres away from Gilles Pérole. But he barely bats an eyelid. “It’s a good sign that biodiversity is alive and well!” says the councillor and early childhood and education deputy. He has been largely responsible for getting the project off the ground since its inception in 2009. “If we all agree that organic is so good, why stop at 20% [France’s official objectives official objectives]?!“ asks Gilles Pérole.

“We soon realised, however, that often organic produce had to travel a long way to get here, and was also often a lot more expensive. It required an approach that was both coherent and pragmatic. If we wanted everything to be organic, it would have to be sourced locally.” But a sunny climate doesn’t guarantee success. Even with its optimal weather, it’s not that much easier to find a producer in the South of France interested in a public procurement contract for school cafeterias, for the same reasons cited in Brittany: “Too much uncertainty, no farmer can make a commitment to supply a certain amount of vegetables for a certain number of meals every day for a year,” says the Mouans councillor.

### **Good for schoolchildren, good for farmers**

The idea of a municipal farm was a no-brainer in a town where many of its services are publicly owned and managed. School cafeterias, the drinking water, health and sanitation services, school transportation and funeral services are all managed by the Mouans-Sartoux city council, which is very much committed to the importance of the public service. “Contracting out public services effectively means not only losing control over the management and quality of a service, but also over its cost. This is particularly true in the agricultural industry where suppliers aren’t shy about adding additional fees. They are always finding ways to bump up the price without any particular concern for quality,” remarks Gilles Pérole. This is the whole point of creating a municipal farm: being able break free from these big industrial companies that dictate the laws and prices on the catering market. Two types of companies currently dominate the sector. On the one hand, outsourcing catering companies specialised in providing meals for schools and childcare centres, – Sodexo and Elior are the two biggest French companies, with over 500 million meals provided in 2018. On the other hand, food wholesalers who provide municipal catering services. Pomona or Brake France are the biggest players in this market. “We see the same trucks all over France,” sighs Gilles Pérole. And the food delivered by these trucks doesn’t exactly have a reputation for quality. With 3.7 billion meals delivered a year and a 17 billion euro turnover, there’s huge potential for local agricultural networks to get involved in the catering market.

The promise of a municipal farm is not just about keeping school lunches healthy. It’s also something that benefits farmers. Franck Kerguéris, a farmer with crops on the site of Pérenno, six kilometres from Vannes’ city center, gets straight to the point: “At my age, I wouldn’t do just anything.” The fifty-two-year-old father-of-three may be balding but he has retained the gift of the gab, and keeps coming back to his passion for farming, which he had to give up due to exhaustion and frustration, with long working days that “don’t bring home much in the way of bacon.” In 2014, he closed his market gardening business that he’d begun on a 25-hectare family farm in Plouhinec, 40 kilometres out of Vannes, where he had been growing crops for twenty years and which was certified organic in 2000. “Being a farmer today means earning slave wages, with a million-euro debt on your back to show for





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it!” he says. When he came by chance upon the position advertised by the Vannes city council, the blood went straight to his head: “I knew that was missing from my life, that I wanted to get back into it.” There were several factors that had him sold, one being the idea of giving back to the community or what he calls “knowing where my produce is going.” Until now, he had little access to this kind of market as a farmer. “I did some work for TerreAzur (a food wholesaler that belongs to the Pomona group, ed.), which supplies several councils with fresh produce. But it didn’t last long: the conditions were impossible for a small-scale farmer.” Working with the city council also carries more meaning for him. He doesn’t deny, however, that the working conditions also weighed heavily in his decision to get back into it: “Getting paid a salary every month is huge! With a market garden, 80% of sales happen six months of the year, the other six are spent chasing up cash. But with the council, the salary is spread out over a year. It’s definitely a very interesting model,” says the man who now calls himself a “municipal farmer”. Franck Kerguéris is not quite a full-blooded government official yet, however. Hired as a contractor under a renewable fixed term contract, Franck Kerguéris is definitely planning on sitting the French exam that would give him civil servant status as well as the security and conditions that go with it. “The full rate for a farmers’ pension is 700 euros after forty years of contributions,” says Kerguéris, unable to believe the number of holidays he’ll have to take before the end of the year. In the meantime, his monthly salary of 1,500 euros isn’t much given how much is expected of him.

By 2021, working alone, he is expected to have thirty different fruit and vegetables crops growing on the hectare of land which will soon include an 1,000 m<sup>2</sup> greenhouse and a tractor. For now, there are still a few pumpkins growing next to the big rhubarb leaves. Like everywhere in France, summer hasn’t been easy this year, but in the end, the drought actually helped Kerguéris catch up with getting crops underway. In addition to the strawberries, lettuces and courgettes initially planned for 2019, rockmelons, watermelons, tomatoes, peppers and beans have also been added to the list. As well as providing protection against diseases, the greenhouse should also ultimately increase production, with higher yields. This will make it easier to manage the hard reality of seasonal produce, which is actually the real

challenge in becoming self-sufficient. “Nature is not actually that perfect in terms of our needs: It’s when demand is lowest, with children off school for the summer holidays, that we produce the most,” laughs the farmer.

### **A new approach to food**

In Mouans-Sartoux, the council’s answer to this problem was to freeze fresh produce, investing in freezing and packaging facilities. “Although we’re not yet producing all of our fruit and vegetables ourselves, this isn’t due to a lack of space: it’s due to the seasons. Everything becomes a lot more challenging in the winter,” adds Gilles Pérole. “But we estimate that with four or five tons of frozen produce per year, we’ll be able to be completely self-sufficient!” Both councils agree on how important it was to make everything organic. “Even if it meant doing it ourselves, there wasn’t much discussion about this point: we all agreed that the produce should be of the highest quality, and that meant organic!” says Bérengère Trénit. As true as this may be, it also represents another demand on the farmer. “For an organic farm, this just means replacing synthetic products with labour. But this requires real expertise: keeping weeds under control, awareness of the particular weeding technique for each vegetable, etc. This isn’t the sort of knowledge that you necessarily acquire overnight,” says Franck Kerguéris. He also points out that “prices for organic produce are exploding, and profit margins are twice as much as that for conventional produce. This means that potentially more produce will be imported from far and wide. Here I can guaranty the production cost, and I can keep producing a kilo of leeks for one euro until the day I retire. This is a better deal for the community than paying three euros today and then four euros tomorrow, right?”

The municipal farm also makes Isabelle Marty’s work a lot more interesting. For the head chef at the Richemont crèche, it almost feels like a new job altogether: “Having fresh beans is completely different to opening a can... Working with all this lovely fresh produce means that we have to find new ideas on what to do with it and develop our creative side.” On the lunch menu today is fish, salad and stewed fruit. The blackboard tells us that the salad is one of the “garden vegetables”, made with whatever ingredients come Isabelle’s way. As there was less cucumber than expected, she has made a salad out of tomatoes, sweet pepper and red onions. And it seems that the kids like it – even if they’re too young to say so. “What’s left on their plate isn’t vegetables anymore, but pasta or rice!” says Isabelle. The children also lend a hand, shelling peas and the like, which is not at all a boring chore for them. “It’s actually really important in how children relate to food. It’s not just about the taste, but also about how it feels and smells, the colours and feeling on their tongues. Preparing the food is part of the ritual before they finally get to eat!” adds Isabelle Marty.

The municipal project, however, hasn’t revolutionised the overall system of child-care cafeterias in Vannes. The same wholesalers are still working under the same

contracts and still supply the meat, milk, bread and most of the fruit and root vegetables. But the price parents are paying for meals hasn't budged either. The produce from the new municipal farm are, for now, a little bonus, an extra-special something thrown in. In Vannes, the municipal farm is, along with beehives and eco-grazing, one of the mayor's communication strategies rather than a real shift towards self-sufficiency. "We're still a long way from our goal," concedes Bérengère Trénit. "We don't have enough available land, which means additional costs if we choose to go bigger. For a small town like Mouans-Sartoux, it can work, but is it really possible and worthwhile on a larger scale? It's hard for us to say yet."

### **Should food be an exception to public procurement rules?**

The Mouans-Sartoux council did make it happen, finding space for its agricultural project amidst all the luxury residences and apartment buildings on the rise. The price of land is also soaring, with prices among the highest in France. The council had to get out its wallet to have dibs on the land, forking out one million euros for the land and the mansion which is now the home of the Sustainable Food Education Centre. Then the council had to go to court and win a lawsuit against property developers and the previous owners. "We're a pretty unusual specimen around here, with our desire to both own land and protect natural areas," says Gilles Pérole. The town wasn't about to stop there. In 2012, the amount of land reserved for agricultural purposes in Mouans-Sartoux's development plan jumped from 40 hectares to a total of 112 hectares. Gilles Pérole is not saying that organic, locally-sourced school cafeteria meals are only possible through the council-managed model: "It depends on the region and the context: in Mouans-Sartoux, the council-managed model worked well because there weren't any producers. But in areas where producers already exist, there might be other approaches, in terms of production capacity!" The issue is food sovereignty, a term he prefers to self-sufficiency. "It's more realistic, because this is much harder to achieve when it comes to cereals or dairy products. Sovereignty is first deciding what we want to eat, and where it comes from."

"It's about empowering towns and communities to wisely connect nature, agriculture and food through the powerful lever of school cafeterias," sums up François Collart-Dutilleul<sup>1</sup>, professor emeritus and member of the French Academy of Agriculture, specialist of food security and democracy issues focuses on food security and democracy issues. In his view, the idea of making "food an exception in the public procurement market" needs to be further explored. Currently, the holy rules of competition mean that we have no choice in the matter. Under EU legislation, a product's geographical origin cannot be a criteria in a call for tender. "There needs to be a particular regulation for food, which is not a 'commodity' like any other; we don't get a supply of tomatoes like we get a supply of pens,"

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[1] Extract of an article published in French newspaper *Libération*, 19 February 2017: [https://www.liberation.fr/debats/2017/02/19/au-menu-des-elections-cantines-scolaires-et-service-public\\_1549563](https://www.liberation.fr/debats/2017/02/19/au-menu-des-elections-cantines-scolaires-et-service-public_1549563)



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adds Gilles Pérole. Alongside the professor, the councillor is planning on taking this issue to the European parliament over the coming months, advocating, for example, the idea of a certain quota negotiated with local producers: “How many times have local producers offered to sell us their courgettes and we have to turn them down, and they end up getting thrown out. The whole thing is ridiculous.” In addition to avoiding this kind of Kafkaesque situation, it’s about promoting a whole different vision of agriculture. “What if we made school cafeterias a public service?” asks François Collart-Dutilleul. “The basic right to food, recognised by the UN in Europe and in France would be reinforced. Without WTO’s competition rules, which don’t apply to public services, nothing would stand in the way of making locally-sourced food a priority for school cafeterias. And making it a public service would be an opportunity to implement a healthy eating policy and provide education on nutrition, different food cultures, flavours and on reducing waste.”<sup>2</sup>

In the meantime, these initial experiments in creating a municipal farm have inspired several other towns in France (Gonfreville L’Orcher in Normandy and Cussac-Fort-Medoc in the Gironde) to give it a go. Given the amount of growing interest (ten councils have already shown concrete interest), Gilles Pérole intends to set up a network of municipal farms, in order to pool skills and share feedback. Like the Milan Urban Food Policy Pact,<sup>3</sup> signed by Mouans-Sartoux and over 200 towns and cities across the world, the movement is part of a bigger overall shift towards a more sustainable approach to food, and is being felt on an international scale. Good news, then, for the world’s pumpkins and grass snakes, which may have even brighter days to come.

[2] *Ibid.*

[3] Charter established in 2015 by several cities around the world, the Urban Food Policy Pact works as a sort of exchange forum where experiences and good practices in food policy are pooled and shared. It is focussed on three main commitments: protecting agricultural land, prioritising local food networks and reducing waste. The 5th conference was held in Montpellier in October 2019.



LOOKING FURTHER.  
PERSPECTIVES  
ON MUNICIPALISM

# Public-Community Municipalism in Defence of the Commons

LAIA FORNÉ

What lessons can we draw from the experience of the first “rebel cities” of Spain in terms of confrontation with corporations and established powers? And how, beyond conquering government at municipal level, can we build strategies for effective and enduring change, with social movements and citizens?

**T**he 15M/Indignados social movement that emerged in Spain in 2015 offered social actors who did not belong to the “political class” or have economic power an opportunity to charge into political institutions; they were intruders in the institutional political system, the heirs of social struggles and local community movements. Part of this new movement gave rise to citizen candidates who promoted a political change within institutions. These candidates were cooperativists, feminists, ecologists, associationists and social trade unionists who believe that transformative municipalism needs to go beyond the institutional dimension and requires a true commitment to radical democracy.

In May 2015 these candidates conquered important cities in Spain such as Madrid, Zaragoza, Valencia and Barcelona, constituting what became known as the “municipalities of change”. This led to the beginning of a new political cycle with enormous challenges. These included developing a different way to manage public funds in order to redistribute wealth; genuine, direct democratic mechanisms giving greater control to citizens. In a nutshell: designing institutions “in common” that would be based on new forms of public management through public-community co-operation models.



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It was a counterintuitive challenge in the context of extremely globalised, commodified cities. It is a fact that the urban governance of our cities has always been based on a co-operation between the public and private sectors, which has led to the privatisation of basic goods such as land, housing, water and municipal heritage while producing opaque, undemocratic governance structures. The governance model that prevailed was one of public-private concessions, in which the private sector absorbs the benefits of speculative large-scale projects while the risks are shouldered by the public sector.

This growing commodification of cities has, however, co-existed with community practices which, given the lack of protection afforded by the state, gave rise to alternative models of governance and social processes of self-protection based on a non-commodified co-operative logic. From self-governed social spaces with cooperative practices of work, service and care to reclaiming democratic control over resources such as energy, water or culture, these counter-powers have shaped cities through social struggle and conquests, prefiguring current municipalist policies for the defence of the commons.

In fact, the most redistributive policies enacted in cities such as Madrid or Barcelona have their origin in local community struggles, many of them focused on building infrastructure in urban peripheries. One example is the Neighbourhood Remodelling Plan of Madrid (1976-1988), in which the local community movement pressed for huge investments in more than 28 impoverished neighbourhoods and the construction of more than 15,000 council flats.<sup>1</sup> Or the Neighbourhood Reform Plans of the mid-eighties, which brought great improvements to working class and immigrant neighbourhoods in Barcelona.

[1] Moreno Martínez, R. and Forné Aguirre, L. (2019) "Bienes comunes y municipalismo. Pasado y presente de una conquista popular". *Ciudades democráticas* <http://ciudadesdemocraticas.tecnopolitica.net/>

Later, at the beginning of the 2000s, citizen platforms were set up to combat poverty and problems in accessing housing in connection with self-managed social centre networks, local movements and cooperativist and social economy networks.

This legacy of self-management and self-organisation went through a boom in 2011, when city squares in all parts of the world were occupied. These mutually inspiring and inspired movements brought a wind of change which paved the way for a new form of governing the commons, questioning the established political and economic order.

So, without the practices and the transformative power of Republican cooperativism, social struggles, the feminist movement and associative and community networks, municipalism is just an empty word.

Just as these struggles confronted the capital-state alliance that undermined the foundations of the right to the city, municipalism today means consolidating public-community alliances that confront the establishment and devise new ways of making and being a public institution.

This article aims to share some of the practices and reflections from the standpoint of municipalism in Barcelona. Firstly, by giving a global socio-economic context to the main difficulties faced by local governments in implementing specific measures; and secondly, by describing different forms of public-community co-operation, in order to pinpoint some of the possible keys to this *new institution*.

### **What are the obstacles, in terms of legislation and corporate power?**

If one of the challenges of municipalism is generating public-community institutions that safeguard the public function and guarantee universal access to resources, multiple difficulties arise in considering the creation of institutions that protect the commons. Firstly, the limitations of municipal competence and their lack of financial resources. Secondly, the large oligopolies and global vulture funds that operate locally with no democratic or political control. And lastly, the lack of a legal framework that responds to stimuli and metrics other than the logic of commodification.

Municipal policy has been confronted with a paradox that is difficult to resolve in the short term: despite being the government that is closest to citizens, it has the least capacity to act locally. Although the financial crisis led to an increase in social demands, this did not result in a greater capacity for intervention on a local scale. The competence of local governments is in fact quite limited. In the case of Barcelona, competence over basic rights such as health, education or housing is regional. And Spain's central government has jurisdiction over labour policies, the regulation of economic and financial activities, and control and sanction mechanisms related to local investment.



Municipal policy thus comes second in line to the policies and legislation of regional or national governments, which are in turn often determined by European directives.

Inadequate financial resources and an inability to generate revenue is another important issue that affects municipal management. This has led many local governments to become over-indebted or to de-capitalise by selling public assets to large private equity funds. The European policy of spending cuts and austerity initiated during the economic crisis has put the noose around the necks of many local governments, which have dedicated their entire budget to paying off debt. Furthermore, the Spanish Local Government Rationalisation and Sustainability Act (known as the “Montoro Act”) has led to a recentralisation of power by the national government, while shifting more and more responsibilities onto municipalities.

Hence, while large global equity funds are operating in the city unfettered, local governments are paralysed, waiting for laws that never arrive and under the close scrutiny of Europe – a European Union which allows vulture funds to operate anonymously and with no kind of democratic control or accountability.

Housing is a good example. Despite the efforts of the Barcelona City Council to regulate the rentals market, it has been impossible. Firstly, because a change is necessary in the Urban Lease Act,<sup>2</sup> which depends on national legislation, and on a regional law that regulates rents. It has not been possible in either case to achieve political consensus to change them. In addition, it has not been possible to intervene in the free market in order to implement restrictions on real estate firms that buy and sell land without being accountable to anyone, protected by international regulations and political agreements.

This is, therefore, a path that leads nowhere. In this case, the local government can build housing – if it has sufficient funds and public land – and intervene at least by regulating land use through urban planning. However, the capacity to implement an integral public policy that really provides access to housing is something that is beyond the city council’s control.

Another example is the process for outsourcing public works, services and supplies. Public-private co-operation has led to the creation of new monopolies that have taken over the management of municipal services in the name of efficiency and efficacy. This has led to cases of corruption with the approval of public and political actors. One paradigmatic example is that of water management under the AGBAR monopoly, based on a fraudulent agreement enabling the company to obtain sizeable profits every year from the bills of Barcelona’s citizens. The

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[2] Urban Lease Act (LAU): a State Act passed in 1994 that regulates the private rental market. It has been amended on many occasions, with the last amendment in 2013. The 2013 reform gave rise to increasing market liberalisation and has benefited large real estate firms. More information is available at <https://sindicatdellogateres.org/>

referendum for the Remunicipalisation of Water in Barcelona<sup>3</sup> has demonstrated the need to review the management of municipal resources. Since Barcelona City Council first announced the referendum, which would have allowed citizens to voice their opinion on water management and which collected more than 26,000 signatures, AGBAR has rolled out a plethora of legal and administrative appeals and leveraged all its connections in the economic and political establishments to prevent the referendum from taking place. Effectively, it has not yet been possible to hold the referendum, despite the fact that the Municipal Plenary Meeting has agreed that it should indeed take place.

In view of this huge attack on local sovereignty and the challenges involved in breaking away from legal and economic constraints, a consolidation of public-community frameworks is necessary in order to change the rules of the game. The public-community wager means entering into direct conflict with a governance that centralises resources and power among private players and political forces that operate on a supra-municipal scale. To play this game, it is essential to first know where the starting line is, to be able to confront the opponents, as well as to interact with other municipal and supra-municipal players that make it possible to operate on an international level.

### **Municipalism today: different forms of public-community relations in Barcelona**

Urban governance has taken on a new meaning over the last few decades of the 20th century, when the idea emerged that all institutional, political, social and economic stakeholders should be involved in developing public policies and decision-making processes. This would enable shifting from a vertical government to a horizontal and pluralistic participative government. Or such was the promise of entities such as the World Bank, the OECD<sup>4</sup> and European political leaders. However, this was not the actual outcome. In practice, cities were not built on a foundation of equity and co-operation between parties. So-called *governance* has prioritised the interests of private players at the expense of social-community actors.

In Barcelona, participative governance has had, and still has, some singularities that set it apart from other cities. It has an extremely rich civil society – more than 4,500 associations – and a myriad of participative mechanisms that have created communication channels between the street and institutions. Even so, this historical bond has not always been organic or led to real participative governance, but has often served to co-opt the associative movement and neutralise citizen control.

[3] Public and Democratic Water Movement: a movement initiated by citizens to guarantee public, democratic water management in the Metropolitan Area of Barcelona. In 2018 the Movement collected more than 25,000 signatures supporting a referendum on water management in Barcelona.  
@aiguaBCN

[4] OECD: Organisation for Economic Co-operation and Development.



SYLVIA FREDRIKSSON, CC BY

If we focus on the most recent cycle since the institutional breakthrough of 2015, the relationship between community demands and government action over the past four years has evolved in different ways, sometimes through informal channels, and sometimes through established institutional mechanisms. Four different types may be identified. These are explained and illustrated by way of examples below.

The first is a relationship of *transfer*. In these cases, local government appropriates the political agenda of movements, mainly in areas such as social economy, mobility, climate change and feminism, with the goal of converting these movements' historical demands into an enduring municipal public policy. This approach has had mixed results (it is up to the social actors involved to undertake a detailed analysis) but the basic intention was to extend and open the boundaries of the institution, using the government as the mere executor of a collective legacy.

The second type is that involving a relationship of *co-operation* between movement and institution. This approach is used when when the political context requires enacting measures which are unlikely to gain consensus. One example of this is the recently-approved urban planning system that obliges large private developers to allocate 30% of their new property developments to public housing. While the local government has provided the technical know-how to develop an appropriate legislation, social movements for housing have mobilised public opinion and exerted sufficient political pressure to break partisan logics.

The third is a relationship of *appropriation*. This is when movements use institutional participation tools to achieve their own goals. Worth a mention are the attempts

of the municipalities for change to create new channels of direct democracy – non-existent until now – to promote the decisive participation of citizens in city affairs. This is the case of the water remunicipalisation referendum advocated by the Movement for Public and Democratic Water. This was a wake-up call for the economic and political powers of the city which, feeling their profits were under threat, made every attempt to prevent the referendum from being held even though it was approved through an established procedure set out in the new Participation Regulations.

The fourth and last type is a relationship of *co-responsibility*. One example is the creation of the Citizen’s Heritage for Community Use and Management of Public Goods<sup>5</sup> programme. This programme was promoted jointly by the local government and entities in charge of managing municipal facilities, and its objective is to create new and innovative frameworks to manage public resources, including public buildings, urban orchards, public space and other social services, with the involvement of both citizens and institutions.

This programme should consolidate and improve the community management of local services, legalise the transfer of municipal heritage to local non-profit communities, support services set up by citizen initiatives to democratise the management of municipal services. It should also review public management models for basic services such as water and energy to include the participation of users and integrate mechanisms of democratic control.<sup>6</sup>

The Citizen’s Heritage programme includes the development of a public property census – currently non-existent – to create a catalogue of land parcels and buildings that could be managed by communities. It also includes the Community Balance.<sup>7</sup> The Balance is a new self-evaluation tool that analyses non-commodified parameters such as social co-responsibility, democratic management, citizen participation, orientation towards human needs, commitment to community and social return.

One successful outcome of the Programme is Can Batlló. An agreement was signed, transferring more than 13,000 square metres of land for a period of 50 years to the self-managed community and local space of Can Batlló. This is the first operation of its kind in Spain and most certainly in Europe, where concession for private use has been used for a social non-profit project. Can Batlló is effectively offering the city a social and non-commodified return through its project of community, social and cultural development.

[5] Citizen’s Heritage for the community use and management of public property (2016): Programme promoted by the Department of Participation of Barcelona since 2016. <https://ajuntament.barcelona.cat/participaciociudadana/ca/patrimoni-ciutada>

[6] Department of Participation and Territory (2019), “Citizen’s Heritage Strategic Plan 2019-2023”, Barcelona City Council.

[7] Community Balance: a self-evaluation tool for community management <http://mercatsocial.xes.cat/ca/eines/el-balanc-comunitari/>



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These relationships can help us imagine different approaches to a new urban governance allowing for the sharing of responsibilities and the establishment of mechanisms to monitor, balance and control public management within a framework based on a public-community relationship.

### **Social autonomy and public function: an equation that is possible**

Some final considerations. We have seen how contemporary cities are confronted with three processes. First, a process of neoliberalisation, whereby cities and their public action are aligned with private interests, as is the case of water management in Barcelona. Next we have a process of “subsidiarisation”, whereby local governments must respond to more social demands, but without jurisdiction and are subject to sanctions and controls from supra-local political and financial powers. This is for instance the case for housing policies. And thirdly, a process of democratisation, whereby urban movements and local communities defend different forms of collective management and social rights and may forge alliances with local public authorities to try and consolidate them, such as the Citizen’s Heritage programme. These three interconnected and conflicting processes are happening at the same time. The type of city we live in depends on the strength, the alliances and the strategy of the different actors that take part in each of these processes. Up until now, the public-private hegemony has prevailed, with local-global oligarchies driving neoliberalisation, imposing subsidiarisation and trying to keep a leash on democratisation.

Measuring our ability to reverse expropriation processes through municipalism and by defending and protecting the commons is by no means a simple undertaking. The solution can only be found by following in the footsteps of the historic struggles that have driven social transformation processes.

Experience shows us that there is currently some wiggle room in the legislation that can help democratise municipal regulations, as demonstrated in the case of Can Batlló. However, it is also clear that established powers will do all they can to prevent this from happening, as in the case of the referendum on water management. It is essential to consolidate a public-community relationship framework that will build a new urban governance for the management of common resources by continuing to promote direct democracy mechanisms that allow citizens to play a role in municipal management and activate mechanisms for the redistribution, control and transparency of public resources and services.

To sum up, transformative and democratic municipalism brings about a radical change that requires a new way of creating and being a public institution, which enables combining spaces of social autonomy with the public-state function. This autonomy gives communities the power to put emancipatory policies into practice, through the support of local authorities. Without this democratic radicalism that extends the boundaries of public-community co-operation, and a supra-municipal perspective that connects with other local realities, it will be difficult to construct a municipalism that moves towards transformative policies and creates institutions of the commons.

# Local Democracy and Feminism

## Key strategies against neoliberalism

NURIA ALABAO

The notion of a “feminisation of politics” is central in the Spanish municipalist movement. What does it mean in terms of economic approaches and of confronting the power of multinationals and of the financial sector over cities?

**I**n the wake of the 15M social movement (formerly the Occupy movement) – and as a reaction to the 2008 financial crisis – the democratic occupation of public spaces gave birth to what would come to be known as Spain’s “municipalist movement”. From 2014, groups of citizens from different backgrounds, many of them linked to urban and anti-neoliberalism social movements, gathered to take a leap towards a municipal institutional policy, experimenting with new forms of political structures.

A loss of faith in institutions, evident all over world, combined with a lack of trust in traditional political parties, resulted in a “window of opportunity”. That is, the possibility of bringing new parties onto the institutional scene, and potentially breaking away from the traditional two-party system which, until now, had proven to be inflexible with regards to newcomers. Moreover, the experience of Plataforma de Afectados por la Hipoteca’s (Platform for People Affected by Mortgages or PAH), a movement that had succeeded in mobilising a great number of people and established great social legitimacy, but did not manage to obtain legislative changes or improved housing policies, seemed to illustrate that social movements were bound by a “glass ceiling” of sorts. This blockage of institutions unreceptive to the demands of civil society organisations, along with the need for new policies

to alleviate social suffering due to the financial crisis and austerity policies, gave way to new strategies for political intervention from grassroots movements, which had previously been so reluctant to participate directly in elections.

This is how municipalist movements – such as Barcelona en Comú or Ahora Madrid – were created in a number of Spanish cities and municipalities committed to the values upheld by demonstrators at the time. In addition to the campaign for the right to housing, these movements were linked to platforms for the remunicipalisation of public services, neighbourhood associations, protests against property speculation and the feminist movement. Their political project was based on the idea of “convergence”, which implied moving beyond the traditional party structure (which appeared to be undergoing a crisis) to open up a wider, plural space where activists and non-partisans would join forces with more traditional left-wing parties. This convergence was intended to be a step towards a “new politics” – one that was no longer based on a pact to divvy up power, but one that aims to create a new democratic space focussed on collective objectives – objectives which already featured in the demands of urban social movements.

Right from the outset, this proposal for “democratic radicalism”, largely inspired by 15M, wanted to use a feminist lens as a lever to transform the traditional political structure. Feminist thought and proposals had already featured prominently in the public arena during 15M. The municipalist movement wanted to take up where it had left off and integrate this aspect. This approach, along with historical protests and other combining factors, would give way to a feminist movement which swept through society like a tidal wave over the following years. This phenomenon has also taken off in different countries around the world. Emancipatory politics can’t be understood without taking this groundwork into account.

Thus, the municipalist movement’s demand to “feminise politics” did not only mean putting women on the front line, but rather involved a commitment to profoundly change the way we do politics and overhaul the institutions themselves. According to ex-Chancellor of Ahora Madrid, Montserrat Garcelán, “masculine” politics implies hierarchy, obsession with authority and power. In other words, validating the idea that those who rule govern others; politics as a job for experts. However, if feminism has taught us anything, it is that “personal is political” – and, from there, from the oppressions that run through us, to change ourselves and change the world. This involves a transformative agenda and radical democratisation of the political system, which requires creating more horizontal organisational structures and processes of deliberation and collective decision-making.

Municipalism’s slogan could be: “Democracy begins with what is close to us”. And this proposal for change, based on a local approach, is where the true potential of feminist municipalism lies. Thus, the municipalist programmes were drawn up using participatory processes which made it possible to gather the experience of



citizens and social movements about their cities and their municipalities. This fit well with the revolution promoted by the feminist economy: putting institutions at the service of people and not markets. In other words, the main objective of an economy is not to make profits, but rather to create a new utopia; a utopia committed to ensuring the services required for life and social reproduction. This requires reclaiming basic services such as water, electricity and public transport, as well as fundamental social services like education and health. Moreover, it involves creating a different relationship with our natural environment and ensuring we have the means to conserve it. Ultimately, it is a programme that aims to transform local governments from niche market managers – where public investments are geared towards generating profits for companies – to institutions committed to attending to citizens' needs.

We are aware that such a programme is no easy undertaking. The experiences and history of municipalism have shown that unravelling the fabric of local power, and its alliance with corporate power, entails fierce political confrontations. Supporting local governments is not enough – some, such as Madrid's, have already lost. During this process we discovered how important it is to forge alliances with civil society and even to promote and build political communities that support proposals for institutional change. There are still on-going battles, such as that in Barcelona, which depend on the forces that we are able to summon together. It is clear that we need to be prepared for the battles ahead.

## AUTHORS

1. **Max Carbonell Ballestero (@maxcarbonell)** is a member of the Debt Observatory in Globalisation (ODG), where he investigates the tourism industry. He has been an activist in the anti-debt movement, in the Spanish 15M and the Citizen Debt Audit Platform (PACD), and now in the popular movement for housing in the Raval neighbourhood.
2. In love with Berlin, **Déborah Berlioz** settled in the city in 2009. An independent journalist, she works for various French-speaking media, including the Radio France Internationale broadcast « Accents d'Europe » and the weekly *Réforme*.
3. **Igor Lasić** lives and works in Zagreb, Croatia. Writes in *Novosti* (weekly) and also contributes to several other media, including political and satirical weekly *Feral Tribune*.
4. **Kenneth Haar (@KennethHaar)** has degrees in history and sociology, and worked as the editor of a Danish magazine on European affairs before joining the Brussels-based lobby watchdog Corporate Europe Observatory in 2008.
5. **Yago Álvarez Balba (@EconoCabreado)**, activist and journalist, is the coordinator of the economics section of the independent and cooperative media *El Salto*. He is the coordinator and promoter of the Municipalist Network against Illegitimate Debts and Austerity Cuts, directed the documentary «Who has mortgaged my town hall?» and published the book *Decipher your debt. Municipal citizen audit guide*.
6. **Maria Maggiore (@maggiorebrux)** has been reporting on European issues from Brussels for twenty years, amongst others for the daily newspaper *La Stampa*, for Italian Radio Popolare and for the TV-channel Euronews. She is part of the Investigate Europe team.
7. A journalist trained in local reporting, **Benoît Collet (@benoitcollet1)** now covers, as an independent journalist, social and ecological topics in France and in Europe, particularly in the Balkans region.
8. **Olivier Petitjean** is a French journalist based in Paris (and occasionally much further away, in New Zealand). He is the co-founder and coordinator of Observatoire des multinationales, dedicated to investigating French corporations and corporate power in general.
9. **Rachel Knaebel (@rachelknaebel)** is a journalist (*Bastamag*, *Politis*, *Le Monde diplomatique*), between France and Germany.
10. **Hazel Sheffield (@hazelsheffield)** is a journalist and filmmaker based in London. She was business editor of the *Independent*, a national UK newspaper, and now writes about business and economics for publications including the *Financial Times*, the *Independent* and the *Times*. In 2016, she founded Far Nearer, a reporting project that has mapped more than 100 local economies during austerity and Brexit.
11. An economist by training, **Maxime Combes (@MaximCombes)** has been an activist in the global justice movement since the late 1990s, particularly as part of Attac France. He is the author of *Sortons de l'âge des fossiles ! Manifeste pour la transition* (2015, Seuil) and the co-author of many collective books.
12. **Barnabé Binctin (@BinctinBarnabe)** is a journalist, specialised in issues of political ecology and social justice. He co-founded Reporterre, a daily news website on ecology, and now works independently for various French media, including Bastamag and Observatoire des multinationales.
13. **Guernica Facundo Vericat (@XES\_cat)**, after working for the public administration, has co-founded companies linked to the field of economic, social and local development. A firm advocate for women entrepreneurs, she is currently a working partner of LabCoop, a cooperative dedicated to supporting new social entrepreneurship projects.
14. **Radek Vrábel (@vrabel\_radek)** studies Philosophy at the Charles University in Prague. He is a community organiser in Horní Jiřetín on energy and environment issues. He is also a member of the municipal council.

## AUTHORS

15. **Olivier Hoedeman (@olivierhoedeman)** is a co-founder of Corporate Europe Observatory (CEO), a Brussels-based research and campaign group working to expose and challenge the privileged access and influence enjoyed by corporations and their lobby groups in EU policymaking. He is also co-founder of the Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU), a coalition of NGOs across Europe.
16. **Lina María González Correa** is a Colombian sociologist and historian. Her research work and publications have focused in recent years on the area of business and human rights, focusing on public procurement and security companies. She currently works at the International Institute for Nonviolent Action (NOVACT).
17. **Mónica Vargas Collazos (@MonicaVarColl)** is a Bolivian social anthropologist. Her work has focused in the past 15 years in areas such as European transnational corporations' impacts in Latin America, mega-infrastructures and the link to the Trade and Investment Regime. She's currently part of the Corporate Power Team at TNI.
18. **Eleonora de Majo (@EleonoraMajo)** was elected as member of the city council of Naples in 2016. She is also president of 'right to the city' councillors commission. She has a PhD in political philosophy and is engaged since 2008 in social movements. She is an activist in the social centre 'insurgencia'.
19. **Blanca Bayas Fernández (@blancabf\_)** is a member of the Debt Observatory in Globalisation (ODG), Barcelona. She investigates the impacts of privatisations and other attacks of the capitalist and patriarchal system. She has written several articles on these topics and is the author of «Care debt: patriarchy and capital on the offensive, feminist economics as a proposal».
20. **Alfons Pérez (@Alfons\_ODG)** is a member of the Debt Observatory in Globalisation (ODG). His work has focused on the world of energy, climate and finance. He is also a member of the Network for energy sovereignty in Catalonia.
21. **Laia Forné (@LaLaieta\_)**, urban sociologist, is a founding member of La Hidra Cooperativa. Specialised in issues of urban planning, democracy and common goods, always from the feminist perspective. She has worked on these issues as an activist, participating in different urban movements of the city; as a consultant; and recently as an advisor to Barcelona City Council in the Participation Department.
22. **Nuria Alabao (@nu\_alabao)**, has a degree in journalism and a PhD in social and cultural anthropology. She is part of Fundación de los Comunes. Opinion columnist and analyst specialising in politics, feminism, social movements and extreme rights. The editor of Ctxt's Feminisms section, she has contributed to collective books and written extensively in magazines.

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Tel. +33 (0)1 44 64 74 16

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**Translation Coordinator**

Olivier Petitjean, Caroline Weill

**Translators**

Susanna Gendall and Traducciones Agora

**Design**

Guillaume Seyral

**Layout**

Clara Chambon

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