The economic essence of the state: National accounting, the EMU, marketization and privatization

Damien PIRON
PhD Student (FNRS Research Fellow)
University of Liège – Belgium
Doctoral research

• Dispositives of regional public finance management in Belgium

• **Mainstream literature** on public finance:
  - Normative;
  - Comparative;
  - Quantitative methods;
  - Instruments conceived as a neutral means to an end

• Towards “**social studies of public finance**”
  - Bezes & Siné (2011)’s sociology of public finance
  - Sociology of accounting; governmentality studies; STS; sociology of quantification
Introduction

Line of argument:

The interaction between the ESA and the EMU

1) Contributes to **economizing the state** and

2) Incites to a further **marketization and privatization** of public services
1. Economizing the state – Implementing the ESA in the environment of the EMU
1\textsuperscript{st} stage: Problematization

Do all member states fully comply with the ESA?

Wallonia’s public debt on 31/12/2012 (in billion euros)

- SPW: 6,257
- NAI (09/2013): 8,671
2nd stage: Interessement

Dialogue visits: the NAI should monitor regional public finance statistics more closely

Problems:
- Understaffing
- Limited access to regional statistics

NSIs and Courts of Audit should enhance their cooperation
3rd stage: Enrolment


<table>
<thead>
<tr>
<th>Wallonia’s gross public debt on 31/12/12</th>
<th>Mn euros</th>
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<tbody>
<tr>
<td>1) Long term debt of the Region</td>
<td>7,128,7</td>
</tr>
<tr>
<td>2) Long term debt of consolidated institutions</td>
<td>1,301,3</td>
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<td>3) Financial commitments of the Region</td>
<td>2,808,0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>11,238,0</strong></td>
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</table>
4th stage: Mobilization

Wallonia’s public debt on 31/12/2012
(in billion euros)

Public sector units

SPW (09/2013) 6,257
NAI (04/2014) 12,131

2011 33 331
2012 39 38
2013 28 49
2014 (April) 117

Wallonia’s public debt on 31/12/2012

S.1312 Other institutional sectors
2. The effects of the ESA – Towards marketization and privatization?
The effects of the ESA

• Rising figures? Problem in itself → Budgetary “dunce”

• How to react to these new “facts”?
  - “Classic” austerity recipes: more revenues, fewer spending
  - “Looping effect of human kinds” → Development of ‘counter accounting practices’:

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Privatization
I) Privatization

• “I think that the risk is to see entire policy areas being privatized to be kept out of the budget. For instance, roadworks are currently managed by the state in Belgium. It’s part of the budget, so we have to finance it properly. The easy way could be to privatize entire parts of the road network, as has been done in many other European countries” (Walloon budgetary adviser)
The effects of the ESA

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Sales > 50% of costs
II) Marketization

• Two different strategies:
  - **Institutional marketization** (public corporations): “The Walloon society for road infrastructure could carry on existing but what is certain is that it would need to face competition. This means that it could live on as a market society but it would then need to face competition, and no longer have the monopoly on the road network” (Walloon budgetary adviser)
  
  - **Market-oriented expenditures** (equity injections, portfolio investments,…): “You can try to show, and this is also what our institutions do, that these investments are market-oriented” (Flemish civil servant)
Conclusion

• “The state has no essence”: it is shaped by mundane practices, themselves embedded in programmes of government

• The emergence of the ESA as the reference framework to calculate public finance figures triggered a process of economization of the state

• In the EMU environment, the ESA creates a discreet but powerful incentive towards privatization, but also marketization
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damien.piron@ulg.ac.be / d.piron@lse.ac.uk