

# Privatisation should be clean, open and fair

by Gamini Abeywardane

The privatisation process in any country, if it is to be successful should be speedy as well as transparent. Both these factors are important and one should not be sacrificed for the other, says Dr. Harry G. Harris, a US privatisation expert who was in Colombo recently.

Dr. Harris, who is a Senior Fellow at the University of California Educational Research Centre has conducted extensive research on global management and strategic policy enterprises with visits to over 85 countries.

Dr. Harris in an interview with the 'Sunday Observer' said, that if any privatisation programme is to be accepted by the people, the process should be clean, open and fair. "I cannot underscore the importance of this because, otherwise, you will have a situation of continuing conflicts and problems". He further added that any Indication of favouritism or old-girl, old-boy network treatment can only poison the process.

Side by side with transparency it is also important to have speed in the process. Dr. Harris says, that in any government enterprise the bureaucracy which has entrenched interest generally resists change.

"Bureaucracy is well prepared and well structured to cause severe obstacles to this process", he says. Thus, its the duty of the political leadership to have some commitment towards the programme and to ensure that the process moves along as quickly as possible.

When questioned on his opinion of the privatisation programme in Sri Lanka, Dr. Harris disclaimed any particular expertise or familiarity

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with the Sri Lankan experience. However, he said that Sri Lanka has started its

privatisation programme in the right way by privatising small organisations which provided less obstacles for sale, first. This has provided experience to the government on privatisation which is essentially a political process.

He said, that firstly privatising the easy and smaller organisations also provides the initial experience to the other parties connected to the process such as workers, trade unions, managers and politicians. This enables them to realise what benefits privatisation can give to the country.



Dr. Harris says, that privatisation creates a situation where the private enterprises will be able to pay taxes on profits, while the workers attached to them will be able to pay taxes on increased earnings.

On the contrary, Dr. Harris points out, state enterprises require large subsidies from the government which in effect is an additional tax on the people. "This also reduced the ability of the government to pay for education, health and social services of its citizens. Thus, when the state enterprises are privatised the beneficiaries' will be the people of Sri Lanka themselves", says Dr. Harris.

Referring to the arguments against privatisation of the state enterprises which are already making profits. Dr. Harris said, that profit is something recognised and acceptable to both public and private sectors and the real question is what kind of organisation provides the greatest amount of profit.

"My argument is you are going to get the greatest benefit by having the enterprises privatised. whereby, you maximise efficiency in performance and in turn you will be making profits which will be taxed by the state to take care of the other social responsibilities."

Dr. Harris however admitted that mere privatisation alone is not going to make a loss-making state enterprise, a success. He said, that privatisation is not a one step process but a continuing process.

In the free market system there are failures. In a command directed economy, government ensures that there is no failure by stating that it is not a failure and the operation is still in business even though it is losing money. "In my opinion it is of failure."

However, he says, in a privatised set up it becomes incumbent on the near management to ensure that the organisation produces maximum efficiency and performance. There again this depends on the managers who are good and bad. In a privatised set up the measure of a good manager is how well are the employees treated, how well are the suppliers treated, how well are the consumers treated. Therefore, Dr. Harris says, a manager has an ongoing responsibility to see where the strengths and the weaknesses of the organisation lies and to devote the resources, time and attention to take care of the needs of the organisation.

He believes that the national interests of the Sri Lankan people would be best served by ensuring that the government proceeds along a rapid privatisation programme by which the workers will be better housed. He says such a measure would enable the workers to fully participate in the Sri Lankan society by being gainfully employed and contributing to the nation by paying taxes.

However, referring to the obstacles for expediting the privatisation process Dr. Harris says, "recognising that it's not going to be an easy task it's important for the government to embark on a programme to work with labour leaders. The government has an obligation to have a dialogue and reach a consensus."

He further said, that the workers in the United States do not want to work for the state-owned enterprises but want to work for the private enterprises. The American workers are among the best provided in the world and they work in a totally privatised environment.