

# הכנס השנתי ה-6 של מרכז אדוה בנושא תקציב ומגדר

Sixth Annual Adva Center Conference on Budgets and Gender



## תעסוקת נשים בימי הפרטה Women's Employment in the Days of Privatization

יום א', 28 באוקטובר 2007, ט"ז חשוון תשס"ח  
17:30 - 20:00 בין השעות 20:00-17:30  
at the ZOA House בית ציוני אמריקה  
26 Ibn Gvirol Street, Tel Aviv רחוב אבן גבירול 26, תל אביב

17:30  
התכנסות  
Refreshments

18:00  
דברי פתיחה  
Opening Remarks

ח"כ נאדיה חילו  
MK Nadia Hilou

מר יורן בוהם, קרן היינריך בל  
Mr. Joern Boehme, Director Israel Office,  
Heinrich Boell Foundation

### הרצאות

השפעת הפרטה על התעסוקה  
ועל תנאי העבודה של הנשים  
בצרפת ובאיחוד האירופי  
גב' אן מרי גרוזלייה,  
מנהלת מכון לסייר, פאריז, לשעבר פעילה באיגוד מקצועי

**The Consequences of Privatization on Women's  
Employment and on Working Conditions in  
France and in the European Union**

Ms. Anne-Marie Grozelier,  
Director Lasaire Social Laboratory, Paris  
Former Official of the CFDT Trade Union

הפרטת השירותים הציבוריים בישראל: תמונת מצב  
גב' יעל חסון, מרכז אדוה

**Privatization of Public Services in Israel**  
Ms. Yael Hasson, Adva Center

מאבקן של אחיות בריאות הציבור למנוע את  
הפרטת תחנות "טיפת חלב"  
גב' מוריה אשכנזי,  
יו"ר חטיבת אחיות בריאות הציבור בהסתדרות האחיות

**Public Health Nurses Fight to Prevent the  
Privatization of Preventive Health Services**

Ms. Moriah Ashkenazi,  
Chair, Public Health Nurses Department, Nurses' Union

דיון עם קהל המשתתפות/ים  
מנחה: ד"ר ניצה ברקוביץ'  
מרצה לסוציולוגיה, אוניברסיטת בן גוריון, באר שבע

**General Discussion**

Moderator: Dr. Nitzza Berkovitch  
Lecturer in Sociology, Ben Gurion University

אדוה  
CENTER

HEINRICH  
BÖLL  
FOUNDATION



בין השעות 18:00-20:00  
במקביל לכנס (בסמוך לאולם ההרצאות)  
תתקיים פעילות מודרכת לילדים

\* הכנס ילווה בתרגום סימולטני  
\* Simultaneous translation will be provided

\* During the sessions Childcare will be available

## **Budgets and Gender**

Women's Employment in the Days of Privatization

Sixth Annual Adva Center Conference on Budgets and Gender

November 28, 2007, Tel Aviv

November 2007

### **Table of Contents**

<b>Opening Remarks</b>	
<b>Nadia Hilou</b> – Knesset Member and Member of Knesset Status of Women Committee	2
<b>Jörn Böhme</b> - Heinrich-Böll-Foundation	5
<b>Presentations</b>	
The Consequences of Privatization on Woman's Employment and on Working Conditions in France and in the European Union - <b>Anne-Marie Grozelier</b>	7
Privatization of Public Services in Israel - <b>Yael Hasson</b>	33
Public Health Nurses Fight to Prevent Privatization of Preventive Health Services <b>Moriah Ashkenazi</b>	42

**The Hebrew Text starts from the other half of the Booklet.**

**הטקסט בעברית מופיע בחציה השני של החוברת.**

**This conference was made possible through the  
generous support of the Heinrich-Böll Foundation**

## *Opening Remarks*

*Nadia Hilou*

Knesset Member and Member of Knesset Status of Women Committee

I would like to share with you my vision as a woman and member of Knesset regarding legislation to advance the status of women. Future legislation, in my view, must focus on two areas:

1. **Adapting the working world to women:** Existing frameworks must introduce structural changes that take into consideration the historical entry of women into the working world, and the ensuing economic and social implications. This calls for a substantial change in concept so that the legislator would seek to ensure fair and equal employment of women. Social organizations have taken the lead on this – Na’amat, the Israel Women’s Network, the Adva Center, and others who are taking a stand against the privatization efforts of the Finance Ministry, which has also called for “structural change.” Through the Budget Arrangements Law, the Finance Ministry wants to privatize services that are given to citizens by virtue of their citizenship, rather than working toward improvement of the infrastructures and adapting them to new trends. Ms. Moriah Ashkenazi, with us here today, personally experienced the move toward privatization and the struggle to prevent its repercussions when she fought to prevent “structural change” in privatizing the health services.
2. **Legislation:** In legislation, we want to anchor in law the proper representation of women in the labor force: boards of directors, government companies, politics, and other places. Several Knesset bills are currently tabled to ensure proper representation, including my proposal for municipalities.

This proposal seeks to empower women on the local level with dignified representation (at least one third) in every list of candidates for municipal election. The numerical emphasis – insisting on a third of the representatives – reflects the new, future legislation that states clearly the designated percentage of women. This

clause is intended to address the prevalent misconception that accepts the token representation of women and does not insist on enlarging the circle.

I would like to bring examples from this struggle for principles.

In a recent parliamentary initiative that I led, a law was passed to establish an Arabic-language college. In the Education Committee, I insisted on numbers – at least 25% women in the project – as a first step toward proper representation. Despite widespread resistance, the proposal passed.

Another subject I addressed is maternity leave. Together with allies in the Knesset, we managed to legally extend this leave. We discovered the huge disparity between Israel and other developed countries in which maternity leave lasts for many months, and we realized the source of the difference – the Israeli law that permits a leave of only 12 weeks was passed in 1959. The labor force, with its emphasis on the role of women, has changed dramatically since 1959, but the law had not been changed, for obvious reasons. Meanwhile, we managed to extend the leave by two weeks, but we hope to extend it more in the future.

Last, I want to mention the employers' shirking of responsibility for female employees during times of change or crisis. Despite clear legislation, work places do not ensure the rights of women because they are a weak group. Thus, on all sorts of pretexts, employers are not restoring jobs to women who return from maternity leave. To protect a particularly disadvantaged group, my friends and I passed a law in the Knesset that obligates employers to restore a job to women who are in shelters for battered women even temporarily.

The issue of privatization is particularly important to me because women are the most immediate victims here too – 65% of those employed by employment companies and private contractors are women. Thus, this form of employment, which circumvents employer-employee relations, affects many areas of a woman's life:

- Longer work hours – over 42 weekly hours – and no proper compensation.
- Sick days of women and mothers are not paid properly. Employers often ignore the status of “motherhood as a job” which provides pay for days that a child is sick.
- Employers ignore the rights of pregnant women who are legally entitled to be absent from work for medical exams.

- Employment via contractors is marked by particularly low wages that are not linked to the wage updates in the market, even in cases where women have been working in their profession for years.

These examples are the tip of the iceberg of systematic violation of the rights of the woman worker, as manifested in the process of privatization.

The Arrangements Law for 2008 holds tidings of continued privatization of rehabilitation homes and services for children and women. This is antithetical to the advancement of social welfare, and clearly harms the weak. In terms of the status of women, privatization distances from us the world of work to which we aspire in the context of the structural changes that we need – as women who want to enhance their influence on a system that is marching backward before our eyes.

## *Opening Remarks*

*Jörn Böhme*

Director Israel Office, Heinrich-Böll-Foundation

Ladies and Gentlemen, dear friends,

It is an honor for me to have the opportunity to address this conference today. My name is Jörn Böhme and I am the director of the Israel office of the Heinrich-Böll-Foundation in Tel Aviv.

The support by our foundation for this conference is already a tradition. This is the 5<sup>th</sup> time, that the Böll-Foundation supports the Annual Adva Center Conference on Budgets and Gender.

Next year it will be 10 years since the opening of the office of the Heinrich Böll Foundation in Israel. In Israel the foundation mainly works in the fields of environmental justice and sustainability, strengthening of civil society and democratic participation, Israeli-German and Israeli-EU relations and women's rights and gender democracy.

The **Heinrich-Böll-Foundation** is the German foundation that is affiliated with the Green party. It is named after the German writer **Heinrich Böll**. Böll, who won the Nobel price for literature in 1972 and who died in 1985 was one of the most famous writers of post-war Germany.

Heinrich Böll was a **very political writer**. He was always active for human rights, for example campaigning for persecuted writers in many parts of the world. He campaigned for civil rights in Germany as well as for an open debate about German history, against a policy of more and more armament and he was close to the Green party in the last years of his life. He had an important motto: "Meddling is the only way to stay relevant."

The Adva Center also tries to meddle concerning the issues it picks for its yearly conferences. And it wants to provide you, the participants with a better basis of knowledge on the issues so that you can meddle better.

This year's conference again deals with a burning issue, the issue of **privatisation**. There has been a lot of discussion on this issue in Israel in recent years, not least in

connection with the second Lebanon war in the summer of 2006. However in this issue as in others the question has been dealt with too little, what this process means especially for women. In fact, as Anne-Marie Grozelier will point out in her presentation the politicians in charge of privatisation decisions in no way contemplated the impacts of their decisions for women.

You have again gathered an impressive list of speakers from Israel and again a speaker from a European country, Ms. Anne-Marie Grozelier, the director of the Lasaire Social Laboratory in Paris, whom I would like to welcome especially.

I wish you a successful conference with many new insights. I hope you will get ideas on how to deal with the effects of privatization in general and especially concerning the situation of working women.

# *The Consequences of Privatizations on Women's Employment and Working Conditions in France And in The European Union*

**Anne-Marie Grozelier**

Director of Lasaire Social Laboratory, Paris

Former Official of the CFDT Trade Union

## **Introduction**

The question of privatizations cannot be dissociated from its broader context, i.e. globalization as it has been developing for several years. It is a fallout of the so-called *neoliberal* ideology<sup>1</sup> which defines the economic and social policies of most of the major countries. This way of thinking, which has become dominant, advocates the total liberalization of markets, their doing away with all rigidity; in other words, deregulation in all areas including the public sector. True political guidance seems to be losing ground. But as will be seen below, professional equality between men and women, or, in other words, non-discrimination between men and women at the workplace cannot be realized without making political choices. That is why women may legitimately be concerned about their job situation as privatizations develop and social policies are silently wiped off the political agenda.

At Lasaire, we are particularly interested in the future of public services in France and in other countries of Europe, in the perspective of the big market constituted by the European Union. Indeed, historically, France is *the* country of public services par excellence. The very notion of national public service is spelled out in the preamble of the Constitution and is one of the main pillars of the French social model. This model rests on several major characteristics. The two most important are :

- highly developed public services and public enterprises of long standing; transport, energy, health, education, and in particular, day care collective facilities and creches for children under 3.
- France is ahead (relatively speaking) of other European countries when it comes to the advance of women at work and having a full time job.

Whether one speaks of the quality of the public services or of women's commitment to work - two very linked issues - France stands out among most, if not all, other

---

<sup>1</sup> This term used in French terminology *neoliberalisme* means strictly market oriented policies.



European countries whose public services were often inefficient and faltering, as in the United Kingdom or Italy, for example.

The employment of women in France is particularly developed in the Public Service. At the same time, a highly developed system of day care facilities and creches for children under 3<sup>2</sup> has facilitated the compatibility of professional life and family life. The sector of services focused on toddlers' care represents 1% of GNP.

Privatization has had a double impact on the finely tuned balance between the professional situation of women and the importance of the public services. A particularly striking illustration is to be found in the privatizations undertaken in the former countries of the Soviet block, at the time of their move towards the market economy. Women lost the opportunities provided by collective child care facilities at the same time as they lost their jobs, for the simple reason that these activities were mostly run and staffed by women.

To examine the question of the effect of privatization on female employment, it is therefore important:

- Firstly, to review the major trends in female employment in France and in Europe.
- Secondly, to describe briefly the role and the place of the public sector in female employment and the processes of privatization at work in France and in some countries of the EU, processes that can follow a rather different course depending on the country and the social traditions that characterize it.
- Finally, to present the effects of the privatizations on female employment, considering that the phenomenon of privatization is relatively recent (about twenty years). One should not forget that privatizations were first launched in Britain at the end of the 80's and are personified by Margaret Thatcher. Then the European Commission began to apply pressure to privatise, when it took the decision of opening the public services to competition, while enforcing the obligation of EU member states to restore balanced budgets - which meant drastic cuts in public spending, and, consequently, a reduction in the number of public servants.

---

<sup>2</sup> If regarding these services France is well placed compared with the other European countries, this does not mean that the situation is satisfactory: far from it. There still is a considerable lack of nursery places and collective facilities, particularly in rural areas. Nevertheless, compared with their European neighbours, French women are doing rather well and the general sensibility accepts that these facilities must take priority.

## **THE SITUATION OF WOMEN'S EMPLOYMENT IN FRANCE AND IN THE EU**

### **1. Women in France Have High Activity<sup>3</sup>**

Traditionally, women in France have always worked, sometimes, certainly, in less visible or statistically unrecorded activities, such as the case of the wives of tradesmen or farmers or women who work from their homes. Women working is a tradition well rooted in French society and has not ceased progressing.

Today, women in France represent almost half (47.5%) of the active population, a proportion a little higher than the corresponding share of women in the active population of the EU-15 (the first 15 member states of the EU), which was 42% in 2001 (i.e. before the last enlargement).

In France, the total activity rate of women is 63.8%, compared to 74.5% for men (2005). This rate is higher than that of women in 15-members-Europe, which was 60.5% in 2001. In the 25-49 age group, French women's activity rate is even higher, 80.7% (94.3% for men).

Among the most conspicuous characteristics of the situation of women in France is the fact that while women are massively engaged in professional life, French demography remains one of the most dynamic in Europe. The birth rate (2.0 children per woman in 2006) is the highest in Europe (1.52 for the EU). Finally, another paradoxical aspect of *the French exception* is that France has the world's highest life expectancy for women.

Another particularity of female work in France that is all the more surprising given this dynamic demography, is the tendency for women at work not to interrupt the course of their professional careers. This trend is in striking contrast to what happens in some other European countries, such as the United Kingdom, Germany, or the Netherlands. French women do not stop working, or stop working in fewer numbers following the birth of their children. Among women aged 25-49: 86% with no children work; 84% of those with one child; 75% of those with two; and still 50% of those with three or more children.

---

3 "Activity" refers to persons who are either working or actively seeking work.

**Activity Rate of Women Living in a Couple by Number of Children in France in  
2005**

1 child under 3 years old	80.2%
2 children of which 1 is less than 3 years old	59.8%
3 children or more of which 1 is less than 3 years old	37.1%
1 child over 3 years old	81.1%
2 children over 3 years old	83.9%
3 children or more over 3 years old	68.2%

source : INSEE

It is common knowledge that the interruptions to women's professional activity are largely responsible for their difficulty in remaining employed, getting promoted in their careers and being offered high and responsible positions.

In short, career interruptions expose them to cumulative inequalities, low pay and particularly low pensions.

On the other hand, the continuity of professional life of women in France gives a partial explanation of the reasons why French women have been able, more than their European counterparts, to escape, to a certain extent, the massive confinement to menial jobs that is usually women's lot.

## **2. Using day care collective facilities and creches is part of French way of life**

The involvement of French women in professional life without interruptions, is greatly helped by the network of facilities set up to take care of children.

In addition to the various allowances and tax advantages for participating in the cost of child care<sup>4</sup>, on the individual level, the system of accepting children into creches and nursery schools (almost all children over 3 years old), supervision after school or during the school holidays is highly developed. These systems are organized by the local governments, by associative structures, but also by enterprises, especially public enterprises. The central administrations and numerous public but also private

---

<sup>4</sup> There is a specific monthly allowance for working women employing someone at home to look after children under 6. For children under 3 : 160 to 375 euros, according to the family income level. For children between 3 and 6 : 80 to 187 euros, according to the family income level. Moreover, there is a tax reduction corresponding to 50% of the total amount paid to a person employed at home to take care of a child (with a limit of an annual total of 12 000 euros).

enterprises, including SME's have creches for the children of their personnel. This is notably the case of banks, insurance companies and hospitals, where female labour is important. Today, enterprises can benefit from publicly funded financial support.

Moreover, these systems are designed with timetables spread over the whole working day, whether it is the creches, the nursery schools or the primary schools, unlike numerous European countries where children only go to school in the morning. It is obvious that the absence of collective facilities and family policy obliges women in these countries to choose between work and maternity. Either they are led to give up their professional career to look after their children, or they give up having a family. These observations were made in a number of countries where the absence of child care facilities is accompanied by a low rate of women's activity, notably in Germany and the Netherlands. In Germany, the child care system is only institutionalised from the age of three and the care structures such as schools are only open half day, which obliges most women to work part time. The United Kingdom is characterized by a very low provision of collective care facilities and by public intervention for child care only justified in case of parental failure or a financially insecure environment (solo mother, poor housing, etc.)

### **3. Female employment in France and in Europe is characterized by a few major tendencies more or less significant depending on the country**

We will briefly summarize them:

- Female employment is concentrated in a few occupations and a few sectors of the economy. The great majority of women work in services, education, health, social work, commerce, administration, personal services, and more generally in jobs requiring the lowest qualifications. In contrast, there are very few women in industries requiring high qualifications and salaries, such as energy, oil, aeronautics and building.
- The glass ceiling persists: women are less numerous in managerial and responsible jobs. They represent 76.6% of clerical employees but only 36% of executives. And even less where senior executives are concerned. In 2003, the proportion of women executives in the private sector was 24.6%, ranging from 5.6% in technical management to 44.8% among the managerial staffs of SME's.
- Nevertheless compared to the situation of women in the EU, France is above the average and ranked third, after two countries of the ex-Eastern block (Lithuania

and Latvia). In the EU of 25, 32% of executives are women, against 36% in France.

- Insecure work/short term work and part time work are more common among women, in unskilled jobs, but also at other levels. Part time work, once uncommon in France, is becoming more prevalent with the growing deregulation of employment:
- 30.8% of working women are engaged part time, compared with 5.7% of men. This proportion, which is still lower than the European average (32.6%), has greatly increased in recent years. Imposed part time work increases with the passage to the private economy. The United Kingdom gives us an example; 43.1% of females work part time. The proportion is even higher in the Netherlands, a country which has experienced strong deregulation: 75% of Dutch women work part time.
- A recent statistic on the situation of the young graduates from the major French colleges “Grandes Ecoles” (high level engineering and management schools) shows that 82% of men are offered a non fixed term work contract for their first job against 73% of women. This difference is even greater in the case of graduates from engineering schools; 81% of men against 69% of women are offered such contracts.
- Women suffer more from unemployment. In 2005, 7.5% of women were unemployed, against only 6.2% of men. Girls encounter much greater difficulty in finding their first job, as do women who try to return to the job market after an interruption. Finally, in the case of a “plan social” (a legal obligation of the employer to take measures to limit the consequences of mass lay-offs), women will have much greater difficulty finding a new job.
- Another common characteristic of women’s employment found in France, as in the EU: pay inequalities and low pay. These inequalities are particularly strong in the private sector. Female salaries there, are on average 19.5% lower than male salaries. It is important to note that, certainly, differences in remuneration exist also in the public sector but to a lesser degree (the difference in remuneration in the public sector is 14.2%). To which it must be added that low pay is the “prerogative” of women. The problem of low pay is a female problem<sup>5</sup>: More than

---

<sup>5</sup> Low pay is equal to or less than 2/3 of the median salary. Very low pay is equal to or less than half the median salary. The net monthly median salary was 1301 euros in 2002.

three quarters of low paid workers in France are women (76.8%). If we now examine very low paid workers, women are in an overwhelming majority (80%).

- On the other hand, high salaries are men's privileges. Among the employees receiving the 25% highest salaries in the private sector, 27.6% are women. About three-quarters of the highest paid employees are men. This difference is much less in the public sector, where women receive 46.3% of the highest salaries. It should be kept in mind, of course, that salaries in the public sector are overall lower than in the private sector, especially in the case of executives and managers. By the same token, privatizations result in worsening these discrepancies.
- Finally, retirement penalizes women. In 2001, women had an average pension that was 42% lower than men's.

### **THE PUBLIC SECTOR IN FRANCE**

In France, the public sector, which is receding in scope, is a heterogeneous entity including administrations, public agencies such as CNRS (Centre National de la Recherche Scientifique), CNAM (Centre National des Arts et Metiers), CNAV (Caisse Nationale d'Assurance Vieillesse), INRA (Institut National de Recherche en Agronomie), IGN (Institut Geographique National), etc. and public enterprises, that is to say, enterprises of which the majority of the capital is still held by the State. The public and nationalized enterprises constituted an important part of economic activity and employment until about twenty years ago. About a hundred of these enterprises, now privatized, fell within very diverse sectors of activity. Some had a rather high rate of female employees, such as the banks and insurance companies and tobacco (SEITA – Societe d'Exploitation Industrielle des Tabacs et des Allumettes), whereas other enterprises with more industrial activities were much less so (around 10% of female employees), as in the steel industry, the coal mines, the oil industry (Elf-Aquitaine now Total), chemicals (Pechiney, Rhone-Poulenc, Saint-Gobain), cars (Renault), aeronautics (SNECMA, Societe Nationale d'Etude et de Construction de Moteurs d'Aviation) – aircraft manufacturing company); finally, some were moderately so, such as Air France.

The SNCF (National Railways company), on the other hand, an enterprise that is still public with a low rate of female employees, undertook an effort of job gender diversification.

### **1. Employment in the public sector**

For a long time, public employment represented an important part of the national labour force.<sup>6</sup> Although the proportion of civil servants has been declining for several years, in 2004 there were still 5.11 million civil servants, or one employee in five (21%) in the country as a whole. The most important body of civil servants is that of National Education (one civil servant in five is part of it). France has the highest rate of civil servants of all the OECD countries. Even in the countries supposed to be socialist, like Sweden and Denmark, the proportion of civil servants is much lower, by almost a half.

Today, with the changes induced by the privatizations and deregulation, in the same administration or in a public enterprise, civil servant employees governed by the public service status work side by side with employees under private law contract, or even employees with insecure jobs. Civil servants in general benefit from a certain number of social advantages negotiated by the trade unions for the different ministries. Most have a creche available, can get day leave to care for a sick child, have the possibility of reducing their hours of work, and benefit from leisure activities organised for staff children.

In the public agencies and public enterprises the employees may have different statuses, private or public or semi public, but, an important remark, the top managers of these enterprises are appointed by the government.

In the public service the employees enjoy a special status; in the national enterprises, on the other hand, for the most part it is the rules of private law that apply. However, employees generally benefit from very advantageous collective agreements, notably in respect of pensions and, for some, the guarantee of a lifelong job. Trade union presence is much stronger than in private enterprises, enabling the negotiation of more favourable salaries and working conditions, good occupational training schemes and

---

<sup>6</sup> The French civil service has three parts : (1) state civil services, including the staff of ministries and public administrative bodies, (2) territorial civil service, including employees of local and regional governments, (3) hospital civil services, including the staffs of hospitals and care centers.

various other advantages, such as leave to care for a sick child, company creches, children's holiday activities, etc. These social advantages explain why many women worked and made their career in the banking sector, governed until recent years (up until privatization) by a very advantageous collective agreement.

The main constituent elements of the public sector in France that have been hit by the privatizations concern essentially the following points:

- The capital of the structure, which is held totally or mainly by the State;
- The financing, which is public; the state provides a financial guarantee;
- The top managers, who are appointed by the government;
- The special status of the employees, who generally enjoy secure employment.

The status of the personnel, whether in the public service or the public enterprises, constitutes the cornerstone of the French notion of national public service. Written into the Constitution, it rests on three justifications:

- The equality of access of citizens to the public services;
- The specificity of the tasks and missions to be accomplished;
- The necessity of preserving the independence of the officials.

Departing from common law, this status formalises particular labour relations, negotiated by the public authorities with trade union representatives. It constitutes compensation for the requirement that enables the continuity of the public service to be guaranteed. The labour relationship is thus historically structured around rights / duties dialectic. Another term of the exchange: this status offered a lower level of remuneration, compared to the private sector, in return for the guarantee of employment.

Whereas in certain occupations, men turned towards the more remunerative jobs in the private sector, women tended to prefer stability of employment to higher salaries. Therefore, they are more numerous in the public service. All the more so, as will be seen below, because recruitment rules in the public service demand impartiality, which protects women from the arbitrariness they often encounter in the private sector.



## **2. Female employment in the public sector**

Women are in a majority in the public sector. In 2004 they represented 59% of the workforce of the public service, compared to 43% of the workforce of the private sector. Female work is even more developed in the local and regional public service (which precisely risks being particularly affected in the long term by budgetary cuts and, at the end of the day, by privatizations).

If we refer to twenty years ago, before numerous public enterprises went to privatization, around one working woman in three was employed in the public and nationalized sector. This observation is very important, because it is thanks to their predominance in the public sector and the job security it offered that women were able to develop professional career strategies: few working part time, few career interruptions, access to key positions.

We will show that women find it easier to get into public employment because of the conditions of recruitment. It is important to point out that the recruitment of civil servants is done by competitive examinations allowing direct access to three levels of qualification: category C (rank and file), category B (technicians), category A (officers) and that there are also internal examinations enabling passage higher up from one category to another. This way of proceeding by competitive examination avoids the risks of discrimination.

In the public administration, the laws on professional equality that concern the private sector do not apply. On the other hand, there are provisions specific to the public service intended to ensure the application of the principle of sex equality. Notably, the presentation to Parliament of a report on the measures taken to ensure the application of the principle of sex equality and to remedy unequal access to top job responsibilities.

These are: a steering committee dedicated to enforcing equal opportunity in the top echelons of French administration; multi-annual plans launched in 2000 with equality targets: feminisation rates to be reached for each job category; juries for promotion that are, since 2001, obligated to have a relatively balanced gender representation. Whether these measures have been effective remains to be assessed in the coming years.

As far as salaries and access to positions of responsibility are concerned, the situation is relatively less unfavourable to women in the public sector.

- Inequalities in pay exist in the public sector, but to a lesser extent than in the private sector (the difference in remuneration between men and women civil servants is 14.2%). If the distribution of high salaries between men and women is examined, the situation of women in the public sector is much more favourable than that in the private sector. In fact, women represent nearly half (46.3%) of the group of employees receiving the highest 25% of salaries in the public sector.
- The mechanisms of salary development and of promotion are governed by relatively unquestionable rules, more difficult to get around than in the private sector. It should, of course, be kept in mind that overall public salaries are lower than private sector salaries.

Women also experience difficulties in attaining key positions in the public service, but here also, the disparities are much less than in the private sector, when it comes to access to management positions (category A). More than half of the managers of the public services are women (57% of category A). When it comes to senior management positions, within the category, only 12% are occupied by women. This is explained by the fact that at these levels of responsibility, appointment is no longer made by competitive examination but by the government, without special constraints being imposed on it.

The importance of the role of competitive examinations can be seen here. As soon as appointments are made outside competition, discrimination reappears, despite the fact that there is a sufficiently large “pool of women qualified to be promoted.” Even in National Education, an administration that is feminised at 67%, women represent only 7% of senior management positions in higher education and research.

Women are more easily promoted in the local and regional public service and in the hospital public service, where they occupy 16% and 17%, respectively, of senior management positions (but these happen to be precisely the categories for which privatizations are looming). However, as everywhere, the share of women declines as the level of responsibility increases in those jobs left to the government’s discretion. The hospital public service employs 79% of women among the non-medical personnel, 85% of the carers (nurses), 88% of the administrative personnel, 35% of the technical personnel and manual workers. But women heads of hospital establishments only represent 17%.

This very clearly shows that without a really binding policy and constraining measures or without objective mechanisms, professional equality is never achieved.

### **3. The switch from the public sector to the private sector**

In France the wave of privatizations affects essentially the national enterprises (but also has an indirect influence on the public administrations). National enterprises were themselves the result of different waves of nationalization: in 1936 with the Popular Front, in 1945 after the second world war (Renault), and in 1981 with the arrival in power of the left, which nationalized an impressive number of banks and industrial enterprises. Finally, some enterprises or public agencies were created from the beginning by government initiatives wishing to develop or consolidate a certain number of strategic industries.

But, very quickly, from the middle of the 1980's, the vogue for privatization spread and the public sector experienced new upheavals.

With the return of the right to power, in 1986 and in 1993, privatizations were undertaken by different governments. A few public services, such as the post and telecommunications, virtually disappeared, having first split into two independent companies, then more or less privatized, like France Telecom.

However, it is important to make clear what the terms of privatization and deregulation of the public services widely used in recent years cover. They refer in fact to different realities:

- First, there is the opening up of sectors of activity to competition, where previously the public enterprises enjoyed a monopoly of the activity. This is the case of postal services, telephone, railways, electricity, water, etc. This is where the European Commission intervenes, and in this matter it plays a rather ambiguous role. In its official texts, it leaves open the question of who owns the capital, whether it is to be held by the State or by private shareholders. But, at the same time, it keeps an obsessive watch on strict observance of its regulations: opening up of the markets, putting an end to monopolies, and maintaining strict respect for the equality of all parties to the competition. On behalf of this principle, the method of financing public enterprises is being questioned. Firstly, the enterprises must see to it that their accounts are balanced. If they are financed by the State budget, the question is asked, do government subsidies give them a competitive advantage? Another

question that is asked: Does the unlimited guarantee provided by the State enable them to obtain loans at a better rate? If the answer is affirmative, the practices are considered by the European Commission as contrary to the rules of fair competition.

- National governments resolved to privatize public enterprises claim that privatisation is an EC demand. But, as previously mentioned, Brussels does not lay down any obligatory rule concerning whether enterprises are to be public or private. Rather, the European Commission limits itself to keeping a watchful eye on the possible infringement of the competition principle and on the policies set up by governments to end monopolies.
- As a matter of fact, governments have been only too happy to take advantage of the apparent intricacies of the European statements on these issues to enforce privatization of enterprises. This results in divesting the State of the means of retaining a real say in the new management.
- At the same time, governments are required to keep the public deficit below 3% of GDP. This constraint often induces them to sell off the "family silverware" - that is, privatize public enterprises - in order to comply with the injunction.
- Second, an activity is privatized as soon as the State ceases to hold the majority of the capital. The State opens the activity up to all the potential buyers, and the enterprise is introduced onto the stock market. This is the case, for example, of Air France, the capital of which was opened up in 1999, and in which the State today only holds 19%, after the merger with KLM. The direct consequence of these operations is to make the former national enterprises like any other, and as a result they progressively align themselves on the practices of the private sector. It will be seen, however, that these effects are very gradual. It is still a little early to measure all their consequences, all the more so since privatization has generally been accompanied by commitments to the trade unions to maintain the previous advantages for a certain amount of time. It is only at the end of this period that the bottom line can be really drawn.
- Third, restrictive budgetary policies required by the European Commission need to be mentioned. They are intended to fight public deficits and supposedly alleviate bureaucracy, the result of which is a drastic reduction of employment in the public services. Thus, the new government of President Sarkozy in France has set itself

the objective of eliminating one out of every two civil service jobs; that is to say, only replacing one out of every two civil servants who retire.

By 2015, the number of civil servants who will have to retire is estimated at 70,000, which means eliminating about 35,000 jobs, more than half of which are generally occupied by women. In addition, as mentioned above, restrictions on budgetary policies led to the sale of state-owned enterprises in order to restore the budgetary balance.

On the whole, the pressing necessity to balance the books not only led to selling state-owned companies in order to put new money into the budget, but also led to drastic measures to reduce the number of civil servants and develop temporary employment, to get wages to level off or to reduce social benefits and cut social budgets.

In the first case, the enterprises take on the practices of the private sector and are submitted to shareholder pressure that leads them to modify their rules of personnel management, which generally makes them less favourable to women.

In the second case, the very opening of the market to competition induces management to adopt the practice of layoffs and of reducing the costs linked to social benefits. It might also be the first step in a transfer of the activity to the private sector.

#### **4. Privatizations in Europe**

What can generally be called the process of privatization has been undergoing several stages since the middle of the 1980's. France held off the process longer than other countries, for four main reasons. First, as was seen before, the public sector constitutes the core of French identity, rooted in the exceptionally centralized culture of the country, with a strong State. Second, France had undertaken to modernize its public sector earlier than other countries.

Third, French public services were recognized as efficient, and there was no obvious reason to justify why a successful system would have to be modified to be put in line with what was happening in other countries, especially Anglo-Saxon ones whose records in terms of public services were notoriously mediocre. In the United Kingdom, it could be thought that privatization would make them more efficient. But why apply this type of recipe to countries that did not have this problem? Whether it be for transport, health, schools, or electricity, France obtained better results. In the forefront, on the social level, the public enterprises had sometimes a certain pride

linked to the feeling of having a social project in advance of the rest of society. It was said that Renault was the social showcase of the country.

This is why the privatization issue is, in Europe, contemplated from two opposite perspectives. At one end is France, which opposed the vogue for privatizations most strongly and consequently still maintains a public sector. At the other end is the United Kingdom, which has gone the furthest in the process. Only two sectors remain public in this country: health, with the National Health Service, and the BBC. However, while remaining public, these two sectors are exposed to competition from the private sector. The NHS is encountering such financial difficulties that its running is severely criticized.

The 10 new members of the EU from the communist block occupy a special position. Their move towards a market economy was accompanied by a total rejection of everything that was public. Everything that in most other countries corresponds to activities of general interest was privatized.

The same trends and the same social consequences can be observed in all countries, with the scrapping of the special status of the personnel and alignment on the human resources management practices of the private sector: stricter labour management, decline in the size of the workforce, and decentralization of management - three conditions obviously not very favourable to employed women in general.

Moreover, once privatized, enterprises are no longer supervised by public administration but rather by stockholders, who are less pressing when it comes to social justice.

As from the middle of the 1990's - which gives us a dozen years of hindsight - a new phase has begun, that of financial globalization, with the acceleration of the processes of mergers and acquisitions, takeover bids and the redundancy schemes which go along. Employment is being destabilized. Thus, for example, in the United Kingdom, National Power, privatized in 1991, saw its workforce fall from 16,300 to 3,200. British Telecom saw its workforce decline by a third. The British trade union UNISON regularly denounces the considerable pressure suffered by the employees remaining in place, who live in fear of dismissal. It also denounces the new strategies of remuneration characterized by the proliferation of individual labour contracts and salaries based on the yield or profit earned by the job post. Behind these practices, it also denounces reduction of the scope of collective pay negotiations and an attempt to

keep the unions out. In Germany, the privatization of Deutch Telekom entailed a 20% reduction in the workforce, or 50,000 jobs eliminated.

Characteristically, the predominance of the public sector in France is often disparaged as a rigidity, an archaism, a lack of dynamism. But it would be easy to argue in the opposite direction. France looks quite modern precisely because of some specific traits related to the singular situation of women, with demographic dynamism, high workforce participation, good health and exceptional longevity. Most of those features are somehow linked to the very developed public sector.

### **THE EFFECTS OF PRIVATIZATION OF THE PUBLIC SECTOR ON FEMALE EMPLOYMENT**

There is still too little hindsight and statistics are lacking to assess the effect of privatizations on the employment of women. At the most, a certain number of observations can be collected on the effects of the reduction of public employment, of deregulation, and above all, of the widespread use of human resources private management practices and the growing exposure to stockholder pressure.

What is important to point out here is that these mechanisms have affected women in their professional life.

In all the countries of the European Union, the workforces of the public sector have been sharply reduced. Yet the public sector constituted a sort of protective shield from the effects of globalization. The fact that it is being squeezed more and more has forced women to seek entry into the far less protective private labour market.

#### **1. Reduction in jobs generally filled by women**

The reduction in the public service workforce has a direct effect on female employment. The programmed reduction of about 35,000 civil service jobs in France corresponds to a considerable loss of jobs for women. Indeed, as previously seen, and this is also the case in the other countries, women are massively employed in these jobs. This situation is due to the fact that conditions of recruitment in the public sector being based on “concours” (anyone who applied to civil service had to go through a competitive examination), women avoided many of the obstacles generally encountered in the private sector. The other reason is that many of these jobs didn't appeal to men anyway.

In Eastern Europe, the transition from a centralized economy to a market economy ended in millions of women losing their jobs, and now it appears that women are being discriminated against when it comes to recruitment practices.

## **2. A less favourable environment**

The reduction in public employment entails de facto the disappearance of an environment in which the inequalities against women were less blatant: in matters of recruitment, pay, career development, promotion and exposure to the risk of losing one's job.

It also means the disappearance of more favourable working conditions, the possibility of adapting the work timetable, the disappearance of services offered for children, and greater difficulty in adjusting family life and professional life.

As the labour market becomes more uncertain and precarious, there are even more incentives for many people to apply for public sector jobs, insofar as they are safer and less exposed to market uncertainties. This trend is part of the explanation why the general public supported the strikes that took place in France in recent years, especially in the transport sector.

Once privatised, state controlled companies become easy prey for merger acquisitions by private entrepreneurs who have no qualms about making large-scale personnel reductions. This explains why it is difficult to compare the number of female employees and the type of jobs they occupy before and after the merger. For example, let us take UAP, the insurance company. Its privatization did not at first seem to have any significant impact on the number of female employees. But, some years later, UAP was absorbed by AXA, a private insurance company, and consequently, the conditions for a comparison were no longer present. It is common knowledge that stockholders put pressure on the human resources department to reduce personnel, especially less skilled employees, which means mostly women.

Women workers in those companies have long been more exposed to dismissals than men, and their situation worsens when foreign entrepreneurs take control of the firm, unaware of the fact that the bought off company had made room for a certain number of women in key positions. Such was the case of SEITA, originally a state-owned company, which relied during its existence on a twin monopoly of tobacco production and sale within the French borders. Its personnel were mostly female. In 1995, the



European Commission, whose task is to uphold the principle of free competition<sup>7</sup>, asked the French State to give up this monopoly, paving the way to privatization. The Anglo-Saxon fund that bought the company reaped the advantage of having to pay for its acquisition a very moderate initial share price. Its first move was to increase the firm's profitability by personnel reductions. No later than 1998, it was sold to a Spanish company and became ALTADIS. After the completion of several redundancy programmes, profits for stockholders immediately rose. Personnel dropped from 4360 employees to 2811. Wages remained stable, whereas the net income of top managers of the firm increased from 180,000 euros (at the time managers were appointed by the government) to one million annually. Of course, women employees have had no part in this bonanza. The Spanish administration, as well as its French counterpart, have both disposed of their minority package of shares and no public authority remains at the wheel. In July 2007, Imperial Tobacco made a take-over bid, opening up the prospect of a new round of mergers and acquisitions. This is bad news for women, who have been working for generations in this tobacco company. The predator firm does not particularly care about women's promotions.

### **3. Employee representatives on Boards of Directors gradually disappear**

A 1983 law provided that state controlled companies (companies in which more than 50% of shares were state owned) were to allocate a third of their board seats to employee representatives, whereas no such provision existed at the time in purely private companies. This scheme has made for a certain degree of feminisation on the boards, which until then were closed to women. One should not forget that these representatives were sponsored by trade unions, which did not hesitate to nominate women. By their right to select a third of the board administrators, the unions gained the right to vote on decisions concerning the economic, financial or strategic future of the company. But as soon as state controlled companies underwent a process of privatization, which is still underway in the present period, women's presence on company boards became jeopardized.

---

<sup>7</sup> To enforce its directives, the Commission has the right, first to issue official admonitions to contravening parties, then to fine the recalcitrant states, and finally, if they persist in ignoring these warnings, to send injunctions to comply, pending daily fines which can reach millions of euros per day. Parties, i.e. governments, are of course entitled to appeal against the sanctions before the European Court of Justice.

Due to the fact that employee representatives still exist as such on state-controlled boards, within the quota of employee representatives on the board of state-controlled companies and of some privatized companies, women are still present. In order to soften the transition, a law passed in 1994 provided that two or three board seats allocated to such employee representatives would be maintained during an interim period. However, as soon as that legal obligation was lifted, employee representatives were able to keep their positions only with the backing of trade unions. Consequently, the sheer number of women present on boards of directors dropped significantly. Today, most of the companies with employee representatives are state controlled (60%), but some remain among privatized companies (40%) - such as Air France, the media sector, etc. In contrast, once privatized, other companies scrapped the no longer compulsory obligation. This was the case of Banque Natexis, Saint-Gobain, Suez, Alcatel, Total, Alcan (ex Pechiney), SAFRAN (ex SNECMA) , AXA (ex UAP), etc. According to a study<sup>8</sup> conducted in 2006, out of 155 companies (made up of 90 state owned companies, 57 “privatized” ones and 8 companies belonging to the private sector), 44% of them had women on their boards. Of course, their respective proportion on state-controlled company boards was significantly higher: almost half of the quota was made of women. On the whole, women were present on 43 boards of the 90 state-controlled companies (44%). Among the 57 privatized companies within the sample, 21 of them had women on their boards (37%). More specifically, there are more women on boards belonging to the financial sector (banks and insurance companies). Among the 28 privatized companies that have maintained employee representatives on their boards, i.e. 78 people, 20 of them are women, which corresponds to a feminization rate of 26%. This figure is probably lower than was the case in the financial sector before privatization.

#### **4. The rollback of social advances**

Alignment with the private sector entails a reduction of the social benefits obtained in these enterprises involving, in numerous cases, the disappearance of the special status of the personnel, the renegotiation downwards of collective agreements and finally attempts to reduce the influence of the trade unions.

---

<sup>8</sup> Aline Conchon, Statistiques sur la représentation du personnel du personnel avec voix d'liberative dans les organes de gestion des entreprises en France, 2006

In most sectors of activity affected by privatization, collective agreements have been revised so as to be less favourable to the employees. Just to mention a few examples: the new bank collective agreement has gone back on the provisions that had in the past allowed women to be promoted within banking careers and to attain jobs of responsibility in this sector, thanks to a system of occupational training which is no longer guaranteed to take place during working hours in the new agreements. French women represented a large proportion of bank management and were much in advance of their European colleagues.

Let's look at the Post Office, which is not considered privatized. In spite of continuous staff reduction (40,000 jobs since 1998), it still is the third largest French employer, with 300,000 people, of whom more than half are women (53%) - but only 22% are in operating management positions. Recruitment is now done primarily under private law contracts, and the new employees work side by side with the civil servants. The proportion of employees hired under private contract grew from 21% in 1997 to 33% in 2002. There has been no recruitment "concours" since 2001. By 2040, all the employees will be under private law.

This hidden privatization has been accompanied by drastic deregulation. People newly hired by the Post Office are recruited with wages 30% lower than those of civil servants, with temporary contracts, with fixed term contracts and part time contracts, and with flexible work schedules. Significantly most of the persons hired in this manner are women, and they work mainly in jobs requiring lower qualifications: 34% of women on private contracts are hired for part time jobs, compared with only 18% of female civil servants.

## **5. Increase in pay inequalities**

One consequence of privatization has been the fostering of pay inequalities. The salaries of top executives have seen a sharp rise after privatization. In the United Kingdom, for instance, the salaries of top executives saw a ten-fold increase, whereas the average wages of employees levelled off or even decreased whenever employees underwent a change of their status inside the company. It is no surprise, then, that women being in short supply at the top executive level – they are to be found mostly at the losing end, i.e., in less skilled and part-time jobs.

Women's positions are being further weakened by the double impact of changing wage-fixing mechanisms and the growing individualizing of wage contracts. Every

time trade unions have tried to hamper these moves, they have been stigmatised as backward; thus they have decided to keep a low profile on the issue. The individualizing of the wage contract is partly based on competence and merit and is a growing practice among firms. This means that in a privatized company like France-Telecom, employees can in no way expect regular wage increases. These occur, if at all, only if management objectives are duly met. Salespeople's wages depend largely on their sales performances. The same applies to promotions within the firm itself, which also depend on the employee's willingness to accept extra workloads or to show the expected state of mind. Understandably, women with an eye on their family life are at a disadvantage in such a managerial environment.

## **6. Worsening working conditions**

Working conditions in a firm are the expression of a compromise between the specific constraints workers face vis-a-vis those of the firm. As far as a state-controlled enterprise is concerned, workers have to respect the principle of *continuity of the service* (continuite du service public), which is a legal obligation for all. In return, they usually benefit from perks and social advantages. In the private sector, constraints are of a different nature. Sales have to adjust to seasonal variability, which entails ever greater pressure for work flexibility (extension of working time, extra hours, workload to be completed during week-end, displaced holidays, etc).

Again, this style of management does not meet a female worker's specific needs: the possibility for her of finding proper arrangements between her working time and her family obligations, the right to choose a day-off when her child is ill, etc. These types of bargaining were common practice in state-controlled firms. Moreover, they often made up a special provision of the collective agreements signed by private companies. Unfortunately, this is far less the case nowadays. The new management expects an increasing availability from its employees. It wastes no time examining the compromises that the old school of management found perfectly normal to agree on with workers' representatives. The new requirements simply ignore their employees' needs to strike a balance between professional life and personal life. By the same token, productivity gains never accrue to workers. These are quietly pocketed by shareholders. *Far from being a casual and passing remark in the middle of our description, this is indeed the crux of the matter when it comes to pinpointing the effects of a deregulated economy.*

Productive organization models are changing quickly with mergers, outsourcing, subcontracting, breaking up into a multitude of small firms. All of this aims at reducing costs and limiting collective work organisations. Deadlines shorten and put pressure on workers. There is more stress, more accidents, more professional illness. Assembly line and work shift are still there.

Actually privatization *per se* is not the end of the story. It has to be situated within the broader context of global deregulation of the economic mechanisms, of the way production processes are organized and consequently working conditions are redefined as an adjustable variable to the new requirements. Concerning the effects of privatization on women, their situation can be summed up as follows: State-controlled firms are for female employees if not a “natural habitat,” at least a shelter which limited the inequalities and discriminations that they often experienced at their workplace. Women are now in danger of losing this shelter.

### **7. Trade-unions in the private sector are weakened**

In this context of changing work and the breaking up of collective work teams, trade unions in the private sector go through difficulties adapting their ways of intervention to the new environment. Trade unions have a hard time reaching out to new categories of workers. The proliferation of small and medium-sized enterprises, where these new jobs are developing, do not provide a fertile ground for unionised employees. More than a half of French SME's do not have a single unionised member among their staff. It is no surprise, then, that only 8% of French wage-earners are union members, 7,5% in the manufacturing industry, 2,5% in the construction industry, 2,5% in commerce - but still 15% in the civil service. These figures show how much trade unions are, on the whole, declining in France. After the war, in 1945, affiliation rates were as high as 40%. Between 1958 and 1983 they remained around 20-25%. Then they decreased sharply from 1983 to 1998. CGT lost more than a half (59%) of its members, CFDT lost 35%. To-day the average rate is under 10%; the lowest rate in the European Union<sup>9</sup>. As for the public sector, trade-unions resisted more erosion. Around 15% of the civil servants are unionized. At EDF (the national electricity company) the rate reaches around 40% and it hovers around 25-30% in SNCF (Railways), Laposte (postal services), France-Telecom.

---

<sup>9</sup> Some EU member countries have very high unionised labour markets, like Belgium (70%), and Scandinavian countries (between 70 and 80%).

Trade Unions are weakened and as a result they are not in a good position to negotiate new benefits. At most they succeed in defending what they had obtained, i.e. workers' entitlements. Today, most bargaining tables open on the employer's agenda: reforming the 35 hours-a-week law and increasing working time, reducing wages, introducing night shifts, etc. They are not in a good position to negotiate the changes in work organisation and they have not been able to adapt their strategies to them. Moreover, trade unions have internalised the economic constraint as presented by the defenders of total free market policies and have given up having their own critical analysis of these evolutions – as have done the political parties on the Left. This is what happened in the UK with Tony Blair. *Economism* has become the single line of thinking to such an extent that it becomes morally and intellectual compromising to question its apparently obvious rationale. This one-track approach is called *la pensee unique*. Thus *economism* takes for granted that the ultimate truth of contemporary societies lies in the market. This obsessively market-oriented approach to every aspect of social organization and more broadly of all civilized life freezes political thinking and creates an inability on the part of politicians to comprehend the nature of the economic and technological developments that are submerging the planet. These developments seem to be considered by the *pensee unique* as natural and inescapable phenomena, and consequently politics (seen as the capacity for citizens to express and enforce collective choices) is being written off. The ability to launch programs of social transformation has ceased being credible.

In most EU countries, trade unions have incorporated this one-track approach and do not seem to be in a fighting mood to press for another way of thinking. However, things are a little bit different in the public sector, at least in France. In Great Britain and in Italy, the corresponding public sectors being notoriously mediocre, the prospect of their privatization has not mobilized many citizens around the trade unions attempting to oppose it. In contrast, French trade unions have succeeded in gathering huge crowds of demonstrators around its slogans and in getting the support of a large part of the general public. For example, the long and tough strikes in the public transportation sector that took place in 1995, received the approbation of many citizens, in spite of the difficult situation that these strikes entailed for most people in the everyday life.

There were two reasons for workers and employees to support this widespread strike: one is the fact that the French public service of transportation (SNCF, RATP and

other city bus companies) was run to the general satisfaction of its customers; the other is that the privatization of the public transportation companies taking place at that time in other EU countries were sending disturbing signals. Furthermore, when they considered the deterioration of the job situation in France and the growing insecurity of the work contract and of working conditions in general, what we call "La precarisation du travail," people had the feeling that the opportunity of getting a job in a public service or a state-controlled company was to be defended like the last bulwark against the effects of these hazardous shake-ups. Women were more perceptive of what was at stake for them and of the down-grading of their job conditions they would experience if ever the privatization process prevailed. In this regard, their reaction was akin to that of the Norwegian women, who, for the most part, did not approve of their country joining the European Union and expressed their disapproval in a referendum on this issue. They felt that a "yes" vote probably meant the scrapping of public services and the social protection they offered to working women.

In Sweden, a country with a long tradition of very high negotiated social standards and a highly unionised work force, privatization has taken place in two slightly different contexts. First, there has been a transferring of public services from the national to the local echelons. Privatization went alongside decentralization, where local cooperatives took charge of activities of general interest. The trade-unions did not oppose this change. Then, after the sociodemocrats lost the elections, there has been a second wave of privatizations under the impulse of the present prime minister, still going on. This time public enterprises are simply sold off to private companies.

### **Conclusion**

It does not take long for observers to see the effect of the privatization process for women, in terms of lost jobs and deteriorating working conditions. In most EU countries female workers have suffered from shrinking public sectors as a direct result of privatizations. The public sector, i.e. the central administration, public local agencies or state-owned companies provided women with the best offer of employment opportunities.

Consequently, the reduction of the number of personnel in the public sector has affected them all the more, as the rules prevailing in the public sector offered them a fairer share of the pie in terms of wages and working conditions than was the case in

the private sector, not to mention the fact that discrimination between men and women is less prevalent in the public sphere.

This evolution seems particularly difficult to applaud, when considering that most privatizations were not economically justified and that, at no moment, was their impact on women's issues contemplated – even passingly - by the politicians in charge. Such indifference has to be placed within a larger context that shows how much the public service's ultimate objectives have been disregarded. The problem goes far beyond a simple question of “good management.”

The privatization craze is but one aspect of this infatuation with strictly market oriented policies at all levels that has been very much in vogue for the past twenty years. This philosophy is based upon labour market and financial deregulations. This policy can only succeed if the State and public sector relinquish their capacity of being big players in regulating the economy. The code-name of this operation is “modernisation.” An economy's performance is rated according to the return on equity calculated on a short-term basis, whatever its impact on the real production of goods and services useful to the community at large. In other terms, last year in the US economy, the sum of all the profits for the individual shareholders was bigger than the productive investment in domestic industries and services. The original vocation of the stock market, which was to mobilize private savings for investment, is turned upside down. It is now first and foremost at the speculators' disposal, whereas companies' needs come only second.

Far from being a passing craze, governments in charge have often managed to turn privatizations into irreversible changes. Such has been quite notoriously the case of British Railways, which as a consequence of its privatization was split into numerous different companies.

Repetitive financial crises, the rise of international terrorism in the wake of 9-11, all these dramatic events point toward a dysfunction of the global regulatory network which would justify strong public services. Just as I am putting a finishing touch to this text, I am told that fires on a gigantic scale are devastating inland Greece. But Greek fire-fighters are in short supply. Their numbers have been reduced, it is said, numerous training programs have been scaled down, and a third of the Peloponnesian territory is actually a-blaze. Who is going to invest in the fire fighting business? Certainly not private investors. The “*profit return*,” as they call it, would be too low for them. This example shows the consequence of a policy based on the quiet



dismantling of the public services, due to short-term financial considerations everywhere in Europe. Right now there are manifestoes circulating to protest against projects in EU countries aimed at privatising postal services. In spring, social agitation was developing in British privatized industries. Strikes are threatening to put German Railroads at a standstill. Demonstrations are already on the agenda of French trade unions for the coming autumn, to oppose the scrapping of many thousands of jobs in the education sector.

The strategy which is here suggested is to aim at slowing down the privatization process wherever it takes place, until the ideological wind blows in the other direction and starts tipping the scales all over again.

# *The Privatization of Public Services in Israel*

**Yael Hasson**

Researcher, Adva Center

Translation: Gila Svirsky

The following review presents an overview of privatization trends in the Israeli public services: health, education, social services, and housing. Whenever possible, the implications of these trends on the employment of women in Israel are indicated.

First, I look briefly at the privatization of government corporations and the implications for workers' rights.

## **Privatization of Government Corporations**

In the three decades between 1970 and 2000, the shares of 49 Israeli government corporations were sold. Since 2000, additional government corporations have been privatized, such as El Al, Bezeq (telecommunications), Zim (shipping), and the Oil Refineries. With regard to others, including infrastructure companies – The Mekorot Water Company, The Israel Postal Service, The Electric Company, and others – decisions were made to privatize and these decisions concerning the corporations are at present in various stages of implementation.

No data exist concerning the effect on women employed by these government corporations, but the process of privatization clearly affected the rights of workers. Some of the corporations underwent “rehabilitation” or “reorganization” prior to or following privatization in order to make them more attractive to buyers. These processes entailed dismissals, forced early retirement, and wage cuts. Another effect of privatization is the cheapening and commodification of the work force (a famous example is the struggle of the manpower agency workers at Israel Chemicals, whose discrimination in wages and working conditions has been documented in a film). Even when a company has a strong union that negotiates the rights of the workers following privatization, the long-term damage to workers' rights and to the employer-employee relationship is considerable.

For example, privatization of the oil refineries led to an agreement in which new employees would be hired as “Generation 2,” meaning lower wages, fewer opportunities for promotion, greater vulnerability to dismissal, and ineligibility for raises given to veteran employees.

## **Privatization of the Social Services**

### **General**

The public sector provided women with entrée to the job market. The large majority of public sector employees are women, hence reducing the size of the public sector harms women in particular. Indeed, 71% of the total employees in Israel's public services (the civil service, education, health, and community services) are women – some 515,400 employees. Approximately 45% of all employed women work in public services.

Women comprise two-thirds of the employees in government ministries. For many years, the ministries have been cutting back on their labor force, and another 1% cut is planned in the Budget Arrangements Law of 2008.

### **Privatization in the Health Services**

Some 120,100 women are employed in the health services – 73% of all the employees.

Privatization of the health system is reflected in 4 trends:

1. Households now pay more for funding their health needs: Their share increased from 26% in 1995 to 31% in 2005; the government's share, on the other hand, decreased from 70% to 65%.

Recent years have seen increased household expenditures on health, especially the purchase of supplemental health insurance from Health Funds and commercial insurance companies. Thirteen years after enactment of the National Health Insurance Law, which ensured a uniform and generous basket of services in exchange for the payment of a health tax, Israelis are spending a great deal more on health insurance. This trend also produces unequal access to health care among households with differential abilities to acquire supplemental coverage.

2. Who actually provides the medical service? Since 1985, commercial businesses increased their share of health service provision from 19% to 25%. However, public bodies (the government, municipalities, and Sick Funds) are still the largest providers of health services at 62%.
3. Another trend is a decrease in the amount paid for the salaries of public servants in the budget of the Ministry of Health and a concomitant increase in the amount paid for the purchase of services and goods from non-profits, sub-contractors, and employment contractors. (The share of public servants' salaries dropped from

47.1% in 1995 to 33% in 2003, while the share of purchased goods and services increased during these years from 47.3% to 62.7%.) This means that health system workers who enjoy terms of employment set in collective agreements are being replaced by employees of non-governmental bodies, not all of whom are protected by collective agreements.

4. However, the danger of privatization of the public health system is not necessarily related to the multiplicity of private services and agencies that compete with public institutions, but rather the processes that have taken place in these institutions – the public hospitals and Sick Funds. Some striking examples:

- The basket of services provided by the National Health Insurance Law is under-financed; budgets do not take into account the full extent of population growth, aging, increased health inputs, and ongoing technological advances. The gap between desired and existing funding means that Health Funds are obliged to find additional sources of funding.
- Health Funds are selling private health services and medicines at a high price.
- Health Funds are purchasing private hospitals.
- Demand is growing that hospitals be incorporated, i.e., operate as a commercial firm in which the good of the patient is not paramount. Incorporation is also reflected in differential terms of employment for veteran and new employees. This resembles arrangements made during the privatization of government companies.

Three services remain under the Ministry of Health: preventive medicine, chronic care hospitalization, and mental health services. Privatization plans are already in place for these services and have been partially implemented. Ms. Moriah Ashkenazi will talk about the efforts of public health nurses to arrest the privatization of the preventive health system.

### **Privatization in the Education System**

The education system employs 244,000 women, who comprise 78% of all those employed in public education. Privatization in the education system has implications for women as employees and also as the primary care providers for children. Privatization in education is manifested in cutbacks in public expenditures and increases in private expenditures for education. Private expenditure on education in

Israel is among the highest in the developed world. In 2004, Israel was in sixth place in private expenditure on education compared with other OECD countries.

Examples of cutbacks in public outlays:

- Between 2001 and 2007, the budget for teaching hours per student decreased by 16%.
- The development budget of the education ministry shrank by more than one-third between 2001 and 2008.
- In the years 1995-2003, expenditures on education per child in Israel increased by 2%, compared with an average increase of 33% in OECD countries.
- Regarding the wages of teachers in middle schools – Israel is in 28<sup>th</sup> place out of 31 OECD and other countries.

Related trends of increased private expenditure:

- Increased parental payments: Parents now pay for activities that were once part of the regular school program – enrichment classes, school trips, and school social activities. This year, NIS 1,300 per student was approved per year for a 12<sup>th</sup> grade student, and NIS 550 for a first grader. Parents pay high school fees in accordance with their child's field of concentration and, as of next year, parents will also share the cost of school lunches. The Ministry of Education estimates that total parental payments amount to some NIS 1.5 billion annually.
- Shifting schools to the management of networks: These networks are private bodies that receive an allocation from the Ministry of Education, fundraise, and pay higher salaries than the Ministry.
- Specialized schools are becoming the main channel for innovation in education: These are budgeted by the Ministry of Education to the tune of NIS 1,000-1,200 a month per child - in addition to the standard parental payments.
- “Autonomy” for principals: School management is increasingly viewed as a commercial, economic enterprise – the principal is responsible for overseeing the budget, fundraising, marketing, and hiring and firing teachers in ways that circumvent the hiring regulations of the civil service.
- The entry of foundations and private bodies into the field of educational enrichment: Funding comes from the Ministry of Education, the municipality, and the parents. This means not only that parents are funding enrichment classes, but

also that education workers are being paid low wages as the employees of nonprofits - working by the hour and for a period limited to 8 months.

Thus, women working in the field of education are not earning a salary that provides them with economic independence, but rather paying the price of privatization of the system.

#### And in higher education

Here too trends are evident of reducing state allocations while expanding the private system of higher education.

#### **Cutting back the state investment**

Between 2001 and 2007, the allocation for higher education shrank some 15% per student. This means fewer teaching assistants, larger classes, fewer new books for libraries, and a gradual increase in tuition.

#### **Expanding the system of private colleges**

Since 1990, the system of higher education in Israel has grown, and this is most evident in the proliferation of institutions and the larger number of students. However, most of the activity carried out by the government to enhance higher education was not geared to expanding the public system, but to facilitate the establishment of a private system, i.e., private colleges not funded by the state. This created a stratified system of higher education:

Six out of seven private colleges in the central region of Israel operate according to free market principles, are financed by high tuition, and teach subjects in high demand that require no infrastructure, such as business administration and law. These schools expanded access to higher education only for wealthier students.

At the bottom of the pyramid are the public colleges. These are not allowed to charge as much tuition as private colleges, and they also do not benefit from research grants that constitute 42% of university income. A significant number of students at these colleges come from towns with low socioeconomic status, but these colleges are not allowed to teach subjects such as law. The faculty at public colleges are primarily non-tenure track teachers with 8-month contracts. No hard data are available, but it seems that women constitute a majority of teachers at the public colleges.

Thus, in the stratified system created, gaps exist in the earnings potential and future employment opportunities of the students, with graduates of public colleges at the bottom of the ladder.

### **Privatization in the Social Welfare System**

In the social welfare system, the process of privatization plays out differently because a significant number of these services have always been in non-governmental hands. In Israel, the state has never applied itself to establishment of a state social system, never defined the right to social services, and never specified the basic basket of social services to which each resident of Israel is entitled. The array of social services in Israel is state sponsored only partially in that:

- a. A large number of these services are provided by nongovernmental agencies, both for profit and nonprofit;
- b. A significant part of the funding comes from Jewish donors who live abroad; and
- c. A significant part of the work is carried out by volunteers.

### **Data about the costs of acquiring services from nongovernmental agencies**

An analysis of state expenditures on social welfare services shows that, as with health services, there has been a decrease in the amount budgeted for the direct employment of workers by the Ministry – and an increased amount for the purchase of services and goods from outside vendors. In the years 1995-2003, the share of the budget allocated to work compensation decreased from 46.3% to 35.6% of total government expenditures on social services and welfare, while expenditures on “net purchases of goods and services” in these fields rose from 45.3% to 57.1%.

This clearly indicates reduced state involvement in the direct provision of social services and an increased share of nongovernmental organizations, both commercial and nonprofit.

The extent of nongovernmental involvement in the provision of welfare services can be seen in data from 2004 published by the State Controller, revealing that key departments of the Social Affairs Ministry allocate almost all their budget to the purchase of services from nongovernmental agencies: 96% of the budget of the Department of Personal and Social Services and 93% of the budget of the Rehabilitation Department were allocated to the purchase of nongovernmental services.

Unlike the education and health systems, in the social welfare system, state employees comprise a small minority of the total workers; most are employed through manpower companies, nonprofits, and commercial firms. It is estimated that 86,000 women are employed today in the state social welfare services, comprising 85% of the total employees.

Employees in the social welfare system can be divided into two distinct categories:

1. A relatively small core of 15-20,000 state workers and professionals, primarily in the field of social work. The Association of Social Workers has 10,000 members, mostly women, and most of these are employed by collective agreements. However, the status and wages of these social workers have diminished over time – the last significant collective wage agreement was signed over a decade ago. Today when social workers leave their jobs, they are often replaced by new workers hired through a nonprofit or employment contractor.

An preliminary survey carried out at Ben Gurion University indicates that 75% of the graduates of the Social Work School in 2006 found employment in nongovernmental agencies. A large portion of these do not have pension benefits, a continuing education fund, or sick pay.

2. With regard to personal services, the burden is borne primarily by tens of thousands of women who are paid low salaries, have inadequate social benefits, and do not have the protection of unions. These are the nursing care workers whose main training for their job is the fact of their being women in a society in which most of the caring are carried out by women.

The existing data relate primarily to nursing care workers employed in the homes of senior citizens in the framework of the Long-Term Care Law. Women constitute more than 90% of such workers, and they fall into two main categories: Israelis and migrant workers.

A survey published by the Brookdale Institute in 2002 reveals that Israeli nursing care workers are generally older women – half of them aged 50 or more – and some 60% were new immigrants from the former Soviet Union. More than half (55%) are the only breadwinners in their households; most have no pension fund. Although the wages per hour of nursing care workers hover around the minimum wage, they earn an average gross salary of NIS 1,392 a month because they work few hours. This



income entitles some of these workers to income support from the National Insurance Institute. In other words, working in the field of personal services makes some employees in need of social assistance.

This situation derives from the low hourly wage set by the government, which makes it difficult for agencies to pay a higher salary and provide better benefits. However the responsibility for wages and benefits also falls upon the agencies themselves, some of which are making a good profit from the provision of personal services, and therefore are able to provide their workers with better wages and benefits. Only some actually do this.

With respect to migrant workers, in 2006, the Ministry of Industry, Trade and Labor reported that approximately 40,000 nursing care workers had work permits. The average age of a Philippine woman who does nursing care nursing is 35. Her average wage is \$550-700 a month. Another 15-30,000 nursing care workers from abroad are in Israel without work permits.

### **Privatization of Housing Assistance**

Over the past decade, the privatization of government housing assistance has been accelerated. How is this evident?

The assistance budget of the Ministry of Housing has two parts:

1. Mortgages for apartment purchase: In the past, the government was the primary provider of mortgages for young couples. In recent years, however, the state has been withdrawing from the mortgage market, as evidenced by the stricter criteria, the elimination of grants, and the reduced size of mortgages. A mortgage is now a small part of the apartment price, and therefore fewer people are taking advantage of government mortgages (in 2006 some 14,400 mortgages were issued compared with 55,000 in 1996). The responsibility for issuing mortgages was transferred to banks.
2. Rent subsidies: While he was Finance Minister, Benjamin Netanyahu halved government rent subsidies by means of the Budget Arrangements Law of 2002. Since then, rent subsidies have been further reduced.

Another channel for assistance is public housing. However, the government has begun to sell off properties that had served in the past as public housing. Between 1998 and 2006, the number of apartments available for public housing fell by some

18,000. The government is not acquiring new property, and there is no alternative support track. Today there are approximately 89,000 public housing units.

Public housing is a gender issue. In 2003, 17.5% of the tenants of public housing were single mothers. In recent years, it is these mothers who have led the social protest on the issue of housing.

**Sources** (all in Hebrew)

Central Bureau of Statistics. 2005. *Manpower Survey*.

Civil Service Commissioner, Department for Promoting and Integrating Women. 2005. *Activity Report for 2004*.

Feibush, Roi. 2006. *Sale of Apartments in Public Housing*. The Knesset – Department of Information and Research. 6 September.

Government of Israel. 2007. Proposed Arrangements Law for the State Economy (amendments for achieving budget goals and economic policies for the fiscal year 2008) – 15 October 2007.

Hasson, Yael. 2006. *Three Decades of Privatization*. Tel Aviv: Adva Center.

Israel Knesset. 2007. “The Shortage of Apartments in Public Housing”, *Protocols of the Economic Committee* from 17 October.

Ministry of Education. 2007. *Parental Payments*. Presentation to the Knesset Education Committee on 12 June 2007.

Ministry of Housing, Department of Information and Economic Analysis. 2007. *Monthly Information*. July.

Ministry of Housing, Memorandum received by the Adva Center, June 12, 2006.

Swirski, Barbara. 2007. *Privatization in the Public Health System of Israel: Manifestations and Implications*. Tel Aviv: Adva Center.

Swirski, Shlomo and Yael Hasson. In press. *Privatization in the Welfare System of Israel*. Tel Aviv: Adva Center.

Swirski, Shlomo. 2006. *The Lost Social Decade: The Social Repercussions of the Proposed Budget for 2007*. Presentation at the Knesset, 14 November 2006. Tel Aviv: Adva Center.

Swirski, Shlomo. 2007. *Living the Moment: On Growth, Inequality, and Future Development in Israel following the Intifada*. Tel Aviv: Adva Center

***The Public Health Nurses' Campaign  
to Prevent Privatization of the Preventive Health Services***

**Moriah Ashkenazi**

Chair, Public Health Nurses Division, Nurses' Union

**Translation: Gila Svirsky**

The campaign to prevent the privatization of preventive health services began in 2003 upon launch of the economic plan formulated by former Finance Minister Benjamin Netanyahu. This plan sought to introduce the western pattern of privatization to Israel, abandoning the social welfare policies that had prevailed since its founding. The health system was chosen as one of the first targets, and the Well Baby Clinics and School Health Services were the test case for the structural reform to be carried out over three years.

My efforts as Chair of the Public Health Nurses Division of the Nurses' Union were directed to halt the plan and conduct an information campaign that would clarify the direct damage threatened by privatization to the health of Israelis, and also demonstrate the harm done to the public health nurses.

**Historical Background**

The first Well Baby Clinic was founded in Jerusalem in 1916, when nurses undertook to distribute milk to babies whose nutrition was inadequate. The program expanded and developed into a community-based service for new mothers and their babies, seeking to reduce gaps in health care through preventive activities and the creation of a healthy and supportive environment for the family.

The program received widespread recognition and awards for its impressive medical achievements:

- Broad based immunization (96% of the population) against contagious diseases, comparable to that in developed countries like Sweden and Germany.
- Dissemination of the mother-child clinics concept to other countries via training courses given by nurses to groups who came from abroad to study the program.

## **Demographic Background**

Diverse groups with a wide range of abilities and health characteristics exist side-by-side in Israel. Together with social groups that are aware of the services available and how to get help from both governmental and private sources, there are social groups whose access to such services is limited for various reasons – new immigrants, ethnic minorities who are isolated geographically and politically, migrant workers, and ultra-Orthodox communities. A striking gap between wealthy and poor populations is reflected in morbidity patterns and significant health disparities. Because the annual rate of natural increase in Israel is high at 3% – double that of western countries – the Well Baby Clinics serve a particularly important function in the life of the individual in Israel.

## **School Health Services**

This service, which seeks to introduce a health component into schools – monitoring the wellbeing of the pupils and providing immunizations and routine medical exams – was originally started by the Hadassah Women’s Organization in the early 1900s. The program was subsequently transferred to other agencies, at various times coming under the professional and financial supervision of the Ministry of Education, the local authorities, and the Health Funds. When the High Court of Justice halted the failing privatization process in 1997, the Ministry of Health took over the service. But now the clock has been turned back again, and a new privatization process was completed this year (2007). Today the school health services are operated by an employment contractor motivated by economic considerations. The direct damage to the pupils and nurses is evident to all: No one monitors health problems among the children, the required immunizations are not being given, and the public health nurses in this system are no longer protected by collective work agreements.

## **HOW THE PUBLIC HEALTH NURSES HAVE OPPOSED PRIVATIZATION**

### **By Influencing Public Opinion**

A number of influential bodies were recruited by us in an effort to raise public awareness about the repercussions of privatization in this critical system. These include the National Council for the Child, women’s organizations, the Adva Center,

the Women's Budget Forum, the Nurses' Union, the Israel Medical Association, the Association of Pediatricians, Na'amat, etc. Political lobbying takes place in various Knesset committees: Labor, Welfare and Health, Rights of the Child, Status of Women, Finance, and Education, as well as the Health Lobby in the Knesset. MK Rubi Rivlin, former Speaker of the Knesset, was persuaded to raise the issue in the Knesset plenary.

And yet despite broad-based agreement with our claims in the Knesset committees, representatives of the Finance Ministry continue to pursue their privatization plans, ignoring the range of professional opinions and recommendations, without having to submit a professional rationale about why the ministry insists on implementing a plan that is both anti-social and damaging to health.

### **By Using the Media**

We made efforts to get messages about the danger of privatizing the preventive health system into the media. This was accomplished by providing the health reporters of the newspapers, TV and radio with up-to-date information.

Our union also retains lobbyists who are doing everything in their power to ensure that preventive care remains in the hands of the state and is provided as a basic service to all its inhabitants.

### **Implications and Risks of Privatization**

1. Placing health services in the hands of private companies such as the Health Funds prioritizes financial considerations above professional or other substantive concerns, and this comes at the expense primarily of weaker social groups.
2. In the absence of broad-based and accessible immunization policies, the risk increases of an outbreak of contagious diseases.
3. Without monitoring and guidance from a nurse during pregnancy, there is increased risk of birth defects.
4. Without ongoing follow up in the Mother and Child Clinic, developmental problems are not being monitored.
5. Transferring treatment to clinics run by the Health Funds exposes babies, children, and pregnant women to contagious diseases.
6. There will be a preference for emergency care over preventive medicine, with all that this entails.

7. Massive firings and retirement plans encouraging nurses to leave the system have led to a larger number of patients per nurse.
8. The quality of the care will be compromised because of the extra burden on the staff.
9. The duration of treatment and amount of time devoted to each patient will significantly decline.
10. The unique connection between the nurse and the family will be lost.
11. Treatment will be given only to those insured by the Health Funds, not to the entire community.
12. It will be more difficult to identify populations and children at risk.
13. Access to the preventive services will not be available for the entire population, but based on membership in a health insurance plan.

### **Immediate Repercussions of Privatization on Nurses**

Following the planned measures, some of which have already been implemented, the professional status of the public health nurse will diminish, and she will also not belong to an association that safeguards her rights. Her employment conditions will worsen, her salary will not be linked to a wage scale that takes into account her skills and training, and she will be at constant risk of being fired and joining the ranks of the unemployed.

Employment through a contractor has only one meaning – erosion of rights and exploitation of the individual for the sake of output without consideration for the needs of either the employee or the system. The byproducts of such a move will be unprofessional management, ongoing conflict between the professional and economic interests, and a death blow to the proven achievements in this field.

### **The Situation Today**

1. The preventive health system traditionally provided through the school system has now been completely privatized and is managed by an employment contractor.
2. The number of children who receive inoculations in schools has dropped.
3. There have been outbreaks of contagious diseases.
4. The situation no longer allows for personal monitoring of children by a regular nurse.
5. The employment rights of nurses have been violated.

6. Availability of nurses for emergency situations is limited.
7. An appeal has been made to the Labor Court to return all preventive health services to the State.

The extensive damage already done led us to initiate additional measures, most notably mobilizing Knesset Members for an Amendment to the Preventive Medicine Law. This amendment, which passed thanks to the intervention of MK Dov Khenin and the Office of the Prime Minister, asserts that preventive medicine *shall be provided by the state directly and by it alone*. The amendment passed the preliminary reading in the Knesset with no opposition.