

Workshop “Quantification in Crisis”  
London, 15 December 2016

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

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# Doctoral research

- Dispositives of regional public finance management in Belgium
- **Mainstream literature** on public finance:
  - Normative;
  - Comparative;
  - Quantitative methods;
  - Instruments conceived as a **neutral** means to an end
- Towards “**social studies of public finance**”
  - Bezes & Siné (2011)’s sociology of public finance
  - Sociology of accounting; governmentality studies; STS; sociology of quantification

# Introduction



The screenshot shows the top of a Financial Times article page. At the top left is a menu icon (three horizontal lines) and a search icon (magnifying glass). The title 'FINANCIAL TIMES' is centered at the top in a large, serif font. Below the title is a navigation bar with links: HOME, WORLD, UK, COMPANIES, MARKETS, OPINION, WORK & CAREERS, and LIFE & ARTS. The main content area has a sub-header 'Europe' with a '+ Add to myFT' button. The article title is 'Greece condemned for falsifying data'. Below the title are social media sharing icons for Twitter, Facebook, and LinkedIn, along with a printer icon and a 'Save' button. The byline reads 'JANUARY 12, 2010 by: Tony Barber in Brussels'. The first paragraph of the article text is: 'Greece was condemned by the European Commission on Tuesday for falsifying data about its public finances and allowing political pressures to obstruct the collection of accurate statistics.'

Line of argument:

The interaction between the ESA and the EMU

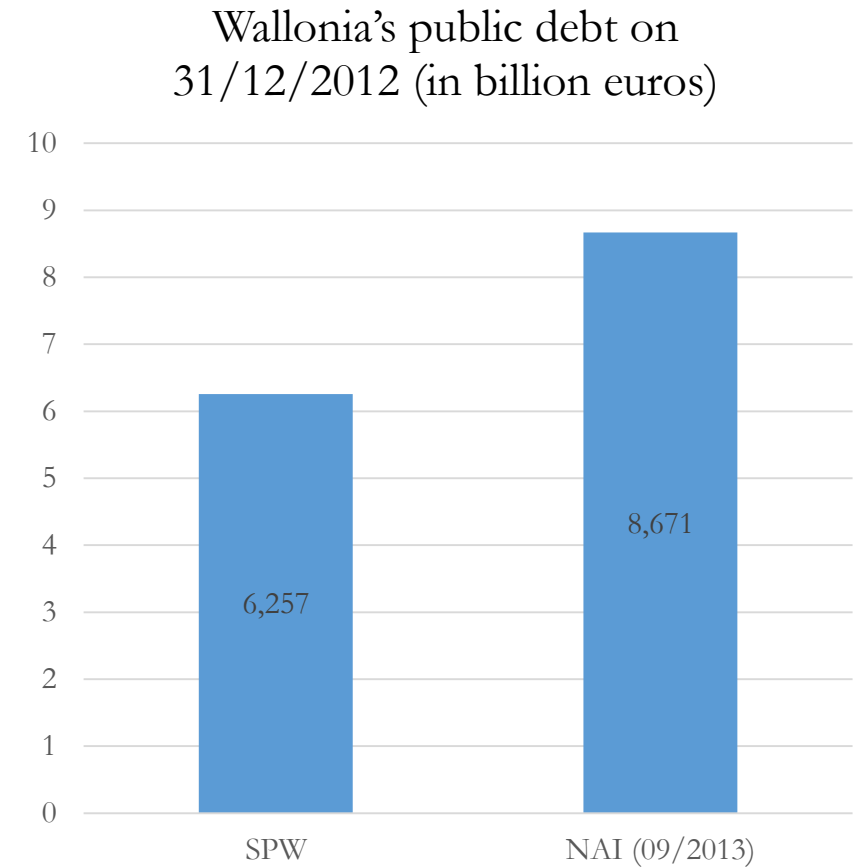
- 1) Contributes to **economizing the state** and
- 2) Incites to a further **marketization and privatization** of public services

# 1. Economizing the state – Implementing the ESA in the environment of the EMU

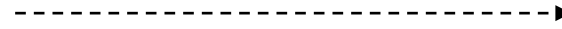
# 1<sup>st</sup> stage: Problematization



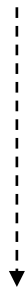
Do all member states fully comply with the ESA?



## 2<sup>nd</sup> stage: Interessement



NSIs and Courts of Audit should enhance their cooperation



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

Problems:

- Understaffing
- Limited access to regional statistics

# 3<sup>rd</sup> stage: Enrolment

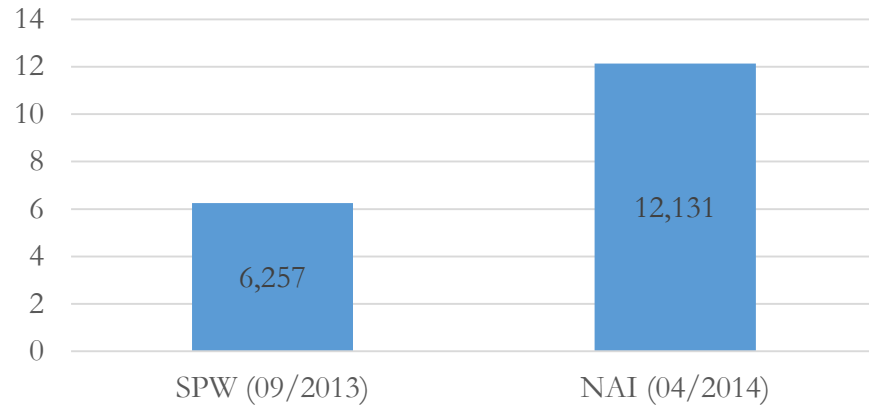
Dec. 2013: 25<sup>th</sup> Report of the Court of Audit to the Parliament of the Walloon Region

<i>Wallonia's gross public debt on 31/12/12</i>	Mn euros
1) Long term debt of the Region	7.128,7
2) Long term debt of consolidated institutions	1.301,3
3) Financial commitments of the Region	2.808,0
<b>Total</b>	<b>11.238,0</b>

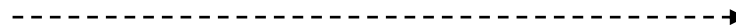
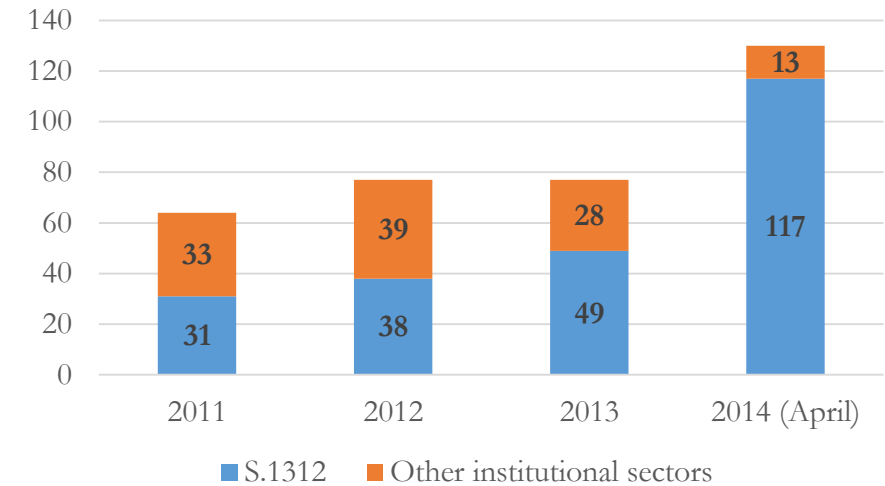


# 4<sup>th</sup> stage: Mobilization

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



Public sector units





## 2. The effects of the ESA – Towards marketization and privatization?

# The effects of the ESA

- Rising figures? Problem in itself → Budgetary “dunce”
- How to react to these new “facts”?
  - “Classic” austerity recipes: more revenues, fewer spending
  - “Looping effect of human kinds” → Development of ‘counter accounting practices’:



Criteria	Public sector	Private sector
Non-market output	General government	NPISH
Market output	Public corporations	Private corporations

Diagram illustrating the flow of privatization:

- General government (Public sector) → Privatization → NPISH (Private sector)
- Public corporations (Public sector) → Privatization → Private corporations (Private sector)

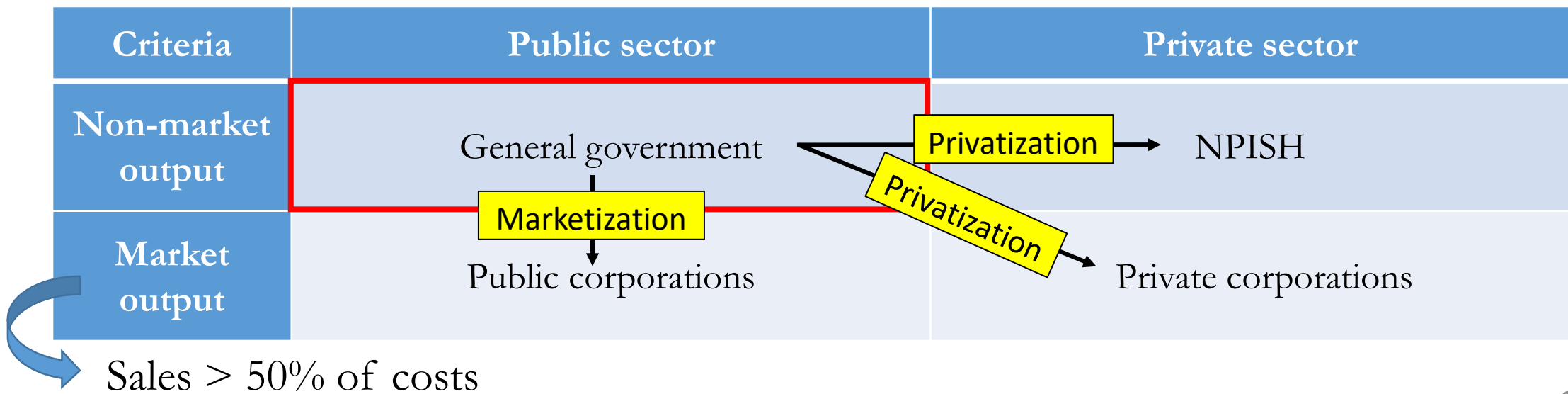
# I) Privatization

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



# The effects of the ESA

- Rising figures? Problem in itself → Budgetary “dunce”
- How to react to these new “facts”?
  - “Classic” austerity recipes: more revenues, fewer spending
  - “Looping effect of human kinds” → Development of ‘counter accounting practices’:



## II) Marketization

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

# Conclusion

- “The state has no essence”: it is shaped by mundane practices, themselves embedded in programmes of government
- The emergence of the ESA as the reference framework to calculate public finance figures triggered a process of **economization of the state**
- In the EMU environment, the ESA creates a discreet but powerful incentive towards privatization, but also marketization

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