



The Public-Private Partnership Trap

TN Note: Here is an economist who hits on some significant pitfalls and problems of Public-Private-Partnerships, which are a key tool of Sustainable Development.

A trend recently in economic development circles has been to encourage public-private partnerships. In this kind of partnership, the government partners with a private business to pursue some sort of project.

Typically, the government gives taxpayer money directly to the business as a subsidy to pursue the project or they guarantee a loan to help finance the project. To the politician and business, this kind of partnership is a great idea — the politician gets to take credit for “creating” jobs, and the business has some protection from losing money.

I have four concerns we should consider before pursuing a public-private partnership. First, we have to ask ourselves on what would the taxpayer voluntarily choose to spend their money instead of this project? With public-private partnerships, we see taxpayer money being spent on a new project, but what we don't see is data on what taxpayers in aggregate would have spent that money if they had been allowed to keep

it.

This is important because politicians want to take credit for creating jobs. What we must remember is that all they are doing is creating jobs in one area at the expense of jobs being created in a different area. They are merely shifting jobs around instead of creating new jobs.

Second, we must recognize that we live in a world of scarcity in which there are not enough resources available for everyone to have everything they want. Because of this, we must decide which projects to pursue and, just as important, which projects not to pursue.

In a market economy, we have profits and losses telling businesses and banks which projects to pursue and to which projects to loan money. When a project is profitable, people voluntarily spend their money and tell the business they like what they are doing. If the business is losing money, then people are telling them to stop wasting scarce resources creating things we don't want.

How do politicians know that a project is one that the people want? The political process, unlike the marketplace, does not provide a good way for people to give feedback. The voting booth is our primary means to hold a politician accountable when we don't like what he or she did with our money.

But we only get to vote once every year, two years, four years or six years depending on the office. Even in the best case, when we can vote every year, the fact that you don't vote for someone doesn't tell them why you didn't vote for them. It may not be obvious that they lost votes because of the public-private partnership project instead of some other issue.

Third, public-private partnerships can discourage productive behavior. Businesses begin spending a lot of resources trying to get taxpayer money instead of on productive activity. Society as a whole is worse off because many of those companies that spend scarce resources to get taxpayer money will not actually get the money.

These companies and society would have been better off with their

energy focused on doing their job better and providing a better quality product at a better price.

The public-private partnership model creates an environment of competing for government money that hurts the economy.

Finally, I have a moral concern. When politicians spend money, they are always spending other people's money. In the case of public-private partnerships, the government is using the power of taxation to take money from a relatively poor person and give it to a relatively wealthy person.

Instead of forcing people to pay for projects through taxation we should let people keep their money and voluntarily choose to spend it on what they want. Only then will we have true economic development.

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Techno-skeptics' Objection Growing Louder

TN Note: People are getting agitated all over the world, and from all political spectrums. It is not technology per se that is the issue, but rather its misuse and the abuse of the technology users.

Astra Taylor's iPhone has a cracked screen. She has bandaged it with clear packing tape and plans to use the phone until it disintegrates. She objects to the planned obsolescence of today's gadgetry, and to the way the big tech companies pressure customers to upgrade.

Taylor, 36, is a documentary filmmaker, musician and political activist. She's also an emerging star in the world of technology criticism. She's not paranoid, but she keeps duct tape over the camera lens on her laptop computer — because, as everyone knows, these gadgets can be taken over by nefarious agents of all kinds.

Taylor is a 21st-century digital dissenter. She's one of the many technophiles unhappy about the way the tech revolution has played out. Political progressives once embraced the utopian promise of the Internet as a democratizing force, but they've been dismayed by the rise of the "surveillance state," and the near-monopolization of digital platforms by huge corporations.

Last month, Taylor and more than 1,000 activists, scholars and techies gathered at the New School in New York City for a conference to talk about reinventing the Internet. They dream of a co-op model: people dealing directly with one another without having to go through a data-sucking corporate hub.

"The powerful definitely do not want us to reboot things, and they will go to great lengths to stop us, and they will use brute force or they will use bureaucracy," Taylor warned the conferees at the close of the two-day session.

We need a movement, she said, "that says no to the existing order."

The dissenters have no easy task. We're in a new Machine Age. Machine intelligence and digital social networks are now embedded in the basic infrastructure of the developed world.

Much of this is objectively good and pleasurable and empowering. We tend to like our devices, our social media, our computer games. We like our connectivity. We like being able to know nearly anything and everything, or shop impulsively, by typing a few words into a search engine.

But there's this shadow narrative being written at the same time. It's a passionate, if still remarkably disorganized, resistance to the digital establishment.

Techno-skeptics, or whatever you want to call them — “humanists” may be the best term — sense that human needs are getting lost in the tech frenzy, that the priorities have been turned upside down. They sense that there's too much focus on making sure that new innovations will be good for themachines.

“I'm on Team Human!” author Douglas Rushkoff will say at the conclusion of a talk.

You could fill a college syllabus with books espousing some kind of technological resistance. Start the class with “You Are Not a Gadget” (Jaron Lanier), move on to “The Internet Is Not the Answer” (Andrew Keen), and then, to scare the students silly, “Our Final Invention: Artificial Intelligence and the End of the Human Era” (James Barrat). Somewhere in the mix should be Astra Taylor's “The People's Platform: Taking Back Power and Culture in the Digital Age,” a clear-eyed reappraisal of the Internet and new media.

Of the myriad critiques of the computer culture, one of the most common is that companies are getting rich off our personal data. Our thoughts, friendships and basic urges are processed by computer algorithms and sold to advertisers. The machines may soon know more about us than we know about ourselves.

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