Public/private partnerships: government-sanctioned monopolies

President Trump is calling for a major new investment for rebuilding the nation's infrastructure of highways, bridges and more. There is no question that it needs to be done. However, it's vitally important that local, state and federal government agencies avoid calls to fund this massive effort through so-called Public/Private Partnerships (PPPs). Local officials must understand that there is a vast difference between calls for a competitive biding process to select private companies for the projects verses an actual partnership with government.

During the first years of the Clinton Administration in the early 1990s, there was much fanfare about a new policy to "reinvent government." It was sold as a way to make government more efficient and less costly. It would, said its proponents, "bring business technologies to public service." In addition, the promise was that the new way would bring in private money to programs and projects, rather than tax dollars.

Pro-business, anti-big-government conservatives and libertarians were intrigued. The backbone of the plan was a call for "public/private partnerships." Now that sounded like their kind of program. Government, they said, would finally tap the tremendous power of the entrepreneurial process and the force of the free market into making government more effective and efficient. It sounded so revolutionary and so American.

There are certain areas where private business contracts do jobs such as running school cafeterias through a competitive biding system. That type of arrangement certainly does serve the tax payers, encourages innovation and provides better service. That, however, is not how Public/Private Partnerships work.

Today that Clinton-led “reinvention” has revealed itself to be the policy known as Sustainable Development, which in reality is much more government operating through a top-down managed society. Sustainable Development policy calls for population control; development control; technology control and resource control. It is a direct assault on private property ownership and single family homes. It is the root of massive reorganization of American cities known as Smart Growth. It’s all tied to a specific agenda with a pre-determined outcome. To enforce the Sustainable policies proponents have worked hard to recruit private international corporations to work directly with them to promote the policies through the creation of Public/Private Partnerships.

It is little understood by the general public how Public/Private Partnerships are actually used, not as a way to diminish the size of government, but in fact, to increase government’s power. In truth, many PPPs are nothing more than government-sanctioned monopolies. These privileged few businesses are granted special favors like tax breaks, free use of eminent domain, non-compete clauses in government contracts, and specific guarantees of return on their investments. That means the companies, in partnership with the government, can fix their prices, charging beyond what the market demands. They can use their relationship with government to put competition out of business. This is not free enterprise, nor is it government controlled by the people.

A private developer, which has entered into a Public/Private Partnership with government, for example, can now obtain the power of eminent domain to build on land not open to its competitors. The fact is governments in partnership with private developers simply considers all property to be their common domain, to be used as they desire under the excuse of some undefined common good. For example a lower middle class neighborhood with a hundred small homes on quarter acre lots can be torn down and replaced with an upscale high-rise development. This gives builders, developers and the real estate industry new products to market. The new building will also generate more tax dollars for the community, thereby benefiting the "common good." All will seem to benefit with the exception of the original property owners who were pushed out and displaced ?? all for the common good. That's how PPP's are sold as a positive for the community. But other citizens are losers too as voters lose control of their government.

Private companies are now systematically buying up water treatment plants in communities across the nation, in effect, gaining control of the water supply and controlling water consumption, another major goal of Sustainable policy blueprint. At an April, 2007 meeting in Calgary, Canada, as part of the Security and Prosperity Partnership, then being promoted by former President George W. Bush to create a North American Union, government officials, business leaders and academics met to discuss redistributing Canada's water to Mexico and the U.S. Southwest.

Canada has water, lots of it, and the Public/Private Partnerships of the SPP were swarming on it like locusts as they sought to drain it from Canada's rivers and lakes and ship it to potential profit centers south of the Canadian border. Los Angeles was a prime prospective buyer.

The most popular PPPs involve the nation's highway system. Private companies are buying control of them through PPPs with state departments of transportation. Herein lays the direct threat if PPP's should become the driving force behind President Trump's plan to rebuild infrastructure.

Of course, it's not just American companies entering into PPPs with our government. Foreign companies are being met with open arms by local, state and federal officials who see a way to use private corporations and their massive bank accounts to fund projects.

As the Associated Press reported on July 15, 2006, “On a single day in June (2006) an Australian-Spanish partnership paid $3.6 billion to lease the Indiana Toll Road. An Australian company bought a 99 year lease on Virginia’s Pocahontas Parkway, and Texas officials decided to let a Spanish-American partnership build and run a toll road for 50 years.”

PPPs were the driving force behind the proposed Trans Texas Corridor that was to run from Mexico, clear through the center of the United States to Canada. A Spanish Company called Cintra was given the contract to build the TTC. There was no competitive bidding process. Cintra was the only candidate for the project.

In fact, that Spanish-American partnership in Texas and its lease with the Texas Department of Transportation to build and run the Trans Texas Corridor contained a “no-compete” clause which prohibited anyone, including the Texas government from building new highways or expanding existing ones which might run in competition with the TTC.

The highway was to provide few exit ramps. Communities that currently ran in the path of the existing state highway depended on traffic from it to provide business for restaurants, hotels and gas stations. The lack of exit ramps was done specifically to allow Cintra to build its own such services right in the middle of the TTC, eliminating the need to exit. Why was this important? Because the Cintra contract with Texas provided the company guaranteed profits.

Second, the TTC was to cut directly across 500,000 acres of prime Texas farm land. With no exit ramps farms and ranches would be cut in two. A barn might be on the opposite side of the massive highway from the rest of the farm, causing the farmer to drive as many as 50 miles to get to it. Property rights were not a consideration in the PPP contract for the highway. Communities, also, were to be cut in two, preventing police, fire, ambulances and school busses from reaching certain areas. Local rule was not a consideration in the PPP contract. That is not free enterprise.

Private companies operating in the free market lack one thing government has – the power of coercion. That’s a good thing. The free market operates with you making the decisions based on personal choice. Under Public/Private Partnerships the choices are decided for you in meetings behind closed doors.

Meanwhile, private companies that are not part of a PPP are unable to compete with those which are. They are shut out of competition from the establishment of economic development zones, which provide the chosen elite with reduced real estate taxes and financial aid. Companies, which find themselves outside of the elite status of the PPP may suddenly run into regulatory difficulties to get their own projects completed. It’s not just a coincidence? All of these things are happening through agreements between certain industries and government.

PPPs are one of the reasons many people find they can no longer fight city hall. The private companies gain the power of government to do as they please – and the governments earn the independence of the companies, no longer needing to answer to voters. It’s the perfect partnership. Their power is awesome and near absolute.

What Public/Private Partnerships are not, however, is capitalism or free enterprise, though it may have some of the trappings of such. The marketplace is still there. Its laws have not been repealed. But ultimately, corporatism does not trust the marketplace to do what the elites want.

In truth, Public/Private Partnerships are little more than a

Mussolini type fascism of government and private industry organized in a near impenetrable force of power and collusion. Local and state governments interested in free market solutions and lower costs to tax payers must resist the temptation for an easy fix through the trap of the PPPs. For they only lead to higher costs and more government control.