# Private CP Answers

**In the long term, private partnership funding is bad.**

**Texas Public Interest Research Group** “PROTECTING TEXANS FROM BAD DEALS”

[http://www.texpirg.org/issues/txp/stop-bad-road-privatization]

Texas has been struggling to plug ever-widening holes in the state’s transportation budget while also working to meet growing demand for improved transportation infrastructure and repair. Enter global private infrastructure companies and the investment banks that back them. **Touting the benefits of public-private partnerships, these companies seek deals for privatized roads on which they would charge and collect escalating tolls on motorists for decades to come.** Many Texans are skeptical of road privatization and state officials should approach the deals with great caution**. While road privatization offers a hard-to-resist “quick fix” for state budget and transportation challenges, the deals are often short-term budget gimmicks that place the public interest in jeopardy.**

**The CP causes the government to lose money.**

Brad **Plumber** 4/1/**12** Brad Plumer is a reporter at the Washington Post writing about domestic policy, particularly energy and environmental issues.

 “More states privatizing their infrastructure. Are they making a mistake?“ [http://www.washingtonpost.com/blogs/ezra-klein/post/more-states-privatizing-their-infrastructure-are-they-making-a-mistake/2012/03/31/gIQARtAhnS\_blog.html]

**While advocates claim that the private sector can operate these toll roads more efficiently**, the major appeal of these moves is to solve short-term budget crunches. **Essentially, state officials are giving up a source of revenue that’s spread out over a number of years** — in Indiana’s case, tolls — and receiving a lump of cash upfront. **“You might get less money overall, but you get it upfront, so that officials can go build the things they want to build,” explains Joshua Schank, the president of the Eno Center for Transportation.** What’s more, the private firms are the ones that take the heat for raising fees and tolls, instead of nervous politicians.

**Privates CP causes government loss of power.**

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Moreover, **a road that’s privately owned** for 75 years **has the potential to conflict with other public-policy goals.** For instance, as a recent GAO [report](http://www.gao.gov/new.items/d04419.pdf) (pdf) found**, four of the five privately-funded toll road projects in the last 15 years included non-compete clauses that prevented the government from building nearby roads.** As Tim Lee [notes](http://www.theatlantic.com/business/archive/2012/03/the-mirage-of-free-market-roads/255167/), “real-world privatization schemes are often explicitly protectionist.” **So what if a state, say, later decides that it wants to build a rail network that competes with the private road? All sorts of complications could arise.**

**Private Corporations need government assistance.**

 Timothy B. **Lee 3**/28/**12** Writer with Ars Technica and the Cato Institute “The Mirage of Free-Market Roads” [http://www.theatlantic.com/business/archive/2012/03/the-mirage-of-free-market-roads/255167/]

The basic pattern seems to have been the same for British toll roads. Most toll roads replaced previously-existing public roads; the book doesn't say if the new roads were built with eminent domain or other government privileges. Indeed, **after thumbing through the entire 500-page book, I didn't find a single example of a country**, now or in the past, **where most roads were built using ordinary market transactions. The vast majority of "private" roads, around the world and throughout history, came into existence thanks to direct government assistance.**