



Secret Plans and Clever Tricks: How Information About Public Contracting Is Hidden From the Public

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Four months ago, in October 2013, residents of Paulding County, Georgia, were shocked to discover that a plan was in place to expand the six-year-old Paulding County Airport. Initiated by a private company, Silver Comet Terminal Partners LLC, the plan angered local people who feared the environmental impact of turning a tiny "aviation reliever" airport 30 miles outside of Atlanta into a large, commercial hub. What's more, they objected to the lack of community input - the stealth nature - of Silver Comet's development proposal.

According to StopPauldingAirport.com, "to fast-track their commercial passenger service plans, the Paulding County Airport Authority [PCAA] deliberately attempted to limit the state and federal government's environmental review of their desired expansion by dividing their plans into several small projects. When they submitted these projects to the Georgia Department of Transportation and the Federal Aviation Administration for environmental review, they never disclosed that these smaller projects were part of a master plan to bring commercial passenger service to the Paulding County Airport or to extend the runway by 1000 feet."

[The group further argues](#) that The Paulding Board of Commissioners, the public body that runs the airport, should have required that the proposal be presented as a single package, making clear its intent to enlarge the airfield and increase the number of flights in and out of Paulding.

By all accounts, the community outcry - and a lawsuit filed by six community residents - shocked Silver Comet and the PCAA and left the plan in limbo. As of mid-February, the PCAA has agreed to host at least one public meeting to give area residents a chance to voice their questions and concerns. In addition, [government agencies are now poised to evaluate](#) possible wetlands degradation and evaluate the impact of increased noise on hospitals, schools and nursing homes in towns adjacent to the airport.

But despite this short-term victory, the fate of Silver Comet's proposal is anyone's guess, and it is certainly possible that the company ultimately will prevail. This potentiality highlights a very real problem - the secrecy that all too often surrounds privatization efforts.

Shahrzad Habibi, research and policy director of [In the Public Interest](#), a Washington, DC-based resource center on privatization and responsible contracting, told Truthout that "when public assets are privatized, there is a loss of transparency and a lot of information that is no longer public. States have sunshine, or open-records, laws. This means that when a service or asset is publicly run, a lot of information needs to be publicly disclosed. For example, you can get financial information, information about the number of employees and how much these employees are being paid. You can also see public documents about meetings, schedules and what was discussed so that taxpayers can know why their kids' school is requiring this or that or why the Department of Health and Human Services is adopting a new policy."

Once a private company takes over a formerly public function, Habibi said, it becomes much harder to obtain this data. "A private company can say that particular information is proprietary, pertaining to their business, so that it is exempt from public records' laws," she said. "Private entities tend to interpret the concept of proprietary interest extremely broadly, as if every bit of information about company policy is a trade secret."

This means that reporters, elected officials, community activists, public-interest lawyers and other concerned individuals and organizations often hit a brick wall when they attempt to unravel privatization plans. "There is not any quantitative data on the amount of money that is currently going to private contracts at the state or local level," Habibi said. "We know anecdotally that this is going on in every state and at every level of government - private firms are running health and human services, prisons and core public services like roads, bridges, highways and parking meters - but we have no big-picture data."

Nonetheless, the many anecdotes that have been collected paint a disturbing picture of what happens when government pushes for businesses to be in charge. As one privatization opponent put it - he asked not to be identified by name - "It's rare that you get direct, blatant discrimination against opponents. Instead, critical voices are typically marginalized or are not invited to weigh in. More typically, the microphone is controlled by the contractors, politicians or companies that stand to gain. The bottom line is that there is no objective discussion of privatization, and it's close to impossible to find out when something is going to be discussed, when it will be voted on or even when the deadline for bids is."

Longtime Palm Beach Post reporter Pat Beall learned this last spring when she set out to write a series of articles about prison privatization in Florida. "One in 10 Florida prisoners are housed in a privately-run prison," she begins. "They're run by the Correction Corporation of America [CCA], The GEO Group, and the Management and Training Corp. As soon as I started doing my research, I hit a big barrier because none of the private prisons would let me see the facilities for myself. It's outrageous that a private corporation can determine whether a taxpayer can access a state prison, that these companies have the final say over who can enter them."

Ironically, Beall concedes that Florida has one of the strongest public disclosure laws in the United States and credits the provisions with giving her access to numerous documents - including state audits - that likely would be unavailable to journalists in other parts of the country. Nonetheless, the roadblocks that Beall encountered exist because privately run prisons are still largely exempt from public scrutiny. Among other things, Beall said she was unable to

ascertain the salaries paid to guards at CCA-run prisons because the company considers this information a "trade secret." And although she ultimately wrote an eight-part, 30,000-word series that ran last fall, she says that she remains disturbed by the lack of transparency she encountered and questions the logic of those who continue to champion privatization, among them the Reason Foundation and the Cato Institute.

Privatization supporters, of course, consistently tout the private sector as the cure for what ails the body politic. As they see it, shrinking the responsibilities of government reduces costs, improves service delivery, increases innovation and invigorates moribund government agencies that have long rested on their laurels. It's a series of claims that even The New York Times has found specious.

[An op-ed](#) by professor Mildred Warner of Cornell University bears this out. "Rigorous quantitative analysis of every public study from around the world of water delivery and garbage collection [the two most commonly privatized services at the local government level] finds no statistical support for cost saving under privatization. ... Private firms have incentives to reduce quality for enhanced profits. Hence, careful monitoring is required. But monitoring is expensive and requires continuing knowledge, within government, of how services are produced."

Given this realization, you might expect government to be cautious about privatization and eager for rigorous debate on the issue. But no.

Truthout contributing author Ellen Dannin, a well-regarded expert on privatization who has written on the subject for more than 20 years, had a recent experience that underscored the pervasive silencing of those who question the superiority of private over public-sector management. In early December she received an invitation to speak at the January meeting of the Altoona, Pennsylvania, section of the American Society of Highway Engineers (ASHE). The invitation said the meeting would discuss "public-private partnerships" and indicated that the group "would like to have a speaker that has some opposing thoughts on the privatization initiative" then pending in the state. Dannin agreed to address the group. Then, two days before the meeting was to take place, Dannin was un-invited. An email explained: "Collectively we didn't feel it was in the best interest of our organization to promote the con of an initiative that is extremely sensitive to many of our members at the present time."

"I've spoken to many non-radical groups, including the League of Women Voters, some good government organizations, unions and the Labor and Employment Relations Association," Dannin said. "When I speak I always ask why some things are public and others private, and I look at the issue of accountability as it applies to both sectors. I don't propagandize. ASHE seemed like a reasonable group to speak to. Just because they build roads and highways doesn't mean they understand privatization. I expected to speak for a half hour and then answer questions."

Paul Sajozec, chief of staff for Chicago Alderman Scott Waguespack, also got a taste of what it is like to go against the grain of expected behavior and speech. In 2008, he said, each member of Chicago's 50-person City Council received a 500-page document, written by the administration of then-mayor Richard Daley in support of a 75-year plan to privatize the city's parking meters.

They were advised to peruse the report in preparation for a vote on the matter two days later. "The administration told us that this was a fantastic, once-in-a-generation opportunity to get \$1.2 billion. They were already counting on this money in their budget, and it was a foregone conclusion that the City Council would rubber-stamp it. Under the plan, Chicago Parking Meters LLC would pay \$1.2 billion upfront. Now, in 2014, almost all of the money is gone. It was used to plug holes in the city's operating budget. It's like burning your furniture to heat your house. It's a form of reverse borrowing."

So why did the City Council pass the measure? "Alderman Waguespack argued that it was a bad deal that grossly underestimated the value of the meters, but there's an unwritten rule in Chicago government: You're with the administration, or you're not. If you're not, it's hard for you to get any proposals approved. If you are, there's subtle preferential treatment."

This go-along-to-get-along ethos has led to rampant privatization extending far beyond Chicago. But there is some push-back, much of it led by prisoners' rights activists who are urging Congress to pass The Private Prison Information Act. The act would require for-profit prisons that contract with the federal government to comply with public-records requests, something advocates see as a small but meaningful step toward openness and transparency.

That said, Alex Friedman, managing editor of Prison Legal News, knows that the act does not go far enough or extend to the many other areas where privatization has taken hold. "A lot of people don't consider or understand that when private companies take over formerly public roles, the locality is contracting away the public's right to know," he said.

As is obvious, when it comes to privatization, ignorance is certainly not bliss.