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Is Privatization on the Way?

November 4th, 2010 · [1 Comment](#)

[Chris Edwards](#) of the Cato Institute writes about what the Republican's plan is for deficit reduction in [Republican Agenda: Privatization](#):

In coming months, new Republican members of Congress will be looking for ways to cut the budget deficit and also to increase economic growth. One way to do both is to privatize government assets, such as the U.S. Postal Service, Amtrak, and the air traffic control system.

[Privatization](#) can reduce deficits from the one-time gain of an asset sale and from the elimination of annual taxpayer subsidies. Privatization can spur economic growth by moving resources from moribund government agencies to the higher-productivity and more innovative private sector.

A new report by a trade magazine specializing in privatization confirms that the United States lags many nations on innovative infrastructure financing. [Public Works Financing](#) has been tallying data on "public-private partnerships" around the world since 1985. PPP is sort of half way toward the full privatization of government assets such as highways. I prefer full privatization ([such as this highway](#)), but PPP has swept the world in recent years and it is a step in the direction of market reform.

The election ended the debate over whether to cut federal spending, but the debate about cutting particular programs has just begun.

Private enterprise and the free market are far from perfect. But even with their faults, they are more likely than the bloated and inefficient federal bureaucracy to get it right.

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1 response so far ↓

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