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## Cato: Privatization Deals Are “Fraught with Peril”

Friday, 06/10/2011 - 9:34 am by [Matt Stoller](#) | [Post a Comment](#)



*In a recent [op-ed for Politico](#), Roosevelt Institute Fellow Matt Stoller argued that privatizing public assets leads to poorer service at a higher price. Below, he responds to [a libertarian critique](#) of that piece.*

Cato’s Roger Pilon, who according to [his bio](#) held “five senior posts in the Reagan administration,” responded to my piece on infrastructure with an interesting sentiment: agreement.

Stoller does go on to criticize much of the “privatization” that’s taken place since – starting with Fannie Mae and Freddie Mac. **He’s right there: These “private-public partnerships” are fraught with peril**, not least by giving privatization a bad name, something he doesn’t consider.

I’m pleased that Pilon shares my skepticism towards privatization deals. Since Fannie worked pretty well when it was a fully public agency, I’m not inclined to care as he does about the PR value of privatization, but I will take agreement on the substance where I can get it. In fact, I’ll return the favor, and showcase another area of agreement between us.

The idea of “public goods” is not meaningless, but the definition has to be strict, as economists know, and the means for privatizing ersatz “public goods” have to be clean. Given the vast public sector before us, we’ve got years of privatization ahead. **Let’s hope it’s done right.**

I too hope these deals are done right. So whenever you see a private actor complaining about environmental reviews, safety reviews, Davis-Bacon restrictions, excessive public input, or pushback against other mechanisms that a democratic society uses to govern its own decisions, you should, as no doubt Pilon would, express skepticism that privatization is simply being used as a way to avoid public accountability.

*Matt Stoller is a Fellow at the Roosevelt Institute and the former Senior Policy Advisor to Congressman Alan Grayson. You can follow him on Twitter at [@matthewstoller](#).*



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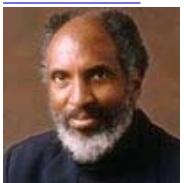
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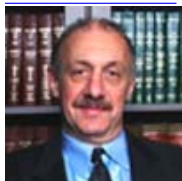
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