Graeme A. Hodge and Carsten Greve: The Logic of Public-Private Partnerships. The Enduring Interdependency of Politics and Markets

Two Sector PPPs

I will offer up front that I recommend the Logic of Public-Private Partnerships (PPP): The Enduring Interdependency of Politics and Markets to serious scholars and advanced practitioners seeking to understand the vagaries of a particular type of Public Private Partnership or PPP. There is much to admire about the book, and very little criticism to offer of the structure, source material, and depiction of international (read as non-United States constrained) infrastructure of PPPs. I can also appreciate the origins of the book’s contents gathered over nearly a decade-and-a-half of steady inquiry, presentation and reflection. The authors note this genesis in the front matter of this volume’s 293 page, ten chapter treatise, which includes chapter end notes and sources with a final index layout. Graeme A. Hodge and Carsten Greve have devoted considerable time to scrutiny of PPP structures focused on two-sector relationships in long-term public sector infrastructure contracts (pages 2, 12). The author’s engagement of the scholarly literature of public administration, political science and business is thorough, and to my eyes, inclusive of the important, well-known, and often cited writing on this subject matter. PPPs depicted by Hodge and Greve are exclusively found in infrastructure settings and purposes. These PPPs reflect public policy deliberately created to leverage private capital and offload financial risk to achieve large scale public goods in a manner – through contracted services (Chapter 4) – that generates profits for private business. In the sense that public sector finance investment can be amplified through the marketplace, the two-sector frame for depicting infrastructure PPPs offers a precise logic (pages 22–23, 36). As the authors note early in their introductory chapter (page 2), public and private sector partnerships have a design that is common in the UK and Australia, and increasingly found in places like Canada, New Zealand, countries of the European Union, Japan and even China.

Alternative Forms of PPPs

The problem I have with the Logic of Public-Private Partnerships is that it does not devote even summary space to other PPP forms such as those more common in the United States. To be more specific, the roles I would ascribe to nonprofit sector institutions in PPPs as practiced in the United States is depicted by Hodge and Greve as the responsibility of public sector participants (page 2, 3, 7–9, 12–13, 22–23). This is no small error from my perspective. I bristle at the absence of even a subtle explanation the authors might provide about the roles nonprofit organizations in the US typically perform as mediators, facilitators and values guardians of PPPs. To be sure the authors wrote the book they desired, and in their defense I speculate that a lack of interest in third sector roles is a bias attributable to the fields of public administration, political science and business. These disciplines often regard nonprofit sector organizations as little more than institutional and research appendages within their own disciplines.
Nonetheless, by failing to address the variety of conceptual frameworks of PPPs in the United States, where a three-sector (public, private and nonprofit) model dominates, the contents of the book describe an inward looking closed system. To the contrary, as a manifestation of public policy implementation and finance leveraging that requires collaboration across sectors with a multiplicity of stakeholders, PPPs are in fact the opposite of a closed system.

Three Sector PPPs in Nonprofit Policy

PPPs have held my curiosity since the mid-1990s. During this time I carefully examined the application and underlying rationale of PPPs (Madden 2014). I interviewed local and state elected and appointed public officials, philanthropic leaders and private civic actors to refine our understanding of the conditions that create three-sector PPPs. I can say, with an informed voice, that three-sector PPPs in the United States defy uniform design. The principles to replicate enduring and sustainable versions are typically shaped not so much by national policy as by the ecology of games in local communities, as described by Long (1958). Some of this thinking also appears elsewhere (Mendel and Brudney 2012).

But there is more. One can neither be a student of the history of cities in the United States – nor of nonprofit and urban public policy (Young 2010) without thoughtful contemplation of public private partnerships (PPPs). For those of us who think about the agency of nonprofit sector institutions in a political economy, the links to PPPs are many, only some of which are addressed by Hodge and Greve in The Logic of Public-Private Partnerships. A few examples are: understanding the values and motives of the designers and promoters of PPPs; appraising the outcomes of PPPs; analyzing the governance, authority and management structure of PPP institutions; and, documenting the effectiveness of PPPs. To these sections of the book I would add several topics to fit the three-sector PPP model: applying the use of PPPs as tools of local policy-making and taking account of the public value PPPs afford their stakeholders (Frumkin 2009; Mendel 2014; Mendel and Brudney 2012).

Through the lens of PPPs in Cleveland Ohio – in many ways an archetypical American manufacturing legacy city with a vibrant nonprofit sector well-known for the effective use of PPPs in major bricks and mortar urban revitalization undertakings – I view Public Private Partnerships as an essential practice to concentrate financial and human capital that is otherwise beyond the reach of any single player or economic sector (Vogelsang-Coombs, Denihan, and Baur 2014). PPPs in the United States have transactional approaches devised specifically to achieve public policy goals. They also have transformational elements for political and economic systems derived when local communities organize, or more typically realign themselves. While some PPPs in the United States exist to off-load public endeavors to private actors, like those depicted in the United Kingdom, the more common function is their use in addressing large public values endeavors and wicked social problems such as poverty or urban economic development (Voinovich 2017; Mendel and Brudney 2012; Rittel and Webber 1973).

Call for Further Study?

While the authors are clear in their intention to consider only a specific type of PPP, the limits they place on their presentation misses the opportunity to transfer knowledge and advance understanding of PPPs more generally. Simply put, and perhaps with no small measure of irony despite the considerable detail and concept parsing in this volume, the absence of a comparison between two and three-sector PPP models restricts readers to a single model that does little to clarify the basic concept. Consequently, it is my suggestion and hope that the authors take up the challenge to advance an understanding of PPPs to benefit a broader audience of public, private and nonprofit stakeholders.

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