



Annual Privatization Report 2004

Letter from the Editor

Geoffrey F. Segal

Entering its 18th year of publication, the Annual Privatization Report has chronicled trends, developments, and experiences of local, state, and federal governments subjecting public services to competition. It seems that what APR has been chronicling all these years has finally hit mainstream. In their new book, *The Price of Government*, David Osborne and Peter Hutchinson argue that “the fastest way to save money and increase value is to force public institutions to compete.”

While saving money is important, experience shows it’s not the only benefit that can be achieved through competition. Governments at every level use competition and privatization to enhance quality, spur innovation, and complete projects more quickly.

Osborne and Hutchinson further state that privatization and the many other tools they write about are “well beyond the experimental phase...[they] have proven their value in many different public contexts” and jurisdictions should “waste no time in implementing them.” After 18 years of publishing APR and 27 years of publishing *Privatization Watch* we here at Reason Foundation are happy to have secured at least one vote. In this 18th Annual Privatization Report, Reason Foundation once again provides information and analysis on the benefits of privatization.

Reason Foundation staff recently helped the states of Florida and California develop and implement exciting privatization programs. Those efforts are chronicled in the “State Update,” but also be sure to see the update from the federal government and President Bush’s ambitious plans to privatize 850,000 federal jobs.

For those travelers out there, check out the latest developments in air travel, airport security, and ATC reform. And of course, if you prefer to drive, see the section on highways and toll roads. You can also read up on the follies of urban light rail. And Ed Hudgins delves into the idea of private space flight and its continued deregulation.

Despite the long track record of water and wastewater privatization around the world, an alarming trend is developing. Cities and counties are using eminent domain powers to deprivatize water facilities.

In this issue we also dive into private corrections, welfare and education and their recent challenges and innovations. See these sections and the States section for updates on these programs. Lastly, no annual report on privatization would be complete without a discussion of offshoring. See our article for an in-depth examination of this controversial issue. Your comments are important to me. Please feel free to contact me with questions, suggestions, or for more information. To stay abreast of these issues be sure to read our monthly newsletter *Privatization Watch*. For the most up-to-date information on the rapidly changing privatization world, visit our Web log, Out of Control.

Geoffrey F. Segal, Editor