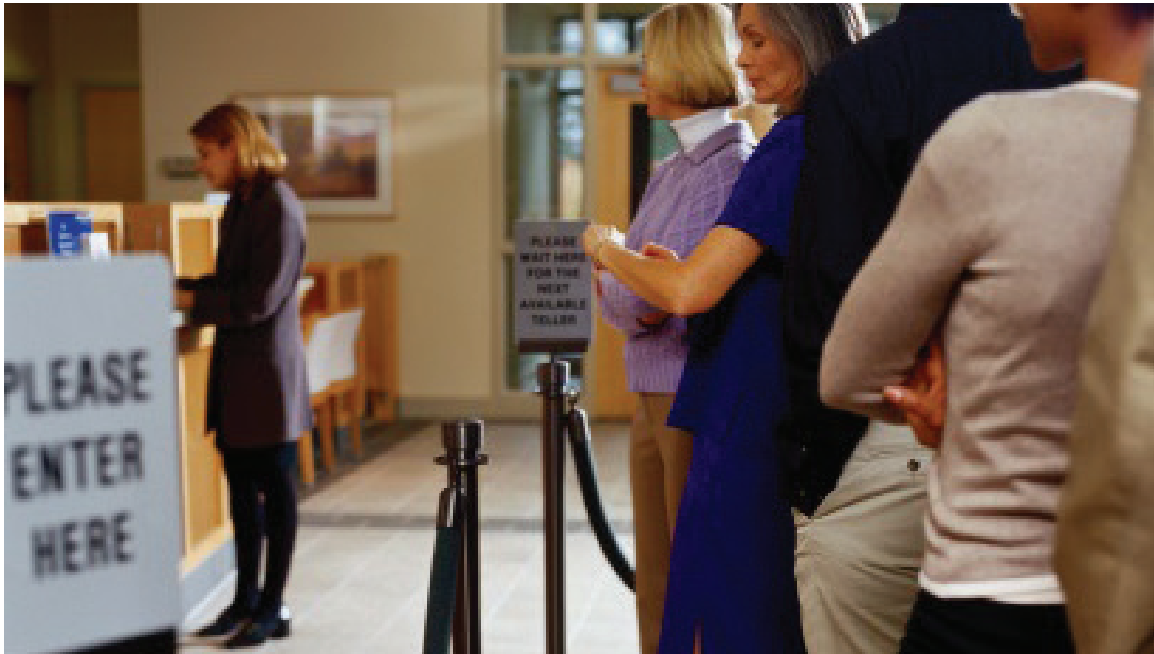


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UPDATE POST



Private Sector vs Public Sector

Posted on June 17, 2014

https://informationstation.org/kitchen_table_econ/private-sector-vs-public-sector/

We hear politicians and the media talk about the importance of the private sector and the public sector of our economy. But how are these two areas different? And which one is more effective at growing our economy?

The private sector is made up of private businesses, meaning they are owned by the people. The private sector includes malls, grocery stores, and your local diner. In order to make a profit in the private sector, businesses must earn our money by offering us products or services that we like.

Since other businesses compete for those same dollars, this process drives down prices because no one wants to pay twice as much for shoes at one store if you can get the same pair another place for cheaper.

On the other hand, the public sector doesn't have to compete for our dollars because it's not driven by profit. Instead, the public sector is given tax dollars which it uses to fund its services. This spending

is mandatory, meaning we have to pay for these programs no matter how much, or little, we use them. The government decides how many of our tax dollars should be spent in the public sector.

The US Post Office is an example of a public sector business. As you can tell, in a world increasingly reliant on emails, the post office is behind of the times because it offers snail mail delivery 6 days a week—even though a lot of the mail you receive is probably junk. The Post Office is also has over \$100 billion in debt and unfunded liabilities, meaning this business is way in the red.

In contrast, FedEx, a private sector company, has made a profit of over \$8 billion in the last 5 years. FedEx is also considered to be a more reliable carrier than USPS, and its business looks for ways to stay ahead of the curve, like researching drone delivery services. FedEx knows it has to keep innovating in order to compete with other businesses.

The private sector has also streamlined waste collection services. More than half of US cities now contract out all or part of their trash services to private sector businesses. One study showed that competitive delivery of these services typically saves around 20-40% of its total cost.

The private sector saves money in education too. Florida's school voucher program gives students the choice between attending a public school or a private school for around \$4,000 a pupil. Meanwhile, the Florida public schools spend around \$7,000 per student. Even more alarming, a study found no difference in achievement between students attending voucher schools or public schools.

When comparing the private sector with the public sector, it is clear that the market-driven private sector is more efficient. Private sector competition is what powers our economy, and gives us the innovative products and services that we enjoy.