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**Optimization model of Public Investment
and selected theories of the New Institutional Economics**

How does the optimization model of implementation a public investment – in the light of the theory of transaction costs, the theory of property rights, public choice theory and institutional theory of contracts – affect the basic institutional relationships in the national economy?

*„Public-sector issues include
some of the most exciting of all economics”.
J.E. Stiglitz¹*

A summary of the doctoral dissertation

The activities of the Contractual States was revealed, inter alia, in the manufacturing and supply of public goods, which are determined by social needs are often regarded as an element of the modern State. Although the practice of economic policy is strongly connected with aspects of budgetary expenditures and often is put in the shadow of economic activity of the private sector, there's no way to appreciate this activity of Contractual States – on account of public usefulness, and from the perspective of the national economy. The undisputed fact remains that implementation of public investment remain under the influence of a wide stream of factors determining this activity of the Contractual State. The dynamics of socio-economic and technological changes, political fluctuations, social and cultural, global and local problems of an economic nature and many other phenomena are an extremely fast changing environment, in which the State takes certain economic decisions. It follows that the problems of rationalization of implementation of public investment in the rapidly changing institutional sphere deserves an in-depth analysis in the context of the New Institutional Economics. This trend of economic is aimed to research activity human, as he is in fact, activity in the restrictions of the institutional determinants. In this dissertation the activity human is identified with the Contractual State. Why the Contractual State can-not use from the solutions developed by the authors of the specific theories of the New Institutional Economics, which enable, among others, savings in the transaction costs?

Reflection on the optimization of public investments is intended to achieve two main objectives. The first concerns the same optimization model. The first version of the model was described in the articles in 2009ⁱⁱ and 2016ⁱⁱⁱ under the name *privatesourcing*, which was then defined as a specific tool for process organization of the implementation of certain economic functions necessary for public investment. In this dissertation, in detail there are presented foundations, characteristics and structure of the optimization model of public investment. It was finally defined as a method of rationalizing public investment by the use of logic of global

sourcing and optimization of organizational management process based on the price of public usefulness. In the context of a selected theory of the New Institutional Economics it can be added, that the optimization model of public investment finally took the form of an alternative way of public transaction management, resulting in real cost specific savings in the sphere of public transaction costs. The second objective, which the author puts in this dissertation, is an attempt to refer this optimization model to the economy. That is why optimization model of the public investment was related to the real institutional sphere selected theory of New Institutional Economics. In the light of the theory of transaction costs, theory of contracts, theory of property rights and theory of public choice an attempt was made to show the Contractual State. The presentation an elements of the institutional economic order, the conditions of the institutional sphere of public investment and the active business entity are the basis for the presentation an optimization model in the perspective of an alternative form of public transaction management, which determines real benefits related to public transaction costs.

The objectives of dissertation are reflected in the scientific hypotheses, and in the main thesis of this doctoral dissertation. Hypotheses have been formulated in the form of questions. In the first the author asks whether the optimization model of the implementation of public investment fits into the framework of the theory of transaction costs, the theory of property rights, public choice theory and institutional theory of contracts which are the selected aspect of the New Institutional Economics? Justification for this hypothesis can be found in the fourth chapter, in which the model was embedded into the framework of the selected theories of the New Institutional Economics. It has been proved that public investment, considered as the economic transaction of public usefulness can be, or even should be subject of economic analysis, in particular in the perspective of the specific institutional elements of the economic order, the institutional sphere of public investment and activities of the Contractual State as an active and real economic entity. The second hypothesis comes down to the question whether the use of optimization model of public investment for implementation of public investment can be treated as an element of economic policy. The considerations aiming to respond to the question can be found mainly in the third chapter, in which the author describes i.a. issues of the economic policy. This model, and the public investment, which has been shown in this dissertation, can be researched according to the methodology of the New Economics of Public Goals. This results in the fact that they (public investments) are subject to economic analysis, in particular, economic policy, understood as a socio-economic phenomenon, having specified characteristics of public goals. Conscious choice of optimization model of public investment as an alternative form of public transaction management entered it in the catalogue of the elements of economic policy. The third hypothesis is the question of whether the effects of the use of optimization model of public investment can have an influence on the national economy. In a natural way this hypothesis is connected with the previous one and the answers to the question can be searched also in the third chapter of this dissertation. There it has been justified that characteristics of the optimization model of public investment allow for the statement that it can be an effective alternative for the public transaction management. In addition, the fifth chapter presents in detail sources of benefits for the national economy, which are possible to achieve by using the optimization model of the implementation of public investment.

Justification of these hypotheses lead directly to prove the rightness of the scientific thesis, in which the author claims, that the optimization model of public investment, by its use in the implementation of the tasks of public usefulness, at the level of national and local government, from the point of view of the selected theory of New Institutional Economics, is profitable for the national (domestic) economy. This model was finally specified as an alternative form of public transactions management based on the logic of global sourcing and

organizational optimization, which manifests itself in the public vertical integration. Reference of its foundations, characteristics and dynamic structure to the economic logic of business transactions, defined by the theories of trend neo-institutional economics, has resulted in defining the specific sources of benefits. In the fifth chapter there can be found a detailed overview of a savings trend of public transactions management process by the Contractual State, which by optimizing the process of contracting (model OPI) enables reduction in the level of uncertainty, instability and the problems *ex-post* between contracting entity, increasing the level of contracting safety, growth of quality while reducing costs and improving the conditions of institutional environment. In addition, the implementation logic of the alternative form of public transactions management can lead to higher effectiveness of the allocation in accordance with the real needs of society, which will result, on the one hand, in growth of economic efficiency of public investment, and on the other hand, will be a source of social satisfaction, and finally, this can result in real political benefits. The most important benefit, which can be expected by using the optimization model of public investment, will be the savings in the public transaction costs. Finally, the rationalization of costs (public expenses) in a positive way will influence macroeconomic and budgetary indicators of the national economy. At the same time it can be said that the scientific thesis of this dissertation has been justified in a positive way.

In the doctoral dissertation author presents an alternative way of research into has the socio-economic phenomena occur in the institutional sphere of public investment. The debate is about the New Economics of Public Goals (NEPG), which took the form of theoretical concepts – not the term theory – itself analysis of global public investment. A slightly different treatment of the same public investment, issues of institutional optimization, the problem of the price of public usefulness and the value of the public goal and furthermore the use of descriptive research methodology are those elements of the NEPG, that make that this concept likely to become a real alternative for the scientific research this economy area. In addition, the treatment of the States in this solution as a contractual human, which is reflected in the term 'Contractual State', can lead to interesting conclusions for future scientific work. The Contractual State adopts here the character of the acting entity, which is described by the theories of the New Institutional Economics, at the same time remaining an active creator of public goods. In this light, the alternative form of management public transactions entered into the logic of institutional determinants equivalent with those, that shape in the way essential and substractional, socio-economic phenomena occurring in the economy as such. In this way, public investment from the periphery of economic activity return to the center of interest by neo-institutional economics, which may in the future be enriched by another theory of the New Economics of Public Goals. In the light of this consideration, it can be concluded that the optimization model of public investment, which finally took the form of an alternative method of management public transactions can become valuable for the economic policy, understood as a theory, but also understood as the practice of the Contractual States, that creates a public goods to social satisfaction in the economically rational way.

The considerations about optimizing of the implementation of public investment have been intentionally embedded in the sciences of management, especially in the context of the functioning process, transformation, development and cooperation of the Contractual State with other economic entities. Exists rich literature, which takes issues of the tasks of public usefulness, processes for their manufacturing and providing for the society and also describing the various forms of extending their efficiency. Analysis of scientific output allows us to conclude that the implementation of certain public investment is placed in the periphery of economic activity due to their "uneconomical" but public character. In this dissertation the author leaves this conviction and treats public investment as market transactions, which are

characterized in addition by public advisability. Such an operation allows for the placement of investment processes within the field of economic sciences. Of course their public character requires a certain diversity in scientific analysis, but it cannot be the reason of treatment public investments as a "flawed" economic phenomenon. This approach was determinant in the creation of the New Economics of Public Goals, which should be understood as an original proposal of the researching way, analyzing, and describing the socio-economic phenomena existing in the institutional sphere of public investment. It can be assumed that this will be a subject for future scientific reflection of the author, thus becoming a new area, or rather a new perspective, research activity of the Contractual State.

ⁱ J.E. Stiglitz, *Ekonomia sektora publicznego*, Warszawa 2004, s. xxi.

ⁱⁱ por. W. Bołkunow, A. Derkacz, *Privatesourcing, czyli partnerstwo publiczno-prywatne jako forma globalnego sourcingu*, „Studia i Prace Kolegium Zarządzania i Finansów Szkoła Główna Handlowa” 2009, nr 96.

ⁱⁱⁱ por. A. Derkacz, W. Bołkunow, *Privatesourcing jako źródło zwiększenia efektywności zadań publicznych*, „Studia i Prace Kolegium Zarządzania i Finansów Szkoła Główna Handlowa” 2016, nr 150.