

## The insincerity of public procurement

Excerpt from "the new public-private relationship" by Christophe Soisson, Eyrolles Editions.

(Translated by DeepL.com)

## The negation of the time factor

Why has there been little or no action on the debt, which has been growing inexorably for so long? Probably because borrowing is an old tradition of States. It is not that, in political and administrative mentalities, debt does not exist, but, more profoundly, we act as if this debt were decorated with a repayment schedule. In the past, the monarch paid his debt when he wanted to. In the meantime, living on credit can do no harm: creditors will wait.

It is therefore easy to go from a debt with no ceiling to an infinite chain of interest, without ever paying back what one owes. What's the big deal? It is true that debt is a bit boring when it comes to drawing up the annual accounts, but it is not so boring, since you borrow again not only up to the amount of the deficit, but also up to the amount of the past debt repayment. Borrowing to pay one's debts and even the interest on one's debt does not clearly appear to be a serious act; yet all "common" over-indebted people know that this spiral is suicidal.

## Bad Practices

Why do we not talk about over-indebtedness, as we would for a household in the same situation, or bankruptcy, as we would for a business? Because, in reality, we live on an implicit conception that the State's financial resource has no cost, and above all no limit. Bankruptcy is therefore impossible. Although totally erroneous, the principle of debt relief continues to influence action and even public accounting. This can be demonstrated by the fact that the government debt is kept in a separate account, as autonomous from the rest of public action, and that its abyss has no intrinsic or systemic impact on day-to-day public action, as it is not charged to operational budgetary perimeters, such as those of the ministries for example.

This folly is rooted in a deep-rooted mythology: the state is immortal. The state's financial resource, drawn from the nation, itself immortal, is therefore infinite. Even if the tax burden cannot be increased without limit (though), at least in terms of duration, it can be levied indefinitely. Thus, in reality, the resource is commensurate with the immortality of the nation, that is to say, unlimited.

Since the state is immortal, the time factor is unknown. The debt can be extended indefinitely without damage. Of course, there is interest, no one will deny that. But in fact this interest is charged to a separate account, where it can accumulate indefinitely without damage, and refinance itself quietly on its own. They can even produce ugly little compound interest between them. This is not our concern.

Depreciation is based on the same logic and therefore suffers from the same disease. It is a matter of establishing the accounting provision needed to renew a fixed asset at the rate of consumption of the economic benefit it produces. But for the same reasons as

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previously, the government believes that it does not need to set up a financial provision: there is no depreciation possible in the government's accounts. No doubt the State's assets are also eternally incorruptible, or at least, if they were to wear out, they could be replaced indefinitely by taxes or on credit. It would indeed be crazy to dip into the fund to amortize any wear and tear, depreciation or obsolescence, since alongside the fund there is a permanent financial distribution.

By denying time, a contingency of mere mortals, we deny the debt, the very nature of which is precisely the cost of deferring, between the time of borrowing and the time of repayment. We also deny amortization, which counts the wear and tear of time... And we deprive ourselves of correct strategic analyses: as long as the interest of an investment is not measured by comparing the cost of deferral, and by integrating technical obsolescence with the rate of production of the socio-economic benefits it brings, we will make ill-considered investment decisions.

If, moreover, there is no unit of work in the public accounts - another oddity which this time prevents the operational centres from being allocated a share of the fixed costs - it is clear that the possibility of analytical accounting, and therefore of a correct assessment of the cost-benefit balance sheets, is still a distant goal.

We will be amused to learn that the immortal state has recently fallen from the secondary deities by requiring local authorities to practice accounting depreciation. Again, this is a recent development, and is only compulsory for large urban areas. But it has not applied it to itself. In the meantime, the eternal State reigns over a budget that is gradually being eaten away by debt. The temporal, whether we like it or not, like the eagle of Zeus, has returned in force, and the agony of Prometheus has no end.