

Is public private partnership the solution for public finance in crisis times? Arguments for and against

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The aim of the article is to review all the public private partnership (PPP) aspects that might influence the state of local governments finance. PPP is a well known concept, long applied in Europe. PPP is attractive where on the one hand there is a need to finance public investment, but on the other, there is a lack of sufficient financial resources to meet those needs. No country exists in which a local community would willingly give up the opportunity to benefit from public services, thereby providing evidence of the necessity of the State's existence. Services such as the provision of road and agricultural infrastructure, health care, education, water, waste management etc., are the services for which on the one hand, the demand is constant, and on the other, the continuous provision of which is the obligation of public authorities. More and more local governments struggle in crisis time with limited financial means which do not enable them to fully implement their tasks, and in particular to improve the quality of services provided by modernizing and making them widely available. This research will afford the description of the economic phenomenon and its determinants of public-private partnership and a mutual correlation of these phenomena with the situation of the local governments finance situation on the example of Poland. Author locates the PPP in theory of public and corporate finance and at the same time emphasizes the differences in classifications the debt of the project as budgetary or non budgetary. Author indicates on which circumstances the PPP process might be implemented to improve the state of local governments finance in crisis time and enhance the interest for the projects from private parties (private entities). Basic methods used for obtaining the scientific aim are literature research on theory of public finance including new public management, research survey on particular ppp projects and it's business performance results, statistical quantitative and qualitative analysis.

Key words: public private partnership, crisis of public finance, European Union, off- budget expenses, theory of public finance, local governments.