

Novel Business Models, Digitalization and AI in Public-Private Critical Infrastructure Financialization: An Innovative Crisis Trinity?

Corresponding Author:

Lindy Newlove-Eriksson

Swedish Defence University (SEDU) and KTH Royal Institute of Technology, Stockholm Sweden

lindy.newlove-eriksson@fhs.se

Author(s):

Thomas Sandberg¹

¹Department Of Industrial Management, Royal Institute Of Technology, KTH, Thomas.Sandberg@Indek.Kth.Se, SWE

Abstract:

Financialization – implying a shift over time from industrial to global market control – has characterized public-private partnerships (PPP) in critical infrastructure for decades. Already complex, infrastructural financialization is increasingly so with the advent of business models, such as Special Acquisition Companies (SPAC), as well as through increasing digitalization of infrastructure financialization, through for example blockchain. SPACs by design are unclear where investment takes place, which is problematic from PPP governance, accountability and financial crisis prevention perspectives. Algorithms and Artificial Intelligence (AI) are features of digitalization also increasingly employed in infrastructural markets to assess and manipulate capital, often with risky stakes. I argue that novel forms of business models such as SPAC and digitalization progressively increase the contingent nature of infrastructure financing – and thus economic instability - by embracing elements of uncertainty and accepted risk as points of departure. Utilizing uncertainty in this manner may resonate in innovation-driven speculative economies, but how does this deliberate rescinding of agency impact on governance, accountability and political and bureaucratic responsibilities, when pension funds and societal security are wagered? This piece examines novel business and technological developments in the area of public-private infrastructural financing the European context, and implications of applications for governance and accountability.

Keywords: financialization; PPP; infrastructure; digitalization; AI; accountability; governance

Contingency: exploring an age-old concept for a new reality