

Public service and the private sector

I set out three main conclusions from my analysis of the types of private sector involvement in public service.

The first is, bread and circuses, supplied entirely by competing private sector companies, are as much public services as the supply of water or the provision of health care.

The second is there is no such thing as a service entirely provided by state employees using state assets. Every public service uses private sector services to help it deliver. The issues for debate are where should the borders be between public and private in any given case, and which models of private sector engagement and support work best?

The third is there is no simple binary choice between a privately provided service like the bread supply, and a nationalised service. The interconnections between public and private are far more complex and varied.

I looked in particular detail at the railways. Here Labour says we could improve it by nationalising it. Many do not seem to recognise that it is largely nationalised already. All the stations, track and signals are in public ownership. Network Rail controls the railway as a state owned and state financed entity. The private sector train operating companies have regulated fares, regulated train slots on the monopoly nationalised network, and timetables agreed by the government and Regulator. Quite often they are prevented from expanding or running better services by the restrictions of the monopoly provision of track and inadequate signalling capacity.

I also considered the NHS, where all parties agree we want to keep a public service free at the point of use, and no party wants to privatise. We need to remember however that most GPs run private sector businesses, owning their own surgeries. All drugs used are supplied by for profit companies, who also provide most of the research into treatments. A wide range of contractors are used for catering, cleaning, management services and the rest. Labour introduced sending some NHS patients for operations in private sector hospitals.

The sound bites and fury of these nationalisation debates ignore the complex realities.