



Covid and Privatisation: The Bigger Picture

How the government's core commitment to the private market affects not only how it deals with the NHS and public services but also its response to the threat to life from a pandemic.

KONP campaigns against the privatisation of the health service. Our campaign since the Health and Social Care Act of 2012 has focused mainly on the awarding of contracts to private corporations to provide NHS services. A classic example was the contract in 2019 which took away the Churchill Hospital's world-leading PET scanning service and gave it to the health corporation, InHealth.

The government argument for privatisation of health services is that the private sector is more efficient, that this saves money for the NHS. The argument about private sector efficiency has been effectively demolished by the experience of Covid. The argument about saving money is also wrong. A unified public service would have a single structured administrative and clinical staff. When these services are contracted out to a large number of private sector companies, there is a massive growth in the cost of separate centres of administrative and clinical staff to which must be added the costs of separate and fragmented infrastructure and maintenance.

But the biggest cost of privatisation for the NHS is corporate profit. A proportion of the money paid to companies like InHealth is diverted to profit and shareholder dividends. This is public money that has been lost to the NHS. For instance, Serco's projected profit from Covid-related contracts in 2021 is over £200 million. This is £200 million of public money lost to the NHS, in other words, an additional NHS cost.

But this direct transfer by the government of a public service to a private corporation is only one side of the coin of privatisation. The other side is the cutback or closure of an existing public service. This is the form of privatisation that has the most direct and harmful effect on individuals and families. If a publicly provided child-care service in a community is closed, the parent has to manage without the service or find a private provider. The

Serco has said it expects first-half profits to climb 50 per cent following the government outsourcer's win to keep Covid-19 testing centres running in the UK.

The group also predicted sales would rise 19 per cent to £2.2bn for the first six months of the year. About £340m will be related to Covid-19 work, a jump from £80m in the same period a year earlier.

Financial Times, 30 June, 2021

parent is forced to 'privatise' childcare. This, in fact, has been the dominant form of privatisation in England for many years.

Local authorities have been the main providers of many local services but annual cuts in government funding has led to a drastic reduction in services such as children's centres, family hubs, subsidised bus routes, and libraries. According to the *Financial Times*, between 2010 and 2020, government funding of local authorities was cut by 60 per cent. And these cuts are scheduled to continue. Eventually, there will be no government funding of local authority services. Responsibility for resolving a social need such as childcare is being shifted from society (the state) to the individual. It has become a 'private' matter.

Why does the government pursue this policy of privatisation? It has its roots in an ideology that goes back to the founders of what is today called neoliberalism. The state, in this view, must first and foremost guarantee private property rights and a free market. It must provide security, defence of territory, and a legal and judicial system. But the individual citizen, in the market place for goods, jobs and services, must be individually responsible for their life outcome. It is not the function of the state (government) to 'care' for the individual. This is their own individual responsibility. This was the thinking behind Mrs Thatcher's famous statement that 'there is no such thing as society'.

This was an ideology forced into the background by the popular mood in the decades following the Second World War. But it re-emerged with Mrs Thatcher in the 1980s and finds its strongest and most radical support today in the government of Boris Johnson.

This deep commitment to a lean state, private property, and a free market has directly influenced the Johnson government's Covid strategy, not just in the way it threw billions of pounds worth of contracts to private corporations but in the very way they chose to deal with the virus. The government offered the public a simple strategy – a national lockdown during which there would be a centralised test and trace system and PPE delivery, both run by the private sector, while vaccination of adults and widespread transmission among children would lead to immunity and a return to 'normality'. It didn't work and it won't work.

The threat of hundreds of thousands of deaths from Covid forced the Johnson government, against his initial preferences, to enforce government lockdowns. But, with vaccination being rolled out successfully by the NHS, we must now 'learn to live with' Covid and assume 'individual responsibility' for how we respond to the danger from the virus. It's a case of lockdown or freedom, where freedom does not mean freedom from the virus, but freedom from government intervention. As a [recent article](#) in the *British Medical Journal* (29 June) explained, 'the government is planning to withdraw all forms of support and abandon us to deal with the pandemic on our own'. It's down to individual choice, one of the core concepts of neoliberal theory.

The government was perfectly aware of an alternative strategy which it chose not to follow. This was a strategy in which restrictive measures enforced nationally would reduce cases to small numbers and then, in a second phase, well-funded and resourced Public Health teams, based in the

community, would respond to local outbreaks or variants with a large test, trace, isolate and support effort which would suppress the outbreak locally. Such a well-resourced local community-based infrastructure for virus containment would make national lockdowns no longer necessary. We know from the aids and ebola epidemics that community involvement is crucial. But the government deliberately prevented that. Instead of local community teams we had call centres. It's not that the government isn't aware of such an alternative approach. It had been tried successfully in a number of countries, especially in South Asia. The choice between lockdown or freedom was a false one. There is an alternative which has been coherently argued for by numerous experts, especially those on Independent SAGE and by scientists in universities and medical institutions.

Why did the Johnson government oppose such an alternative by refusing to fund local Public Health teams and refusing to offer financial support to people to isolate? It was a political, not a scientific or evidence-based decision. It was because this would undermine its privatisation strategy. A successful strategy pursued by local public health teams, with community involvement and support, would demonstrate the superiority of a policy based on the community and public resources, especially in view of the obvious failures of its own centralised and privatised test and trace system.

Contracting out health services to private companies is just one part of a much larger project to promote the private market, to reduce state support for individuals in the community, to force them to find private solutions, and to discourage publicly funded community-based initiatives. We see it not just in the NHS but also in education, support for the elderly and children in need, and even in how it deals with a dangerous life-threatening pandemic.

There is an alternative to privatisation and we need to fight for it.

Gus Fagan, 29 June 2021



We were down at 2000 cases three or four weeks ago. We've now trebled that in less than 2 weeks. Patrick Vallance was right in February. He said, "As the numbers come down, it's essential that we trace and isolate". Our failure to do that three times in the past has led to three national lockdowns and 150,000 deaths. I'm quite angry about that because where is the money from the £38 billion for local public health and why haven't we got an adequate army of tracers. And most of all, the failure to invest in isolation.

Professor Anthony Costello, IndySage
Interview on [Sky News](#), 14 June 2021.

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