

[Co-Operative Dissonance](#) [1]

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The Conservative Party recently re-asserted its commitment to allow co-operatives and other non-profit bodies to run public services on a contractual basis. It is an idea very similar to the adopted Swedish model of paying for schools, although there are a number of clarifications that need to be made. Whilst the 'Free School' model allocates funds according to the number of pupils being educated (i.e. according to outcome), the worker-co-operative proposals have hinged on the use of contracts. This means that while the penalty for a failing school will be the loss of pupils and a corresponding loss of revenues, ultimately resulting in the closure of a pupil-less school, the penalty for a failed contract is still unclear. The 'Free School' model means competition is automatic as pupils and parents are instantly able to choose and change the school they would like to attend, but a truly competitive environment based on contracts will be much harder to achieve with co-operatives, as each contract could essentially be a short-term monopoly on government-funded services for its duration.

Nevertheless, some competition in government-funded services is far better than none at all, and the proposal will also allow for greater accountability, giving public sector workers greater incentive to perform well. Cameron is looking to John Lewis for his inspiration, and fortunately for him and us, they have largely been enthusiastic about the idea. Inexplicably, Labour, its Co-Operative Party allies and the Trade Unions have been disparaging about the idea, despite recognising its merits and trialling it themselves. More tragically, Robert Peston appears to have missed the point: in his brief critique of the idea, he has raised questions about the proposed structures of these co-operatives - the point is that a liberalisation of the sector will allow workers to organise themselves in any way they choose. However, the question the Conservatives must ask themselves is why they are willing to fully liberalise state-funded education, but insist on continuing the monopolies of government-funded services in other areas.

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