

What does the New Economic Model mean for Public Services?

Why is the education of our children considered a public service, but the care of our children is not? Why is childcare so expensive?

No matter how rich our economies become or no matter how much tax we pay, it seems that our public services are always in crisis or close to collapse. Why is this?

These are important questions. We first need to ask ourselves why we have public services to begin with. Why fund these services through taxes and have them provided by the state? Why doesn't everybody just pay for the public services they want?

Services are provided as public services because they fulfill two central requirements

They benefit both the individual and society as a whole

Providing them centrally is more efficient than providing them individually.

Take the example of schools. Schools certainly fulfill the first requirement. Providing an education for our children not only benefits the individual child, it also benefits society as a whole. With an education, a child can contribute their full potential to the economy and society. But what about the second requirement, could people not just pay for their own children's education?

They could, but we only have to look at the example of childcare to see how massively inefficient this would be. Parents across the country are currently paying vast sums of money to put their children in nursery and creche places. How many of these parents would be happier to have the childcare provided for their children in the same way primary and secondary education is provided?

In this way, we need to ask not only about the public services we currently have, but also Childcare fits the definition of a public service, but we have chosen to allow it to be provided by the marketplace, and we can see what the outcome of that has been. At present we have high prices, patchy availability and poor quality jobs for the people actually providing the childcare.

The government in the Republic have made some progress in this regard by providing a greater public subsidy for childcare providers, but this is only a short term fix. In Northern Ireland the Executive have also provided support for providers, but prices keep rising. There is only one real solution and that is publicly provided childcare.

The New Economic Model argues for the expansion of Universal Basic Services. That means strengthening our existing public services but also identifying other services that meet the requirement of a public service and then deciding to provide them as a public service. Decommodification is a fancy word, but it means bringing services out of the market and providing them collectively to the benefit of all. Providing these service through the state represents the best value and removes needless stress and waste that occurs when we leave these services to market forces.

The New Economic Model also proposes funding public services properly. This doesn't mean getting more money for this budget cycle or to meet to the current crisis in one particular service. That's what we've been doing for many years now, underfunding services and then trying to ramp up the money when things look like they might collapse. Public services are complex systems, they need certainty, stability and planning. The New Economic Model proposes a taxation system that is not only fair, but where we see funding for our public services as an investment in our economy, and not a knee jerk reaction to the latest crisis.

We need to see public services funding and provision as key building blocks of a resilient, stable and productive economy. We need to recognize where market provision of services is a drag on our economy and where they can be brought back into public provision for the benefit of everyone.