

Private providers of public services should be subject to the same accountability requirements as public sector providers

John Parkinson argues against the argument put forward by private providers of public services that their bidding details be kept secret. Since public services affect us all and uses collective resources, private providers should be subject to freedom of information rules.



I'm not much of a conference follower, but the news of [Sadiq Khan MP's speech](#) at the Labour Party conference which pledged to subject private companies delivering public services to freedom of information rules caught my eye.

It has long been argued by private organisations bidding for public sector work that they cannot possibly reveal details of negotiations or, in some cases, the contracts themselves, because they are “commercially sensitive” – revealing them would hand too much information to competitors, and make the bidding process less competitive as it handed an unfair advantage to those less able to put in the work.

That has always struck me as complete nonsense. Even on the simplest (most naive?) account of markets, full information is required in order to make markets deliver goods effectively and efficiently – secrecy is a source of inefficiency. Competition is not improved by carefully protected information; it is harmed. The motivation is not a high minded one about effective markets; it is a self-interested one about wanting to keep competitors in the dark.

So are there more principled reasons for treating private providers of public services differently from public providers? No. And here's a shot at explaining why in 500 words or less.

First, what is a public service? It can't be a matter of the provider alone – it can't be “what governments do” – otherwise the whole idea of private provision of public services makes no sense. It has to be something about the good or service itself. Scholars generally argue that goods and services can be public in three ways:

- a) it affects a lot of people or uses collective resources; or
- b) it cannot be parcelled up and distributed to or owned by individuals; or
- c) it is an essential precondition for individuals and groups to have a lives that we consider worth living.

So, anything paid for out of public taxation is a public good on this account – it's paid for out of collective resources. Likewise clean air is a public good – it cannot be packaged up and owned. Likewise health and education are public goods – we cannot live a minimally worthwhile life without some health support and without the education necessary to be able to think about, articulate, share and debate our plans.

The ownership bit is the joker in the pack. One of the reasons defenders of corporate secrecy offer is “It's my product/service, it should be mine to distribute as I see fit.” But if the good or service meets any of the other conditions then it might be something that should *not* be owned by any one person or organisation — whether they do own them or not is irrelevant to questions of whether they *should*.

In a democracy, we have openness, transparency and accountability in a more-or-less successful attempt to make decisions about public goods responsive to all our needs, not just the whims of the powerful. Remember, we are talking about stuff that affects us all to some extent, uses our money, is not (or should not be) individually owned or is a precondition for a basically good life.

Does any of that give us reason to think that private providers of public services should not be subject to the same accountability requirements as public sector providers?

No. It does not. Sadiq Khan is right.

Whether his vision is a practical one is another question entirely. I look forward to — no, scratch that, I despair at the thought of — the process of sorting out what will count as a public service if any of this gets put forward as a series policy proposal when Labour (sooner or later) returns to government.

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This article was first published on John Parkinson's [Boggler Blog](#)

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