Zombie economics will ignore the destruction of human c...

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Regular commentator Andy Crow made an excellent point in a comment on the blog this morning, saying in response to a suggestion that the component elements of Carillion be turned into worker cooperatives:

I guess the answer is at least twofold:

1) This government would be unlikely to support or facilitate the idea because it's contrary to everything they seem to believe in. Anathema even.

2) The process of liquidation is about recouping any financial capital. The human capital is unlikely to be a consideration within its brief.

His first point is right.

His second is what interested me though, and is incredibly pertinent.

It is perfectly obvious that Carillion is financially bust. But by 'doing a Lehman' it is entirely possible that the government has missed the point for the economy as a whole here. The fact is that Carillion was working with the wrong incentives, in the wrong structure and to the wrong price and for the wrong reasons as a consequnce and yet (and that is a very big 'and yet') 20,000 people were working in the UK, largely for or on behalf of public services.

Many of thsoe people could, and probably should, be working in house. I have never seen a reason why a school cannot run its own repairs. Nor a council school catering. Or a hospital its own cleaning. All have scale to do that. It is only labour exploitation that supposedly justified outsourcing and the consequnces of that are all too obvious now and need to end.

What is important is that the skills that run those services are not lost now.

And that is also vitally true of Carillion's construction arm and its work on hospitals and other projects. No doubt Carillion's systems need improvement since their focus has been inappropriate, but the fact is that the economy needs the people who work on those projects to still be working on them. And we cannot afford to lose them or the capital invested in what they know of each other.

That organisation and human capital could be lost now with the collapse of Carillion. That imposes a real cost on the UK. It's a cost we can ill afford when there is so much that the UK needs to be done to transform its economy. But no one in government thinks about these things.

That's because they follow zombie economics.

Thanks to Andy for thinking differently.