

# State trading monopolies often serve us badly

Choice, innovation and competitive challenge drive higher living standards and better goods and services. Private monopolies can wallow in complacency, knowing they can charge enough to suit them and not feeling any great need to improve or change. State monopolies seek to persuade us that their pursuit of the public sector ethos allows them to rise above the complacency and poor quality of monopoly, yet so often as with British Rail or the nationalised energy and water utilities they did not do so. Nationalised industries often charged a lot, passed inefficiencies on in ever higher prices, sacked employees instead of finding new jobs for them from growth and innovation, and sent big bills to taxpayers as well.

One of the worst features of nationalised industries or of heavily state regulated utilities is the way they fail to supply enough of what they are meant to provide. The nationalised water industry used to introduce water rationing in any hot dry summer. They saw no duty to supply water to us to keep our vegetable plot alive or to support the flowers in a good July. The regulated utilities we now have are prevented from providing comfortable extra capacity by controls over the amount of permitted investment spending, so we remain on a knife edge of supply should we ever have the joy of a long hot dry summer again like 1976. They are not even encouraged to add to capacity to deal with the large rise in migrant numbers in the last two decades.

The nationalised railway specialised in cutting back track and routes. The Beeching cuts were the worst example, but the process of retreat in services and slimming the workforce was remorseless. It always argued it could not make sufficient capacity available for the crucial commuting demand that was its passenger mainstay, condemning generations of commuters to standing room only, to crowded trains and poor services. The regulated partly private industry of recent years has allowed some good growth, but prior to the big change of the pandemic measures there was still inadequate capacity on many important commuter lines at peak.

The worst example of deliberate shortage of supply is the monopoly provision of roadspace. Local and national highways management has persevered with ancient narrow streets and been slow to build a comprehensive network of motorways, by passes and trunk roads to keep more of the traffic away from homes and High Streets. Some argue this is the green option, yet it means many more vehicles stuck in traffic jams, more pollution near where people live and less fuel economy. It is also a lot less safe, encouraging more tensions between vehicles, cyclists and pedestrians on mixed narrow roads.

The telephone industry was way behind US technology and coverage when it was privatised and opened to some competition. It caught up well, and has shown considerable ability to handle vast increases in data and download demands in recent months, though there is still need for more fibre into homes. The

highly regulated electricity industry now leaves our country short of power and dangerously dependent on imports for no good reason. Given the government's ambitions for an electrical revolution putting in a lot more power capacity into generation and distribution must be a crucial priority.

As the government seeks to interpret its version of the fashionable Build back better mantra it should make substantial increases in capacity in our main networks and utility provision central to that task.