

# Two modern arguments against nationalisation

The two best arguments against nationalisation today are the Post Office and the nationalised rail companies Network Rail and HS 2.

Both of these have lost taxpayers a fortune. Both have failed to deliver good service and to achieve the aims set for them by governments.

The Post Office under Labour and Lib Dem Ministers bungled putting in an expensive new computer system. It then blamed its sub postmasters demanding money from them they did not owe and putting many into court and prison. Under Conservative Ministers since 2015 the Post Office has delayed and diluted efforts to correct the record and compensate those falsely accused.

In recent years the Post Office has racked up losses of £1400 million plunging the balance sheet into the red . The Post Office is only allowed to trade by its auditors with a Treasury guarantee to pay all the continuing losses. Without a taxpayer guarantee the PO is now bankrupt.

HS2 Ltd has presided over a massive escalation of costs to build a railway line, and allowed long delays in building the track and ordering the trains. So bad has it been it has resulted in deleting important parts of the original plan whilst we await a new track between Birmingham and London for a train which was meant to improve connections for the north. If they had stuck to the original budget and timetable we would at least have got a new railway to the north.

Network Rail has presided over colossal losses. It regularly shuts sections of railway down for maintenance at holiday periods when more people might need a train. They do not resurface the main runways at Heathrow over a bank holiday. It is often the reason for train delays and cancellations with points and signals failures, and with flooded and undermined track.

Network Rail has been slow to introduce digital signalling that would allow more trains to run safely on the same track, knowing exactly where all the other trains are. Its vast rambling property estate is poorly kept, and underdeveloped with often a negative response to ideas to develop station property better.

All 3 of these nationalised companies have paid large salaries and bonuses to senior executives regardless of the losses and poor performance. There have been many changes of Minister and 3 different governing party governments ( Lab/Coalition/Conservative) presiding over these companies. How can you argue this has been a good way to run things? Don't private sector companies like Amazon and Microsoft do things better?

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## Sorting out water

There are 3 ways forward for a company like Thames Water. There can be a deal between Regulator and the current shareholders and management agreeing an affordable investment programme and realistic customer charges for the task. There could be a move to force a sale to new shareholders by undermining the current company, with a possible period of management by a government Administrator. There could be nationalisation.

Nationalisation is a particularly bad idea. Existing shareholders would need to be compensated for the enforced sale of their shares. The state cannot confiscate the assets of the UK Universities Pension Scheme and the Ontario Municipal Pension Scheme. To do so would put off the many investors and supporters of private finance activities that the UK relies on. University teachers in the UK would demand compensation for their pension scheme.

The state would have to honour the £14 bn of company debts. It would then need to find additional money to increase the investment spend. It would all add up to a very large bill for taxpayers. In the past nationalised industries have also been good at running up large losses taxpayers have to pay. Current state enterprises, the PostOffice and HS 2 have shown just how huge the losses and cost overruns can be.

Tipping a water company into Administration also comes with considerable costs as well as reputational damage to the UK as a good place to invest. The special Administration would need to honour the loans, would impose substantial charges for its management and would doubtless wish to provide for all manner of inherited liabilities up front. Before selling on the company to new owners the Administrator and the Regulator would need to reach an agreement on customer charges and on how large an investment programme needed financing.

To those who think the company should be bankrupted and the debts written off and not met, I remind you that the government and Labour rely heavily in their forward plans on harnessing large sums of private capital to provide the extra homes, energy capacity, broadband and the rest we need. If the country got a reputation for stealing assets off investors and undermining businesses by unrealistic price controls and regulations that would get a lot dearer and more difficult to pull off.

The best way forward is a negotiated settlement between the company and the Regulator. As most want faster progress with expanding capacity of our dirty water pipes there needs to be an increase in spend and in customer contribution. If we want more and better sewers then either customers or taxpayers have to pay more. As it is the same people paying VAT, Income tax and water bills I prefer it to be on water bills. There needs to be a clear link and financial discipline on water companies between revenue and renewal expenditure.

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## Why does the Council want Wokingham to be run down?

My regular walkabouts in different parts of the Borough bring home the damage Council policies are doing to our environment and urban fabric.

Everywhere I go there is the clutter of temporary yellow diversion signs and red closure signs. The roads are pock marked with so many potholes and eroded surfaces in a way that is quite new.

The failure to clean gutters and drains leaves the roads and pavements flooded when it rains. Cars splash through growing puddles and sometimes get damaged hitting submerged potholes.

There is too much litter left around, with the Council cutting back on litter bins and waste collection. Maintenance of hedges and tree overhangs is poor.

The Council is wrecking California Crossroads and its shops and spending more money to draw up plans to damage other road junctions. It wants to cut the flows on the successful Woosehill roundabout access as it thinks Woosehill drivers and service providers have it too easy.

The Council fails to rent out empty property it owns. It fails to put in place a new local plan to protect us from unwanted additional development. It wants to cover fields with solar panels.

It seeks to stop people going into Wokingham town by extending the hours of car park charges and putting up the price.

Why does the Council so dislike us ? Why will it not take some pride in Wokingham and help keep it clean and friendly?

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## The Bank of England lets its Magic Money tree wilt

Great news. The Bank of England has reviewed its money policy over lockdown and the period 2020 to 2022. It has concluded it worked well against a very difficult background. It thinks it can repeat its successful Quantitative easing operations in the future. Meanwhile it's best to sell lots of bonds and lose lots of money. They think

1. The big inflation had nothing to do with the creation of £450 bn to buy bonds at very high prices and the suppression of interest rates. It was the Ukraine war that gave us inflation. It is irrelevant that Japan, Switzerland and China who all import a lot of energy did not have the same high inflation.

They think

2 It is crucial that the Monetary Policy Committee does not consider the quantity of money. It is right to ignore it and not to monitor it or report on it.

They think

3. The big sell off in government bonds under Liz Truss had nothing to do with the Bank's decision to sell £80 bn of bonds or with the decision to increase interest rates .

They think

4. The current recession is necessary to complete the task of bringing inflation down. Later this year it will be necessary to lower rates to provide stimulus to get some growth back, but there is no need to hurry.

So there we have it. A Bank whose main task is to keep inflation to 2% is blameless when it goes to 11%. A money policy committee is right to ignore money and believe they can print as much as they like without causing inflation. A Bank can sell lots of bonds at huge losses and send the bill to the taxpayer but that has no bearing on recession or government finances. April 1 is a great day to remind people of these findings.

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## Good Friday

I joined the Christians at the Catholic Church on Good Friday for hot cross buns and conversation. We followed the Cross to the Marketplace and Peach Place, where music and acting brought the story of the crucifixion to Wokingham. We then went to a short service at All Saints.

I would like to thank all who organised and took part in these events. The play was well acted with moving speeches.