

Clegg's plan to guarantee that a minority control RBS a...

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The [FT has reported](#):

Nick Clegg wants to give every British voter shares in the state-owned banks as the deputy prime minister looks to revive his battered image by creating a “people’s banking system”.

Mr Clegg told the Financial Times he had written to George Osborne and Danny Alexander at the Treasury this week, asking them to look into introducing a “mass share-ownership scheme” as part of the privatisation of Royal Bank of Scotland and Lloyds Banking Group.

“Psychologically it is immensely important that the British public feel they have not just been overlooked and ignored,” Mr Clegg said from Rio de Janeiro, where he is on a two-day trade trip.

“Their money has been used to the tune of billions to keep the British banking system on a life support system and they have absolutely no say at all in what happens when normality is restored.”

He added: “I think in a sense as a society we are condemned to take an interest in our banking system.”

This idea is bad enough to be called bananas.

For the record: I'm all in favour of mutualisation. It is what should happen at Northern Rock.

And I'm all in favour of nationalisation - which is what should happen at RBS so it can become the Royal Bank of Sustainability and be at the core of economic regeneration in this country. It could also then partner such essential projects as the Post Bank which will open access to banking to more people in this country and could be used as the mechanism to end the curse of doorstep lending.

But Clegg's not proposing either of those things. Hes proposing giving shares away. Who to, I wonder? Direct taxpayers? That's about half the country. Those on the electoral roll ? Millions aren't on that? Those who apply? We know that many would not?

And isn't he aware that such schemes have rise to the concentration of power in the hands of the oligarchs in Russia?

And maybe also he should be aware that a company with a massively diverse shareholder base, none of whom vote because none of whom think they have any influence, is susceptible to control by a small minority of shareholders who can capture a block of shares at modest cost?

And therein I think lies his plan: this is about letting a minority have control at remarkably little cost whilst they exploit the state that will have given them that opportunity and the rest of us who would be taken for a ride.

That's modern liberalism for you - capturing the state for private benefit and this plan is a classic of that type of exercise.

You can either think Clegg has really lost his marbles on this one - or it is a 'cunning plan' to achieve his ultimate goal of control of the state by a minority. I suspect it's the latter. Either way it's unacceptable. These banks need strong control in the interests of society - not least because the chance of another bailout being needed soon is very high. That's nationalisation - not this cock-eyed mechanism for delivering minority control for an elite.