

Large parts of the government are to be moved into the ...

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This comes [from the Guardian this morning](#):

The feverish atmosphere [in the Conservative Party] is highlighted in today's Spectator whose [political editor, James Forsyth](#), reports that No 10 is preparing an alternative spending review for this summer as a group of ministers led by May resist deeper cuts to their departmental budgets. Paul Kirby, the outgoing head of the No 10 policy unit, is examining moving large parts of the government into the private sector to raise revenue.

Let's just think about that for a moment, shall we?

You only raise revenue by moving something into the private sector if they're willing to either pay for the asset worth it represents or can take a long term profit margin out of it.

Most of the government is not saleable: we've flogged off most buildings now through PFI (even down to and including the Treasury itself - now owned by a tax haven company). And try as I might I can't see asset value in the remaining infrastructure of much of government - which is precisely why the government undertakes the activity in the first place.

That means that the only way to achieve this goal is to transfer services to the private sector and to then provide them with an ongoing income stream out of tax revenue from which they can extract a margin currently not suffered which they will pay an upfront sum to acquire. Now this is, of course, the age-old behaviour of bankrupt governments: it's akin to the sale of monopolies in the Tudor era, for example. Indeed; it is exactly the same thing. And three things follow. First there is monopoly abuse as the private sector operator seeks to maximise yield without concern, unconstrained by the democratic accountability imposed on government. Second, there's a loss of service: that's how the margin is extracted, of course. Third, there's a loss of control as government passes into the long term control of 'favourites'

This is profoundly corrupt. I describe the process in more detail in [The Courageous State](#) where I suggest what the government is doing is the action of a cowardly government - running away from responsibility whilst transferring assets to the control of its friends. It seems like I was absolutely right.