

It is essential that the state regulate the private sec...

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In April 1938, President Franklin D Roosevelt [sent a message to Congress](#) in which he said:

Unhappy events abroad have retaught us two simple truths about the liberty of a democratic people.

The first truth is that the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself. That, in its essence, is Fascism—ownership of Government by an individual, by a group, or by any other controlling private power.

The second truth is that the liberty of a democracy is not safe if its business system does not provide employment and produce and distribute goods in such a way as to sustain an acceptable standard of living.

There is obvious resonance in what he said [for discussion on this blog this week](#) because of the reference to fascism that he made.

His interpretation of fascism is worth noting. It is heavily influenced by the Italian understanding of fascism at that time. However, it should resonate very strongly at this moment. The idea that we have fascism when private power is more important than the state is of considerable significance.

So, too, however, is this idea when combined with his second team, which is that democracy is not safe if business thinks it acceptable to organise itself in a way that does not meet the needs of people.

Now, let me put this in the context of a current issue. As [the Guardian notes](#) this morning:

After regulator resists 40% increase in bills, [Thames Water] shareholders deny request for more money – raising prospect of nationalisation

The UK water industry is very clearly organising itself in a way that does not sustain an acceptable standard of living in this country. Roosevelt's second condition is met.

As significantly, so too is the first. Not only will the current Tory government not properly nationalise Thames Water, but neither will Labour. We know that the former is true [because the Tories passed legislation](#), using statutory instruments, in January this year to protect the interests of shareholders in the event of the insolvency of a water company, with Thames Water clearly in mind. As [the FT noted](#) at the time:

[A] lawyer also warned that creditors might suffer bigger losses than they might have under the current regime.

Not only was it the Tory's intention to protect the powerful shareholders the Thames Water, but they were willing to do so at cost to creditors, including employees, pensioners, and those other businesses whose services it is essential that Thames Water retains if the company is to continue to meet the obligation to supply water to approximately one quarter of the people in the United Kingdom. The Tory indication was clear: in this power struggle, the shareholders of the dominant organisation have been deemed to hold all the cards, by law. This meets Roosevelt's first test.

I have two reasons to think that Labour will do nothing about this. [The first is that yesterday Keir Starmer said:](#)

I can't pretend that we could turn the taps on, pretend the damage hasn't been done to the economy – it has. There's no magic money tree that we can waggle the day after the election. No, they've broken the economy, they've done huge damage.

It so happens that he was talking about funding for local authorities, but he might just as easily have been talking about the supply of money for another essential public service, which is the delivery of water on which, quite literally, the life of the UK depends. What he made clear is that he does not think that a Labour government will have the desire or willingness to command the resources to make good the problems that the Conservatives have created.

It is, of course, complete nonsense that the resources to fund both local authorities and the rebuilding of our water supplies do not exist. As I have shown in the [Taxing Wealth Report 2024](#), up to £90 billion of taxes could be raised a year by taxing the wealthy more, simply by changing existing tax laws. In addition more than £100 billion could be raised a year to fund capital investment if only the rules on tax incentivised saving were changed. That has nothing to do with finding a magic money tree. It has everything to do with a government's capacity to tax, which Labour is clearly not willing to use in the public interest.

I have a second reason for thinking that Labour will not act, which is that sources within the party tell me that they are absolutely refusing to consider nationalisation and that

the only option that they believe to be on the table is some form of repackaging of the existing company to keep it within the private sector.

Put these two factors together, and we can see that Labour also meets Roosevelt's first condition for the existence of fascism. It believes that the power of the private sector is greater than that of the state, even when it comes to something as fundamental as the supply of water on which we are all absolutely dependent. Its belief is that there is nothing you can do in reaction to the failure of a private sector entity, but bail it out and return it to private ownership. This is despite the fact that it is now glaringly obvious from evidence around the world that the only successful model for the supply of water to a nation is that it must be under public control.

The situation at Thames Water is scary enough. Our major political parties' response to it is, if anything, much more worrying still. What they are confirming is that, as far as they are concerned, the state has withdrawn from the regulation of the private sector and from the regulation of the supply of services critical to the well-being of people in this country. They are, in that case, effectively heralding the onset of fascism, to which they say they have no answer.

Roosevelt declared in his message to Congress that it was essential that the State regulate the private sector. That, he thought, was a fundamental role of the state. He suggested how he would do so to require that the private sector serve the public good. He concluded his message by saying:

No man of good faith will misinterpret these proposals. They derive from the oldest American traditions. Concentration of economic power in the few and the resulting unemployment of labor and capital are inescapable problems for a modern "private enterprise" democracy. I do not believe that we are so lacking in stability that we shall lose faith in our own way of living just because we seek to find out how to make that way of living work more effectively.

It would now seem that we lack any modern politicians, at least within our major political parties, who can even imagine having such a vision, let alone having the ability to deliver it. And that is why we are in very deep trouble.