

Nationalising Thames Water will not in any way threaten...

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The [Guardian is making a splash](#) this morning on his story:

Senior Whitehall officials fear Thames Water's financial collapse could trigger a rise in government borrowing costs not seen since the chaos of the Liz Truss mini-budget, the Guardian can reveal.

Such is their concern about the impact on wider borrowing costs for the UK, even beyond utilities and infrastructure, that they believe Thames should be renationalised before the general election.

I am struggling to come up with an appropriate word to describe this observation from the UK government's Debt Management Office, and the only one that I can think of is drivel.

There are several reasons for saying so.

First, if any Thames Water debt is taken on by the government, there will be assets to back the value. Otherwise, there would be no reason for taking on the debt.

Second, [that debt is £14.7 billion at present](#), meaning that the payment made will be somewhat less as everyone expects that a haircut will be applied to its value. When total government debt is, even if stated correctly net of QE, more than £1,600 billion, to suggest that an additional £10 billion or so, because of the acquisition of the assets of Thames Water might totally destabilise markets is really quite ridiculous

Third, [if there is any risk of such instability](#), then the simple answer is that the Bank of England should hold back on its quantitative tightening programme, which is expected to involve the sale of at least £100 billion of debt into financial markets this year for absolutely no net gain whatsoever to the government, or to society, or to public finances, except that this sale will keep the overall level of interest rate payable on government debt higher than it otherwise might need to be solely for the purpose of supporting the Bank of England's extortionate interest rate policies.

Finally, this debt could, of course, be covered by additional QE without markets blinking.

I am wholly supportive of the nationalisation of Thames Water, and the other English water companies. This type of hysteria does, however, suggest that the Treasury and the Debt Management Office are continuing to act in anything but the best interests of the UK as a whole by spreading total misinformation.