Funding the Future

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Labour has said it plans to renationalise almost all of Britain's railways.

I welcome that. The simple fact that it is willing to acknowledge that in a sector previously privatised the state might be a potentially better supplier of services is clearly good news. It is also very obviously true.

Before we get too excited though there are observations to make.

Firstly, rail is easy to renationalise because all Labour has to do is let rail franchises expire and then not re-let them. There is no similar model elsewhere.

Second, they are not planning to renationalise the rolling stock companies that have leeched money out of the system for decades. It would, apparently, be too costly to do that, which is nonsense since if a premium is paid now that will only and inevitably reflect the fact that this will be settled anyway over time through excessive payments over remains lives of leases. I am still baffled by where Labour gets its corporate finance advice from.

Third, there is no apparent plan to set up a new state owned rolling stock company to supply new rolling stock and reduce the cost of new investment. That makes no sense.

Fourth, nor does it appear to make much sense to allow some small operations that piggy-back the existing system to continue.

Fifth, the consumer focus of the announcement does, however, make sense. Most especially a system of offering cheapest prices on apps is essential. In that context though, permitting Trainline to continue selling tickets is utterly illogical. Their app never seems to find that solution whenever I encounter it. I gave always thought its existence was an extraordinary error of judgement on the part of those who permitted it.

But all this being said, this plan leaves many questions unanswered. For example, if national co-ordination will work for railways, why not for the NHS, where decentralisation has created chaos?

And why, if a failed model resulting in the need for subsidy has resulted in the requirement to nationalise the railways, is Labour not planning on doing the same for water, where I argue that all the English water companies are environmentally insolvent and so never able to meet the requirement that they simultaneously supply clean water, rivers and beaches and meet net-zero targets? They are bust.

The same can also be asked of the electricity and gas companies, where the charade of competition is a total sham. Changing supposed supplier never actually changes the wires or pipes into your house or who actually puts gas and electricity into them, after all. So why not address failings there as well? Much of that sector exists simply to free-ride on the back of consumers. Shouldn’t that end too?

In summary, this baby step forward is welcome, but to come close to supplying this country with a suitable structure for the infrastructure that it needs Labour has a very long way to go.