

What Sid thinks of privatisation



'Cor blimey!' said Sid, spluttering tea over his Monday *Financial Times* in the back of the van. 'I'm going to be a star again.' The last time Her Majesty's Government had flogged off Britain's assets on the cheap he had nearly missed out. Only a brilliant PR campaign - 'Tell Sid' -

implemented by (honesty compels me to admit) Dewe Rogerson had alerted him and his mates to the knockdown sale of British Gas. He was the instantly recognisable Everyman of Maggie Thatcher's Britain.

Happy memories of application queues outside banks came flooding back. But then some rather more recent pictures of crowds outside banks came to mind as he nervously fingered his Northern Rock pass book.

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'Hang about,' said Sid. 'Why do governments want to get rid of state-owned business?' This is what he thought.

'Sometimes it is philosophical: big government versus little government. Why should the state own an airline or a car maker when the private sector might serve customers better?

'More often it is to raise money. British Gas, British Airways, the electricity companies, the radio spectrum.

'It is also about being smart enough to spot problems and persuade someone else to fix them. Today, almost every major company with a critical hole in its pension fund is a former state-owned business. Look at the state of the water industry's infrastructure. It's a private sector investment commitment instead of being a burden on government and the taxpayer.'

Sid needs to do a bit more thinking, though, because there are some interesting potential privatisations out there: motorways, the Royal Mint, BBC Worldwide and, of course, the banks. And it is the banks that will exercise most minds. Their corporate reputations are in tatters. Politicians would run a mile to avoid explaining why state-owned banks are paying bonuses; why interest rates are going up; and why constituents' homes are being repossessed.

Whatever the problems, the banks will be sold back to the private sector, either after the election or sooner should the European Commission insist. The PR task will be huge. Sid just needs to keep listening, and thinking.