
Editorial

Power Privatisation

When the political and economic histories of twentieth century Britain are written in years to come, privatisation will no doubt be depicted as being as much of a watchword of Mrs Thatcher's 1980s as was nationalisation in Mr Attlee's 1940s. What of the 1990s?

This question is prompted in part by the various events and uncertainties surrounding the impending privatisation of the generating companies, National Power and Powergen. The major question mark hovering over the flotation arises, of course, from the possibility of a market crash in the wake of some major disaster befalling the allied cause in the Gulf war, though the Government has given firm signals about its determination to go ahead. However, one early setback, quite unrelated to the international situation, did occur in January. Just as the terms of the flotation were being announced, the Office of Electricity Supply informed the companies that it would not allow

them to increase the proportion of electricity they sell directly to industry in the areas of the twelve regional electricity companies. This refusal stemmed from the regulator's concern about the dominant position of the two companies and from an anxiety to encourage independent generators to enter the market. And promoting competition is, after all, a primary goal of privatisation.

The sale of the electricity generators is the latest in a long line of privatisation, nearly all of them judged (by the Government, if not by its opponents) a success, that began with the sale of British Aerospace and Cable and Wireless in 1981. Privatisation increased the number of shareholders in Britain from about 3 million at the time Mrs Thatcher first took office, to about 11 million when she left it. But all the signs are that the heady days of easy profitable staggering are almost over. Candidates for future privatisation include British Ports, British Shipbuilders, Royal Mail Parcels, British Waterways – and not much else. British Rail, perhaps? Coal? Who would buy?

The economic balance between private and public sectors has shifted significantly in the 1980s; law – both public and private – is having to absorb the implications of this shift. New regulatory machinery has been put in place, and its effectiveness will require careful monitoring. The European dimensions of all this will inevitably be of increasing significance. On this basis the 1990s – under Mr Major, or Mr Kinnock (Labour's leaders, though opposed to many aspects of the privatisation programme, have eschewed their former, crude and unrealistic knee-jerk hostility) – look like being years of consolidation and learning by experience, rather than ones of frenetic restructuring. We rather hope so.
