

# How Thatcher ravaged U.K. infrastructure

by Marcia Merry Baker and Mary Burdman

During the Thatcher government years, 1979-90, the process of deregulation, privatization, and takedown of the infrastructure of the United Kingdom—water, power, transport, medical services, feed and food safeguards, resources development—was either begun, or accomplished, so that today, the lack of vital infrastructure constitutes a public health crisis.

Various state-run operations were selected by a group of “experts” to be packaged for government sale to the “public.” The “experts” chose whether the sell-offs were fobbed off onto the workforce through newly created public shares (giving the government a one-time infusion of revenue); or, selectively proffered to favored financial connections, usually dirt cheap, giving the privileged buyers rights to an “income stream of profit.” The sell-off list included: Associated British Ports, Britoil (North Sea), British Aerospace (1983), Cable and Wireless, National Bus Company, Rolls-Royce, Britain’s airports, British Leyland, British Steel, British Telecom (1984), and many more.

There was a revolving door between high Thatcher government officials involved in shaping deals, and plum positions in the newly privatized industry. Peter Walker, Thatcher’s agriculture minister, who supervised the deregulation of animal feed standards (1979-83), was energy secretary from 1983 to 1987, during which time British Gas was privatized. In 1990, Walker, within one month of resigning from the cabinet, joined the board of the U.K.’s major livestock feed company, Dalgety PLC, and became a director of the privatized British Gas Corp.

The Conservative Party, under Thatcher, stated successive privatization goals in a series of manifestos for each general election from the late 1970s to 1990. The 1979 manifesto pledged “to sell back to private ownership the recently nationalized aerospace and shipbuilding concerns, giving their employees the opportunity to purchase shares”; the 1983 manifesto pledged “to increase competition in, and [attract] private capital into the gas and electricity industries.” The 1987 manifesto pledged to privatize electricity and water.

## Privateers loot infrastructure

As the physical economy is being looted out from under the 57.8 million population of the United Kingdom, record profits are being posted by “public” utilities now owned pri-

vately. Some examples: Southern Water is posting, for this fiscal year, a 15.5% jump in pre-tax profits (to £165.6 million) and a 22% jump in dividends. Among the new power companies, the average dividend per share jumped by 82% between April 1991 and April 1995. National Power shareholders’ dividends are up by 45% since it began; directors are all getting share options, bonuses, and pay hikes. (National power accounts for 25% of all electric generation.)

These privateering rates come from drastic cuts in workforce and investment. In the electricity sector, the workforce was cut from 144,000 down to 85,000. National Power cut its workforce from 16,000 to 4,700. In the north of England, the new private water companies cut the workforce by half.

In 1995 alone, capital spending on infrastructure maintenance and modernization fell by nearly a fifth, in real terms, in the gas, electricity, and water sectors—now mostly all privatized. This follows declines in capital spending of 5% in 1993, and 13% in 1994.

Even the most vital public health measures are cut, such as rat control. One water company cut annual spending on vermin control by 40%, compared to the pre-privatization level. Another no longer takes preventive measures, but only responds to individual complaints. Yorkshire Water cut its rat-baiting budget every year, but increased its dividend to shareholders.

## Public health breakdown

The consequences are to be seen in the increased incidence of waterborne diseases and rising death rates; although, the low ratios of power, water, and similar supplies per household are masked by falling demand because of poverty, and shutdown of industry and services.

- Rats in Britain now outnumber people. The June 1995 *National Rodent Survey* estimates a 39% rise in rat infestation in Britain between 1970 and 1993.

- By 1995, whole areas of Britain, especially in the north, had water shortages, having nothing to do with weather. In summer 1995, despite adequate rainfall, reservoirs were empty; in some areas, water had to be trucked in to consumers, at exorbitant costs. The winter of 1995-96 saw pipes burst, because of lack of replacement and upgrade, all over northern England, parts of Scotland, and Wales. Thousands of households had no water.

- Thatcherite “reforms” have de facto ended the National Health Care System, removed resources, and mandated 500 separate Hospital Trusts to “compete for efficiency.” Emergency hospital admissions have risen by 13% over the last four years. But, from 1991-95, some 9,000 acute-care beds have been lost, 7% of the total. Patients are being turned away; emergency units are closing. In 1995, emergency admissions rose by more than 6%, but funding for emergency work had been cut by 1-2%.

- Electricity is more expensive and unreliable. In real terms, user prices rose each year until 1993.