Financial Times embraces Burnham's "public control" agenda for crisis-ridden water companies

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The *Financial Times*, mouthpiece of the City of London's banks and hedge funds, has provided a revealing insight into how finance capital views the collapse of England's privatised water industry—and why it now regards Prime Minister Andy Burnham's talk of "public control" as a remedy.

Since Margaret Thatcher's Conservative government sold off the country's water authorities in 1989, promising lower bills through privatisation, water and sewerage charges have risen by around 40 percent in real terms, according to National Audit Office figures.

The national average household water and sewerage bill has just risen again, to £639 a year from April 2026, after a 26 percent jump the previous year, according to Water UK. For customers of Thames Water, bills are set to rise by 54 percent between 2025 and 2030, reaching approximately £727 a year, the company's own figures show.

The profiteers running the water companies have paid out an estimated £78 billion in dividends since privatisation, while racking up more than £64 billion in net debt.

This is the reality of the "shareholder democracy" promised by Thatcher: a mechanism for the systematic transfer of wealth from the working-class to private equity, hedge funds and sovereign wealth funds, while the country's rivers and coastline are poisoned with raw sewage.

It is against this backdrop that the *Financial Times* has begun openly discussing nationalisation to rescue firms that have caused an unmitigated disaster.

Thames Water, which serves 16 million people, including London's population, has been teetering on the brink of collapse for more than two years under a debt pile approaching £20 billion. Under the ownership of German utility RWE and then, from 2006 to 2017, the Australian bank Macquarie, the company's debt was more than tripled from around £3.2 billion to £10.5 billion—as around £2.8 billion was extracted in dividends.

Shareholders finally walked away in 2024, leaving the company in the effective control of its creditors—American hedge funds Silver Point Capital and Elliott Management foremost among them.

The FT's position is summarised in a May 27 commentary by the FT Lex columnist Louise Lucas, "For failing water utilities, nationalisation is not a dirty word." Lucas wrote, "Labour leader hopeful Andy Burnham wants 'stronger public control' of utilities", adding, "while the idea of nationalising companies conjures up images of disastrous capital misallocation, in rare cases, it might be the least bad option. Water is a prime example."

Lucas noted: "most of the world keeps water work in some form of public control, be it at national, state or municipal level: England is the rarity, up there with Chile where water was privatised under dictator Augusto Pinochet."

While praising the Dutch model, in which water infrastructure is funded through a publicly owned "water bank," she declared of the model Burnham is most associated with: "Hybrid models can and do work—in Manchester's transport system, for example, privately run buses and trams follow publicly set routes and fares. The Bee Network, as it is known, has been delivered on time and budget."

The praise for the Bee Network—the transport system created under Burnham's mayoralty in Greater Manchester, combining public control of routes and fares with continued private operation—is telling. The newspaper knows there is no threat to the capitalist class from a system of "public control" based not on the expropriation of capital, but a regulatory framework in which private operators continue to extract profit within certain limits set by the state.

The *Financial Times*'s central argument is that temporary state control of the water industry—specifically in the Thames Water case via the government's Special Administration Regime (SAR)—is now both the most likely and the most desirable outcome for the ruling class.

Under the SAR, a court appoints an insolvency practitioner to run the company "in the public interest" while debt and interest payments are frozen, before the business is eventually sold back into private hands. As the paper's explainer on the mechanism, published on June 18, put it, the SAR "is a form of temporary nationalisation and is widely viewed as the most likely pathway for a 'renationalisation' of Thames Water."

The same article noted that a "recent example is Bulb Energy, which collapsed in 2021 and was placed in a comparable SAR. The energy supplier was sold to Octopus Energy one year later and the government recouped all the costs."

In other words: a bailout mechanism, designed to protect creditors and prepare the company for re-privatisation, with any losses foisted onto the working class.

The *Financial Times* makes clear that Thames Water's senior creditors—Elliott Management, Silver Point Capital and Apollo Global Management among them—are already preparing to bid for the company in the highly likely circumstance that it emerges from state control to be again sold off.

The paper reported on July 7, before Burnham took office: "Thames Water's lenders have said they would bid for the beleaguered utility even if the UK's presumptive next prime minister, Andy Burnham, takes it into temporary taxpayer control." It noted that "in a statement in May, Burnham was more vague, leaving room for interpretation by saying there should be greater 'public control' of utilities."

The clearest articulation of why the City has nothing to fear from Burnham's plans came from an opinion piece by Tim Short, a former investment banker at Credit Suisse First Boston, published under the *Financial Times*'s Alphaville banner on June 24, "Nationalising Thames Water can be easier than it looks."

Rebutting the argument made by Burnham's critics on the right who seek to retain the status quo, that "the nation can't afford it", Short argued that the securitised debt structure of Thames Water meant that most of its roughly £20 billion in liabilities need never be touched by the state at all. Since the company's private equity owners had already "written down their equity stake to zero, removed their directors and walked away," Short argued, "the market has already nationalised Thames Water" in all but name.

The only sum a Burnham government would need to find, he concluded, was the new equity required to recapitalise the business—something in the region of £3 billion. "It's small change, and you own a big asset," Short wrote. "It would give the new PM a big win fairly quickly and without too much screaming. Apart from by the hedge funds."

This is the authentic voice of the City of London calmly offering reassurance to its own readers—private equity firms, institutional investors and, yes, hedge funds—that nationalisation on these terms threatens no fundamental capitalist interest. It is a mechanism for writing off bad debt at public expense, stabilising the balance sheet, and clearing the way for the next round of private extraction.

What is most striking about the *Financial Times*'s reporting is not what it says but what it omits. While it refers to sewage discharges, pollution and infrastructure decay throughout, these are presented simply as factors bearing on regulatory negotiations, credit ratings and "investor confidence".

The scale of the social and public health catastrophe left in the wake of three decades of privatised water is staggering and reveals the profit interests driving such conclusions.

Since 2020, Thames Water has pumped at least 72 billion litres of raw sewage into the River Thames alone—the equivalent of 29,000 Olympic swimming pools. Figures from the Environment Agency showed a 163 percent increase in the number of hours the company discharged untreated sewage into rivers and seas in 2023, exceeding 196,000 hours.

Across the privatised sector, water companies were collectively responsible for at least 3.6 million hours of raw sewage discharge that year. Several other companies—Southern Water, South East Water, Wessex Water and Welsh Water among them—are currently facing fines and enforcement action totalling more than £93 million, proof that Thames Water's crisis is not an aberration but the systemic outcome of the entire privatised model.

In reviewing his "Productive State" mantra, the WSWS noted that a policy document by Burnham's advisers made clear that "'Nationalisation' is not the right word for what this essay proposes," proposing instead a framework of "public ownership with commercial mandate"—the same public-private partnership model that has funnelled public money, primarily under the Blair/Brown governments, into private hands for three decades.

The £9.6 billion of debt write-downs, £3.35 billion of new equity, £6.55 billion of fresh debt and £750 million in advisory fees involved in the creditors' own recapitalisation plan for Thames Water give some sense of the sums being arranged, behind closed doors, to protect the interests of the company's bondholders under whatever "public control" model eventually emerges.

None of this offers anything to the millions of households facing ever-rising bills for a deteriorating service, while the financiers who spent three decades stripping the water system of its assets face no accountability whatsoever.

In opposition to the *Financial Times* and the Burnham government's attempts to make the working class pay for the disaster of water privatisation, the workers must advance their own programme. The water companies must be taken into public ownership without compensation to the shareholders and creditors who have spent decades enriching themselves while running down the water and sewage system.

Billions taken from the fortunes of the super-rich must be used to bring sanitation and infrastructure up to the standard required by society in the twenty-first century. Essential services must be brought under the democratic control of the working class, as part of the broader socialist reorganisation of economic life.