

NM Rothschild pitches motorway privatisation plan

By [Robert Watts](#) and [Dominic O'Connell](#)

Global Research, August 31, 2009

[Times Online](#) 30 August 2009

Region: [Europe](#)

Theme: [Global Economy](#)

A radical plan to raise £100 billion by privatising the motorway network has been presented to the three main political parties by NM Rothschild, the influential investment bank.

Rothschild, an architect of several privatisations, made its pitch in the weeks running up to the summer recess on July 21, Whitehall sources said. Bankers told leading politicians that the sale of the roads overseen by the Highways Agency — all motorways and most big trunk roads — could help revive battered public finances.

Toll-road companies and infrastructure funds would compete to operate and maintain stretches of the network.

In one version of the scheme, the government would pay for upkeep through a system of “shadow” tolls. A more radical, and less politically palatable, option would be for companies to charge motorists directly through toll booths or electronic card readers. The RAC Foundation, a motorists’ group, advocated privatisation in a report last week.

The Rothschild plan has already won the support of Vince Cable, the Liberal Democrats’ deputy leader and Treasury spokesman.

“This is an attractive, positive idea which could release considerable resources to the public finances and may have real environmental merits,” Cable said. “The scale of it is vast — it makes rail privatisation look like small beer.”

Theresa Villiers, the shadow transport secretary, said the Conservatives had “no plans” to back Rothschild’s proposals: “Rothschilds, like many other banks and consultancies, have approached me and my team on a range of ideas for our transport network, including their ideas for our road infrastructure, but we are not working on any proposals for privatisation of the strategic road network and have no plans to do so.”

Motorway privatisation was considered by John Major’s Conservative administration, which sold British Rail, but was rejected.

A spokesman at the Department for Transport said: “It is not unusual for organisations to suggest ideas to government departments but ultimately all policy is decided by ministers and there are no plans to sell off a stake in the Highways Agency.” Rothschild declined to comment.

The bank was behind many of the key privatisations of the 1980s and 1990s, including British Steel, British Gas and British Coal. It has close links to the Conservatives, having employed several senior Party figures including Lord Lamont, John Redwood and Lord

Wakeham. Oliver Letwin, the former shadow chancellor, works there part-time.

Politicians of all Parties are seeking ways to decrease the need for large tax rises or heavy cuts in public services. The bank bailouts and a recent collapse in tax revenues has seen public sector debt rise to more than £800 billion, 56.8% of GDP — up from 35.5% just two years ago.

Road tolls are unpopular, however. When Labour mooted road pricing two years ago, more than 230,000 signed a petition on the Downing Street decrying the plan .

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