

Create a stakeholder society by giving voters free shares

How often we hear commentators discussing whether the economic "feel-good" factor will arrive in time to rescue the Conservatives at the next general election. There was no "feel-good" factor in 1992 and the Conservatives still managed to hold on. But consensus has it that, this time round, the "feel-good" factor will be a necessity for this Government to survive.

No matter how much more disposable income people find in their pockets between now and the next election, financial insecurity will persist until they feel they have some wealth to fall back on. Houses may act as a store of wealth, but they cannot create it.

To create wealth, people need share capital. During the 1980s, the number of direct shareholders more than trebled to top ten million — mainly through privatisation issues. Through owning shares, more people have become genuine stakeholders in the economy for the first time. Anyone with a private pension looks to the performance of stock markets to indicate their future wealth. Armies of small shareholders can today be seen making an impact on directors at annual meetings.

While the 1990s have seen no diminution in people's enthusiasm for share ownership, politicians appear to have stopped paying it much attention. But

Government to spread share ownership. If members of the Sea Mammal Research Unit or the Red Deer Commission (both currently part of the public sector) had the opportunity to own shares in their privatised business, then employees in the Prison Service or Employment Service may wish to follow suit. Instead of being open to the accusation of public sector sloth and bureaucracy, employee-owned agencies providing services to the Government would have clear incentives to deliver them as efficiently as possible.

For the time being, the momentum seems to have been lost from the drive to promote wider share ownership. As elections approach, governments and oppositions be-

given the proven electoral appeal of wider share ownership, it is surely only a matter of time before the politicians start seeking out new policies. There are many ideas out there to be adopted.

There are practical ways in which the Government can promote share ownership. The privatisation programme could be extended to many new areas of the public sector. Its popularity could be restored by making shares in privatised companies more widely available. Everyone could be giv-

en a stake in future privatisations if shares were given away to the public rather than sold.

Shares in industries such as Forest Enterprise, the British Waterways Board, the Tote, London Underground and the Post Office could be distributed to investment companies who would hold and manage funds on behalf of individuals. Many more government functions could be hived off to the private sector. For example, where an in-house bidder wins the right to provide a government service

after a market test, management and employees should be able to negotiate to buy out provision of the service. Where a government service is contracted out to a private organisation, contractors should agree to make provision for employees to become shareholders in the organisations for which they work. The same should apply to projects procured under the private finance initiative.

Such an approach would produce endless opportunities for the

Adrian Pepper advocates radical measures to broaden ownership and improve the delivery of public services

come more cautious for the sake of short-term political expediency.

The creation of new shareholders from the conversions of building societies into banks is the only radical move on the horizon. But politicians with bold vision could find long-term advantage in launching initiatives to widen share ownership. The prospect of more people sharing in the nation's wealth may just help to recreate that elusive "feel-good" factor.

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