

Banks – public ownership

The banks triggered the economic crisis. As a result of that crisis the country is still poorer than it was in 2008. Huge sums (estimated in the *Good Banking Report* at almost £1.2trn) were paid out by the government to bail out the banks.

The banks speculated on international money markets instead of just looking after the interests of their customers. Their speculative endeavours failed, and we were asked to pay the price. They were found to be involved in fraud, money laundering and outright incompetence, such as the computer failure in 2012 that left RBS customers unable to access their own money. They continue to pay obscene bonuses to top executives and traders, even while depending on government handouts for survival. They still pay dividends to private shareholders, in some cases at public expense. They refuse to lend to consumers and small business on equitable terms, or at all. Lending to industry is only 3% of total bank loans in the UK.

All this is because financial institutions are privately owned businesses run for profit. We propose a publicly owned, integrated financial system run as a public service.

This requires taking over the big 5 banks (Barclays, Lloyds, HSBC, RBS and Santander) and the privately owned insurance companies and other financial institutions. In the case of mutuals the government should take the power to appoint directors, so as to integrate them into a finance industry that serves the public. Co-operatives such as the Co-op Bank, Unity Trust and local credit unions will be left as they are.

Bradford and Bingley and Northern Rock have already collapsed into state ownership. Large chunks of RBS and HSBC are also publicly owned. Compensation would take the form of swapping shares for government bonds, as was the norm with previous nationalisations. Compensation to private shareholders should be determined by debate within the labour movement. Why should we have to pay to bail out the privately owned banks and pay again to turn them into publicly owned institutions? There should be a limit to how much compensation an individual can take.

The existing boards should be scrapped. They supinely watched the chief executives as they led their banks to disaster. New boards should be established incorporating representatives of the finance workers, the wider labour movement and other interest groups such as small business and mortgage holders.

The publicly owned finance industry would be a democratically run lever for planning for economic growth. The main benefit would be that, instead of wasting resources on speculation, finance could help to mobilise all those resources that are needed to transform Britain in the fields of transport, green industries and housing, and creating the conditions for economic recovery, improving living standards and returning the country to full employment.