

Why the EU is the real threat to the NHS

CIB chairman Edward Spalton discusses a little-known fact of our EU membership: that it led to the use of private finance initiatives to fund (and profit from) public services, including NHS hospitals. This 'Enronomics' approach to public finances may have kept the EU's neoliberal bureaucrats happy, but corporate interests' gain has been the British taxpayer's loss.

Mr Corbyn is making great play with the supposed threat of privatisation of the NHS should the UK leave the EU. Yet the New Labour governments of the 1990s and 2000s made extensive use of Private Finance Initiatives (PFIs) and Public Private Partnerships (PPPs) for financing hospitals, schools and other public services.

One of the most notorious contracts was the sale by Inland Revenue (now HMRC) in 2001 of two-thirds of its office buildings for £370 million, which it leased back for £144 million per year including maintenance costs. Over the period of the whole contract, the cost to the taxpayer was estimated to be £4.2 billion. The likely increased value of the premises over the period of the contract would be lucrative for the contractor – a firm actually based in a tax haven!

Why does any government make such a silly bargain? And what does it have to do with us here at the Campaign for an Independent Britain, which concerns itself only with the cause of UK independence from the EU?

No prizes for guessing that the reason for the use of PFIs was our membership of the EU. Under the Growth and Stability Pact, which entered into force in 1998, member state governments are

required to restrict their borrowings. By making the contractor put up the money, the government keeps the debt off the public accounts. The contractor pays a much higher rate of interest than the government would have done, and it also has to add a profit on top. This increased cost is spread over many years and, because it is kept off the public accounts, few people notice that the taxpayer is worse off.

This was the style of accountancy used by the American company Enron to keep its indebtedness off the firm's main books. Some of Enron's directors went to jail for twenty years, yet PFIs and PPPs are entirely legal here!

There was another advantage for those in the loop. Ministers and senior civil servants, responsible for awarding huge lucrative contracts during their careers, retire from public office and spend a year with their inflation-proof pensions. They then reappear as directors and consultants for the contractors, using their insider knowledge to sell their services to their former colleagues in government. This is known as ['the revolving door'](#). Everything is of course all perfectly legal in this cosy, closed world, which is very lucrative for everybody concerned – except the taxpayer.

Mr Corbyn assures us that he has a revolutionary zeal to stop such practices and that he will borrow huge amounts of money to build his open-border, multicultural New Jerusalem. He says that he will negotiate a favourable new Brexit treaty with the EU and then remain entirely neutral in a subsequent referendum on whether we leave or choose to remain.

Back in 1983, Labour leader Michael Foot offered a socialist programme very similar to Mr Corbyn's. But crucially, he did not try to deceive people that it was possible to achieve it inside the EU. The young Tony Blair supported Foot's policy in his manifesto, stating that we would leave the EEC which had "destroyed jobs and plundered our resources".

Ken Clarke once remarked that the great thing about 'Europe' was that it made most of Labour's would-be policies illegal. Of course, even if you opposed Mr Foot's policies, it only took a minute or two to ask yourself what the point was of electing MPs at all, if they had to do whatever a foreign government – called the European Commission – told them to do.

Either Mr Corbyn is deceiving himself that his manifesto is capable of being achieved inside the European Union – though contrary to some of its most basic rules – or he is consciously trying to deceive us.

As with all other candidates, it is a matter of trust.