The government should sell off £40bn of assets, says new Adam Smith Institute report [1]

Written by **Blog Editor** [2] | Thursday 10 October 2013

- The government owns around £600bn of assets, many of which do not need to be in the public sector
- A sale of less than a tenth of those holdings?the most peripheral and surplus items, including £23bn of real estate?would net £40bn to cut taxes temporarily or pay down the debt
- Holding onto given assets regardless of price is inefficient on a basic level; valuable assets are best allocated by the market

The government could fund temporary tax cuts worth £40bn or reduce the national debt by the same amount by selling off a fraction of its assets, according to a new Adam Smith Institute paper released today (Thursday October 10th). The report, Cash in the Attic [3], shows the huge windfall that could be realised by releasing state-owned real estate and firms into the private sector. The government is estimated to own around £600bn of assets.

The report?s author, investment analyst and Adam Smith Institute senior fellow Nigel Hawkins, details how the government could bring in around £23bn from sales of excess real estate holdings and around £17bn from privatisations (excluding the bank stakes) by 2017-18.The report argues that useful resources are languishing in the public sector with no market assessment of their use to society.

Furthermore, the just-beginning re-privatisation of Lloyds TSB, as well as the sales of Royal Bank of Scotland, the government's stake in Urenco, and the Royal Mail, need to be a top priority, Hawkins says. The government should also part with a minority stake in Network Rail to raise around £7bn while still retaining control of the company.

Divestment of the Ministry of Defence?s estate would be another profitable area. Even a very limited approach to defence land sell-offs could raise £3bn, Hawkins says. In health, selling just 10% of Primary Care Trust assets would bring in £500m.

Along with these sales, agencies that already have plans to divest government assets?the Government Property Unity (GPU) and Defence Infrastructure Organisation (DIO) need to be pressured to meet their targets, the report argues.

Sam Bowman, Research Director of the Adam Smith Institute, said: ?The government is sitting on hugely valuable resources that it should sell. The Royal Mail privatization is a good start, but going further would be win-win. Sell-offs of real estate and privatization of firms that the government doesn?t need to own would allow those resources to be used more productively by the private sector and net the Treasury some much-needed cash to fund temporary tax cuts to stimulate investment and job creation in the private sector.

?The £40bn of assets that we have identified as being ready for sale are just the tip of the iceberg. We need a slim, efficient government that is as cost-conscious as any business would be. It might be too soon to start planning to move government buildings to an industrial estate in Slough, but that?s what we should

be aiming for.?

Read this report. [3]

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