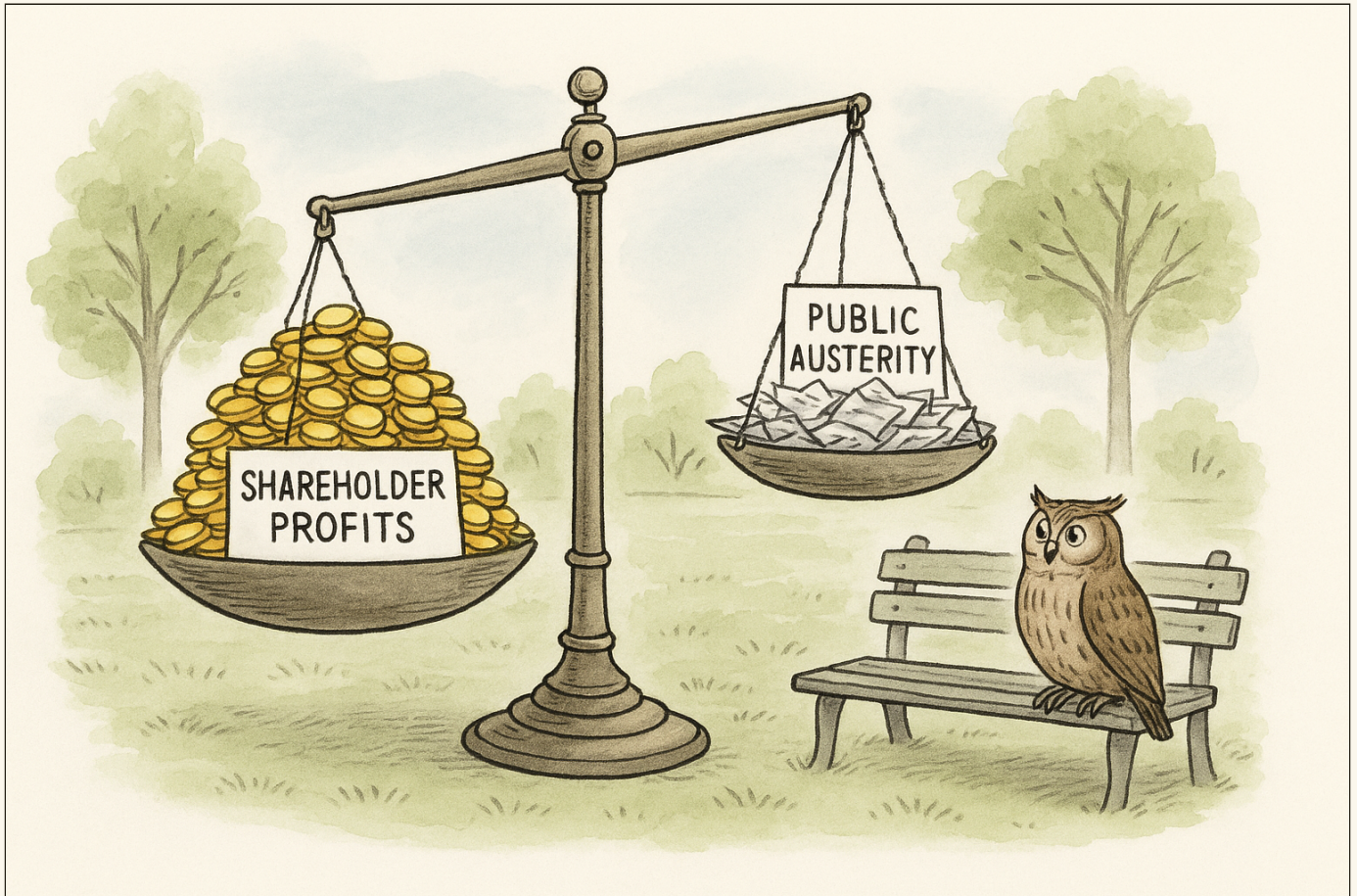


NEWSVALUES

The Penny Dreadful Edition — opinion, satire & reportage, weighed for what it's actually worth

ECONOMICS • TODAY'S LEAD

Manchesterism



There is a particular kind of silence that descends on a room when a politician says the word “productive” with a capital P. You can almost hear the spreadsheets sweating. Somewhere in the Square Mile a man in a quarter-zip puts down his flat white and frowns, because he has read enough white papers to know that when the prose gets ambitious the costings get vague, and when the costings get vague, someone — usually him, eventually — ends up holding the bill.

The paper in question is *The Productive State*, the Greater Manchester think-piece bearing Andy Burnham’s fingerprints, and its central conceit is genuinely arresting: unwind four decades of privatisation not

by writing fat compensation cheques to shareholders, but by swapping their equity for government bonds. You hand over your shares in the water company; the state hands you a gilt. No cash changes hands at the point of nationalisation. The taxpayer doesn’t cough up a king’s ransom on day one. The asset comes home. Everybody, in theory, keeps their dignity.

It is, you have to concede, a clever bit of financial origami. The trouble with traditional nationalisation has always been the price tag — buying back the family silver at the price the new owners have spent thirty years inflating. Bonds-for-shares sidesteps the upfront wallop.

Instead of a lump sum, you issue paper and promise to pay it back over time, with interest. Tidy. Elegant. The sort of thing that sounds marvellous at a fringe event in a converted Mancunian mill.

And then someone in the back row, nursing a warm lager, asks the only question that matters: who pays the coupon?

Here is the bit the brochure tends to gloss over. A government bond is not a magic spell that makes liabilities vanish; it is a debt. You have simply changed the shape of the obligation, not its existence. Where once you’d have a one-off acquisition cost, now you have a stream of interest payments stretching out over decades, and

those payments land squarely on the public balance sheet. The shareholders haven't been wished away. They've been turned into creditors. And creditors, unlike shareholders, get paid first.

The gilt market — that vast, humourless arbiter of what a government can actually afford — has a long memory and zero sentiment. It does not care whether your scheme is morally splendid or your intentions pure. It cares about supply, yield, and whether it believes you can service what you've issued. Flood it with a great wodge of new paper to buy out the water, energy and rail companies, and the market will want compensating for the risk in the only language it speaks: higher yields. Higher yields mean a higher cost of borrowing across the board. We have, fairly recently, watched what happens when a chancellor presents the bond market with sums it doesn't believe. That was Liz Truss, whose September 2022 mini-budget under Kwasi Kwarteng sent gilt yields spiralling and government borrowing costs soaring — the very arbiter of the disaster that nearly broke the pension funds and forced the Bank of England to step in. It was not a triumph of underdog romance over City greed. It was a rout, and it lasted about forty-five days. The bond market won so comprehensively that it is, in effect, still bullying the

Treasury to this day — every fiscal event since has been written in the shadow of that humiliation.

So the awkward question isn't "is this fair?" It's "will the people lending the money play along?"

In fairness — and this column is constitutionally incapable of going more than three paragraphs without a to be fair — there is a serious argument lurking under the populism. Privatised utilities have, by any reasonable reading of the public mood, not exactly covered themselves in glory. Sewage in the rivers, dividends out the door, infrastructure held together with optimism and gaffer tape. The case that certain natural monopolies sit awkwardly in private hands is not a fringe lunacy; it's a mainstream grumble you'll hear in any pub from Salford to Surrey. Burnham, whatever else you make of him, has read that room correctly.

There's also a coherent technical point that swapping equity for bonds could, under the right conditions, be cheaper over the long run than the dividends those companies currently extract. If the state borrows at a lower rate than the return shareholders demand, the maths can — emphasis on can — work. That's not nothing.

But "can work under the right conditions" is doing an Olympic amount of heavy lifting. The right conditions include a calm bond market, a credible long-term fiscal plan, and a Treasury willing to put its name to numbers. The paper, as far as anyone can tell, has been costed by nobody in particular — a vision document rather than a budget. It tells you where it wants to go without quite telling you what the petrol costs.

And that's the rub. Every grand scheme of this sort lives or dies not in the launch event but in the dull, unglamorous spreadsheet that comes after. You can dress nationalisation up in the language of bringing things home, of dignity, of the productive state — and plenty will cheer, because plenty are sick of paying through the nose to watch their water company pay its shareholders. The instinct is sound. The arithmetic is missing.

So is it the champion of the underdog or fantasy economics? On the present evidence, it's neither yet. It's a promising sketch with the price torn off the corner.

The gilt market will be delighted to fill that bit in. It always is. And it remembers exactly what it did to the last person who tried to bluff it.

The Digital Afterlife.



In January 2021, the United States Patent and Trademark Office granted Microsoft a patent for building a chatbot out of a specific person's texts, emails and voice messages — including, the filing made clear, a person who happens to be dead. Microsoft's own general manager of AI programmes conceded on Twitter that the concept was “disturbing”, and the company said it had no plans to build such a thing. Note the wording. Not “we never would”. No plans. In tech, “no plans” is what you say while the plans are photocopying themselves in the next room.

Four years on, the plans belong to everyone else. A small but energetic cluster of firms — the academics call it the “digital afterlife industry”, which is the politest possible name for it — will now take your late mother's recordings, writings and mannerisms and stitch them into something you can chat to after the curtains close at the crematorium. HereAfter AI sells what it calls “Life Story Avatars”: record the old dear answering questions while she's still with us, and the app will replay her, interactively, when she isn't. StoryFile went one better. At a funeral in Nottinghamshire in July 2022 — a story broken by the Telegraph — mourners watched an 87-year-old woman field questions from beyond the grave via the company's interactive video technology, co-founded, as it happens, by her own son. The deceased at her own wake, taking questions from the floor. Even the Victorians, who photographed their dead propped up in Sunday best, didn't think of charging for an encore.

The emotional pull is real, and it would be cheap to pretend otherwise. The San Francisco Chronicle reported in 2021 on a

Canadian man who used Project December — a text-generation service built on OpenAI's GPT-3 — to hold long, late-night conversations with a simulation of his fiancée, eight years dead. By the Chronicle's account, the experience was by turns consoling and unbearable. Anyone who has ever kept a dead relative's number in their phone, just to see the name, will understand the impulse. Grief makes mugs of us all. That's precisely the problem: it's a market where the customer is, by clinical definition, not thinking straight, and the product is designed never to let them start.

Because here's the mechanism, and it's beautiful in the way a mousetrap is beautiful. A headstone is a one-off purchase. Granite doesn't upsell. But a chatbot lives on a server, and servers cost money every month, which means the dead now come with running costs. Project December charges by usage; the wider industry leans on subscriptions and tiered plans. Stop paying and Mum goes quiet a second time — only this time it's not God's doing, it's a lapsed direct debit. The funeral trade has spent two centuries perfecting the single, eye-watering invoice. Silicon Valley looked at that model and asked the only question it knows: why sell a coffin once when you can rent the occupant back monthly?

The ethicists have noticed. In 2024, two researchers at Cambridge's Leverhulme Centre for the Future of Intelligence published a paper in *Philosophy & Technology* warning that “deadbots” could be used to advertise products to the bereaved in a dead loved one's voice, or to digitally “stalk” surviving relatives who never asked for a resurrected parent pinging their phone. Their proposed remedy — dignified digital “retirement” procedures, a decent burial for the bot — is the sort of thing that sounds absurd until you realise nobody in the industry had thought to offer it. We have spent millennia devising rituals for letting go. This lot have devised a business model for not.

And the market is not hypothetical. Agency reporting, including from AFP, has described Chinese firms cloning the dead into digital avatars for bereaved

families for a few thousand yuan a time, with demand brisk enough that some customers commission them for relatives who don't yet know the person is gone. Meanwhile, in a twist so neat it belongs in Dickens, StoryFile — the outfit that put the talking dead at that Nottinghamshire funeral — filed for bankruptcy protection in the United States in 2024, as trade reports noted at the time. The immortality merchants, it turns out, are mortal. Which raises the question nobody wants printed on the brochure: what happens to your digitally embalmed mother when the company hosting her goes under? She becomes an asset in an insolvency proceeding. There's a line for the order of service.

None of this means the bereaved who use these things are fools. They're not; they're people in pain reaching for whatever's nearest, and the nearest thing now has a pricing page. The fault lies with an industry that has spotted the one customer base guaranteed never to churn voluntarily, and with regulators who haven't so much as sketched a rule about who owns a dead person's conversational likeness.

Grief used to be the one thing in life that came free of charge, and ended in its own time. It now auto-renews. Cancel anytime — if you can live with killing her twice.

Burnham vowed to end rough sleeping in Manchester too. He didn't.

Recycling, we're endlessly told, is a virtue. Not in politics. In politics, a recycled pledge is the original failure wheeled back out in a fresh bin bag, and you're a mug if you don't check what's inside before applauding.

Which brings us to the new Prime Minister's flagship promise: Andy Burnham is going to end rough sleeping in Britain. Bold. Compassionate. Exactly the sort of thing a country weary of doorway sleeping bags wants to hear from the steps of Number 10. It is also, to anyone living within a tram ride of Piccadilly Gardens, eerily familiar — because he has made this precise vow before, on a smaller stage, with a deadline attached, and the deadline came and went while the doorways stayed occupied.

The history, briefly, because history is the one thing every relaunch depends on you forgetting. In May 2017, fresh from winning the Greater Manchester mayoralty, Burnham pledged to end rough sleeping across the city-region by 2020 — a full seven years ahead of the Conservatives' own 2027 target in their manifesto that same year. To show he meant it, he promised to pay 15 per cent of his mayoral salary into a homelessness fund. In November 2018 came the flagship scheme, A Bed Every Night, which offered more or less what it said on the tin.

And here the honest cynic has to do the unfashionable thing and be fair. A Bed Every Night was not a con. It put people under roofs on nights they would otherwise have spent under bridges, and it was praised by people who work in the sector and don't hand out praise for fun. Burnham banged on about homelessness when plenty of politicians wouldn't touch it with a barge pole. Sincerity was never his problem. Arithmetic was.

Because 2020 arrived, and rough sleeping in Greater Manchester had not ended. What actually shifted the numbers, in

Manchester and everywhere else, was a pandemic. Everyone In — a Whitehall-funded national scheme that used hotels emptied by lockdown — got people off the streets at speed, and the official snapshot counts duly fell across the country. Then the economy reopened, the emergency money dried up, and the government's own autumn rough sleeping statistics show the numbers creeping back up again. The tents returned to Manchester's streets before the office workers did.

Now, the defence Burnham reached for as mayor was a legitimate one. A metro mayor doesn't set housing benefit. He can't ban no-fault evictions. He can't touch the asylum rules that leave people with no recourse to public funds sleeping in bus shelters. He was, in effect, fighting a house fire with a garden hose while Westminster sat on the mains. Fair enough. In 2017 that defence held water. By 2020 it was wearing thin, because he'd known the size of the hose when he named the deadline. Today it has expired entirely — the man who spent years pointing at the levers in London is now holding every last one of them. There is nobody upstairs left to blame. He is the bloke upstairs.

Continued at newsvalues.com — read the rest online.