

"Digby is a trend spotter to keep Governments and commentators on their toes."
— Alastair Stewart OBE, *ITV News*

DIGBY JONES

FIXING

BRITAIN

THE BUSINESS OF
RESHAPING OUR NATION

WITH MICHAEL WILSON

FIXING BRITAIN

This is one of the most remarkable people I have ever come across. His commitment, his dedication and his enthusiasm are quite extraordinary. He is a great British patriot.

**Tony Blair, as Prime Minister
CBI Annual Dinner, May 2006**

They broke the mould when he was made.

**Sir John Sunderland,
Chairman Cadbury PLC, March, 2006**

My friend Digby is a well-informed patriot who has 'been there and done it'. From early, cautionary tales about the impact that democratised markets in eastern Europe would have on the motor industry in his beloved West Midlands, to his warnings that India and China would 'have your lunch and your dinner', he is a trend spotter to keep Governments and commentators on their toes. This book is his catechism and his route map for taking the UK forward to where he believes it should be, and should never have slipped from.

**Alastair Stewart OBE,
ITV News**

FIXING BRITAIN

**THE BUSINESS OF
RESHAPING OUR NATION**

DIGBY JONES

WITH MICHAEL WILSON



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To

Bernard Lowe, my primary school head teacher, who set me on my way.

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My mother and father for all the love, encouragement and enthusiasm I could ever have wished for.

My wife, Pat. Simply my rock.

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CHAPTER 1

FIVE MINUTES TO MIDNIGHT – TIME FOR CHANGE

Consider, for a moment, a small country which ventured out from a place rather distant from the rest of the world but which proceeded to create the most powerful economic and military empire the world had ever seen.

It gave the world a common language, a common currency, the rule of law, the freedom of citizenship, tariff-free trade and peace. But after that amazing achievement, in the space of just three or four generations, it was all over.

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I speak, of course, of Rome.

But Rome's majestic achievement declined and collapsed, alarmingly and quickly.

Rome didn't fall apart because the Huns came out of the Ardennes Forest or the Scots came over Hadrian's Wall. Rome fell apart in Rome. It became complacent, lazy, and indolent. Its citizens stopped caring for each other. It became a society for the selfish. Its people concentrated on their rights, not their responsibilities. As it unknowingly approached its own demise, it lacked leadership and blamed everyone but itself.

We all know that Rome wasn't built in a day but, relatively speaking, it fell apart in an afternoon.

I don't want that to happen to my country.

I have an essential creed for business's role in our society – my country.

I have always believed in socially inclusive wealth creation; skilling a dynamic and confident workforce and letting them enjoy the rewards of ability and sheer hard work, instead of allowing yet another generation to be consigned to valueless obscurity by

a society and a system that simply doesn't care – or perhaps even worse, doesn't know what it's destroying.

Over the past decade or so, I've seen at first hand how political dogmatism, the making of policy in ignorance of real life, and an inability to harness the good of business can lead to the disintegration of a cohesive society. And I'm not sure now that 'society' – whatever that is – has the tools, the knowledge or the will to learn how to put itself back together.

We are the sixth biggest manufacturing country on earth. As you read this book, there's probably an Airbus flying from Santiago in Chile to Sao Paulo in Brazil, or from Chicago to San Francisco, or from Cape Town to Johannesburg. Approximately half of each of those planes is built in Britain. The wings are built in Broughton in North Wales. The undercarriages made in Gloucester. Many of the avionics are made by small businesses in the North and Midlands. Under the wings are the best engines you will find anywhere in the world, made by Rolls Royce in Derby. The Germans, the Spanish and the French all make a sizeable contribution but the bits that are important, the bits that get it up there, keep it up there and bring it safely down again, are all made in the UK.

Our country has declined to a such a state that is in serious need of fixing, but we do have the framework on which to base our fightback.

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The most productive car plant in the whole of Europe, the second most productive in the world, is Nissan's plant in Sunderland. Where is the only other place in Europe where Toyota is building its hybrid car? Burnaston in Derbyshire. Not France nor Germany – but in Britain. The UK is home to some 70% of the Formula One motor racing teams, the second most watched sport on earth. They are not here for the fun of it but for the high-class engineering skills they find in Britain – even Michael Schumacher's Mercedes is built in Northampton!

We are a globally preferred place for food manufacture and export. The second biggest pharmaceutical company in the world, GlaxoSmithKline is based in West London.

Our creative industries generate thousands of millions of pounds in web design, textile design, books, film, art, theatre, architecture, advertising, consultant engineering. A British consulting engineer delivered the Birds Nest stadium at the 2008 Beijing Olympics, and the Watercube, where all those swimming records were broken. A British architect designed the spectacular suspension bridge across the Tarn River Gorge in France.

Of the top ten universities in the world, four are English – Cambridge, Oxford, University College and Imperial College, London. If you look at the top one hundred universities in the world, the only country with more than us is America. Our higher

education system is first class – a status achieved almost in spite of, rather than because of, ourselves.

We don't celebrate what we're good at. We merely look inward and criticise all the time. We have ceased to believe that we do all this. The tragedy is that we have ceased to believe in ourselves.

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Here, business gets on the agenda merely through gloom or facile entertainment. Fifty redundancies at a manufacturer makes the headlines, not the fact that Jaguar has had one of its most successful quarters. At the height of the recession it was so difficult, almost impossible, to get the nation's own broadcaster, the BBC, to cover the many good news business stories. The self-belief of the nation was debilitated again and again by the accurate but unbalanced constant drip, drip of bad news. Indeed, many small businesses told me that their only two good weeks in 2008 were those when Obama's election and swine flu took the recession off the top slot on the *Ten O'Clock News*.

And business gets a hostile handling from the TV entertainment media. In *Coronation Street*, *EastEnders* and even *The Archers*, when a crook surfaces in a soap storyline, yes, he's a businessman. In another TV show, Alan Sugar gets out of his Rolls Royce and tells some unfortunates that 'You're fired'. Which business in modern Britain is run like that? How simplistic and how

damaging that is to society's expectations and understanding of essential wealth creation.

But despite all our success, this nation is at a crossroads. We've come out of a severe recession and with good, firm economic management we will survive it, but the real poverty is one of expectation. The real depression in this country is not economic, it is the decline in talent, sadly something over which the last government presided. The real worry is that the damage to social cohesion, the destruction of the glue of our society, is permanent.

We need some plain thinking, plain talking and action.

Government intrusion has complicated running a business, teaching a class, employing more people, taking a risk and simply doing a job. Incompetence in government delivery has left us all poorer. And there's been a poverty of straightforward and honest planning for the good of UK PLC. It has been easier for government to fashion its own layers of bureaucracy, to intervene and appear to be doing something than to take the more difficult route to plain, simple and effective solutions. Much of this is because few of our politicians have had any experience of real life, or a real job.

But I believe we can fix this country – economically, yes – but, far more importantly, make it a greater place for families who

are trying to bring up their children into society, helping them get good jobs, and lead fulfilling lives, and in so doing, help our country achieve twenty-first century success.

At the root of it all is the desperate state of our education system. Tony Blair promised ‘Education, education, education’. We got a scholastic generation who are not equipped for the world of work. Employers complain that, even after A level studies, many school leavers have basic problems with literacy and numeracy and seem to think that the world owes them a living.

Employers also complain that there are growing questions about the whole system, as exams get easier. More students are getting higher grades. The education bosses are saying, correctly in part, that this shows how much better education is. The first users of the educated product, the first employers of these students, disagree. They see an increase over time of academic grades much more quickly than any real increase in academic standards.

This ‘grade inflation’ is having a miraculous effect but it merely, as does all inflation, devalues capital. In this case, the capital of education. For example, at the current rate of academic ‘improvement’, in nine years’ time no one sitting an A-level will fail the exam – and over those nine years, a third of those sitting them will get A grades. This is not an education system for the fifth largest economy in the world. The brightest aren’t being

stretched, and others are appearing to be better prepared than they really are.

Our basic education system is flawed, not only in its inability to teach literacy and numeracy, but to send students into employment with a realistic measure of their competence. If that doesn't change then UK PLC will be bypassed by the many other nations which are hungrier and better equipped to teach their young people about the real world.

So, what kind of a country do we live in? Our main 'community' – if you take that to mean an area within which people are connected – is the social media. By July 2010, Facebook had notched up 25 million members in the UK, meaning that just over one in two citizens was a part of the site. It connects over 500 million people worldwide. It's therefore not unreasonable to take Facebook as representing a coalition of opinion, if its members decide on a common issue. Which many of them did in 2010; thousands posted sympathetic messages to offer support to the memory of the wife-beating, murdering thug Raoul Moat.

Why would those people sympathise with a monster like that?

Maybe, if you look beyond Moat's wickedness and the 'sympathy' expressed online, you find a rather bleak territory. Moat's

rampage was, thankfully, an exceptional act, but he clearly touched a deep nerve in those thousands who posted their support. If you are white, male and possibly unemployed, but you're healthy, you're able-bodied and you're living in a rather challenged environment, possibly where you don't hear the English language spoken in the street very often, you may well feel that the political class has completely and absolutely ignored you. And you may also feel that no one out there is shouting for you, which is why extreme political parties like the BNP have such purchase. All they have to do to get a foothold is to prey on that insecurity and anger which our broken society and system have caused.

No doubt some of Moat's support also came from an inbred hatred of the police, who seem powerless to stop crime, and are also, no matter how unfairly, simply seen as the enemy.

That dislocation and lack of direction, anger and perhaps despair is not helped by the country's benefit culture. There have been some great social advances over the past sixty years – the NHS is the obvious one, the welfare benefit system helps many people who are disabled and out of work, as does the National Minimum Wage, and Health and Safety legislation for those in work.

But the effect of state protection and intervention has been to encourage a 'gimme' society, in which people can simply say, 'I have no responsibilities but I do have rights. So I don't need to worry

The effect of state protection and intervention has been to encourage a ‘gimme’ society, in which people can simply say, ‘I have no responsibilities but I do have rights.’

about anything, “they” will provide’. And when the tap is turned off, that’s when the trouble starts.

There was a mantra amongst many so-called New Labour ministers of ‘there, there, here’s some money’. I’ve lost count of the number of times I have heard politicians say that of course they don’t agree with state handouts; but the flow of benefits has continued for years with little oversight and no real strategy as to its long-term purpose. Of course, if you constantly give people money – and let’s not forget that this is essentially other people’s hard-earned cash – you run the very real risk of nurturing a sense of entitlement

that removes any incentive for people to take responsibility socially or to start earning for themselves.

Frequently I see local authorities try to work out ways of getting people out of broken, welfare-bound housing estates, where practically no one works. But then you hear teenage girls saying, ‘I want to get pregnant because if I do, I’ll get a council house’. And even in the world of work, employers face resistance from employees who fear being promoted because a pay rise means a loss of state benefit.

These things should not be acceptable in the fifth largest economy on earth, as we face the huge, competitive challenge of globalisation.

To modify the old cliché somewhat – if you give people fish every day, you’ll be giving them fish every day for the rest of their lives. However, if you buy them a fishing boat, teach them to fish and take them to the fishing grounds, you won’t have to buy them fish ever again.

But, over the past couple of decades the country has, through a political quest for popularity and misguided theory, created a benefit culture which feeds on itself, stifles any aspirations of work or development of self-worth and which will take a generation to reverse, such is its systemic inertia.

And if work is, rather unsurprisingly, a sustainable route out of poverty and benefit, why is that thinking also not applied to those on the lowest rung – the prison population?

There are 60 million people in this country and we have a prison population of 85,000. We have the worst reoffending rate in the whole of Europe. Among the younger prisoners, 95% will reoffend and go back inside – in Denmark the figure is 45%, in the Netherlands it is 55% and, even in the US, it’s ‘only’ about 36% according to the European Society of Criminology. The cost of the crime, the cost to the judicial system and the cost of their imprisonment is, on average, a quarter of a million pounds every time. To me that seems a staggering burden to the taxpayer.

Multiply that by 85,000 and it quickly becomes apparent why it is in society's interests to find ways to ensure that each and every £250,000 isn't just a sunk cost. What's more, it's paramount that that prisoner does not reoffend and in turn invoice the taxpayer for £500,000 and rising.

Never mind the pointless recidivism. We, as a society, actually pay prisoners to do menial tasks that require no skill and have little value. It is right and proper that we pay prisoners wages, but their 'work' is not usually of the value-added kind. So we end up paying prisoners more money for worthless tasks than if they had elected to learn to read, write and count and operate a computer – which is, of course, the only way they're ever going to get a job when they get out of prison.

It is an indictment of the real poverty in twenty-first century Britain that just 0.14% of the population can cost the country billions of pounds – and also such distress and insecurity. It goes to show just how much social cohesion has fallen apart.

At the same time, we have schools which are delivering young people who are unfit for the world of work after 11 years of full-time, free, compulsory education. How many young people in other parts of the world would love to have that privilege? The statistics are simply dreadful.

I first came across them in 2000. I had been at the CBI for only a couple of months and I was to give a speech on the importance of training and education. I read an influential report by Sir Claus Moser on Britain's fitness for purpose in the twenty-first century. This is what I saw:

Some seven million adults in England – one in five adults – if given the alphabetical index to the Yellow Pages, cannot locate the page reference for plumbers. That is an example of functional illiteracy. It means that one in five adults has less literacy than is expected of an 11-year-old child. These figures – based on official surveys – are inevitably estimates, and may be a little on the high side: but the order of magnitude is certainly right.

The situation for numeracy is both worse and more confusing because the tests are weaker and the evidence is controversial. Estimates of the percentage of adults having some numeracy problems range from 30% to 50%.

After simple disbelief, my next thought was, 'And we want to take on China and India, do we? Don't make me laugh.' And then the anger set in at this staggering statistic about my country, which has not left me to this day.

Since this report was published we've had the even more depressing evidence that half the children who take their GCSEs do not get grade C or above in English or Maths – which means

People who aren't skilled are those who are ill-equipped to deal with the effects of globalisation, and are left behind in the shift to a value-added, innovative economy.

that after 11 years of free, full-time education, from a government which promised teaching as a high priority – these sixteen-year-olds are not fit for working in a global competitive economy outside the playground.

And only last August figures were published that 20% of 11-year-olds remain functionally illiterate and innumerate. In late 2010 the government reiterated that this disgraceful figure is not improving. So the scandal continues. 'Education, education, education', Mr Blair? I think not!

The consequences of this are obvious and inevitable. People who aren't skilled are those who are ill-equipped to deal with the effects of globalisation, and are left behind in the shift to a value-added, innovative economy. Their only future is to lose self-respect and self-esteem and, soon enough, the man selling the white powder at the end of the street appears to have the answer. Then the mugging and theft to pay for that begins, with appalling consequences for all of us.

When these people have children of their own, often as teenagers themselves, there are no books in the home. Why have books at home if no one reads? So, with no learning and no desire for improvement, this underclass develops on its own, and that spirals into this overdependency on the welfare state.

This lack of education, this failed system of learning, is of such enormous and shocking proportions that it's an obscenity, a blight on our nation.

Just as the latest scholastic generation was beginning its time at school, in 1997, the new Prime Minister Tony Blair was promising education, education, education.

Yet what we got at the end of it was ignorance, failure and unemployment.

What a wasted opportunity! Tony Blair and Gordon Brown came into power taking over from a stale, tired, ideologically corrupt administration. Even some Tories said to me that they thought they would do well, and there was a reservoir of goodwill in the country even from those who didn't vote for them. But, frankly, they wasted so much.

I'm moved to a wry smile when I remember the 'memoir fest' of the summer of 2010, from Campbell, Mandelson and then Blair.

If only they'd spent a lot more of the energy, the emotionally draining time, the effort, the hours that they'd spent on fighting each other, on fixing the country instead, then we wouldn't be in half the mess we are in now.

Whatever you think of her, Margaret Thatcher set about changing the face of UK PLC – and she did just that. As a young lawyer in Birmingham in the 1980s I saw the improvement in efficiency and productivity in the West Midlands. The change was painful, certainly, but it forged companies who were fit to compete with the growing industrial strength of Asia.

But, much more than that, Thatcher saw how important inward investment was for manufacturing. Whilst, for example, our national car industry was busy committing suicide with appalling labour relations, poor management, low productivity and an awful mass-market range of cars, Japan was taking a lead, searching for new production opportunities. Britain offered inward investment when others were running scared of commercial immigration. Japanese car manufacturers were able to make the most of the new-found labour market flexibility in this country and, thankfully, the legacy exists to this day.

Nissan UK now has its most productive car plant in the whole of the world. Toyota is currently building its most important car at Burnaston. Honda has injected new life into the old railway town of Swindon. Business was Margaret Thatcher's constituency. She faced up to it, she challenged it, she reformed it – forever.

So when Labour came to power in 1997, I assumed that they would sort out their own constituency, the public sector – which

even then was clearly out of control. And for five years it all went so well. Granting independence to the Bank of England; tight control of the public finances. ‘Prudence’ at every turn. ‘A Labour government ... a *Labour* government ... (to borrow from Neil Kinnock), cutting capital gains tax to 10%. Middle England was getting what it voted for.

But I should have known better. In the 2002 Budget Gordon Brown announced the 1% National Insurance rise which took everyone, including us at the CBI, by complete surprise. I told him that night that he was putting more money into the Health Service and the other public sectors without asking them to reform. Brown’s response to me was that they would reform, because they were being given the money!

I couldn’t help but wonder that night just how those particular turkeys would be voting for Christmas. Tony Blair claimed that he wore ‘the scars on my back’ from trying to get these people to reform, but I still doubt the evidence of that. One of the reasons we have this bloated, inefficient, unproductive public sector is precisely due to a lack of reform and the sad consequence is our ballooning budget deficit which has nearly bankrupted us as a nation. The bankers, but certainly not all of them, made a disgraceful contribution to the meltdown, but no one should say that the public sector cuts are because of bankers’

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errors of judgement and profligacy. As a nation we were paying for services in ways we could not afford from 2002 to 2009 and we borrowed to do it, because we couldn't afford it out of the money we as a country had earned. That had little to do with the banking crisis.

I despair when I learn that, as taxpayers, we employ a Bus Lane Infringement Adjudicator in Birmingham and a Street Naming Executive in Scotland, and when the number of administrators in the Health Service has gone up by a factor of eight in the last ten years, when in the same time, the number of nurses has only doubled.

I went to a hospital a few years ago, when I was at the CBI, and they praised the value of their cancer scanner, whose use naturally had a long waiting list. But the waiting list was long, not just because of the demand, but because manning hours and procedures meant that it didn't operate as efficiently as it could have done.

'This is a disgrace' I said. 'I will lobby hard to get this changed.' But one of the executives of the hospital said, 'No, don't do that, because we are fixing it next week. We've got more money from the government so we're going to halve the waiting list in a week ... we're going to buy another machine!'

The result? Public evidence of 'investment in the NHS'.

The headline that following week would have been, ‘Extra Spending Halved the Waiting List’. Factually accurate, yes. Utterly and absolutely a waste of taxpayers money, certainly.

That’s the crux of proper reform. Make more of the current assets and get the people, with fewer of them in the back office, to work more efficiently, not necessarily harder.

If someone had turned round and said ‘I’m not buying another machine for that hospital but I’m going to make the existing machine work all day, seven days a week’, then the next headlines would have screamed, ‘Leave my NHS alone’, or ‘Sweat shop NHS’. But that would have been the answer and only a Blair government could have done that. More disappointingly, if Brown had put his clearly talented, supreme effort into it, it would have happened.

That is the huge frustration and today our nation is paying a price for it.

When I was leaving the CBI, I was asked what I thought was Blair’s greatest achievement. I said it was Northern Ireland. I reckoned that he had picked up Major’s legacy there, really made some difficult decisions and stuck at it – and as he once observed,

if he could get a young Belfast kid through to adulthood without violence, we all stood a chance.

He pulled that off. How interesting it is that now the police refer to the occasional bad behaviour during the Orange Day parades as ‘recreational rioting’.

Another, and most unexpected, of Blair’s achievements was personal to me. He made me a supporter of fox-hunting! As a product of the urban West Midlands, instinctively I would have been against it, and I’d never think about picking up a gun, to shoot and kill a living creature for enjoyment.

But then, when I saw more parliamentary time spent on the issue of fox-hunting than on going to war in Iraq I realised this was not an issue but a symptom of a left wing struggle, which became very nasty. And when the Act banning it was passed I heard some politician being interviewed, who actually said, ‘This is the last act of the Class War’.

I hoped that the listeners would realise that this had nothing to do with the fox at all, and everything to do with a political dogma. This disregard for the important and distinct community in rural Britain, showed that the government knew little and cared even less. Labour are essentially an urban party. Blair turned me from a fox-hunting anti, or probably agnostic, to a pro, and revealed a total disregard for democratic freedoms and