

## CHAPTER 1

# FIVE MINUTES TO MIDNIGHT – TIME FOR CHANGE

**C**onsider, 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.

## FIXING BRITAIN

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.

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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.

## FIXING BRITAIN

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 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.

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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

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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.

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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.

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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

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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.

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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.

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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

the government's duty to govern for everyone and not just an urban politically and class motivated clique.

Fundamental to a democracy is the fact that the role of majority government is to hold the ring for a minority as long as that minority is not hurting other people. Majorities can look after themselves. The fox-hunting community was a minority which was a very important part of rural life. It created jobs and it brought in money – but more importantly it was about social cohesion, it was about the glue that kept a community together. And, at a stroke, from its urban bias, Labour destroyed it.

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I remember the famous verse which says:

*In Germany they came first for the Communists, and I didn't speak up because I wasn't a Communist. Then they came for the Jews, and I didn't speak up because I wasn't a Jew. Then they came for the trade unionists, and I didn't speak up because I wasn't a trade unionist. Then they came for the Catholics, and I didn't speak up because I was a Protestant. Then they came for me, and by that time no one was left to speak up.'*

– Pastor Martin Niemöller, 1945

Not for a minute can anyone make a comparison with our open, democratic government (of whatever party) but it's the sentiment that strikes me as poignant. The atmosphere at the time felt as if a majority had turned against a minority in support of the politically expedient and I worried where that might stop. I felt let down. The nation deserved better. Was this the thin end of the wedge of state control becoming over-powerful and damagingly too intrusive in local communities?

None of it should have surprised me since I've seen politicians at first hand with no experience whatsoever of real life, passing laws and developing policy that they think is relevant. When I was a minister, I'd have advisers and they'd be 25 years old. Highly intelligent, they worked hard, but they'd never done anything with their lives, never been a teacher, never worked in a hospital, never worked in business, never accepted the responsibility of employing people and had never taken a risk. They were marking time until a parliamentary seat became free in whichever party they supported, where they hoped there was a big majority. Then the plan was to get adopted and get elected as an MP. Becoming whip-fodder, keeping their noses clean, the prize would be to become a minister – and shizzam! – they'd have power. But they'd never done *anything*. Governing the country with no experience of life at all!

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I was particularly staggered by the attitude of one parliamentarian.

I had entered the House of Lords in 2007 and I learnt very quickly what a privilege it is to listen to some of the best minds in Britain and take part in shaping the country's laws. People who have done something with their lives, who are experts in their field. They don't override the Commons because there's no democratic connection in the Lords, but rather they inform the debate, revise or amend the legislation which governs us all. The nation gets a more independent and objective review of law-making and it's free!

The man who gave me the strongest affirmation of the House of Lords, though, was John Prescott. The arch Old Labourite, who'd been given the post of Deputy Prime Minister to Blair as a Machiavellian sop to the side of the Labour Party that hated modernism, spent a lot of his time lampooning the Lords.

After a governmental career of achieving little other than keeping Labour's left wing in line with Blair's 'third way', this class warrior caved in at the smell of ermine; 'Two Jags' Prezzer became Baron Prescott of Kingston upon Hull, with a seat on the red leather benches of the House of Lords. That was bad enough, but after his first exposure to the Lords' arena, he actually praised the Lords by stating he had sat in there for the first time and heard a world-renowned expert talking about a piece of pending

legislation. I actually heard him say it was so informative and so good.

How can a Deputy Prime Minister, after thirteen years in power, have been so ignorant of the workings of the Upper House? Had he been blinded by tribalism and party dogma?

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That's all fairly political, but here's the practical side of the sort of political ignorance which can ruin our country. For some time, I have proudly been an advisor to the very successful engineering company, JCB, a world-class brand. In the depths of the recession, this proud British company approached the department of the Business Minister, Peter Mandelson, asking for some short-term government support to keep their skilled workforce together. It's what a number of European countries do, including the Dutch, the French, the Belgians – the Germans even have a name for it, *kurzarbeit*, which means a short-term working scheme. It's finite and does not last as long as a downturn. The idea is that the skilled workers are kept on, but they only work for two or three days a week.

JCB proposed that, with the employees already agreeing to short-time working with one day a week unpaid, they would pay their skilled employees for two days a week, and that the government would pay another two days in which JCB would

train the workers on other skills. The premise of their idea was to keep a reservoir of talent available *in situ* to take advantage of the inevitable upturn in the economy.

Mandelson turned them down, so JCB laid them off. Some of them became binmen in Derby. Now, there's nothing wrong with being a binman in Derby on a pension that the country can't afford. But now, with a modest upturn, JCB is entitled to ask where the skilled welders are that they need.

The worst thing is that if you are in a very safe job in a local authority, why are you going to resign and go back to an organisation where there is no guaranteed continuity of employment in a downturn? Every time there is a downturn you get laid off. And so next time there is a boom, JCB, like any other manufacturer in Britain, has a choice – they can make their diggers where there is a pool of skilled labour in India, or Brazil, or Shanghai ... or Germany. What a loss that would be to our country.

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When I declare that I am proud of my – our – country and I describe the heroes of mine that have formed a great nation, it is not a fashionable thing to say. If I were to start talking about this in a school today, too many teachers and administrators would accuse me of jingoism and demand that we should be apologetic about our past. I find that very difficult to understand.

**We gave the world a common language, and an understanding of democracy, fair play and the importance of the rule of law.**

Of course we did some dreadful things, but we gave the world a common language, and an understanding of democracy, fair play and the importance of the rule of law, where everyone is equal before it. We made commerce a reality, and encouraged aspiration and self-esteem.

But I worry about how history is taught in school, if it's taught at all. No pupil should leave school until they've been round the Houses of Parliament and understand its relevance to him or her. I enjoy showing people around Westminster – and I'm often surprised at the ignorance of some people who should know better.

As I show them around and ask them 'who was the great commoner who, in amongst these kings and queens, lay in state in Westminster Hall?' they invariably say it was Lady Di. It was of course Sir Winston Churchill. More alarmingly, some people don't really know who he was. Now that is a disgrace! We cannot build a better future unless the next generation understands where we come from and how we got here.

I wonder as well if they'd know much about my other heroes, who provide huge insights into all the problems we face in life and the skills we need.

Nelson, for example. He trained his gunnery captains to a level of brilliance, of course, but he also delegated the detail of battle to the commanders of his ships. So they were confident in his delegation and trained to be nimble in their tactics. That was key to the battle, since the British captains were so different from the inflexible and authoritarian chains of command in the enemy, the French and Spanish fleets. His captains were effectively entrepreneurs working, under management they respected, towards a common objective and a well-communicated battle plan of strategic and tactical brilliance which they understood completely.

Using his highly skilled gun crews and confident chains of command he put in hand his winning and original battle plan at Trafalgar. Instead of having his ships go alongside the enemy and pound each other to pieces – the traditional way of naval engagement – he came bow-first straight into them. Innovatively, his ships had to endure unanswerable fire for a couple of hours to earn the opportunity to fire on undefended targets as they sailed through the enemy's lines. That was utterly different, courageous and crucial. He had prepared meticulously, he had trained his people, he had delegated authority, he had communicated effectively. He delivered. Lessons to be taken from our 'politically incorrect' history to be applied to so many walks of life.

Another British hero of mine is John Churchill, the First Duke of Marlborough. From humble beginnings he became a canny

statesman and great military leader. The complexity of his political dealings makes Peter Mandelson look like an amateur. In 1704, through a combination of diplomacy and military tactical deception he marshalled the forces of the Grand Alliance and marched them halfway across Europe, down to Munich. There, at a place called Blindheim (Blenheim), in one afternoon, he destroyed the most powerful army in Europe, that of Louis XIV of France. In recognition of Churchill's achievements, Queen Anne gave him the Park of Woodstock in Oxfordshire. Here he built a house that has become seared into the national consciousness – Blenheim Palace.

Then, there's Winston Churchill himself. The greatest of inspirational figures, who held the nation together in its darkest moments. But how many times in the previous forty years did that man have to believe in himself, when everybody – *everybody* – doubted him?

In 1940 he had one single but nearly overwhelming task – to get our country to believe, to believe in itself, to believe the impossible was possible, to live 'we will never surrender' in all they spoke and did.

We are, of course, nationally short of figures like these. They come along at best once in a generation. But I think we can call on one common quality that could help our country out of its mess. We are natural traders, always have been. Islanders but

with strong historical links to every part of the world. We instinctively understand how business works and should apply these instincts and principles to rectify what's gone wrong in Britain.

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I was born into business. Mum and dad owned a shop. When I was about seven or eight, I'd help behind the counter if one of them or my elder sister Cheryl had to pop off upstairs. When the deliveries came, I'd help unload them into the storeroom at the back. It was a very good introduction to the most basic type of business: retailing ... and making a profit.

One day I was helping to serve and a customer came in for potatoes. They were a shilling a pound. As I bagged and then weighed them, they came in at just under a pound, so I put in an extra small potato which took the whole lot to just over a pound, but of course I only charged the woman the shilling. When she'd gone, dad said: 'You've just given my profit away'. I didn't understand, so he sat me down and explained the obvious. I'd given away his margin. Little did I know I had just learnt a fundamental lesson of retailing, of business.

My mum and dad would also tell me which items sold quickly and which would take their time to put cash back in the till – this was of course was my first introduction to cash flow.

On a Sunday afternoon, dad would show all the money he'd have to pay out and on the other side all the money he'd collected in. A very personal way to begin the practical side of the bookkeeping that I would later learn in detail.

My experience in the shop also taught me a difficult but highly valuable skill. How to deal with customers. Now millions of businesses, in shops or online, from banking to selling fashion, have to learn how to be 'customer facing'. But this was front line, relentless personal stuff. We were not a mighty supermarket.

As a corner shop we went beyond the old cliché about the 'customer is always right'. We understood our wider role in the community. The customer used us as a work whinge, marriage guidance counsellor, news service, football club confessional and local priest substitute – then they'd remember that they'd come in for five Woodbine cigarettes. We listened, we learned and of course we sold. 'Oh you'd better give me a box of those chocolates. I'll take it back to the wife', or 'oh I don't think we've got enough butter at home, bring me another pack'.

So, my understanding of the workings of business began on a very small scale and is infused in my blood – and I've never forgotten how important that was. A few decades on, when I became Director-General of the CBI, I was the first person they'd ever had in that role who'd actually been in a small business. They'd had some highly intelligent and incredibly clever people,

but so many of them had never actually worked in the guts of a small business.

I also grew up next to a totem of local employment and wealth creation and realised how important local businesses are to the whole life of the community.

Most of the people who came into mum and dad's shop worked at the local Longbridge car factory – 'the Austin' as we all called it. It was a spanner's throw away and I began to understand the real dependence that a community has on the central generator of employment. With us it was where they made Minis or Austin A40s – in South Yorkshire it would be the coal field, in Newcastle it would be the shipyard, in South Wales it would be the steelworks, in Manchester it would be the textile mill. Those different industries provided a similar central core to the community and of course they've all gone, for many reasons – some good, some bad.

Replacing those totems, reinvigorating those communities – therein lies the challenge. The task is not to bemoan their passing in a cry for yesterday, but to recognise the effects of their loss and deal with the fallout – both social and economic.

I have seen the breadth and the depth of Britain's working and non-working society. Whilst I was at the CBI and as Trade Minister I travelled to 70 countries. I have also seen how the rest of

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the world does it better. How hungry our overseas competition is, and how hard it's going to be for Britain to step up to the plate and deliver. Above all, after all those years, I am convinced of one thing – the power of business to make a difference. In fact to make *the* difference, to make a change for good – which could eventually prevent our country falling apart.

My days at the CBI gave me some clues on how business can – must – become a crucial part of our country's recovery and survival. For, as we stand today, the future is going to be very cold for Great Britain.