

## United Kingdom Independence Party

# PRODUCE AND PROSPER:

## Policies for Jobs, Enterprise and the Economy

### THE PROBLEM

For the past decade, our economy has been a huge confidence trick acquiesced in by all the House of Commons parties, a mirage of “growth” based on:

- A near tripling of mortgage and personal debt, and an international trade deficit of around £60 billion p.a. (£1,000 per year for every man, woman and child).
- Almost one million more public sector jobs funded by government borrowing which the taxpayer now has to pay for.
- Around 2 million immigrants filling mainly low paid jobs, while a million skilled jobs have been lost from manufacturing.
- A banking system morally, and in part actually, bankrupt.

This has resulted in:

- Government borrowing estimated to total about £700 billion between 2009 and 2014, more than £2,000 per year for every man, woman and child.
- The UK's international investment position, in 12 years of Labour rule, going from being in balance to a deficit of over £200 billion, by far the largest in our history.

### THE SOLUTION

UKIP rejects totally the notion that our country (or any major country) can earn its living in the world by financial manipulation, wind power, and vague talk of a post-industrial society based almost entirely on services such as media and tourism, important as these may be in their own right.

70% of the world's trade is in goods and with the rise of the consumer in Brazil, China and India will remain so. Failure to produce enough saleable goods from British owned factories, and the after-sales, legal and financial services allied to them, will condemn much of our industry to foreign ownership for which British jobs and investment can never be the primary concern.

The evidence is, however, that while most British manufacture is internationally competitive in its existing markets – the persistent goods deficit shows that it has only about two-thirds of the size and market range needed to support a robust economy in broad trading balance with the rest of the world.

**Accordingly UKIP's policies are directed at expanding manufacture through long-term programmes to provide stable domestic markets, coupled with major targeted assistance for export markets.**

In particular, UKIP would establish:

## MANUFACTURING EXPANSION GOAL OF 50%.

Focus investment grants and tax allowances from many overlapping government schemes to help expand manufacturing by 50% over 10 years, creating around one million new skilled jobs and virtually eliminating our trade deficit. More than anything else this policy will provide hope and inspiration to those one million young people out of work or who never have been in work in the industrial districts of the Midlands, the North of England, and the Scottish Lowlands. These districts have borne the brunt of successive governments' allowing our industries to be hollowed out by the combination of failures in the financial system and the buying policies of the large retail consortia. The means of actually achieving the expansion goal will be a combination of interlocking schemes as follows:

### PRODUCTION ENTERPRISE CENTRES

Establish a national network of combined design, prototyping, and marketing Production Enterprise Centres (PECs), which would partner small and medium-sized enterprises (SMEs) in their endeavours to enter domestic and export markets from which they are currently excluded.

- This policy recognises that many SMEs are too small on their own to accumulate the research and design know-how, the market intelligence, the finance and the people to expand production into new markets, especially for export. This policy also recognises that SMEs employ over half the workforce in manufacturing and are the most vulnerable in any recession, but that the only way forward is to find new markets and develop improved and new products. This is what the Production Enterprise Centres are designed to help them do using lessons learned from other countries and from attempts made in the UK to help SMEs in the past. If each SME in manufacturing were able to generate just two jobs this would amount to 250,000 new jobs in the UK as a whole.
- The new centres will each be focussed on particular industries and staffed with professional marketing managers and design engineers and will become, over time, massive and unique repositories of know-how and expertise and the source of a trained cadre of technically-qualified managers for SMEs which the UK has in large measure always lacked. They will receive most of the funding currently provided to SMEs by the Regional Development Agencies and the Department for Business, which will be wound down. The PECs will also receive the £1.5 billion of research tax allowances currently provided to mainly large industrial firms by the Treasury.
- The PECs will provide the best possible source of expert information for industrial investors, including the banks, who will be invited to participate in them.

### EDUCATION AND TRAINING

To match the needs of the expanded industrial economy, UKIP will abolish the present costly system of Government financing of Further and Higher Education in favour of providing an Education and Training (ET) Voucher for everyone at 18, to be used to help pay for accredited education or training courses at any time of life. The whole of the Treasury finance for FE and HE would thus be in the hands of the student and colleges, removing the need for funding councils and most other public bodies currently involved in the education business.

- The government currently spends about £13-14 billion per year in support of further and higher education. UKIP believes that large numbers of the 18 year-old age group going to university take courses with only a vague connection either to the jobs market or indeed to recognisably academic fields. This is a major economic inefficiency, as well as an injustice to those 55+% of the age group who do not receive 3-year grants at public expense.
- The new vouchers would replace existing college and student grants at 4 cash levels dependent on the course signed up to. They would be used to pay for any accredited course, for a maximum of three years full-time or longer part-time if connected to a job or recognised profession. All will thus benefit at stages in their lives where both the job opportunities and their own motivation are clear.

### CHANGES TO THE BUSINESS ENVIRONMENT

- Abolish EU and politically correct (PC) labour regulations which hamper business, especially small and medium-sized enterprises, by in particular, restoring the compensation limits on unfair dismissal and discrimination claims, and reducing their scope. UKIP would also repeal Labour's laws which require private companies and organisations in the public sector to actively promote "diversity" programmes. These are expensive for the organisations concerned and create injustice and inefficiency at the same time.
- Promote fair reward systems which are necessary for the efficient functioning of all firms. In particular, UKIP would encourage all companies, through the tax system, to replace bonuses for the few by a salary-related profit-sharing scheme for all employees with more than a year's service.
- **Amend the Takeover code and give it the force of law** so that :
  - (i) the foreign takeover of, as distinct from investment in, British companies designated as strategic businesses<sup>1</sup> would not be approved. Acquisitions which would take foreign control above 50% of the British market would not in principle be allowed.
  - (ii) all acquisitions above £100 million be required to deposit with the Mergers and Monopolies commission a statement detailing how the takeover will increase net UK added value above the combined value of the original companies in the UK. Where the taking-over company fails to show any increase in added value in the UK, it will be barred from further UK acquisitions above the £100M level until it does achieve this target.
  - (iii) the transfer abroad of brands owned by a British company within 4 years of a takeover would be prohibited in the takeover documents deposited with the Takeover panel.

### LONG-TERM PROGRAMMES

The single biggest obstacle to firms seeking to expand is uncertainty about the market for their products. This is particularly the case for manufacturers of complex products where the lead times can be 10 years or more from concept to sales but it also applies to construction, mining and indeed farming.

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<sup>1</sup> A strategic business is defined here as a company with turnover exceeding £100M to which one or more of the following applies: (i) it supplies more than 30% of its product to the UK's military forces; (ii) its exports exceed 40% of UK total exports in the relevant SIC industrial category; (iii) 50% of its turnover is protected by patents originated in the United Kingdom.

UKIP's set of Long Term Programmes (LTPs) are conceived both to answer urgent national needs and to provide just the element of long-term certainty which will enable participating companies to invest in the necessary equipment and staff training with the confidence that their efforts will not be wasted. They will also provide markets for the PECs and their partner companies which in turn will help provide the relevant British supply chains needed to carry out the programme.

The first five of the proposed LTPs are as follows:

- A 10 year programme of re-equipment for our Armed Services. This is budgeted for in the UKIP defence policy paper.
- As described in the UKIP Energy and Environment policy paper a 25 year £100 Bn programme of nuclear power construction to provide approximately two-thirds of our future electricity needs, thus guaranteeing energy security for our people at a much lower realistic carbon usage and cost than the more costly windpower programme being promoted by the other UK parties and the EU.
- A 30 year £45 Bn programme of upgrading our flood defences along at-risk inland rivers and building major new sea defences along our East coast. Much, if not all of the cost of this would be returned to the taxpayer through sharing in increased land values.
- As described in UKIP's Transport policy paper an integrated nation-wide system of road and rail freight links to provide the most environmentally friendly means of transporting goods around the country, to and from the ports.
- A programme of public building works (including the prisons envisaged by UKIP's Justice policy) using latest off-site manufacture techniques from the UK factories involved. Offsite manufacture not only offers the best weather-independent means of construction in this country, with all that that implies for meeting deadlines and budgets in public procurement, but it will also access major new markets overseas where these products are much in demand particularly in the aftermath of natural disaster and for the replacement of slum dwellings in countries coping with massive rises in urban population.

These policies represent a complete break with the disastrous economic orthodoxies of the last 20 years or so and as such, I believe, will commend themselves to large numbers of the British people.

This paper is a summary of the 32 page paper "Produce and Prosper" version 11 written by Stephen Bush on the basis of the contributions listed there. (15 February 2010)