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Attention
Stewardship code Group

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Dear Sirs

I have been concerned for some years at the seeming endless pillage of blue chip British Companies by overseas companies and equity consortiums. Whilst not wishing to decry all overseas investment there often appears with many takeovers a similar pattern that in the long term reduces the potential for well paid opportunities for our people and the increased vulnerability that comes with overseas owners moving development and head offices to their home countries.

On being taken over many companies become saddled with debts, their skilled workforces often decimated. It is particularly galling to see how the heavy engineering prowess in my part of the world has become a faint shadow of what it once was. The sophisticated engineering products once produced here are still required but now more likely provided by our European partners

The Cadbury take over is the latest successful profitable British Company providing socially desirable long term value for the UK that would appear to have been sacrificed for a 'quick buck' by the financiers. I cannot pretend to understand why the present systems tends to mitigate against the long term future of our most successful Companies but I read this piece in the mail by Alex Brummer 'attached' which I think has something interesting to say about the issue and would be grateful if you might give time in your in your considerations.

I don't want to see our financiers hampered by a raft of legislation but I do think that some deeper understanding of why we appear more vulnerable to this sort of thing than mainland Europe, needs to be investigated and some re-balance may be necessary in respect of long term future development and high value employee opportunities for UK PLC

I realise that in respect of Cadburys the horse has already bolted but we really do need to work harder at preserving jobs from the wrecking hands of the gamblers and speculators that the chairman of these Companies have no defence from. I fear the next solid company that will be affected this way will be M& B the remains of the once great Bass. The money boys are already in there and as one of the few remaining pub chains that still provides really solid brands with real employee opportunity it could I fear go the same way as the other debt ridden pub chains that wrested control of our once great Breweries. These provided great customer value and solid well paid jobs for thousands. I know I had 30 years with Whitbread a great Company to work for before the city became all ascendant and insisted that the old triangle of responsibility to customer/shareholder/workforce was irrelevant and that any Chairman was in remiss of his prime function unless facilitating a short term share boost for the 'baying city mob'

In consequence from a position of international relevance in brewing, we have accepting Guinness not a single major British manufacturer left, with the consequence that though many are still employed in the industry the quality of opportunities and the ability to shape the businesses for the greater value of those involved has been greatly diminished

Short term gain has to be replaced by long term investment that cannot be wrecked by speculators. If only we had hung on to some of past skill base our economy and social fabric would be in much better shape. We 'threw in the towel' with shipbuilding and now France, Germany and Italy due to the cruise explosion enjoy a market worth billions. Just one of so many examples that challenge the way we do things here. We need our historical free market, but surely freedom comes with responsibility. If Germany and France can do it, why can't we? French companies have taken over huge swathes of our industry 'building materials', transport, 'energy' etc etc. I cannot believe that it is because these companies were able to do things better than the UK ones they took over, but that as Alex Brummer alludes is there not an 'unequal playing field'? It would certainly appear that it is easier for the French to take over UK companies with the collusion of our city financiers than for UK companies to find French financial institutions willing to back them. It is naïve to believe that self interest in these countries doesn't exist and we forfeit our people's future prosperity and well being by ignoring it.

Whilst foreign owned companies may very well be the best of employees, one cannot better for long term surety of employment and high value career opportunities a solid base of UK ownership. In any down turn it is only natural that foreign owners are more likely to favour saving their own home plants foremost. Unfortunately we appear to have in the UK a very aggressive self consuming financial sector that has no longer any concept of a UK interest, paying little more than lip service for its citizens long term futures. This would seem not so evident in most other countries where some sense of belonging and nationality might deter such boundless selfish self interest, here in the UK it would appear no moral breaks apply. Some form of imposed regulation will have to be considered to protect the longer term interests of UK citizens if government has any regard for its electorate.

In this part of the world the decrease of well paying skilled employment opportunities is a blight. As in many northern areas the social cost has been and continues to be phenomenal, the outlook for so many people 'miserable'. It is no coincidence that the UK is one of the unhappiest places in the developed world to live. The vulnerability of UK companies is a major factor.

Yours Sincerely

Michael Pindar