



CSR: THE HITS & MISSES

Entrepreneur and author Alex Pratt delivers his verdict on the government's Comprehensive Spending Review – and highlights some serious failings

The chancellor has finally delivered his verdict on what is to be cut in our £81bn savings plan, and what is not. We are all down to pay more for a lot less. We must work harder for longer to avoid passing down any unfair debt burden to our children. And to do so requires a fundamental change to the role of the state.

Without action, our economic stability and crucial AAA national credit rating would have taken a serious pounding. As it is, our borrowing costs have tumbled to their lowest level in a generation. This is crucial because we are paying down a national debt larger than an accumulated £1m A DAY since the birth of Jesus Christ. Every day our loans set us back £120m; that's £5m an hour! Lower borrowing costs really do matter.

As an SME employer who generates considerable tax revenues, all of which go towards funding the leviathan state, while at the same time sustaining 40 families through the value we add and create, I'm delighted that the coalition has taken firm action. In the end it always falls to us to pay the public piper: "Blessed are the wealth creators, for we shall inherit the bill". It still makes me smile that the government gets the credit when the latest GDP numbers come in at double the expected 0.4% for the quarter, as if they are doing the growing.

Nevertheless, I'm glad that unlike every bleeding heart pressure group in the country, and the entire French Nation (as usual), the cabinet at least seem not to be in denial. It would have been politically easier to have not protected the science budget in cash terms, to have avoided investment in economic efficiency drivers such as transport and broadband, and to have gone totally *laissez-faire* on support for new technologies.

Thankfully therefore, the talk of cuts alone has at least in part switched to investment for growth. We desperately need to get back to being able to afford ourselves, and the ONLY way to achieve this, unless we plan on being permanently poorer, is through

economic growth. This means wealth creation by businesses trading competitively in the global market.

What does seem misguided and driven more by political dogma than a focus on what works is, at the very nadir of the economic hangover, to have put a grenade to the business-led regional development agencies (RDAs) to replace them with some non-system of council-inspired partnerships, that no objective,

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informed business person can truly expect to do anything other than reduce the effectiveness of economic development, just when we need it more than ever. It also seems counter-intuitive to have significantly reduced support for business by the massive downsizing of the Business Link service to what appears to be an online-only offer. At least they have protected the UKTI support for exports, but I hope they realise the critical importance of maintaining an effective inward investment system to bring businesses to locate here.

Finally, it is a schoolboy investor error to place your scarce capital resource in the areas you like rather than the places that will give the biggest return, so the continual insistence on placing broadband, transport and other investment into the north to offset the disproportionate loss of public sector jobs is folly and will only slow our economic recovery.

In my opinion these are not inconsequential errors and they will be what eventually does for this government, because as resilient and entrepreneurial as I am, and despite the fact that I'm based in the less devastated south, I'm competing with Germany, not Grimsby. I still know I need help in many areas. I always thought this was partly why we were paying tax. Just goes to show how little I know. ■

About the author

Alex Pratt OBE has been running businesses since he was 16, when he traded bankrupt stock. More recently his company, Serious Brands, manufactures the reading lamps used on-board spaceships. He is also author of *Austerity Business – 39 Tips for Doing More with Less*, which was published in April 2010.

Pratt has been variously involved with the government's enterprise initiatives, including the old DTI's International Innovation Unit, chairing the National Assessment Panel for Business Support, and as director of the South East of England Regional Development Agency. He is chairman of the National Enterprise Academy in the South East of England and speaks regularly on innovation, entrepreneurship and leadership.