Wise management in business, politics & life

An exclusive interview with Lord Nigel Vinson, *a veteran member of the House of Lords in the British Parliament*

Conducted by Bardia Garshasbi in Nothumberland, England -- August 2013

I took an early morning train from London to the northernmost part of England to meet with Mr. Nigel Vinson, a veteran member of the House of Lords in the British Parliament and a remarkably successful inventor/businessman in the UK.

My journey to Northumberland took several hours and there at the station I found Lord Vinson waiting for me. Smartly dressed, he looked much younger than I expected. His briskness and friendly manners surprised me from the very moment we met. He swiftly drove the car through narrow, winding roads in the countryside and, at the age of 82, he was not even wearing glasses! In fact, he said he had never worn them. I was really astonished.

It took us half an hour before his beautiful mansion came into sight from afar. Standing lonely at a high ground and surrounded by vast green fields, the house looked more like a symbol of wealth and stability. And yet, unlike many other symbols of wealth which are intended to be ostentatious or rubbed in the face of the beholder, this whole set was cleverly designed (by Lord Vinson himself) to blend in with the surrounding nature and become part of the landscape.

Lord Vinson and his wife were so kind to me and soon their hospitality made me feel at home. They even served me with breakfast and I still remember the exceptionally delicious egg on toast. They thanked me, on a number of occasions, for taking the long journey from London to see them.

While having coffee on the porch, Lord Vinson showed me a couple of vintage pots and vases he had bought from a shop in the grand bazaar in Isfahan during a visit to Iran some 40 years ago. With a glitter of joy in his eyes, he recalled he had wonderful memories of Isfahan and Shiraz, and he wished he could once more walk through those bustling bazaars to watch the friendly, hardworking people going about their daily business.

We then went to his large study overlooking a beautiful field with some sheep grazing in the distance, and I started my interview with a wonderful man who has been innovating, building up factories, creating jobs, employing and empowering numerous people, helping to pass many pro-business laws in the Parliament, running banks and committees, serving the public, supporting several charities, and creating wealth for himself and his society all his life.

B: *Lord Vinson, I am very grateful that you've given me the opportunity to conduct this interview for our magazine. For a start, would you please give us a brief history of your business life?*

NV: When I was at school at about 16, I became the head of our little science society. We had series of visits to places like power stations and museums, and the master in charge said to me one day: "*Would you like to visit this local plastic factory?*" We visited the factory and I was so taken by the technology that I said to myself that I would love to come to this industry one day. But my burning ambition was to be "self-employed", I wanted to work for myself. I was at school until I was 17 and a half, and then at 18 I was called for the national service in the army. I was stationed in Egypt for 18 months.

B: *And the year was?*

NV: This was in 1950. The period was extended to two years and I came back as a weapon training officer, training privates how to handle their weapons. Then aged 20, I came out of the army and went round various exhibitions held by Daily Mail, and there I saw various plastic companies attending the exhibitions. Of course, the last thing they wanted was a 20-year-old officer! I had just come out of the army and had no experience in any industry. One of the companies told me one day that I might be useful for them and said I could start on Monday. But when I got there on Monday he changed his mind and said: "*Haven't you got my letter? You'd better start on the floor!*" This was a little factory called "Creators" in Byfleet, Surry. I thought he was fair enough and I started working on the floor and then, I suppose because I read and write English quite well, I moved into the sales department. It was only a company employing 105 people. There I saw we kept getting enquiries for plastic coating this or that metal, for example plate racks, which in those days were made of stainless steel. These racks would easily rattle and also the joints of stainless steel are very difficult to make a good weld and tend to split and break away. So, I told them why we didn't build a machine, based on some of the ones you've got here, and dip a mild steel rack in plastic and then fully cure it and everything else and then this would be a more durable, none-rattling plate rack.

B: *So it was originally your idea, a completely new idea of yours?*

NV: Yes. That was one of the number of ideas. So I said: "*I have some money, shall we start a 50-50 company?*" But the factory's boss said: "*Well, 50-50 companies don't work because nobody is in charge. Go and do your own thing but don't tread on my toes!*" So, I went to start my own business. It took me three months to find premises, and then with a friend, I built a very crude machine for doing this and gradually we picked up little orders from people making kitchen cabinets and that type of thing.

B: *You designed the machine?*

NV: Yes we designed the machine. It was a simple mechanism: an oven with a tipping gantry and another oven to cook it in. We started in that nissen hut in the photo you saw there on the wall. I was still very young, about 21 years old. I started in November 1952 and then because the idea was good and original, we picked up. We started receiving orders for other things to coat: for furniture, tennis court wire nettings, non-stick frying pans…etc. Basically, our method was replacing a paint finish with a much, much thicker, anti-corrosive plastic coating which could be applied a lot faster. In the normal paint finish, by the time you cleaned the metal, sprayed the paint on and stoved it in an oven for 40 minutes, the whole process would take at least an hour. Our process was much quicker; we could do it in 10 minutes and it eventually got down to under a minute. So, the productivity, compared to alternative methods, was extremely good. Over the years, this developed into 3 factories, one in Guilford, one in Winsford, and one in Harpenden, doing this coating service for industry: car parts, aircraft parts…etc. People would send us stuff. Rather like

people sending things to be chromium-plated, they were sending us stuff to be plastic coated. On the other hand, the technology was so advanced that other companies sometimes wanted to do their coatings in their own way, in which case we would build the equipment for them. So, we started an equipment division to build equipment. Then of course, they had to use raw materials. We had developed some excellent blends of plastic that they could use as raw materials. So eventually, we ended up having 3 divisions: a coating division, a machinery division and a raw material division which supplied ourselves and our customers. The latter two divisions were substantial to the build-up of our export business.

B: *Apart from the ingenuity and the novelty of your ideas, were there other factors involved in the rapid growth of your business?*

NV: Well, one should never underestimate the elements of timing and luck. Over this period we were lucky we hit a following wind to start with immediately after the 1950's. Then in 1960's, there was a sellers' market; there was a shortage of everything and not only the world economy was expanding fast but we also could enjoy a substitutional demand. Our product was better than the existing products. For example, rubber might have done the job before we were doing it instead. So, the timing, which is everything in life, suited our business. Also, we could keep the factories in units of under 200 people and had more of them. From a human contact point of view or, let's use a more sterile word, from a "man management" point of view, people like working in smaller units because their effort is recognized, they're treated as names not numbers...

B: *Does the size of a business really play that crucial a role in its success?*

NV: It's a key to management and a key to get the best out of people. If you can keep the units small, people tend to work better. I might be exaggerating a point here, but there's a sense of "community" in smaller business—a sense you would lose if you get too big. The size of a business is probably at its best with about a 100 people, and it begins to wane after 200. At about a 100, everybody knows everybody. People would stand in, they look after each other, etc. Human nature is naturally helpful. And I've always believed in two things: first, that most people are naturally nice and they want to be so; and second, if you treat others as you would wish to be treated yourself, then it makes the world go round.

B: *Do as you would be done by?*

NV: Do as you would be done by. Exactly.

B: *Then came the recognition of your success? And how did it come?*

NV: We then floated the company on the Stock Exchange, because that seemed the right thing to do. And that got us immediate recognition and all the publicity with it. That of course increased the sales as well. At that point a tobacco company, Imperial Tobacco, were looking round to diversify out of tobacco and thought they could run anything. They saw us on the Stock Exchange, they liked it, they saw me, they liked the management and I said: "*Well, look, if you take us over, I'll work for you for a period of two years and then we will review our cooperation*". At the end of the two years, I told them: "*Are you happy? Is the management succession ok? Staff relations ok?*" All of this was fine. So, we shook hands. No contracts. And, we parted good company. Between floating the company on the Stock Exchange and their bid, over a period of two years, our shareholders just about doubled their money, which was quite good. I also didn't enjoy being a complete company because your time horizon drops to quarterly reporting, which means you are under constant pressure to show a graph that's all the time going upwards. But life isn't like that. In real life the graphs are like steps in stairs; you invest on the flat piece and then the product of that investment goes up and then you might have to wait for half a year or a year

for the investment to pay off. It doesn't go up at a 45 degree line, you know. But the company expanded at about a compound in %16, which is about as fast as you want to go because you'd want to recruit staff, get the right people, get the right premises, finance the extra turnover, and that type of things...

B: *And that was the only business you were in until then?*

NV: Yes. Apart from that little company called Creators, I had never been in any businesses before. I mean I knew a little about things...but...perhaps I had a lucky background. Our family farm had a mechanic shop, a carpentry shop, and I picked up the practicality of things from early childhood. Those days we had our own little diesel generator which gave the house a 100 volt electricity. So as a boy, I became familiar with all that sort of things but I suppose I'm blessed by having been quite practical and also by picking other people's brains substantially when I don't know what I'm doing!

B: *You referred to the size of a business as a key factor in both productivity and management. As a successful businessman and a great manager, what other factors do you think are in work in a successful business?*

NV: Well, get that philosophy to go right through the whole business, from the top downwards. And forget about the master-servant relationship which is pretty common and has been so in the past. Try and treat people as equal but different. And then, when talking to your employees, remember that you are talking to another human being who's the same as you. If you talk down to them or snarl at them or boss them, you won't get the best result. In order words, when you give orders, don't say "*Do that*"! Instead, say: "*It seems to me that the right way would be to do it that way, what do you think?*"

B: *You mean get them actively involved in the job and the way it's done?*

NV: Yes, get them involved in taking the decision. Well, sometimes there are certain matters that need to be done in a particular way. But generally speaking, go back to the principle of treating people kindly and sensibly. And they will respond. They may have been brought up in a different ethos and they can't believe it. It's all a sham, you know, but they will respond. That I think is essential. In the book I give you, I have stated a list of 12 principles in business which I think sums it all up.

B: *Yes. And they are indeed very sensible principles. We will publish the list of your 12 principles separately along with this interview.*

NV: Yes. You could pick those up for an answer because they are very critical. Particularly, I think when you make a mistake, as a manager, or a person in a higher position in whatever level in life, if it's a genuine mistake and you really learnt from it, openly admit it. And I think politics would be much better if politicians would do the same. For example, in order to try and get the local people living around the Heathrow airport to vote for him, our Prime Minister had said that, if elected, he would not build a third runway at Heathrow. He forgot that there are 360,000 people who've actually liked working at Heathrow, which is a different matter, but the fact is this country needs a third runway at Heathrow, right? There's no simple alternative. And it would be much better if the Prime Minister would say: "Now I'm in power, I've got more facts than I had before, and I actually made a mistake. I am sorry to change my word but I think and am convinced that the right thing and the thing in the national interest now, would be to build a third runway." People would like him for that, they would respect it. So, that I think is an example. Or in daily life, if you misjudge someone or if, based on some incomplete evidence, you accuse someone of doing something and then you realize that you were wrong in your judgment, go back to them, admit that you'd made a mistake, apologize and ask for their forgiveness. This way you don't

lose anything but people think they've been treated fairly. All people want is a fair treatment. Of course, fairness is something difficult to define but, for example, if you had to tell somebody off, do it privately rather than publicly so you don't shame them, and then go through it with them in private. I've found, in just about every case, that the person knew that they've done something foolish, but they're more prepared to admit it and see it in private than if they've got to admit it in front of other people. So again, you'd rather be given a reprimand privately than publicly.

B: *So you're saying that, as a general rule of conduct, when you are a manager or a person in a position in charge of others, always admit to your own mistakes publicly but try to remind your employees of their mistakes in private.*

NV: Exactly. These things are indeed working with the grain of human nature. As for other principles I believe in, you could use the list mentioned in my book. Like don't strike too hard a bargain when you're dealing with others. As I always say, in any deal always leave something for the other person. And I'm sure it's the same in any deal, in any bazaar around the world where people make a deal and exchange things between them. It's true that you are looking after your own interests but always leave something for the person you're dealing with, so that you both feel you have won.

B: *But here we come to the question of "greed". It is generally, and I think wrongly, believed that in any deal we just try to maximize our own interests without having any regard for the benefits of others. But you seem to disagree with this line of thought because, for one thing, I can see that you believe in the innate goodness of human nature. Right?*

NV: Well, I think also that if you've done a deal with some people and they think it's been a good deal for them, then they are happy and ready to do the next deal because it was fair to them. And remember that the best deals are the ones that pleases both parties, as it should be, you know. There's no need for a deal to take place with animosity.

B: *Many people believe that money corrupts. Does money really corrupt people? What are your views on money and morality?*

NV: I think power corrupts. And even lack of power corrupts.

B: *But, in a sense, without money there's no power.*

NV: Well, I agree that without money there's no power. But we should also consider other things as well. For example, you are less likely to steal if you're well off, because you don't have to steal. So, it is much easier for a rich person to be moral in that sense, than somebody starving. Therefore, I don't think it's the money that corrupts. For example, in England we have plenty of people with money but they don't thrash it about. It's the oligarchs who tend to thrash it about. We have in this country what you might call a more low-key or inconspicuous consumption of wealth by the wealthy, where we do it quietly. The wealth is there, people can see that it's there, but it's not in your face. But I think the only justification for having wealth is to set standards with it. Why should the rest of the society let you boss them about, be top of the roost and be a big Mr. I Am, unless you set an example? In fact deep in our monarchy, the Prince of Wales motto, is "Ich Dien", which means "I Serve". And I think it's exactly the same that rich people must put back in, they must serve in some sense. And they actually do so, by running committees, by lots of voluntary work, and by many charitable works.

B: *And apart from that, I think by investing their money in factories, businesses, farms...etc. they create lots of work for others, which can be considered as a sort of giving back, right?*

NV: Oh yes. In fact, in itself, money creates money. But in general, I think rich people make a statement in whatever they do or buy with their money. For example, this house you are in right now is a statement which tells something about me and I hope it stays here for generations of

my family to live in after me. The person who shows off his wealth by buying a huge luxury yacht is also making a statement about who he is. So, I think how you spend that wealth, and the example you tend to give by that spending, is very important.

B: *So you don't believe that money necessarily corrupts people? I'm sure you know that this is a very, very popular theme based on which so many books have been written in literature and so many movies made. They say as soon as people get rich, they become corrupt and start acting immorally. You don't agree with such theme, do you?*

NV: I certainly don't agree with that. One of the reasons we didn't have a type of French revolution here in this country is that our aristocracy knew how to behave. I think that is a distinct difference between us and the French. If you see the legacy of the British colonial rule over the world, you may criticize it, you may laugh at it; it was old-fashioned; they changed for dinner at 7 and then changed again for the evening and that sort of thing. But there was no corruption. You cannot follow any corruption, seriously, in the British administration in the last two centuries. Before that, it may have been so, when the world was rougher. But when we ruled India, we brought that continent together and their justice system is still based on ours, and there was no corruption. Our district officers were not corrupted. It is the same throughout with the legacy of the British rule, wherever it went. There may have been occasional mishaps. Human nature can do it. But overall, the general trend was that we are an uncorrupt, trying-to-be-fair administration.

B: *I understand that you are a proponent of free market. You don't like loads of regulations and a lots of government interference with people's daily businesses and exchanges. But reading your book I noticed that you are also concerned with some of the shortcomings of the markets. For example, you mention "oligopoly" as one of the vices of the markets. Do you think there is any way that the spontaneous order of the market, the "Invisible Hand" as Adam Smith used to call it, would work perfectly and by itself corrects such vices of the markets, or should there necessarily be regulations imposed by the governments to correct things? And if there is a need for regulations, to what extend should these regulations be imposed?*

NV: If you'd ask this question from diehard proponents of free market, they would probably say that the Invisible Hand will correct it. I would say it may take too long to correct something that's too deep. Russia, for example, has this problem of oligopolies and certainly other serious corruptions too. One of the tenets of the IEA (footnote: Institute of Economic Affairs), of which I'm life president and have been a member for 50 years now, is that there has to be market regulation. For example, patent and patent law safeguards invention which otherwise wouldn't happen because in the area of research and development, unless you've got a period under patent law to give you exclusivity or monopoly for a limited period, all the research you do would be wasted; people could steal your idea the next day. It's particularly true of medical research.

B: *So in effect, this type of monopoly is being set up, by governmental decree, in order to protect the property rights of people.*

NV: It protects the property for a limited period of time to give you the right to develop your ideas. Patents vary in different countries but mostly they're finished by 15 to 20 years, and sometimes a lot less, for example in 10 years, which is the only protection you have. But without that you wouldn't bother to put in any research the huge cost of research because somebody would copy your product before you've got the chance to sell it. Most new products, for example if you look at computers, and if you take a factor for its price at say 100, they start at 100 once the product has been invented but within 10 years they're down to 10. You need that early period of pay-off to pay for the research. Then the competition cuts in and the prices often reduce to one tenth of what it started at.

B: *But this is just one example. What about when the cities get larger and then providing some of the major services, such as water or energy, for mega cities becomes quite an arduous task. It requires huge companies with lots of money. Should the government be allowed to regulate these companies and force them to stop growing at some point?*

NV: We have in this country something called Competition Commission that looks at the size of businesses and before you can take over another business they look to see whether that will give you a monopolistic or near monopolistic control over the market. If it would, you couldn't take it over. For example, Shell and BP could never get together; they wouldn't be allowed to.

B: *And you think these restrictions are necessary?*

NV: Yes, that is necessary I think, but not in all businesses and take-overs. For example, I took over two small businesses which were little companies employing 50 people each. But that wouldn't count because their market contribution would be too small to matter. But equally, when we talk, for example, about water regulation, we should note that water is almost a monopoly because your customers have to have the local water supply. So we have, Ofwat, the Office of Water Regulation, which strikes a fair place between what the water company needs to pay for its services and the cost of development of new water supplies, and make reasonable turn on its borrowed money so that in can borrow money but at the same time doesn't exploit its monopoly position because people have to go to them and have no alternative source of water. So, I think market regulation is an essential part of Capitalism. But getting that right and striking the right balance is easier said than done.

B: *Ok now let's talk about progress and prosperity in general. We both know that the Western societies are more prosperous than many other societies. What do you think made it possible for the West to progress so fast and get to such great levels of wealth and prosperity within a matter of only a few centuries?*

NV: There's this famous Peruvian economist Hernando de Soto Polar, who in explaining the causes of the progress you mentioned put his fingers on two things: first, good and strong property rights and second, a strong legal system to enforce them. Suppose you want to start a very small business and produce clothes. Unless you can own your hut, you can't pledge the value of the hut against a sewing machine that you want to buy to sew clothes to create a business. Now suppose you've finally built up the business in your hut with a few sewing machines but then somebody comes along and grabs it from you by force and there's no legal redress and no legal system to protect your property. No business can ever get off the ground in that situation. Without property rights and without a legal system to protect those rights, businesses simply can't succeed.

B: *So you think in order for a developing country to achieve any meaningful prosperity, it is essential that, before anything else, property rights are respected and safeguarded?*

NV: Yes, respect the property rights and make it right the way through. What is crucially needed alongside property rights is a legal system that is uncorrupt so that you can't, sadly as seen in Russia today, bribe the judges to have them say that it's your property and not his. So, the key is to have property rights based on a just legal system. Once you get that, then anybody's business can gradually build up, because you can borrow against the security of your business. And where there is business and production, prosperity follows.

B: *But this begs the question about the basis upon which a property right system and a just legal system need to be established. For example, does "reason" have any basic or foundational role to play in here?*

NV: I think a legal system has to be based on common sense and fairness. If it isn't, it won't work. And laws get gradually adapted to reflect societies' different social beliefs and tendencies. But there are some universal aspects of the law that goes back to ancient times and tribal laws. For example, honesty applied even in primitive small tribes because humans from the very beginning had realized that without honesty nothing would stand and there wouldn't be any society if there were no trust and honesty. I have never been a lawyer, and fortunately I have never had any serious legal disputes with anyone, but I have always said that if I had to go to court, surely the facts would make the law say that I was right. I would then write to anybody I had a disagreement with and would say: Look, I'm very happy to go to court if you think I'm wrong, but because of such and such reasons I think the law would come to my side. And normally they would give in and wouldn't want to follow the matter in court.

B: *OK. Now let's talk about the things that have always necessitated, or I should say "justified" so many laws in almost all societies—i.e. public good and public interests. What are your definitions of these concepts?*

NV: I think the criteria for such terms change with time. For example, early iron ore mining in this country left a massive despoliation of small hills and corrupted landscapes. Now with our open cast coal mining, which is still going on in this country, and quite substantially so, we must consider the cost of the reestablishment of that land back to some sensible use after the coal has been taken out. That is what I call a typical public interest. Two hundred years ago when coal was exploited and before the law had the reinstatement or reconditioning of the land built into the mining permissions, mining industry left these vast landscape scars that you see near towns all over the world. These were signs of mining without reestablishment or mining without putting back the land into sensible use afterwards. Of course, there might be some instances where due to huge extra cost involved, which has to be defrayed in the product cost, putting the land back to use is not really justifiable. But I think generally, and in most cases, reinstatement of such land is in public interest. Another example is nuclear energy. I am a total believer in nuclear energy. I think it's the ultimate, safe, simple, and clean energy. The byproduct of nuclear energy is of course dangerous, but not that dangerous if it's safely carted, and properly transported and buried. Obviously part of the cost is to dispose of the leftover, because if you can't recycle it, there's ultimately some leftover in which case the disposal of that should be part of the cost of the product. So again, I think the use of nuclear energy, in today's world and based on our current technology and resources, is another example of public interest.

B: *Some people argue that all goods and services that are considered to be in public interests should necessarily be provided by governments? Do you agree with such argument?*

NV: Well, education always used to be private in this country and I suppose you might say that it's in public interest to have wider, free education—for which you have to have a tax system of course. Another example is roads. We used to have toll roads, we still do have toll roads, but the majority of our roads are for general use and there's free public access to them and, therefore, the money for building and maintaining them has to come from the public purse. Generally speaking, I think very long-term commitments like nuclear power, where you've a got a 50 to 100 year payoff, could well need government support. But in spite of all these, we cannot say that nothing works if things are not supported by the government. For example, I and so many others in this country were educated privately without the government having anything to do with it at all. At one stage, medicine and doctors were all private and people paid for them from their own pocket. But the concept to make it universal, to make it available for those who cannot afford it, which then becomes an example of public service, should be done on an insurance principle in this

country and I think we failed to do that. Also, we failed to use the private sector enough in any of these areas. For example, X-ray departments of hospitals are part of the hospital set up in this country. Therefore, if you want an X-ray, you will have to do it between 9 a.m. and 6 p.m. Monday to Friday. But I think it would be perfectly sensible to let the X-ray departments of the hospitals be run by a private contractor in which case if you needed an X-ray at say 3 o'clock in the morning, they could do it for you by their night shift. So, the whole thing would be much more flexible and the highly expensive X-ray equipment would be put into effective use 24 hours a day.

B: *Now that we are talking about medicine and healthcare, I would like to know your views about the NHS. Many people outside Britain know or have heard about the NHS which is the world's largest publicly funded health service. In fact, many foreigners are attracted to Britain partly because of the free healthcare services they receive the moment they are physically present in this country. Do you think NHS has really been an exemplary success to be proud of?*

NV: NHS is a wonderful safeguard. Look, the first security in life is to have a year's salary in the bank, because if you lose your job, you're not going to starve. Even six months' salary in the bank gives you that independence. So, I think that's one of the most important safeguards for anybody in life. Then if you are out of work and you feel you might starve, the fact that the state will support you is another safeguard. That's why the welfare system is so popular and I understand that. Now equally with medicine, if you're damaged in a car accident, there's someone to look after you. But how you pay for this safeguard is important, because it is a public good. And I think it's wrong to fund this good through general taxation; it should rather be funded specifically through insurance, and we should also involve the private sector where possible—just as our prisons are now contracted and run by private sector and only supervised by a prison authority. The great thing about private ownership is that when somebody owns, somebody cares. If you hire a car, you don't treat it as well as your own car. It's a simple human nature characteristic. And it goes back to thousands of years ago, to Greek expression "He who ownth, careth". When you own something, you try to improve it all the time. So, we should harness the great potentials of ownership and utilize its efficiency to tackle the inefficiencies of public sector. And that's of course precisely what Capitalism does.

B: *So do you think that private sector can exactly do and deliver what the NHS is trying to deliver?*

NV: Well private sector is increasingly taking over colleges and a great many of them are being run as private units—not just for profit if you like, but they're private anyway. There's of course nothing wrong with profit or seeking profit; the only known alternative to a profit is a loss which somebody else has to carry. So, if a business isn't making a profit, somebody else is going to subsidize it, which is a loss. As for the NHS, I think it is far too big for an effective top-down administration. You'd never run a company with 1.7 million employees the way NHS is run, with a minister strutting around at the top saying he can give control. So, the only way to make it efficient is to subdivide it massively and bring it down into different divisions. And this creates more manageable specialist groups. Probably medicine always has to be semi-charitable because otherwise people would feel who will pay for me if I am ill. Therefore, in the case of medicine and healthcare, I think there's nothing wrong with it being a public good. What matters most is how it's done. We made a great mistake letting our nursing profession, which was simply marvelous, to make themselves too professional. So, instead of lovely, kind, caring girls going into this practice without too many qualifications—they could of course do simple math and reading—the nursing profession started having serious degrees in the anatomy of human body and the way the mind works and that sort of thing, which was fine, but it meant that it ruled out many of the kind and caring girls that might have gone into medicine. As a result, the nursing staff became too posh to wash and

that was a great mistake. As we say in English: "All professions are a conspiracy against the laity!" So, this whole issue comes back to your question; the balance in the public good is a very difficult one to get right. I'm a great believer in self-regulation but if you take, for example, Lloyds, our big, wonderful insurance group, it self-regulated itself and became corrupt. But then, when you have a government body regulating things, you have to deal with this ancient question that who will regulate the regulators? Who will guard the guards? To which there's no perfect solution.

B: *OK, now I have a question about international relations. For many people outside Europe it is very surprising that there's this constant debate going on in Britain discussing the need for Britain to get out of the European Union, and I believe you support Britain's walking out of EU. Why is that? Don't you believe in integrations between nations?*

NV: I believe in cooperation between nations. For example, NATO was a wonderful defence cooperation which we worked together with France, Germany, the US and others. But in order to achieve cooperation we don't have to give up the administration of our country. For example, why should the quality of water in this country be regulated by other than those who drink the water? Why do we need a series of civil servants in Brussels to tell us what the quality of our water is or should be? We are quite capable of regulating our own, right? I'm just trying to give you some examples here. Why do we need them to tell us what hours our doctors can work? They are our doctors, aren't they? Now the whole thing about democracy is the ability to sack those who rule you. I use the word "rule" because that's what they do in Brussels, they make rules and regulations. Now if you go back to the classical example of how the American war of independence was forged, and there's a very simple one-line quotation in which they said "no taxation without representation". In other words why should we be taxed, why should individuals be taxed by some superior body that we can't challenge or talk to or get rid of if we don't like it? We now have regulation without rectification. It's almost impossible to change a Brussels' regulation. For example, here in this farm for almost a thousand years we've been burying dead sheep. If you have a large flock of sheep, some of them are going to die. Now we are not allowed to bury sheep on this farm. We have to send them away to be incinerated at ridiculous cost which we never had before. It's probably wiped nearly %10 of our profit simply because we can't bury our own dead sheep in our farms. It's entirely unnecessary; we never polluted anybody's water, we never did any harm to anything or anyone with it, but that is the Brussels' regulation—a regulation that's practically saying: "Because the water table in Belgium or Holland is quite high and we can't bury our dead sheep here, why should you be allowed to bury your dead sheep there"! I could give hundreds of instances of totally unnecessary and damaging regulations.

B: *So contrary to what many people might think, your justification for this sort of independence of Britain from the rules and regulations of EU is not based on any nationalistic passion but on simple and practical reasons, right?*

NV: It is the democratic deficit. The whole object of democracy is to be able to sack those who rule you, those who make the rules. We say we cannot sack those who make the rules in Brussels, but they say: "Oh yes you can, because we're all part the European Parliament!" Theoretically, we can do that but only by trying to get 26 other nations to agree with us! They say: "Oh but we'll be so strong all working together!" But let's see how we have cooperated over trying to help Libya. Some of us did, some didn't. Where is all the Foreign Office cooperation between us? "Oh but once we're all together, we should be able to take a central decision!" Yes, but I suppose the public of the countries that you're trying to take a central decision over don't like it; they don't like the minister who's in charge of the EU foreign policy, and they want to get rid of him. It's a total denial of the sort of democracy that we've been working for, and it's totally unnecessary. That's really the second point.

What is the purpose of it? You see? The purpose is to cooperate. But we cooperate through the United Nations, right? We cooperate through trade bodies all over the world. We cooperate through unilateral trade agreements. We do much more trade here in the UK outside Europe than they do within Europe. Now suppose we've left the EU. Are you really going to say that the Germans would stop sending us the 700,000 Mercedes and BMWs and other cars we buy from them per year? Or will the French stop sending us the millions of bottles of drinks we buy from them every year? As a matter of fact, we've got a 48-billion-Pound-a-year trading deficit with Europe. Now, if you spend 48 billion Pounds anywhere, you're going to create a million jobs. So our deficit is creating a million more jobs at the other side of the Channel than what they are about to create for us in this side.

B: *But they argue that there is this huge level of trade going on between Britain and European countries precisely because of the EU treaty and because Britain is part of the EU. Won't this trade be affected if Britain walks out of the EU?*

NV: Well, we do more trade with other countries than we do in Europe. America is one of our biggest trading partners. But we have a unilateral trading agreement with them. As the great 19th century French scholar Frederic Bastiat used to say, "Trade crosses all frontiers". Trade will go on across Europe just the same anyway. What they wouldn't like, perhaps, and what they've actually been trying to do, is to destroy competition by having a uniform working week hours, uniform height of work directive, uniform chemical and standards of approval and so on. They try to make certain that competition is eliminated by undercutting and by different processes. But actually that's been extremely harmful. A great many products in this country have been harmed by their regulations. The EU works a lot on the precautionary principles. The employers have got to prove that their work place is safe, but it's extremely difficult to prove that a thing is safe.

B: *Could you give me a concrete example to show how the EU's precautionary measures to set up standards might have harmed Britain?*

NV: Now I can see the arguments and understand why their proposed precautionary measures are so popular. But let's take water and the safety of water as an example, which is very important. If you're familiar with chemistry you know that the water purity, the difference between contamination of water at 5 parts per million or 10 parts per million, from the point of view of human consumption is so small that it doesn't even count. Our water purity in Britain used to be a 10 ppm purity. But the EU decided that it should be 5 ppm purity because that was their standard. It cost us billions and billions of Pounds to purify our water, quite unnecessarily, down to an arbitrary standard to which we had to sign up to.

B: *And you had you no problem with the purity level of your water before?*

NV: Absolutely none. Who's drinking the water anyway? Our own people—the people who used to drink it in the past with no problem at all. So there are many crazy things similar to this. And when we raised concerns about things like these, they said they would allow us to repatriate certain laws and regulations. But it hasn't happened. So we are actually snowed under with piles of regulations that are damaging our country's economy, quite unnecessarily, and you have to ask "to what purpose?" We can of course continue our cooperation with them. Our defence system has always cooperated through NATO. We sell more to the rest of the world than we do to Europe. So we are quite capable of trading outside Europe. And it should be noted that we buy much more from the rest of EU than they buy from us. So they need us much more than we need them. Of course we should make bilateral trading arrangements, which would be perfectly natural as we've done with the whole of rest of the world, because it is in Europe's interest and it would be in their interest to do so. As we say in English, "they're not going to cut off the nose to spite the face!"

B: *OK. Now I would like to ask some questions about your political life and your status as a member of the House of Lords. To begin with, let's talk about your views about the relation between business and politics. To what extent do you think your business experiences might have affected your political views?*

NV: Because I was so fortunate to be able to be in a country where you could start a business without too many regulations—in France, for example, it's very difficult to start a business—where you could recruit people easily, where the planning laws didn't make the use of premises too difficult, and since I knew from my own experience that the hardest thing for small startup businesses was the use of premises, subsequently, in Parliament, I helped make the planning laws more relaxed over redundant buildings. In a new business it's not just the money you want, it's also the premises you need. To find somewhere to start a business is just as important as the money. So, later on in my political life, I helped to get what planning laws restrict eased up, and as a result, tens of thousands of little businesses all over this country are now working redundant farm buildings and other redundant buildings which they wouldn't be able to use before if they wanted to.

B: *Thanks to the laws you initiated or tried to get them passed in the Parliament?*

NV: Yes, the laws I tried to pass in the Parliament subsequently when I got closer to politics in my life. But that's another story.

B: *I think it would be very interesting for our readers to know a bit more about that story. Can you tell us how it happened and how you joined the House of Lords?*

NV: Just after I floated the company, which sparked a lot of news in the media at that time, Ralph Harris, the British economist and head of the IEA, had read about me and had wondered whether as an entrepreneur I would want to join the IEA. So, he asked me to lunch one day and of course we got on immediately very well, and within a year he asked me to become a trustee of the IEA, which I've been ever since. He hoped that I was helpful to them because having built up a business with a private enterprise system and free market economy, I wanted others to have the same chance and I wanted to spread the good news, to spread the gospel of that, not only within the United Kingdom but worldwide, and that's why we are here today. About a year after being a trustee of IEA, Sir Keith Joseph, the famous British barrister and politician, approached Ralph Harris and said he was looking for a businessman to help them set up a think-tank, a study center, because Keith Joseph and Margaret Thatcher didn't like Edward Heath's policies which were, in their view, centralist and favored increasing government control. They'd thought they ought to have alternative policies in the Tory party and needed a study center based to examine social market policies. They'd asked Ralph Harris if he knew anybody who could that and Ralph had suggested me. I met Joseph Keith and told him that I would be delighted to do it. I spent a month looking for premises, signed it up, recruited the staff, got the letterhead printed, did the legalities and then I told Keith: "Here you are! Now we must recruit the people to start the thinking behind this." I recruited our first director from the CBI (Confederation of British Industry) and within 3 months they had the "Center for Policy Studies" set up for them.

B: *So, you helped them set up the center while Keith Joseph was the director and Margaret the deputy chairman.*

NV: Yes, I set it up and I ran it as a treasurer for seven years. There were two important things behind Keith Joseph's, or basically behind Margaret Thatcher's, involvement in the center: A: she kept going back to Ralph Harris of the IEA for intellectual support and sustenance and B: she had her own independent think tank to help her write her speeches and develop policies outside the government circles which was a wonderful thing.

B: *And perhaps a unique approach which gave her the opportunity to develop policies based on the knowledge and analyses of independent intellectuals outside government and not necessarily based on the usual party politics—which explains why Margaret Thatcher was able to think beyond and above the constraints of the politics of her party, right?*

NV: Exactly. After seven years I handed it over but I kept the chairmanship of what we call The Personal Capital Formation Study Group whose job was to see how we could create a capital owning democracy. Based on similar ideas and out of her own volition, Margaret Thatcher had already sold the state-owned houses, the council houses, to people, which put millions of people into private ownership. This was one of her wonderful legacies. There we also developed policies to encourage saving, to reduce planning regulations preventing people from setting up businesses, and to develop the whole concept of entrepreneurship and private enterprise.

B: *So, this was your first step towards politics?*

NV: Indeed. Then, because I was a farmer and a countryman, they asked me if I would head up a government body called the Rural Development Commission. The Commission had been set up some 50 years earlier to try and create alternative forms of employment in rural areas, because the farming was increasingly mechanized and many people had come off the land and that had created unemployment in rural areas. From my own experience I knew that certain things needed to be done to tackle the problem. The first thing was to make certain that there were premises there for people to start their business in. Secondly, that there were factories in the area that could expand into all the land they could build upon. And thirdly, that there was finance available to them. So, through the Rural Development Commission, backed substantially by Prince Charles who took great interest in it, I did that for 4 years. Besides, I was the president of Industrial Participation Association which tried to encourage cooperative businesses and encourage franchising so that people could start businesses without money—McDonald's is a wonderful example. In fact, I was involved in many areas all related to business, industry and also banking. For example, during those years I was, among other things, deputy chairman of the Confederation of British Industry's Smaller Firms Council, director of the British Airports Authority and director of Barclays Bank. Because of all these services, they finally asked me if I wanted to join the House of Lords. So, I was made a member of the House for public service. As a wise man has said: "The corridors of power are always full; some get in by the door marked push and some get in by the door marked pull!"

B: *And you certainly got in by the door marked pull! So, in a sense, politics was drawn to you and not the other way round.*

NV: Yes, you could say that. Anyway, that's how I got in to the House of Lords and I've been there for 24 years now. And my interests among other things are deregulation and freedom. I think the EU has gone wrong because it was set up to be a trading zone but it is now becoming a federal state. I do not want Britain to be part of a federal state. And now Euro is in so much trouble anyway. They can't manage the Euro essentially. Besides, the EU was set up, as much as anything, to prevent German financial and industrial dominance. But what have we finished up with? German financial and industrial dominance! So we finished up exactly with what we wanted to prevent. I'm not blaming the Germans at all; I think they are very conscious of it; I think they got their education system right, they recognize the huge importance of industry; they've been very clever and are hardworking people. They've had achievements in everything they've done, and I admire what they've done enormously. There is only one power now that can hold Europe together financially and hold the Euro together financially, and that power is Germany. Angela Merkel is already talking of federalizing their whole financial continent. So people, in their own countries,

will have to look up to and follow the rules of a European central bank which supervises all of them. And once you don't control your money and your taxation, you're no longer a sovereign nation. I don't want my country to become a province in the republic of Europe. Federalism will happen in order to hold it together. But it will fail because one-size currency does not fit all. Currencies have got to be able to devalue to readjust; it's a messy business, but it's totally necessary. Precisely what's gone wrong in Europe now was the inability for Greece and Portugal, and Italy too, to drop down the value of their currencies, which all hugely overvalued, while the German's Mark was undervalued.

B: *What would you say about Britain's political structure and specifically about the House of Lords? For example, there are debates that the House of Lords is not a democratic body. Others complain that it is growing too big. What do you say about that?*

NV: The main thing is that our system works. Of course, the House of Lords is not an elected body, which some people may regard as a democratic deficit. But the major democratic deficit is not the fact that the members of the House are not elected, because the House of Lords doesn't make laws. We just propose laws but every law proposed by us has to go back to the House of Commons to be passed. People are under the illusion that we make laws; it's not true. We modify laws and we can perhaps start laws, but every law that we start or modify has to go back to the House of Commons for approval. So, unlike the Senate in other countries, the Lords do not have that sort of legislative power. Now, if you look at the normal members of the House of Commons, who are elected every 5 years, and ask what their background is, you will see that, increasingly, and in most cases, their background is full-time politicians. What you need when you look at laws and regulations coming through, is people who've actually been in industry, or have done it, or have had some experience. If I were a dictator, I would say that nobody should become a member of Parliament until they were at least 45 to make sure that they've got some experience, because we need the country run by people who know what they're doing. Democracy is the least worse system because you can sack those who rule you. The House of Lords has no legislative power and therefore thus not rule. It is just a revisionary chamber with very little power. But it's actually composed of people who've done something in life and can bring that wisdom and specialty to it to a grade that you cannot find in the House of Commons. And that is the main attraction of it. All it can do is to delay legislation for 6 months. It can only delay it but it cannot stop it.

B: *But it can propose laws or initiate the debates about the laws of the land which is very important.*

NV: Yes, it can propose laws, but the proposals all have to be verified by the House of Commons. It's a system that looks crazy but it actually works. Of course, there are many, many people it in—now we're sitting on each other's knees!! But the biggest democratic deficit of the lot is that %60 of our regulations are made in Europe by others we have not elected, and we can neither change the regulators nor their regulations! Now, if anyone's genuinely worried about the lack of democracy, this is precisely the situation they should complain about. And this is precisely why we've got to repatriate powers from Europe, to get back the powers we should have never given them as we were perfectly well governed here in our own country in the first place.

B: *Are there any other particular democratic deficits you can think of?*

NV: The second lack of democracy in this country is that the size of constituencies varies hugely and this has not reformed quite deliberately, because it suits the Labour Party and the Lib Dems to leave it as it is, even though it is extremely unfair. The size of each constituency or the members of each constituency should be roughly the same, give or take %10. But some of them are %20 or %30 out, higher or lower in numbers. An alteration to this system was proposed but it was vetoed

by the Liberal Democrat Party just 6 months ago, who said if you won't let us reform the House of Lords, we are not going to let you reform the constituency boundaries—which actually goes to the heart of what democracy is about.

B: *So, you consider the fact that the Lords are not elected by the people is a good or positive point? Of course, personally, I am not a bleeding heart democrat and I think it's actually a good thing, because it gives it more stability.*

NV: Well, they used to be elected for life. They're now talking about a cut-off age, rather like judges, probably around the age of 70. I mean, here I am, talking to you at 80, and I wouldn't be there now if that suggestion had passed. Do I still make a contribution to it? Well, I've put a lot of difficult questions to the government to answer. And if you look at my record, I like to think that I made and still make a contribution to it and, perhaps, bring my experiences to it. Maybe my experiences are ill-founded; but at least I can bring experiences to it. I can see what has gone wrong before and try to remind people of it. Democracy is a frail, least worse concept. It just works; it creaks and groans, but it works, and we must see how we can reinforce it. But it won't work if you cannot sack those who rule you. We're seeing countries all over the world with either phony democracies, or countries in which it doesn't work without bribery.

B: *What do you think about the democratic system in the US?*

NV: I think the Americans are quite sensational. I mean in America, when you see how they really go for electing their president, you will see that there's a huge national involvement. Now they may not elect the right president but they genuinely take part in it, it's their president and people take a particular interest in that. I think when you watch their presidential elections, it's a real example of how democracy works.

B: *So you think it's a good and working system there—the system of Senate and the House of Representatives?*

NV: I think their system as government was based on their awareness of the errors we had here in this country; their awareness of the things we saw as going wrong here in Britain. They had seen us and our system, and when George Washington and others went out there they said that "we're not going to give our president as much power as a prime minister"—which is true—"and we are going to give our second chamber plenty of power to reconsider laws". So, even though there are two different chambers of power in place, things do work in their system. And I think they've got their checks and balances right. It may lead to budget crises every now and again, but on the whole they share power much better than we do. Here, in my view, our prime minister has much too much power. Our prime minister has a lot more power than their president. You may even call the institution of premiership in Britain an elective dictatorship! But at least we can sack him after five years!

B: *Now, I remember that I forgot to ask your views about the issue of Scotland and the talk of its independence. You see, I think it is immensely surprising for many nations including the ones in the Middle East, to witness that Scotland, which has been part of the UK for centuries, is now seeking independence, but then, there's no war, no revolution or turmoil whatsoever, and the British Prime Minster is setting up a date for a referendum so that the Scots can have their say and choose whether they want to stay as part of the UK or not. This is almost unthinkable in many countries in the world. What's your views on this?*

NV: Under the democratic process that we've got, we've already and gradually devolved power to Scotland and Wales, because they demanded it in the past and many powers were devolved to them. It was probably unnecessary in the first place. But the Scots have always remained

Scottish and it's been very easy for them to blame England for their tax levels or whatever, simply because the tax laws have been set in Westminster in London. Actually, we've had Scottish Prime Ministers, Scottish ministers and many Scottish members of Parliament. But, with a free press, it's easy to fan the flames of nationalism. The same thing is happening elsewhere. For example, one of the reasons the EU was set up after WW2 was to prevent Nationalism but at the same time we've encouraged football and other national sports that reignite nationalism all the time! That's a whole different subject altogether, but there's at least an interesting contrast. As for Scotland, fortunately, I think it won't happen; they won't break away. There's enough sanity up there in Scotland to see that it's been a mistake. And also, the very fact that the Euro has gone wrong makes it very hard for them to join the Euro, and they have to stay in the Sterling area, and that, I think, will make them think twice. Generally, when there isn't a war to unite countries they tend to break apart, at least slightly, if they've got the chance to do so. War coheres people.

B: *So, you're against the Scots' walking out?*

NV: Well I think it is lunacy and so do most thinking people in Scotland.

B: *But don't you think that the Scots who are seeking to break away from the UK are having more or less the same rationale as you and others do in your arguments for walking out of the EU? Aren't you both seeking "independence"?*

NV: Yes, but except the fact that today, we and the Scots speak the same language, share the same currency and we've been together for all that many years. In Europe, they're trying to make a bond that doesn't exist. Here's a 300-year bond that exists and works perfectly well. The only problem here is that it's so easy to put the blame on somebody else when things go wrong, and that's what the Scottish government's been doing continuously; taxation levels, unemployment, debt …it's all England's fault, they say. But it isn't, of course. You've seen these in other countries. Belgium is a perfect example. Belgium did never really get settled down; it took them a whole year to get a government together in Belgium, didn't it? But they have never been properly united in Europe. Their unity has been fabricated recently. We've had 300 years of unity. I don't think it's going to happen, this breakaway, fortunately. I think when it actually comes to vote, the people in Scotland will think twice. The interesting thing is that all the polls show that the younger Scots, the under 25s, who you would have thought they might have wanted to break away, are very keen on staying in.

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B: *Lord Vinson, I sincerely thank you very much for the time you gave me for this interview.*

NV: It was a pleasure, and I wish you success with your magazine.