

# Funding the Future

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Two familiar commentators on this blog, Mike Parr and the person known as Colonel Smithers, spent some of the weekend discussing [a Substack](#) by someone called Brian McDonald this weekend. As he noted:

*There was a time when London didn't just walk tall — it strutted with the unapologetic arrogance of a city that knew it didn't need to explain itself. A generation ago, it carried the air of a capital of consequence. The money moved like floodwater, the energy was all swagger and edge, and the mood suggested history was always unfolding just out of sight — in a club basement off Soho, or in the whiskey fumes of a Commons bar.*

As he then added:

*Now the show's still on, but the theatre's crumbling. I was back recently, and what startled me wasn't the decline — decline is rarely news in modern Britain — but how everyone seemed to wear it like an old coat. London today feels like The Rolling Stones: still charging premium prices, still belting out the old hits, but slower on its feet and haunted in the eyes. It used to be a low-rise Manhattan. Now it's mid-tier America with delusions of grandeur.*

And then he added:

*This isn't just the muttering of the disenchanted. The National Institute of Economic and Social Research, not exactly a den of dramatisers, has put it plain: by the cold arithmetic of living standards and salaries, Britain can no longer count itself a rich country. Productivity has flatlined like a punch-drunk boxer hanging on the ropes. Since 2007, real wages have scraped a meagre 2.2% gain. In the preceding seventeen years, they rose by 42%. Now the average British worker earns £4,000 a year less than if the country had merely kept pace with the Americans. That's not a hiccup — it's a quiet collapse.*

From this, he concluded (with a lot of narrative discussion in between):

*What stings most is the knowledge that none of this was inevitable. Britain had the tools: the language of commerce, institutions that once inspired envy, cities steeped in the grandeur of empire and the energy of reinvention. But inheritance, like reputation,*

*decays without care. Cultural capital must be spent wisely or not at all. And pride, if it is not matched by upkeep, turns quickly into nostalgia — the last refuge of countries that used to matter.*

*Reversal will take more than slogans and borrowed optimism. It will demand something rare in Britain now — candour about what's broken, and the courage to face who broke it. Without that, decline won't just be a chapter. It will be the whole story.*

So, we asked, "What happened?" Mike did most of the work to provide an answer: we wanted to keep the money flowing, so we sold the family silver to make it happen. The analysis he created, he admits, with the assistance of an hour refining his AI request, is as follows:

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Decade-by-decade snapshot of some of the *most economically or culturally significant* UK-headquartered firms that have passed into foreign ownership since 1980. The table is not exhaustive, but it pulls together the landmark deals most frequently cited by academics, policymakers and the financial press when discussing the UK's open-door, neoliberal stance on corporate takeovers.

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<b>Decade</b>	<b>UK company (sector)</b>	<b>Foreign acquirer (country)</b>	<b>Deal year</b>	<b>Deal value</b>	<b>/ strategic note</b>
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1980s **Rowntree-Mackintosh** (confectionery) Nestlé (CH) 1988 £2.5 bn — then the biggest hostile bid in UK history [Wikipedia](#)

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**Plessey** (electronics/defence) GEC-Siemens JV (UK/DE) 1989 £1.7 bn split-up; first test of post-Big-Bang takeover rules

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1990s **Asda** (retail) Walmart (US) 1999 £6.7 bn — marked US big-box entry into UK grocery [Wikipedia](#)

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**Blue Circle Industries** (cement) Lafarge (FR) 2001\* £3.1 bn; EU's largest cement maker created

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**British Airports Authority (BAA)** Ferrovial consortium (ES) 2006\* £10 bn incl. debt; London airports governance flash-point

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2000s **Pilkington** (glass) Nippon Sheet Glass (JP) 2006 £2.2 bn; FTSE stalwart leaves LSE [Wikipedia](#)

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**Hanson** (building materials) HeidelbergCement (DE) 2007 £8 bn; removed final FTSE-100 “aggregates” major

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**Gallaher Group** (tobacco) Japan Tobacco (JP) 2007 £9 bn; UK’s last big independent tobacco firm

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**Jaguar & Land Rover** (automotive) Tata Motors (IN) 2008 \$2.3 bn; icon brands shift to emerging-market owner [Wikipedia](#)

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**Cadbury** (confectionery) Kraft (US) → Mondelez 2010 £11.5 bn; sparked “Cadbury law” debate on takeovers [Wikipedia](#)

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**2010s ARM Holdings** (semiconductors) SoftBank (JP) 2016 \$32 bn — biggest European tech deal to date [Wikipedia](#)

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**NEX Group** (inter-dealer broker) CME Group (US) 2018 \$5.5 bn; City trading infrastructure ceded

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**Cobham** (defence) Advent Int’l (US PE) 2020 £4 bn; MoD “national security” scrutiny but approved

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**BOC** (industrial gases) Linde (DE) 2006\* £8.2 bn; UK chemicals champion absorbed

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2020s **British Steel** (metals) Jingye (CN) 2020 Nominal £50 m + capex; insolvency rescue with geo-political undertones

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**Ultra Electronics** (defence) Advent / Cobham (US/UK) 2022 £2.6 bn; sensitive sonar and cryptography assets

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**Meggitt** (aerospace) Parker-Hannifin (US) 2023 £6.3 bn; approved after jobs undertakings

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**Alphawave IP** (chips) Qualcomm (US) 2025 £1.8 bn; LSE-listed fab-less designer exits [The Guardian](#)

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**DS Smith** (packaging) International Paper (US) 2025 £5.8 bn; completed after EU divestiture remedies [Reuters](#)

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**Britvic** (soft drinks) Carlsberg (DK) 2025 £3.1 bn agreed; still in UK regulatory review

### **Patterns that emerge from 45 years of “open-door” policy**

\* **Sector spread widens over time**

\* **1980s-90s**: iconic consumer brands (Rowntree, Asda) and former state assets (BAA, Blue Circle).

\* **2000s**: heavy industry and basic materials (Pilkington, Hanson) as global consolidation accelerates.

\* **2010s-20s**: high-tech (ARM, Alphawave), critical infrastructure (NEX, Ultra) and climate-linked sectors (DS Smith).

\* **Shift from trade buyers to global PE & sovereign capital**

The early period is dominated by strategic corporates (Nestle, Lafarge). Post-2000, cash-rich private-equity and sovereign-backed vehicles (SoftBank Vision Fund, Advent) play a far larger role, reflecting abundant global liquidity and UK rules that rarely substitute **industrial** for **shareholder** interest tests.

\* **Sterling depreciation amplifies vulnerability** Step-changes after 1992 ERM exit, 2008 GFC, and 2016 Brexit vote each coincided with spikes in inbound bids as UK assets appeared “on sale” in FX-adjusted terms.

\* **Regulatory posture: light-touch but reactive**

Only defence and some telecom assets triggered national-security interventions (e.g., GKN-Melrose 2018, NVIDIA-ARM 2020-22 aborted). Otherwise, the UK’s Competition & Markets Authority focuses narrowly on consumer-price effects, not long-term industrial capacity.

### **Econometric angle**

Econometric studies of UK M&A flows (e.g., ONS M&A bulletins and UNCTAD FDI data) typically show:

\* **Stock of inward FDI** rising from <15 % of GDP in 1980 to ≈70 % by 2024, far above G7 peers.

\* **Foreign ownership share of FTSE-100 market cap** climbing from ~7 % (1981) to >55 % (2025).

\* **Event-study evidence**: announcement-day abnormal returns are positive for target shareholders but long-run performance of the combined entity is mixed, especially where HQ functions and R&D migrate abroad (Cadbury, Cobham cases). These patterns are broadly consistent with the thesis that the UK’s neoliberal regime

treated market for corporate control as a disciplining device—favouring allocative efficiency and shareholder value—over strategic industrial policy.

### **Point 1: Sectoral Shift — From Iconic Brands to Strategic Infrastructure and Tech**

#### **1980s-1990s: Consumer-facing & post-privatisation targets**

- \* Dominated by **household-name brands** and **former state or quasi-public firms**.
- \* Typical targets:
- \* **Rowntree, Cadbury, Asda** – recognisable, stable cash-flow consumer goods and retail.
- \* **Plessey, BAA, Blue Circle, BOC** – high fixed-asset base, often originating from UK industrial or defence legacy.
- \* Drivers:
- \* **Big Bang (1986)** liberalisation made UK firms easier to acquire.
- \* Deregulation and Thatcherite privatisations created a pool of exposed, under-defended firms.

#### **2000s-2010s: Global consolidation in materials, finance, and defence**

- \* Shift to **basic materials and heavy industrials**:
- \* **Hanson, Pilkington, Gallaher** absorbed into larger global supply chains.
- \* **Financial market infrastructure** also becomes vulnerable:
- \* **NEX Group**, key to City trading platforms, sold to **CME (US)**.
- \* Defence sector starts to splinter:
- \* **Cobham, Ultra, Meggitt** sold piecemeal, sometimes with light national-security review but rarely blocked.

#### **2020s: Strategic tech, climate-aligned sectors, and AI-adjacent infrastructure**

- \* Growing number of deals in:
- \* **Semiconductors and IP (ARM, Alphawave)**.
- \* **Green packaging (DS Smith)**.
- \* **AI hardware (Oxford Ionics)**.
- \* These deals raise strategic and technological sovereignty concerns, not just market-structure ones.  
Implication: UK's open takeover regime has made it a testbed for sectoral transition—from tangible consumer and industrial assets to high-IP, high-skill, and critical-infrastructure firms. But each wave has occurred without strong industrial-policy filters.

### **Point 2: From Trade Buyers to Global Capital Pools (PE, Sovereign, Pension)**

#### **Pre-2000s: Trade buyers dominate**

- \* Most acquirers were **foreign multinationals with operational synergies**:
- \* Nestlé (Rowntree)
- \* Kraft (Cadbury)
- \* Lafarge (Blue Circle)
- \* The logic: expand market share or vertical integration.

## **Post-2000s: Rise of financial capital as buyer-of-last-resort**

- \* **Private equity** becomes a main actor:
- \* **Advent**: Cobham, Ultra, Meggitt (via Cobham)
- \* **CVC, Blackstone, KKR** often seen circling UK assets.
- \* **Sovereign wealth funds and large pension investors** increasingly fund these deals:
  - \* Canada's **PSP Investments** (AGS Airports)
  - \* UAE's **Mubadala**, Singapore's **GIC** active in healthcare, data centres, infrastructure.
  - \* Many acquisitions structured via **tax-efficient offshore vehicles**, obscuring ultimate control and national benefit.

**ARM case** is paradigmatic: acquired by **SoftBank (Japan)** using its **Vision Fund**, capitalised by **Saudi PIF, Abu Dhabi Mubadala, Apple, and Qualcomm**.

**Key trend:** Even where trade buyers are nominally involved, **ownership is increasingly financialised**. Control is in the hands of capital allocators, not industrial planners.

### **Where this fits econometrically**

The shift from trade to financial buyers allows for interesting regressions:

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#### **Hypothesis Proxy variable**

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Financialised buyers reduce domestic R&D spend Increase in R&D as % of revenue post-deal

PE-backed acquisitions increase leverage and asset stripping Change in debt/equity ratio, increase capex

Sovereign-led deals lead to offshore IP migration Post-deal intangible asset growth vs onshore tax reporting

#### **Conclusion**

Let me offer my conclusions, which, I stress, are my opinion alone.

As Brian McDonald suggested, this outcome was not inevitable, so there are a number of conclusions to be drawn from this.

Firstly, and most obviously, the arrival of global capital markets resulted, in the case of the UK, in a for sale sign being put up over British companies in a way that never really happened to the same extent anywhere else. The UK's industrial strategy changed from

one of building and sustaining British industry, even if not always terribly effectively, to one of flogging whatever we had to the highest possible bidder, wherever they came from and whatever their long-term plans might be. The antipathy of the Tories in the 1980s towards anything to do with industry, tainted as it was by the hatred for anything that had at one time been nationalised, fuelled this whole policy of sale at any price, which found its obvious mirror in privatisation policy.

Simultaneously, there was a shift from a policy of industrial engineering to one of financial engineering. Again, the blame can be fairly laid at Thatcher's door. She heralded the Big Bang in the City of London in 1986, and the idea that this was where money was really to be made. It is now very hard to recall just how insignificant financial corporations once were in the UK economic environment. Certainly, there were banks in the FTSE 100, but the dominance of such entities in the way we have become accustomed to during the present century was simply unknown at that time. Wheeling and dealing in financial markets became the financial norm, and this is all too apparent in the deals noted above. If there was a short-term buck to be made, the market took it.

Thirdly, and perhaps most importantly, nothing has changed. Rachel Reeves described the City of London as the jewel in the UK economic crown quite recently, and with her newly announced concierge service for foreign investors in the UK, it's still clear that she believes that selling off whatever it is that we can find to put a price tag on is what UK industrial policy is really all about.

Fourthly, we should not forget the role of so-called professional services firms during the course of this period. These firms began to appear in tax havens in significant numbers from the 1960s onwards, but the scale of operations there was decidedly limited at that time compared to that which was seen after Thatcher liberated financial flows to these places from 1980 onwards. The UK would like to claim that it has the most sophisticated firms able to assist with international financial deals. However, the reality is that these firms operate in a way that shows absolutely no loyalty whatsoever to the UK. Their persistent willingness to structure offshore deals has always made that clear. There is no other financial market where anything remotely similar takes place. There is good reason to ask whether these firms have really added value to the UK economy as a consequence.

Lastly, and this issue cannot be avoided, consideration has to be given to the UK's class-ridden society. Whilst many people, including those who aspire to be, and even are, wealthy, might now be considered to be "in trade", the truth is that there is "trade", and then there are what some might like to think of as "gentle people's professions". These are things like investment banking, banking itself, city trading, accountancy, law, and so on. It is to these occupations that the most talented, or at least most expensively educated, in the UK have been drawn, because they have offered the greatest short-term rewards. That denial of talent to UK industry has left it desperately short of vision, strategy, and direction, and so ultimately has left it wide open to take over, which is what happened. Again, there is no other society where

something so obviously disadvantageous to value creation has taken place.

The result is obvious. As Brian McDonald suggests, the decline of England was not inevitable, but the willingness of those with the greatest influence within it to sell it both short and to literally sell it out has made it so. That is what the English ruling class did for it. We are all paying the consequences of them having sold England by the pound, ***as Genesis once described it.***