

INDUSTRIAL STRATEGY

MICHAEL HESELTINE

INDUSTRIAL STRATEGY

**A RESPONSE TO THE
GOVERNMENT'S GREEN PAPER**

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PREFACE

I have experienced the ever thrilling but stormy journey through which everyone starting a small business must travel. I have also wrestled with the complex choices that every minister involved in strategic industrial decisions must make. Looking back, it is easy to see how my views have changed and to recognise the experiences that formulated those changes.

Starting with all the understandable suspicions of forms, bureaucrats, regulations and the numerous restraints woven by the public sector which prevent us just getting on and doing things, I have come to see that there is an essential partnership between the public and private sectors upon which modern commerce and industry depend.

Every government of which I have had experience has had an industrial strategy. It may have been nothing more than the statement that it had no industrial strategy, but that is a pretence because governments, day-by-day, make and implement decisions fundamental to the ability of their companies to compete in the world.

In this document, I set out the many ways in which governments do intervene and, recognising that, ways in which the British Government could do so more effectively. My intention is not to improve the world-beating quality of many of our companies but to use that excellence as a stimulus to raise the standards of those that fall a good way behind. My most significant criticisms are reserved for the unwillingness of governments over many decades to recognise the inadequacy of their own centralised structure in galvanising the potential of the whole economy and the enthusiasm of all the people who contribute to it. I look, too, at our failings with education and what can be done to make us more competitive.

MICHAEL HESELTINE

EXPERIENCES THAT SHAPED MY VIEWS

My ideas about the role of government evolved on the job. I started a small business after leaving university and, as Hansard will testify, then brought to the political debate the typical experiences of such a background.

Over the three decades from 1970 my responsibility included the rescue of Rolls-Royce, the complexities of the Concorde programme, the launch of the European Space Agency, the coordination of the pan-European fighter programme, control of the national research and development budgets, running the Board of Trade, creating a comprehensive deregulation initiative, denationalisation of a range of government agencies and programmes, and exposure to the strategies and practices of our principal overseas competitors.

I remain as persuaded of the benefits of free trade and the virtues of competition as ever – but no one who has enjoyed even a fraction of my experience can believe that in the world in which our companies must compete, and upon which our security and prosperity depend, these two conditions are enough of themselves or reflect the attitudes and practices of either this country or any other.

Experience makes it easy to understand how linking together the burden of paperwork, intrusive regulation and excessive interference by European, civil or local officials is a cornerstone of right-wing criticism of much government policy, and certainly of any concept of an industrial strategy. Having started as a small businessman and, later, presided over some of the largest public policy areas, I know the issues first-hand, and the inbuilt hostility that an industrial strategy must confront.

For two years, I led a cross-Whitehall deregulation exercise on behalf of the Government. There have been many more. None have had more than minor effect. It was not for want of trying. First, I collected the existing regulations – many thousands – in one giant folder. Second, I had the support of a designated minister in each of the relevant departments. Third, I appointed teams that included

leading industrialists and, finally, I wrote to the relevant industrial and commercial trade associations inviting them to submit revised drafts indicating any reform they sought. I don't remember a single response. I rapidly concluded that in the light of cold, analytical inspection the all-too-easy abuse of red tape and busybody officials evaporated. The supposed freedoms for which the headlines clamour are, in large measure, politically and practically unacceptable. It is no accident that those most anxious to escape single market regulation rely more on rhetoric than example for fear people will realise the consequences that the advocates of deregulation have in mind.

Later in this pamphlet I will talk about intervention in urban government.

After the riots of 1981 I became deeply involved in the affairs of Liverpool. It was experience at the coalface of everyday life for British people. This was about empty buildings, derelict sites, housing conditions and rising unemployment. Although I had assumed a responsibility for the Government's relationship with Liverpool in 1979, it was the 1981 riot that for 18 months drew me into the detailed workings in the city between the public and private sector. I experienced the lack of civic leadership or any sense of partnership. From 1979 to 1983 I took decision after decision of the kind that only the public sector could take, and each was instrumental in creating jobs. In the round, they added up to an industrial strategy of public intervention. Much of what I did could only have been done by a Cabinet minister with significant policy responsibility and a substantial budget. Some examples give an indication of how urban regeneration can be made to work in practice:

- The massive Albert Dock historic complex was listed before it could be knocked down. It now hosts 6.3m visitors a year drawn by its new uses, including Tate Liverpool
- A development corporation transformed 600 acres of dereliction on the banks of the Mersey, including staging the first International Garden Festival that greened the toxic areas and created private housing land
- Cantril Farm slum in Knowsley, which had an occupancy of 32

per cent, was sold, under the leadership of Sir Thomas Baron, to the Stockbridge Village Trust, funded by Abbey National and Barclays Bank. The estate is now a model of urban regeneration with mixed tenure housing and high social occupancy. It became the model for the wholesale transfer of council estates to tenant cooperatives in the 1990s

- Public grants to create partnerships with the private sector helped to clear polluted sites on which house builders agreed to build. Three, four or five times as much private money were thus added to the public expenditure. This concept of gearing is now widely practised in government procurement
- Sir John Clark, chairman of Plessey, created a partnership with British Rail to build Wavertree Technology Park with grant support.

There was much else. The divided structures of local and central government did not encourage such initiatives. It was the realisation of this gap in local leadership that did so much to forge the drive to mayoral authorities and the devolution agenda of today.

From these small individual experiences emerged the devolution policies now underway that are rebalancing our economy.

There is another lesson from Merseyside I will invoke later in this pamphlet. In 1981 we initiated a campaign to clean the River Mersey from its source to the sea. At the time, the Mersey was an open sewer and one of the country's most polluted rivers. Twenty-five years later its transformation was illustrated by the presence of salmon in the Mersey basin together with 30 other species of fish. Later, Salford Quays hosted the UK's first Triathlon World Cup, including a 1500-metre swim in the docks.

Time and again as a minister I was exposed to the reality of the world's competitive market place. The story of the European Space Agency (ESA) is instructive because it tells the story of much European endeavour today. It began for me in 1972 when a file landed on my desk seeking approval for the commitment of some £6m of taxpayers' money to help a British high-technology company keep ahead of the French and Germans in one field of space

development. On this occasion, the three countries were in a battle on the classic European pattern. No winner was likely. It seemed to me as ludicrous as it was typical. The Americans were spending many millions of dollars annually on programmes which had already taken them to the moon. How could another trivial competition between French, German and British companies do anything to help Europe in the real competition in space technology with the United States or the Soviet Union? It would never have occurred to anyone to include China or India in the race at that time.

A British minister's instinct is to support a British company. The submission from officials was eloquent in explaining the substantial sums of money that the French and German governments were putting into their companies. I asked for figures to show the total European and American expenditure on space technology. Added together, the budgets of the European nations were about one-sixth of America's – but since there was no European policy we were each operating in toy-town. Each European country was serving what it believed to be its own national interest; each was researching many of the same problems and pushing back the same frontiers.

A closer look at Britain's expenditure showed an even more depressing picture: the Post Office had a space budget, as did the Ministry of Defence and my own Department of Trade and Industry. The Department of Education and Science was sponsoring the space research budget of the Science and Engineering Research Council. There was no coordination of this British national effort, let alone European coordination.

I attempted to secure a national approach. The prospect was not encouraging. A few years earlier Britain had withdrawn from the European Launcher Development Organisation (ELDO) after years of complaint about its rising costs. It also left France with the only launch capability in Europe. The Americans had invited Europe to join them in the post-Apollo programme to put a laboratory into space. The Germans were keen but the British Government had shown no interest.

Britain had, however, just joined the Common Market and discovered a more positive attitude to European matters. I went to my colleagues

with the obvious proposal that we should rationalise Britain's space programme first then try to persuade our European colleagues of the advantages of combining our national programmes into a more ambitious European one.

To have a ghost of a chance of success we would have to rejoin the French-led launcher programme and support the Germans anxious to participate in post-Apollo. Our national interest, as outlined in the original submission to me, was in communication satellites. We proposed to the Europeans that we should merge ELDO and the European Space Research Organisation (ESRO) into a single European Space Agency. Britain would rejoin the launcher programme, take part in the post-Apollo programme and take a leading role in the development of communications satellites.

From my British colleagues I got less than I wanted but more than I expected. None were prepared to give up their department's budget, but most agreed that if I wanted to try my unlikely ideas on the Europeans I should be indulged, and allowed, if I wished, to trade in my departmental budget as part of a bargain.

My European colleagues accepted the plan. The European Space Agency was born. Britain rejoined the launcher programme, took on some of the post-Apollo work and secured the lead in communications satellites. The ESA quickly proved its value. Now four-fifths of British government investment in space is made through the agency, and British Aerospace and other British companies play prominent parts in building satellites for the agency's customers. In January 1987 British Aerospace won a £100m contract to provide a communications satellite for NATO, the first European contract of its sort.

Although it wasn't predictable at the time, I was subsequently to become Secretary of State for Defence and duly discovered how inconsequential were that ministry's objections to my original suggestions.

British governments, when under pressure, recognise these realities and react as though an industrial strategy existed. A Conservative Government rescued Rolls-Royce in 1971. I was the minister

responsible. The marketplace had spoken and a purist would have argued that its will should have prevailed. But the rock on which Rolls-Royce had foundered was the competition from an American aircraft engine, the CF6, whose development had been funded within the American defence budget and only adapted commercially by General Electric for civil purposes. Rolls-Royce, which had no defence project in this field, was determined to stay in the big jet engine league and developed at its own expense the RB211. It was trying to compete not just with the General Electric Company of America but with a product largely paid for by American taxpayers. If Rolls-Royce had opted out of big engines, it would never have come back in. The Government had to start from the reality that Rolls-Royce was the only large aero-engine maker outside the United States. To let it go would have been to extinguish not just a company but also a most valuable industry. Some industries must go; the market moves on. But they should not go by default when the challenge is competition financed by other governments.

Since the world market is far from being perfect and free of friction, our policies must face up to the reality that every other country *does* have an industrial strategy (whether explicit or implicit). There is no 'one size fits all' answer to what our response should be. In some cases, such as trade barriers, unilateral deregulation can be beneficial. In others, if our firms must compete against government-supported companies in other countries, it is often rational for our firms to be supported too. The test should be whether the costs – in terms of money and potentially competition – are outweighed by the benefits. This is of course impossible to tell in advance, but at least we should try.

Another memory arose from President Reagan's decision to deploy an impenetrable shield that would prevent enemy missiles reaching the United States. The concept was very complex and at the frontier of existing technology. General James Abrahamson was put in charge of a \$29bn programme to implement the project. He arrived in my office to explain his mission. Having detailed the scope and resource of his project, he offered to invest \$100m in a partnership with Heriot-Watt University, Edinburgh, which he recognised was at the leading edge of optical computing through projects led by Professor Des Smith working in conjunction with Ferranti, a British

electronic engineering company. A deal was subsequently completed. I remember vividly my thoughts as I listened to him. “He has a \$29bn programme. He knows where the leading edges of a wide spread of technology are and he is going to offer partnerships to them all.” The technological transfer to American companies financed by American taxpayers is incalculable. What does competition mean in such cases?

These issues were considered exhaustively by Professor Mariana Mazzucato, director of the Institute for Innovation & Public Purpose at University College London, in her book *The Entrepreneurial State: debunking public vs. private sector myths* from which I quote: “It was not Apple executives or its shareholders who rose to the challenges associated with risks involved in basic science and technology investment. When no one else stepped up to the plate to take on the challenge, it was the US government, mainly the military, that dared to risk striking out and, in the end, hit the home runs. Apple incrementally incorporated in each new generation of iPods, iPhones and iPads technologies that the State sowed, cultivated and ripened. These investments were made in part to address national security concerns, and only later did it become a question of enabling the exploitation of past technological development for commercial applications, and by extension, job creation and economic competitiveness.”

Upon my arrival at the Ministry of Defence in 1983 I was informed that, despite the trans-European cooperation on the Tornado project, our partners had decided to enter a different partnership with French industry, excluding us, to meet a new operational requirement for a fighter. We were to be exposed to competition from a quadripartite combination of France, Germany, Italy and Spain, leaving us to finance the entire cost of our own project. I was convinced that if the operational requirements could be satisfied, we should try to draw the four partners together. Two years later, we signed a deal with Germany, Italy and Spain which led to today’s Eurofighter aircraft. France was left to shoulder the costs of going it alone. There was one private moment which laid bare the real politics of European cooperation. The French Defence Secretary knew that our project made strategic and commercial sense. We had a private conversation in which he offered to join our project if France led on the avionics and Britain on the engine. I said I couldn’t agree to that as I had to

consider the British self-interest represented by British Aerospace and Rolls-Royce. That ended the matter. One day someone will try to negotiate a way around that dilemma.

The reality is that in procuring products that have involved large government support there will often be an option to buy a perfectly effective working solution off the shelf. It will invariably be manufactured by an American contractor although we should not ignore the recent Chinese nuclear deal or the Japanese Hitachi trains. If we follow that route, remorselessly our industrial base develops assembly lines for overseas supply chains. If that is what we want, so be it. I would urge rationalisation of European industry that recognises such national strengths as German tanks, British engines and French launchers. The pooled achievement of Airbus is highly relevant.

Before I leave the subject of British Aerospace and Rolls-Royce, there is one further issue of continued controversy: foreign takeovers.

As President of the Board of Trade, I received a submission requesting that we cancel the golden share the Government held in both companies to ensure that it could determine whether either could be taken over by a foreign company. I was told it would materially improve their tradability on the Stock Exchange. I declined, and 20 years later none of the warnings appear to have had any validity.

I have talked about my experiences with the private sector to explain how I moved from being a traditional small businessman to a large-scale dispenser of public funds. Those I've detailed here relate to high technology and defence equipment, but the relationship of governments is now so interwoven with the private sector that ministers have to wrestle with similar challenges across many fields relevant to smaller companies and less sophisticated processes.

Collectively, these experiences, and many more I have had as a Cabinet minister, have led me to the conclusions I advocate in this pamphlet.

THE ROAD TO AN INDUSTRIAL STRATEGY

The Government's proposal to introduce, or at least recognise the need for, an industrial strategy in the UK is not new. It is at least the 10th attempt in my memory:

- The post-war Labour Government's decision to take the commanding heights of the economy into public ownership had just such a purpose
- The architect of the Conservative revival, R A Butler, published his industrial charter in 1947. It helped achieve the party's return to power in 1951
- Harold Macmillan created 'NEDDY' (National Economic Development Council) and the National Incomes Commission early in the 1960s
- Harold Wilson set up the Department of Economic Affairs in the mid-'60s
- Ted Heath entered the European Community and created the Department of Trade and Industry in the 1970s
- Margaret Thatcher privatised many council houses while creating a tightly regulated shorthold rental market. Swathes of the economy were privatised while employing highly interventionist policies in urban renewal. British self-interest involved us in the creation of the regulated European single market. Attractive grant mechanisms brought the Japanese car giants seeking an entry point to the European marketplace to the UK. Nothing so demonstrates the contradictions and complexities of industrial strategy as the policies of the 1980s. Ironically, it was the replacement of hundreds of national regulations with those necessary to create one giant single market that did so much to alienate the small business sector
- John Major pioneered the competitiveness agenda in the 1990s with initiatives that included an annual White Paper, and used public money to transform our sporting achievements
- Tony Blair reinforced the initiative later that decade after initially being unwilling to accept the concept of an industrial strategy
- David Cameron pursued a devolution agenda to secure involvement in industrial policies of more local decision takers
- This decade, Theresa May has placed the title 'Industrial Strategy' at the top of her domestic agenda and issued a consultative Green Paper.

However, this apparent agreement masked the fact that there has been no consensus about what a strategy should look like. At the extremities of the debate, the Left confused ownership with strategy. On the Right, there was a nostalgic yearning for the imperial days when we enjoyed the first-mover advantage of the Industrial Revolution in an empire that was our home market where we could dictate the conditions and practices of trade.

The interventionist role of government

Frequently, the subject of industrial strategy is narrowed to the manufacturing sector and illustrated by well-documented examples of governments' inability to pick winners. The UK's manufacturing sector has been in long-term decline to its present base of about 10 per cent of GVA and the direct employment of 2.7m people. The most optimistic forecasts would hesitate to raise this figure by a small number of percentage points. It is an important part of the economy, accounting for 45 per cent of our exports, but it is and will remain a fraction of the whole. Any attempt to consider Britain's ability to generate rising living standards for its people must be based on the whole economy, including the crucially important and growing services sector.

Accepting such a conclusion leads straight to the role of government, not just in creating the conditions on which performance depends but on its ability to play an active role in the operation of these conditions.

The private sector's importance to the success of an industrial strategy cannot be overstated. But the private sector is dependent on the support and involvement of the public and third sectors. Effective interrelationship and partnership between all three is present in any advanced economy and is an essential component of success.

Economic success depends on the availability of an educated and skilful labour force.

Governments create taxation patterns that are central to the stimulus of employment and investment against an internationally competitive background.

Roads, rail, airports and ports are heavily dependent on government planning policy and the availability of public finance.

Regulatory regimes are introduced by government to secure politically desired outcomes. Such regimes influence wealth creation either positively or negatively.

Regional policy which often includes direct support of specific projects underpins both significant parts of our country and specific sectors of the economy.

Climate change and the search for renewable and sustainable energy supply demand policy formulation and subsidy provision by government.

Government controls the airwaves and the conditions attached to them upon which modern communications depend.

Government and its agencies are by far the biggest customer in many markets. Procurement policies, the use of competition, and the nature of partnerships can all add to the ability of government to influence economic outcomes.

National Research Development programmes are essential to the preservation of our world-class academic institutions and universities and their partnership with the private sector.

The procurement of sophisticated technological products, for example in defence or space programmes, are conduits for large sums of public money into the development of private sector products. It is naive to think that with such commitment government procurement will not be influenced towards the purchase of products they have financed.

The existence of power on such a scale cannot be denied. Whether or how to use such power is the essence of an industrial strategy. While there is still a serious debate in this country as to the desirability for and practicality of such policies, other governments long ago left these arguments behind. They use whatever weapons are to hand to win in the markets of the world.

Why the private sector can't lead the process

The Government's Green Paper rightly emphasises the essential role of the private sector in the formulation of an industrial strategy. It is, however, unrealistic to think that the private sector will lead the process. Private firms must be invaluable partners but the power of government and the scale of public resources involved is so pervasive that the leadership of the public sector has to be recognised. Private sector companies would respond enthusiastically to an effective industrial strategy, just as they did with the Aerospace Technology Institute and Automotive Council, but without the drive and enthusiasm of the public sector no initiative will last. The Green Paper's invitation to the private sector will at least have had the benefit of focusing many minds on a potential agenda. In the last resort, however, it is the Government that must be in the driving seat.

I have set out a few of the many examples of intervention that our exporters face in the marketplaces of the world. It makes no sense to believe that overseas governments are so comprehensively involved in constructing and protecting their national self-interest that they take a detached disinterest when making procurement decisions where their own products are pitched against those from overseas.

At the other end of the scale, poor or emerging economies will be well aware of their ability to attract job-creating investments as part of a package of their national procurement.

The essence of an industrial strategy

An industrial strategy should therefore provide a realistic appraisal of our competitive position across the whole public and private economy. It should constantly update an analysis to inform, warn, encourage and reveal. It should continually remind us of the need to exploit our strengths and confront our weaknesses. It should create and stimulate a culture of enterprise throughout our society. It should not only claim to aim for excellence, it should know what excellence means in today's marketplace and what steps must be taken to secure it in tomorrow's. It is about a culture in which everyone can share and from which everyone can benefit.

The Government's Green Paper

The Government's Green Paper *Building our Industrial Strategy*, published in January 2017, is an important first step in recognising our need for an industrial strategy. The failure of successive British governments to analyse our industrial and commercial weaknesses has played a substantial part in the decline of significant parts of our economy. Therefore, I strongly welcome recognition of the need for an industrial strategy.

The 10 pillars identified in the Green Paper as the building blocks of the strategy are well chosen. However, there are gaps, particularly in recognising how it is the structure of Whitehall itself, with its over-centralised and compartmentalised instincts, that is a significant hurdle. The consequent White Paper should confront the long-term impediments to progress that the formulation and implantation of an industrial strategy will require. In this pamphlet, I draw attention to some, and propose changes.

It is important to recognise where there has been progress.

There has been a significant increase in the growth of new businesses. The Government has created the National Infrastructure Commission and announced substantial increases in the national science, research and innovation budgets. Significant steps have been taken in the devolution agenda to reactivate some of our own great cities.

Start-ups have been a recent success. Bureaucrats and red tape appear to be problems to those commenting on them in the media rather than to those who have risked their own money in actually starting a business.

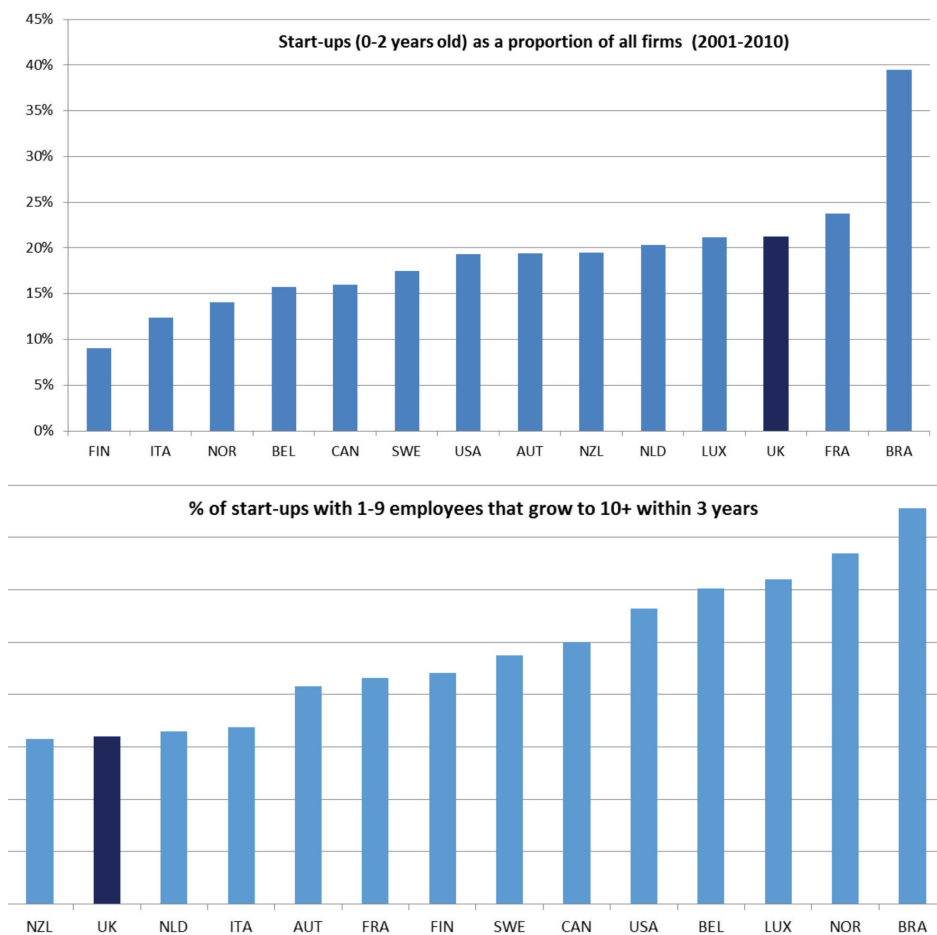
The facts speak for themselves:

Births of New Enterprises in the UK				
2007	2008	2009	2010	2011
280,730	267,445	236,030	235,145	261,370
2012	2013	2014	2015	
269,565	346,485	350,585	383,075	

As the Government’s Green Paper acknowledged, the bureaucratic barriers to small business initiatives and activity are not much of a deterrent, however irritating they may be. But there is an underlying issue. Many of these start-ups may be little more than one-man businesses without the inclination or capacity to grow.

The following figures illustrate the point. The Government needs updated information to understand and hopefully tackle our relatively poor record in converting start-ups into small businesses.

The UK does well in terms of start-ups but not so well in terms of scale-ups



Data taken from Criscuolo, C., P. Gal and C. Menon (2014), "The Dynamics of Employment Growth: New Evidence from 18 Countries", OECD Science, Technology and Industry Policy Papers, No. 14, OECD Publishing, Paris.

The proposals I will set out shortly include the provision of patient capital.

The creation of the National Infrastructure Commission was an important innovation challenging the fragmentation of thinking in Whitehall. It brought a critical overview of the past performance of functional departments. It enjoyed the support of the Chancellor and thus the Treasury.

The recognition that we need to invest more in science, research and innovation is right and overdue. The Government deserves credit for the high level of research and development proposed for the years to 2020-21. Its plans include a wider spread of the resources across the country. That fits well with the devolution agenda.

The commitment of an extra £4.7bn in R&D funding by 2020-21 is significant but anyone with experience of how the UK works knows that it takes at least two and probably three years for any meaningful part of funding to work its way through the system. Infrastructure projects have to navigate the planning and public consultation process and the timetable of any necessary construction. Research needs time to define developable concepts. Investors need to know that this new-found commitment to catch up – not overtake – our competitors will not disappear in the next round of Treasury cuts and is part of the permanent structure of our economy.

The Green Paper is entitled to claim progress in the devolution agenda. However, large gaps remain and there is urgent need for action to close them. Nowhere is this more evident than in the absence of appropriate machinery of government to drive the devolution agenda. The Green Paper is largely silent on the need to bring the whole economy into line with those areas where significant progress has been achieved. London and six of our large local economies have moved a long way to devolved power with mayoral authorities. Equally important local economies such as Leeds, Sheffield, Newcastle, Yorkshire, South Hampshire and South Devon are still riven with the local rivalries that are inhibitors to an effective economic partnership.

Three judgements emerged as I read the Green Paper. First,

the promise of review after review revealed just how little the Government knows about Britain's international competitiveness. Second, the absence of any effective policy to close the gaps between our often-excellent performance in parts of both public and private sectors and the areas that lag a good way behind. This is particularly true in our education and skills agenda. Third, the Green Paper says nothing about the critical issues of the necessary and uncompleted agenda of devolution and the renewal of the single pot and competitive funding of local government expenditure.

The White Paper should address these issues specifically. Meanwhile, it is encouraging that the Government is committed to the large number of reviews listed in the Green Paper.

There is a consequential dilemma in inviting submissions from a wide range of vested interests who will each advocate more effort and support in their particular section. Every sector will have its demands to catch up, partner with, keep abreast of or overtake programmes sponsored by other governments across the world. Our Government must be sufficiently informed about world competitiveness to make judgements which will often be controversial, and unattractive to our domestic industrial and commercial business. There is insufficient evidence it is prepared to equip itself to do so.

ESTABLISHING AN INDUSTRIAL STRATEGY

A SWOT analysis is fundamental to the competitiveness agenda of the private sector as companies consider their strengths and weaknesses while searching for opportunities and fending off threats. That brings me to my first proposal: there is no machinery in place in Whitehall charged with such a function. Time and again in the work I have done within government I have been confronted by ignorance and unwillingness to establish the true state of our competitive position. Whitehall's practice of moving officials from one discipline to another in relatively short timescales, the lack of effective interchange with the private sector and the absence of critical self-analysis are weaknesses that are too prevalent in present arrangements.

There is no minister responsible for analysing or coordinating our competitive challenges or performance. This is best illustrated by considering the departmental sponsorship responsibility that is allocated across Whitehall.

These are the sponsoring departments responsible for each sector of our economy (see right).

The need for a clear view

Whitehall needs a mechanism – an internal process of self-criticism – with the expertise and power to put an industrial policy embracing the whole economy at the forefront of government policy.

Such a committee would need a multi-disciplinary group of people drawn from academic, industrial and relevant public bodies with the knowledge and experience to challenge the proposals from individual departments. Such ideas have been tried before but rarely survived. It is important to understand the purpose behind such a body. The culture of Whitehall is essentially functional: the name of each department spells it out. It is challenging enough for most ministers and their officials to cope with the daily pressure of their specific responsibilities. There is little time for unconventional thinking or to

SECTOR CLUSTER	SUB-SECTORS INCLUDED	DEPT
ADVANCED MANUFACTURING	Aerospace, Automotive, Electronics, Machinery, Marine, Space	BEIS
AGRICULTURE, FOOD & DRINK	Agriculture (Farming, Animal Health, Forestry, Agri-tech)	DEFRA
AVIATION	Air freight and Air Passenger Services	DFT
CONSUMER GOODS AND RETAIL	Consumer Goods, Retail	BEIS
CREATIVE INDUSTRIES	Advertising and Marketing (cross with PBS); Architecture (cross with PBS); Crafts; Design (Product, Graphic, Fashion); Film, TV, Video, Radio and Photography (cross with Broadcasting); IT, Software and Computer Services; Museums, Galleries and Libraries; Music, Performing and Visual Arts; Publishing and Newspapers; Video Gaming (some cross with Tech)	DCMS
DEFENCE	Defence	MOD
DIGITAL, TECH AND TELECOMS	Digital/Tech, Telecoms	DCMS
ENERGY	Nuclear, Oil and Gas production, Gas Markets, Electricity (incl. Renewables)	BEIS
ENVIRONMENTAL SERVICES	Water and Sewerage, Waste	DEFRA
FINANCIAL SERVICES	Banking, Market Infrastructure, Asset Management, Insurance, Payment Schemes, Fintech	HMT
HIGHER EDUCATION AND RESEARCH	Higher Education	BEIS
INFRASTRUCTURE, CONSTRUCTION AND HOUSING	Construction, Housing, Airports, Infrastructure Construction (Rail, Airport, Road, Port)	BEIS / DCLG
LIFE SCIENCES	Life Sciences (Pharma and Medical Devices)	BEIS / DH
MATERIALS	Chemicals, Composites, Mining, Steel and other metals	BEIS
MEDIA AND BROADCASTING	TV, Radio and Film Production and Distribution (cross-over with Creative)	DCMS
PROFESSIONAL AND BUSINESS SERVICES	Advertising, Marketing, Recruitment, Management Consulting, HR; Law, Accountancy, Engineering, Actuaries, Architecture	BEIS
SEA, ROAD AND RAIL TRANSPORT	Maritime and ports, Road Haulage and Logistics, Rail (Passenger and Freight)	DFT
TOURISM	Accommodation and Hotels, Heritage	DCMS

seek opportunities that require cooperation across a wider Whitehall background.

There is a need to change this so that each department searches either by itself or in partnership for opportunity across the field. To ensure this, there is a need for a creative tension within Whitehall that at least equals the cost-controlling responsibilities of the Treasury. The body – call it the Competitiveness Unit – should be staffed by people who are experienced in the private sector and have spent time in the industrial and commercial or academic world. Civil servants should play a significant role but it is important to recognise that the culture of the Civil Service is essentially built on the consensus. Safety, caution and compromise are the logical conclusion of a process based on wide consultation conducted by people who have little practical expertise themselves.

This could be best achieved by setting up a Competitiveness Unit within the Cabinet Office. Its task would be to establish the state of national competitive strengths and weaknesses and advise ministers accordingly.

But such an innovation would itself change little. Information does not automatically lead to action. All too often reports are commissioned and experts consulted. The filing cabinets of Whitehall are full of them. Only one arrangement, however, would inject into the Whitehall machine the dynamic to make meaningful change. Fortunately, the Prime Minister has chosen it. The Economy and Industrial Strategy Committee, formed of ministers from the relevant departments, is chaired by the PM herself. So it has the necessary authority to drive Whitehall and prevent the all-too-familiar departmental turf wars. The Treasury is essentially bound into the decision-making process.

The committee's membership, as published on 20 July 2017, is:

- Prime Minister [Rt Hon Theresa May MP]
- First Secretary of State, Minister for the Cabinet Office [Rt Hon Damian Green MP]
- Chancellor of the Exchequer [Rt Hon Philip Hammond MP]
- Secretary of State for Defence [Rt Hon Sir Michael Fallon MP]
- Secretary of State for Education [Rt Hon Justine Greening MP]

- Secretary of State for International Trade [Rt Hon Liam Fox MP]
- Secretary of State for Business, Energy and Industrial Strategy [Rt Hon Greg Clark MP]
- Secretary of State for Health [Rt Hon Jeremy Hunt MP]
- Secretary of State for Work and Pensions [Rt Hon David Gauke MP]
- Secretary of State for Transport [Rt Hon Chris Grayling MP]
- Secretary of State for Communities and Local Government [Rt Hon Sajid Javid MP]
- Secretary of State for Environment, Food and Rural Affairs [Rt Hon Michael Gove MP]
- Secretary of State for Digital, Culture, Media and Sport [Rt Hon Karen Bradley MP]
- Chancellor of the Duchy of Lancaster [Rt Hon Sir Patrick McLoughlin MP]

I believe each sponsoring department should be asked to submit a paper outlining its contribution to an industrial policy. Each paper would be considered by the EIS Committee, together with a brief from the Competitiveness Unit.

This document would be open for scrutiny by colleagues via the Industrial Strategy Committee, the Competitiveness Unit and the wider public. The Ministry of Defence produces an annual defence review which, in some detail, takes a long-term look at defence policy in the light of perceived threats. It has the virtue of focusing minds on the risks ahead, coordinating policy across government and establishing a sense of purpose behind the policy.

There is, however, an important difference when it comes to individual strategy statements in that there is no common form in which the strategies could be set out. There is not a prescriptive industry-by-industry policy which sets out how a government should relate to any sector. In practice, each sector will have very different relationships with the public sector. In some public sector research programmes, grant mechanisms and procurement policies will be at the heart of an industrial sector's wellbeing. At the other extreme, the effective administration of the regulatory framework may be all that is required. Again, this does not involve a revolution in Whitehall practice. The Aerospace Technology Institute and Automotive

Council are examples of what is needed. There will doubtless be departments that will initially conclude that they have no need to change their existing practices as a sponsoring department. If the Industrial Strategy Committee supports that view so be it. The critical point is that only after a considered judgement by ministers can such a decision be made. Today, in areas of significant importance to our industrial and commercial base, it is this lack of such consideration that is unacceptable.

There should be some pre-conditions for the papers – they should not be just a wish list from ministers, officials or the industries they sponsor. The Green Paper is full of questions that such a process would ensure. The critical point is that so many of these questions have not already been asked and answered.

Allocation of scarce resources

At the heart of an industrial strategy, governments must determine priorities by allocating resources. There are winners and losers. There is no escape. Governments take these decisions directly – ie, Ministry of Defence: procurement – or delegate decisions to quangos such as the Research Councils. I have myself committed billions of pounds to specific budgeted projects. I did my best to get the decision right. Governments across the world conceive, subsidise and support activity after activity from initial research to the final development of products that they perceive are in the national interest. Many of these decisions have very long-term consequences for the industrial base, many cross departmental responsibilities, and virtually all impact on the private sector.

The devolution agenda throws up dilemmas. An industrial strategy must recognise the need for reconciliation involved in inviting local place-based economies to bid for central funds based on their local strengths and the inevitability that many will submit bids for competing or similar projects. All around our coastline plans exist for off-shore energy projects requiring public subsidy and government approval. There are no formulaic, general solutions. There are budgets and the need for decisions. It is important to ensure those decisions are taken thoroughly, against an economically coherent framework and an understanding of the long-term national interest.

Under any government, major decisions of this sort would almost certainly be taken by collective agreement. However, Whitehall needs to enhance such a culture to ensure that all significant investments are collectively considered to ensure implications and opportunities are properly understood.

Yet there are clear advantages arising from a devolution agenda, not least the possibility for sector deals. The voices of the people in an area are more clearly heard, focusing decisions where they are most urgently needed. By bringing decisions closer to a local economic area it is easier to coordinate these decisions into a coherent plan of action. I have been dismayed by the absence of attempts to produce coherent local action plans. Plans that do exist are generalised so as to satisfy the planning community but the absence of specific projects or defined actions make them irrelevant to all but the planners themselves. There is no flesh on the bone. Sir Terry Leahy and I did produce something very different for Liverpool in 2011. We compiled it largely by listening to local people and presenting their views coherently in one document. However, the existence of such a plan provided the platform for the first City Deal between Liverpool and the Government. My report on the future of the Tees Valley outlined the opportunities that existed in that part of England. There needs to be a much wider use of aspirational plans embracing not just a vision but the building blocks necessary to create that vision in our LEP economies.

An obvious criticism is that we would end up with local wish lists that include many versions of the same project. The dilemma crosses field after field of the latest technology. Governments determine regions eligible for grants, allocate research budgets and the location of public investment. It is therefore in the pivotal position to resolve the conflicting bids. But government mechanisms for reaching such decisions and a wide range of others that add up to an industrial strategy is not good enough.

Departments will have to make changes. They will each need a senior official in charge of their sponsoring division with an experienced support team. They will need to avoid the short two- or three-year job-switch characteristic of Civil Service practice if they are to build up sufficient experience. They will have to recruit from outside the

Civil Service to fill part of each team with people from the sponsored industry. Secondments could play an important role, particularly if they could include people who have had experience working in or close to overseas governments.

At the risk of breaking ranks with my fellow politicians, civil servants might be heard to mutter words to the effect that it might help if their bosses had more experience of the outside world themselves instead of the increasingly frequent short cut to power via their postgraduate appointment as special advisers and parliamentary candidates.

There are no headlines in these ideas and deliberately so. However, combined with the other administrative changes in this document they could raise the quality of the discussions in Whitehall to build on our strengths and tackle our weaknesses. The Competitiveness Unit would encourage ministers to set standards and think across Whitehall. As I will explain, streamlined and thus more effective trade associations would be strong enough to discuss an agenda beyond the pace of the slowest ship in the convoy. The increasing programme of devolution would switch much more initiative to the people who are on the spot and who must make things happen. Ministers and their officials need to be at the heart of this process.

Include the quangos

Of course, government departments themselves are but the tip of the iceberg. Directly answerable to one ministry or another are hundreds of quasi-autonomous non-government organisations. The growth of these bodies – referred to as quangos – stemmed from a desire to separate off large parts of the Civil Service where there was a clearly defined administrative purpose that would be more effectively managed outside the Service. To attract the necessary talent and expertise it was felt desirable to create a separate career structure. Quangos are a natural target for those seeking to reduce state intervention. Hunting them is a favourite sport for newly elected right-wing governments. I know. I narrowly beat Sir Keith Joseph in the early 1980s when I closed 63 – one more than he did.

However, quangos can make a significant contribution to the

economy by combining public and private sector expertise with the power to achieve a defined purpose. East London, Merseyside and many urban areas would look very different today without their pioneering initiative.

Quangos should be within the scrutiny of an industrial strategy. Many are extremely powerful. The Port of London Authority is critical in any attempt to develop more commercial activity along the Thames. The Homes and Communities Agency is central to any attempt to achieve the economies of industrial housing.

There is another side to the story. There are quangos that use their powers more intrusively than is necessary. Others see their statutory responsibilities as overriding any other national priority. There is little communication between these organisations. There is a danger that they can become enmeshed in a relationship with pressure groups, specialist journalists, expert commentators and even officials charged with monitoring their performance. They have a life of their own, protected at the first whisper of change by lurid headlines and angry reaction. This relationship can act as a deterrent to any but the most intrepid minister.

I am the first to recognise that there is much to defend in all this: I created several of the giants such as English Heritage. However, I believe that no quango should go unscrutinised.

I believe that the Government should take general legislative powers to add an additional statutory duty, where appropriate, to a quango. This would require it to evaluate what role it could play in wealth creation.

Having consulted an individual quango, if the Government was persuaded the case so merited it, the new duty would be added to that quango's remit. A director with appropriate experience would be added to the governing body to ensure the new remit was effectively discharged.

It might be thought that the kind of SWOT analysis and submission of papers I outlined above would be a normal part of the effective working of Whitehall but nothing so systematic exists. It is

understandable that Cabinet ministers in politically exposed departments have little inclination to explore the minutiae of their responsibilities in search of wealth-creating opportunities. There is also no such culture in the Civil Service where the brightest are usually to be found in parts of a department under political scrutiny, in charge of regulatory activities or monitoring public expenditure.

Consequently, large tracts of the public sector are administered in shadowy Whitehall backwaters or obscure quangos. Unless something goes wrong, the spotlight scans newsworthy and controversial responsibility elsewhere. Certainly, few opportunities exist for cross-Whitehall consideration unless a specific paper is commissioned. There are no management information systems that begin to compare with private sector good practice and enable ministers to scrutinise every corner of their responsibilities. It is too easy to see that it is not so much that opportunities are rejected; much more that they are never considered.

A proper management information system

Historically, there is a rather quaint view that political direction is a matter for ministers while administration is the responsibility of permanent secretaries and their teams. The weakness in this view is dramatically exposed when an administrative failure finds ministers dragged to the floor of the House of Commons to explain as best they can events of which they often have no previous knowledge.

The theory may have had some credibility when departments employed relatively few civil servants engaged in broad-brush policy agendas. Today, public expenditure accounts for 42 per cent of our economy and that does not include great swathes of activity subject to government regulation or influence. The fact is that the management information available to ministers and senior officials is quite inadequate. It would not bear scrutiny in the private sector. Hidden behind aggregate totals are a myriad of activities that are largely unscrutinised, many the accumulation of past initiatives and policies long past their sell-by date. The problem is enlarged when applied to quangos able to describe their activities in such general and imprecise language to ensure that few questions are asked about the detailed implementation of their work.

There is one much-feared mechanism of scrutiny in the form of the Public Accounts Committee. It is largely concerned with the historic misuse of public money. The unfulfilled task is a routine scrutiny of future strategic opportunities of which individual departments and their quangos might be capable. This can only be achieved if there is a process based on the availability of managerial information and that information is subject to the outside scrutiny of a body such as the Competitiveness Unit.

I explored these issues in my report to the Government, *No Stone Unturned*, in October 2012. Recommendation 24 said:

24: A Whitehall management information system must be introduced and should encompass management and financial data as set out in Annex F.

Annex F:

Key elements of a government management information system

What the system should do

A good management information system should bring together operational and financial information to measure both inputs (resource and activity) and outputs (performance and impacts). It should make clear who is in charge and ensure effective accountability by linking budgets and performance to the individuals responsible for them.

The information should allow permanent secretaries and ministers to see how resource is being used across their department and have meaningful discussion of performance against plans. It should also support discussions between officials and ministers on the impact and value for money of existing activity and resourcing of future priorities. It will help identify where extra resource is needed, where savings can be made, including shutting down activity, and areas that may be suitable for transferring to a different delivery model.

What the system should provide

The system should present the purpose and main areas of responsibility for each team (generally branch level – in most cases these will be senior Civil Service, deputy director-led teams) and an organisation chart showing the

structure of each team, with the grade and role of each team member. The key output of the system should be data showing progress against the overall expected outcomes and specific performance measures.

This data should include:

- (i) the financial expenditure and man days devoted to each outcome and related activity; and
- (ii) a report of the impact of each activity. The information should set out both plans and outturns, facilitating interrogation of any variance between them. It should show at least one previous period's outturn, allowing comparison over time.

What the system needs

There must be a single system with common reporting standards that make sense to the centre and departments. Departments must be able to measure accurately the number of man days devoted to each activity. There should be a strong central team that provides:

- Leadership: a clear point of responsibility to ensure departments deliver robust management and financial information
- Central coordination: central oversight to support and challenge departments
- Analytical function: an independent analytical view to ensure a well-informed debate on information coming out of the system.

The Government replied on 18 March 2013, saying:

“**24** A Whitehall management information system must be introduced and should encompass management and financial data as set out in

Annex F. – **Accept 1.21**

1.21 The Government recognises the private-sector expertise and experience that NEDs can bring to departments. The Government continues to seek NED expertise on areas such as performance indicators, operational implications of policy proposals and effective management of departments in business planning, as well as in supporting the delivery of departmental growth commitments. To increase the ability of NEDs to challenge departments and hold

Proposed output from enhanced management information system

Purpose The team covers all of the communications industry. The objective is to enhance the competitiveness of the industry, its service to customers and the competitiveness of its supply chain.

Team leader John Smith

Performance against functions

Function	Staffing (man years)			Budget (£000s)			Performance						
	Previous year Outturn	Current year		Previous year Outturn	Current year		Previous year Outturn	Current year					
		Plan	Outturn		Variance	Plan		Outturn	Variance	Plan	Outturn	Variance	
Licencing: Issuing new licences to operators	9.3	11.7	9.6	-2.1	1715	1615	1600	-15	Licences issues within 3 months	45%	80%	70%	-10%
Sponsorship: establishing dialogue with industries	3.5	3.5	5.1	1.6	450	400	410	10	Decisions overturned on appeal	25%	10%	5%	-5%
Competitiveness: agree skills strategy					500	520	520	0	Dialogue meetings with industry (meetings per year)	23	30	32	2
Competitiveness: supply chain initiative									Feedback from industry CEOs (% positive)	35%	75%	90%	15%
									Strategy signed off by sector group		45%	50%	5%
									Feedback from launch event		20%	20%	0
									Analytical paper completed		10%	20%	10%
									Consultation phase		50%	50%	0
TOTAL	12.8	24.7	22.7	1.5	2665	3235	3280	45	Deliver comms plan		40%	40%	0

Information in this table is for illustrative purposes only

Team Telecommunications policy

Purpose The team covers all of the communications industry. The objective is to enhance the competitiveness of the industry, its service to customers and the competitiveness of its supply chain.

Team leader John Smith

Performance against functions

Function	Staffing (man years)			Budget (£000s)			Performance						
	Previous year Outturn	Current year		Previous year Outturn	Current year		Previous year Outturn	Plan		Current year		Variance	
		Plan	Outturn		Variance	Plan		Outturn	Plan	Outturn			
Service: Improving coverage and service quality across the UK	10	8	8	0	10000	900	810	90					
Broadband: Delivery of superfast broadband access	30	22	25	3	15000	20000	22000	2000					
EU regulatory landscape	10	8	8	0	8000	7400	7800	400					
TOTAL	50	38	41	3	33000	28300	30610	2490					

Information in this table is for illustrative purposes only

them to account on their growth commitments, the Government accepts Lord Heseltine's recommendation and departmental NEDs will have access to officials supporting growth implementation. Underpinning departmental planning and under the guidance of NEDs, the Government is simplifying and improving the quality of operational management information to enable departments and the public sector to have a tighter grip on how they spend their budgets and their costs, outputs and impacts in line with the principles recommended by Lord Heseltine."

Nothing has happened. Discreet enquiries from officials informed me that there was no appetite for the ideas!

The appointment of non-executive directors to Whitehall departments has had some positive effects but the information they receive illustrating the use and cost of civil servants would not stand scrutiny in the companies they run. They should flex their muscles.

Complete the devolution agenda

I have been involved for nearly 50 years in the tensions that emerge when trying to decide where initiative should be encouraged and power devolved in the administration of the UK. Unlike other competing economies, we rely over-heavily on the concentration of power in our capital city.

The Redcliffe-Maud Commission proposed in 1969 a single tier of 61 unitary authorities in place of the 1400 authorities that then existed. Municipal bodies that originated in the mists of history, or were created by legislation to reflect the transportation and communication limitations of horse and foot, survived into the fourth quarter of the 20th century. In the 1970s we reduced the number to 400 often two-tier arrangements. It was as far as Parliament would go. Unitary counties were imposed by legislation in Scotland and Wales in the 1990s. There is little memory of the two-tier system and no appetite to restore it. A handful of English counties became unitary.

In England in the early 1990s, machinery was created to enable counties to absorb their districts by agreement. The entrenched resistance to change is best illustrated by listing the present structure

of the 377 local authorities.

These are divided into 327 tax collection authorities:

- 201 non-metropolitan districts
- 56 unitary authorities
- 36 metropolitan boroughs
- 32 London boroughs
- 1 City of London council
- 1 Council of the Scilly Isles

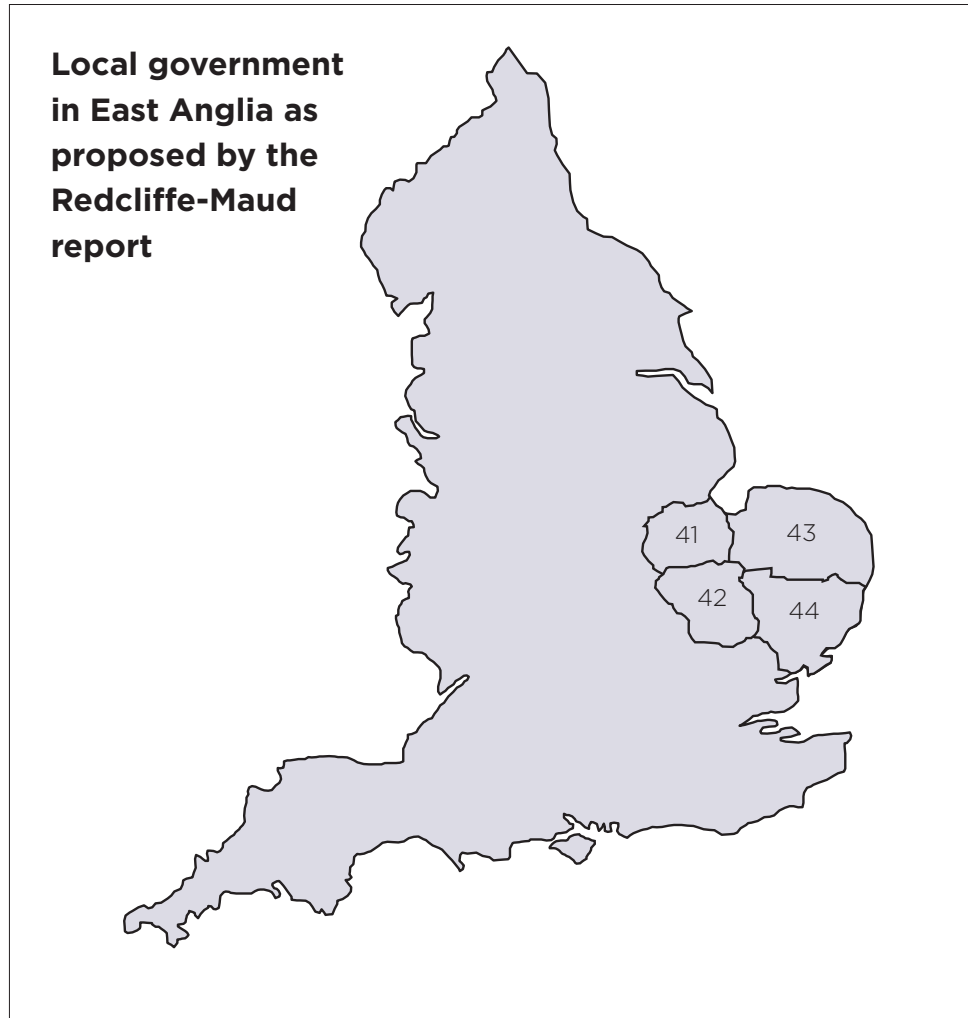
The Greater London Authority, with its own directly elected mayor, was created in 2000 to give credibility to and accountability for a pan-London strategic devolution.

In the rest of England, 46 county councils remain interspersed between the tax collecting authorities and the central government. There is no coherent structural pattern, ranging, as they do, from the six giant conurbation authorities such as Greater Manchester and the West Midlands to the single example of Buckinghamshire, a county consisting only of districts. Five counties have abolished their districts and become unitary counties. Another 17 are two-tier counties with the county authority itself and a number of districts and unitaries within. It is this expensive, confused framework that the government has to incorporate in its industrial strategy. However, local and party loyalties remain as formidable an obstacle as they have since the publication of the Redcliffe-Maud report in 1969. That report and the pattern of the Local Enterprise Partnerships created 40 years later indicate clearly the economic logic pointing to a sensible structure that reflects local loyalties, the location of population, communication systems and the existence of definable local economies – put simply, a pattern for devolved government broadly reflected throughout the advanced democratic world.

Nothing so illustrates the inappropriate administrative and democratic framework within which our economy is expected to increase wealth – and ensure it is spread widely throughout the community – than the situation in and around Cambridge.

Cambridge University is an intellectual and innovative engine at the frontiers of excellence. It leads by thought, research and development to take this country into tomorrow's world. It is surrounded by companies in that league.

The Redcliffe-Maud report recommended that the most effective arrangement to encourage and facilitate the partnership between central government and the local economy would be one of four new unitary authorities covering the entirety of the local economy.



East Anglia would have been divided into four of these unitaries:

41 Peterborough-North Fens – the districts of Peterborough, Fenland and South Holland plus the areas around Bourne, Stamford, Oundle and Ramsey

42 Cambridge-South Fens – the districts of Cambridge, East Cambridgeshire and South Cambridgeshire plus the areas around Newmarket, Saffron Walden, Haverhill, Royston, Huntingdon and St Ives

43 Norwich & Norfolk – Norfolk, except a small area to the west, plus the district of Waveney

44 Ipswich, Suffolk and North East Essex – Suffolk except the areas

around Newmarket and Haverhill, plus the districts of Colchester, Tendring and the northern part of Braintree.

In today's world, the combination of all four would make sense. However, the following list of administrative units in the Greater Cambridge economy illustrates a very different picture:

- The Combined Mayoral Authority of Cambridgeshire and the Unitary Authority of Peterborough
- The City Deal (known as the Greater Cambridge Partnership) of Cambridge City and South Cambridgeshire District
- The Local Enterprise Partnership comprising Cambridgeshire County Council, Peterborough City Council, five Cambridgeshire district authorities, eight district authorities from neighbouring counties Norfolk, Suffolk, Essex, Hertfordshire, Lincolnshire and Rutland
- There are three separate specific groups consisting of representatives from local authorities, the LEP and individual businesspeople looking at the Cambridge Norwich Tech Corridor, the London, Stanstead, Cambridge Corridor (LSCC) and in conjunction with the National Infrastructure Commission, the Oxford, Milton Keynes, Cambridge corridor.

Nearly 50 years after Redcliffe-Maud the reality is a spider's web of unconnected bodies staffed by different officials, local councillors and, in some cases, representatives from the university and private sector. It is a mismatch of responsibility certain to inject maximum conflict, certainty of delay, absence of an agreed strategy, and guarantee that accountability is so widely spread that there is always someone else to blame. At the heart of it all is one of our great universities in a city unable to attract the workforce it needs, build the houses for them to live in or grip its urgent infrastructure challenges.

Given the political barriers, the progress that has been made is much to be admired. The Government has, in practice, offered deals sufficiently attractive to overcome local suspicions and hesitancy.

The mayor-led Greater London Authority has now been replicated in Greater Liverpool, Greater Manchester, Tyne and Wear, the West Midlands, Bristol, Cambridgeshire and Peterborough.

Fortunately, party control now gives both major parties a stake in their success. Directly elected mayors represent a broad cross-party split. The presence of a nationalist party leadership in Scotland, Wales and Northern Ireland further ensures the permanence of the devolution agenda. Significant devolution is now the practice in large parts of the United Kingdom and there is no significant prospect of any reversal of the arrangements.

As so often in politics, there are two ways to look at the present position. The optimistic view is to recognise the progress that has been made and build on it. Such a view must be a vital aspect of the way forward. The pessimistic view would despair at the lost opportunities in parts of the country still engrossed in the rivalries and ambitions of councillors defending their local power and status.

I have no doubt that the right way is for Parliament now to proceed with the completion of a devolution agenda throughout England. This would lead to an extended range of mayoral authorities in all the great conurbations and unitary counties throughout England. It should involve a close review of the boundaries of the existing combined authorities to ensure they coincide with existing economic activity. This could be achieved with existing legislation, would provide the platform for an enhanced devolution package and contribute significant savings in the management costs of local government. The alternative is to just stumble on from one local deal to another. For MPs fearful that the lack of district councillors would weaken their local associations I would point out that there was no difference in the swing in unitary and two-tier counties at the last election.

The Government's hands are not as hard-tied as it might appear – David Cameron promised to establish a national committee of the elected mayors. There are now enough to make this credible and it would enable a much more visible and audible debate about the strengths and opportunities for the devolution debate in England.

In 2014 the Government, as part of its devolution initiative, announced a £12bn programme to be allocated against bids from LEP areas. The money was largely capital expenditure to be spent between 2015-2016 and 2020-2021 and drawn from existing

transport, housing and skills budgets. The bids reflected local economic priorities and could only proceed after agreement by the local authority with its academic and industrial partners. The election of the coalition Government in 2010 brought a major dismantling of regional policy and its local machinery. However, Local Enterprise Partnerships were created to give the local private sector a voice. The LEPs have now been built into much more effective arrangements whereby representatives of the private sector and local academic institutions are a part of the preparation of local economic planning and policy determination. The LEPs were critical to the preparation of the local bid. The bid had to indicate the additional contributions that other parties would add to the public expenditure. The value derived from this process was not only that it reflected much more the priorities of local decision makers but it secured promises of about £24bn in consequential additional expenditure. There is now an urgent need to announce both the next tranche and arrangements for the replacement of the European structural fund monies should Brexit take place.

The lack of any announcement about the future of the single pot encourages the fear that Whitehall departments have regained control of their budgets and all that will be left of the devolution agenda will be a represented and renamed substitute for the European structural funds.

The slow progress in replacing administrative arrangements is not difficult to explain. There is a close relationship between Members of Parliament, constituency boundaries, local authorities and elected councillors, many of whom are prominent members of the same party. Governments have had to face the consequence of this. In determining how far they can go, progress by consent has usually been the only practical option.

I see the devolution agenda based on the close cooperation of the public and private sectors as the critical step in the recreation of our great power centres of the 18th and 19th centuries. This means a reappraisal of the function of Whitehall. As presently structured, Whitehall is too often provider, administrator and quality arbitrator of product and standard. This should change. Whitehall priority should be to determine what services should be provided, who should

provide them and at what quality. It should then concern itself to ensure that these services are world-class. It is very difficult to do this when one minister and one department are responsible for both provision and the quality of that provision.

There are consequences that flow from this reappraisal of Whitehall functions.

The allocation of funds should be influenced by outputs after a competitive process. This would focus the minds of local officials and their political masters on the results they seek and must achieve and much less on league tables showing how much they spent. Too much public service is measured by the amount spent on this or that budget rather than the much more relevant test of what was achieved.

Such a results-based process would encourage standards to rise, force public service contractors (local authorities or private companies) to argue from achievement and not just entitlement.

There would be a much greater local willingness to question the priorities of existing budgets if they had the discretion to make better use of the money.

The system contains little incentive to attract additional resources. The use of a competitive process can secure significant expenditure above government's contribution. The Regional Growth Fund was designed in 2010 to create jobs in those areas of the country most adversely affected by cuts in public expenditure. A budget of £2.6bn was distributed in a competitive process which demanded local contributions. Private companies and other partners added an expected £16bn in extra expenditure. Time and again it has been proved that socially designed budgets can be so enhanced as a consequence of a competitive bidding process. An early example was City Challenge in the 1990s, an initiative to enhance the quality and standards of deprived local authority housing estates.

The creation of choice stimulates experimentation and encourages new organisations to enter the field. They learn to build on their success. They develop products exportable to the world markets.

Perhaps the most important argument is that the process gives local people a sense of ownership and responsibility. Communities become involved, enthusiasms are encouraged, responsibility widely spread, success recognised and replicated. Nothing can be more important for our country in the ever more competitive world we face. Nothing matters more for the increasing number of people dependent on the wealth that an industrial strategy must create.

Regional policy is part of the controversy of politics. This is evident in the wholesale dismantling of the structure of regionalism that had largely grown in the decade beginning around the turn of the century. It was argued that much of the activity was expensive and wasteful, while the concept of regions attracted no loyalties that could match those felt for the historic cities within them. By 2010, Government policy was clear. The apparatus of regionalism was to go. The big cities would be encouraged to elect powerful mayors along the pattern established in London. Counties that had not achieved the legal status as unitaries would remain two-tiered and a new very light touch partnership between public and private sector would be created in the form of some 60 Local Enterprise Partnerships.

Government policy since then has set out to turn this general approach into working groupings as already set out above. One new and very important additional initiative has seen the return of business rates to local authority budgets.

Within these changes there were several consequences. First was the effect on the outposts of Whitehall itself. In the 1990s, several departments had offices in the big cities. They were there to liaise with the many clients of the sponsoring department without making them travel to London. These outposts were the local eyes and ears of Whitehall. As governments increasingly encouraged local authorities to make plans based on local factors and their inter-relationships so it became clear that some coordination of these outposts would reflect changing practices. Consequently, these outposts were co-located in one building and their senior civil servants brought together in a joint committee. The only purpose of this exercise was to serve central government more effectively and give local people a one-stop shop closer to home. In 2010 it was decided to close down this arrangement. Of course, Whitehall did no such thing. It simply

moved its people back into separate offices!

Ironically, a Government that has made such progress in putting place-based political structures in our big conurbations, and in incorporating the private sector into the process, actively reversed its own ability to match this local evolution. It is important for central government to realign its own divided structure to reflect the plan-based nature of the local strategies that are emerging from the devolution agenda.

A second initiative that followed from the Government's decision to dismantle regionalism was the creation of the Local Enterprise Partnerships. Whatever the criticism of the regional apparatus, it was widely and properly recognised that many people from the private sector made important contributions at a working level or in an advisory capacity. This partnership between public and private sector was an important cultural shift and it has been preserved at the heart of present arrangements.

At the core of the LEP structure are the local authorities. This is inevitable. They have the resources, policy control and public accountability. However, each LEP consists of people from the private sector with experience of large and small businesses and, most welcome, the representatives of academia, often vice-chancellors of the local university. The system is working and has stimulated not only a feeling of community but also a feeling of influence over events. An initial scepticism has gone as resources have been made available – often by the local authorities – and as their recommendations have been increasingly recognised in the devolution agenda. Inevitably, some are working better than others. That should be a stimulus to secure the necessary improvements, not an agenda to tinker and meddle. One exception is the requirement for a boundary review mechanism where the original delineation may not have proved appropriate.

Summary of the role of government

As part of its contribution to an industrial strategy, therefore, the Government needs to take these steps:

- 1 Create a ministerial committee embracing all the wealth-generating potential of Whitehall under prime ministerial control.
- 2 Establish a competitiveness unit of world-class expertise and experience to advise the committee on the policies of our competitors and the standards they are achieving.
- 3 Instruct each department to analyse and report on its ability and that of its quangos to contribute to an industrial strategy.
- 4 Take the power to appoint to any appropriate quangos a person qualified to analyse wealth-creating potential within its powers.
- 5 Organise the Civil Service to enable it to respond effectively to the increasing place-based policies that devolution is encouraging across the UK.
- 6 Introduce management information systems in the public sector to reveal in detail what civil servants are doing and what it costs.
- 7 Publish an annual Competitiveness White Paper along the lines of the Strategic Defence & Security Review but outlining the UK's agenda to remain or become world competitive within an industrial strategy.
- 8 Finally, conduct a rigorous process of devolving responsibilities for the execution of more policy functions within the devolved framework including the skills agenda and employment programme.

Changes as evolutionary as these could be absorbed within the structure of local authorities and LEAs. Designing and implementing more fundamental change would absorb time and effort that our present competitive position does not advise.

There are changes, however, that are needed within the structure of the private sector.

THE CHANGES NEEDED IN THE PRIVATE SECTOR

The concept of an industrial strategy is not without its articulate critics but there is a wide consensus among British companies that recognises a role for government, is aware of the support overseas companies receive from their governments and accepts that, as a nation, we could work far more effectively if there were to be an overall strategy.

There would be little difficulty in indicating and refining the changes that government should make that would contribute to such a policy.

However, there is little evidence that the private sector itself recognises the changes needed to enable it to play a meaningful role as a partner.

The Green Paper avoids much controversy behind its belief that the private sector should lead the process. Government would respond to bids from industrial and commercial sectors after a challenge process. There are serious weaknesses in this approach. At best it will attract a response from limited and almost certainly better performing sectors of the economy. The underperforming parts will do just that. Even within those sectors that do respond, there are structural realities about the way they are organised that will tend to make their bids little more than wish lists for government that ignore the fundamental issues, particularly productivity levels. It is tempting for the private sector to criticise educational standards and skill shortages while ignoring the uncompetitive use it makes of people in its employment. The challenge for government is to recognise that those who come forward will include many of our best and most competitive companies. An effective industrial strategy demands that government looks over their shoulders to those who drag down the average and do not have self-criticism high on their agenda.

Making trade associations more effective

There are about 2500 trade associations in the Trade Association Forum's directory. Industries are fragmented into numerous subgroups. There is a consequence in the present arrangements. Trade Associations are expected to represent their members. Failure to do so with sufficient force can lead to a loss of members or the creation of new break-away bodies. The consequence of overstating or oversimplifying the case to satisfy the least successful companies in any cohort produces a cynicism in Whitehall. It hears the voice of the slowest ship in the convoy. The financial fragility of many trade associations frustrates their ability to question the case they are expected to argue. There are two ways in which a solution could be found.

The first is the private sector solution. Trade associations are an essential part of any constructive dialogue with outside bodies. They are financed in large measure by bigger companies. They could arrange a rationalisation of the associations in their sector. They could use their subscription power to create fewer large, more resourceful bodies. They could ensure that their supply chains followed suit and they could ensure that government, local authorities and quangos – as appropriate – engaged in a range of subjects of mutual interest such as education, skills, exports and productivity. Very substantial economies could be achieved which could be used to improve the analytical resources of the restructured associations. I doubt that will happen. Company chief executives have other priorities.

The alternative is that government identifies the lead trade association within an industry with which it is prepared to have a dialogue. The practice secured some rationalisation in the 1990s. Of course, it would remain important to listen to the arguments of industrial sectors but, as the Green Paper indicates, it is also important to have bodies strong enough to be self-critical in examining their existing practice and performance. Rationalising the trade associations within an industry to create organisations that have the resources and independence to conduct an effective dialogue with government should be an integral feature of the new sector deals.

A similar problem exists at a local level throughout the country in that the private sector is represented by different organisations.

Uniting and supporting the private sector

The British Chambers of Commerce, the Confederation of British Industry, the Engineering Employers' Federation, the Federation of Small Businesses and the Institute of Directors all have locally based memberships. In practice, if you add the membership of all these local bodies together they usually do not total more than 20 per cent of the business community although that will include a higher proportion of the larger and medium-sized companies.

The majority of companies do not belong to any of these

representative bodies. Within the five groups there are rivalries and tensions that militate against the creation of a simple one-stop approach serving the local community.

There has been an ongoing dialogue about the most effective way to fill this gap and provide our companies with the quality of support available to their competitors overseas. This ranges from compulsory membership of the local chamber of commerce in Europe to the US Small Business Administration.

Attempts to do this in the 1980s led to the establishment of Business Links which today are being replicated in the local growth hubs. Each Local Enterprise Partnership should drive its growth hubs in cooperation with the local Chamber of Commerce and other partners.

What growth hubs can do

England today has a comprehensive range of local enterprise partnerships which draw together in one organisation people from the most significant contributors to the strength of the local economies. The local authorities, academia and the private sector contribute to plans and proposals to strengthen their performance and contribute an essentially local perspective to decisions in which the central government and its agencies are critically involved.

Each LEP has a one-stop shop designed to support and help the private sector. Usually these centres – growth hubs – are centred on the local Chamber of Commerce and enjoy the support of local employer organisations including the CBI, EEF, IOD and FSB. With their own premises and websites, they can provide information on demand for small and large companies, including such matters as start-up procedures, procurement opportunities, tax policy, partnership and mentoring services, professional services, exporting, and the specialist activities of local universities. The full range of activities will be locally determined and reflect the character of each economy.

These matters can be pursued face to face, online or in specific meetings. Basic services are free. Charges can help finance the regimes. Both central and local government contribute to the basic costs.

As with any newly established network, there is still room for improvement which should be driven to the greatest extent possible by local initiative and comparative competition. Government could stimulate both these by organising an annual convention to discuss the range of service provision and its quality. Growth hubs should produce annual reports outlining their services and usages. Government should take steps to ensure the service is sufficiently impressive that they are seen as valuable by companies and thus attract people with the necessary ability to preside over them.

In practical terms, the growth hubs are England's nearest equivalent to the Small Business Administration in America and the chambers in Europe.

As the devolution agenda develops and more mayoral authorities emerge, there will be a requirement to review LEP boundaries to avoid overlap and maintain the relevance of LEPs and their growth hubs. Only central government can achieve this but local devolved areas should be encouraged to propose suitable adjustments.

In the enterprise economy, there is no substitute for the quality of the product, the ability of the entrepreneur and the combination of both in a competitive marketplace. Particularly at the outset, it is a lonely and often stressful journey. The proposals outlined in this paper do nothing to blur the disciplines of the marketplace. They are designed to give to British entrepreneurs the encouragement, advice and support that so many of their overseas competitors take for granted.

There is a huge ongoing demand from the private sector for help, guidance and information. In 2010 Business Link was attracting 2m hits a year. An internet directory of local and national services is, of itself, a valuable facility. The dissemination of information for local exporters is crucial in an export policy. In this sense the growth hubs perform a valuable service but for an effective industrial strategy there is a bigger agenda.

Much interest is now focused on the desirability of helping our small companies to grow. The scale-up agenda is an integral part of an industrial strategy. As a nation, we are at the forefront of world creativity but we lag in our ability to turn one-man bands into

successful medium-sized companies. Each growth hub should have as its resource advisory services that are not partial and patchy as they are now.

An important ingredient of scale-up is long-term financial support. Reductions in taxes over decades have made important contributions to the ability of the private sector to refinance itself and thus invest and expand. However, that is not enough. Recent innovations have sought to find a middle way between personal saving, the family loan, overdraft or the mortgaged home as start-up capital and the full vigour of public flotation on the other. It should be a priority of each growth hub to advise about and indicate the provision of finance from sources of patient capital.

Patient capital to grow businesses

It is widely accepted that there is a serious gap in the availability of patient capital for the development of the very small businesses which wish to remain in local and family control.

I listed higher up the start-up record of very small businesses in recent years. It reveals the appetite for such ventures and the ability of existing regimes to finance the process. Undoubtedly the tax regimes, largely unchanged since the mid-1980s, are a major contributor. There are many people wishing to invest in very small activities, there are many with the savings to become self-employed and many companies have benefitted from close company status to retain family control. These regimes are an essential background against which to sustain the vigour and initiative of a growing economy.

At the other end of the scale there is a ready availability of investment funds in the City of London. Any medium-sized company is familiar with the invitation to discuss its future over a lunch with a well-known bank. Before the lunch is over, the subject of an exit strategy will reveal that the bank's real agenda is public flotation, with all that it involves. It may be right for some but there is a hunger for a middle way. The question to be asked is: how have the Germans preserved the Mittelstand of family-owned businesses of scale while we have not? The answer invariably refers to the Kreditanstalt für Wiederaufbau, about which I'll talk shortly.

Alongside the demand for new vehicles of patient capital has been increasing interest in the potential to identify those small companies with the best prospect of growth and helping them do just that.

Scale-up companies are defined as any company with annual turnover or staff growth of at least 20 per cent per annum over the past three years. The ScaleUp Institute estimates there are about 20,000 such companies ranged widely across different sectors in the UK. There is an even larger number of companies below this defined threshold but with many characteristics in common. The Scale-Up Report published in 2014 analysed five key challenges: employees with the right skills, leadership capability, accessing customers in new markets, effective infrastructure and the right combination of finance. Growth hubs are, or need to be, involved in all these but the availability of new forms of finance requires government initiative.

Under pressure from the Government, Barclays, HSBC, Lloyds, RBS and Standard Chartered banks established BGF (formerly known as Business Growth Fund) as an independent company with up to £2.5bn to make long-term, minority-stake, equity investments. Since 2011 BGF has invested more than £1.3bn in nearly 200 growing UK companies; more than 70 per cent has gone to firms outside London and the South East. BGF's experience has revealed the demand for patient capital across almost every sector and region of the UK, and there is clearly an opportunity for both BGF and other private investors to do much more.

This should be seen as a step in a direction that still consists more of opportunity than achievement. The Government has launched an initiative to identify appropriate companies. A pilot project is being run by BEIS to use National Insurance and VAT returns to identify growing businesses. The next step is to feed this information through the growth hubs so that we have a truly national and comprehensive approach.

This will require a far bigger availability of finance in forms attractive to small entrepreneurial companies. As the Chancellor himself identified in a speech to the CBI in July 2017, there continues to be a gap in longer-term development capital for growing, innovative

businesses. His predecessor made the same point.

The United States has investment firms focusing on this sector which attract investment from many UK institutional funds. We need to understand why such concepts can work in the American economy and not here. Understanding the problem should be seen as the imperative to solving it.

Another equally well-known barrier to fund availability is the small scale of many British pension schemes. They lack the analytical skills and thus the confidence to embrace the entrepreneurial world. Quite rightly, they are risk averse and their small scale leaves them no room to create a wide spread of investments. This realistically is a field for Treasury initiative to encourage the mergers that would not only save overheads but create vehicles able to support other lending agents in our local economies. The feasibility of such activity is well-illustrated by the acquisition of High Speed 1 by Canadian pension funds. HS2 will have a residual value that could reduce the public sector costs. We should create development corporations for large areas around the HS2 stations, leaving only the inescapable uneconomic costs for the public sector while sharing the planning gains between the local community, financial institutions and the entrepreneurs responsible.

A British sovereign wealth fund

Two other concepts exist overseas that should be replicated or adopted to suit the needs of our devolved economy.

The first is Germany's KfW. It was created as a central body to finance post-war reconstruction by the Anglo-American occupying force in 1948. Nearly €1bn from the Marshall Plan supported the rebuilding programme. The purposes of the funds have widened over the decades to address issues such as overseas aid, environmental policy, training and education and reunification but at its heart remains the provision of finance for start-ups and SMEs. Today's KfW is guaranteed by the Federal Government, achieves a profit of over €2bn per annum and enjoys AAA ratings with the international agencies. With a staff of more than 5000, it is one of the most popular employers in Germany.

The second is a British sovereign wealth fund. Sovereign wealth funds are now a well-established part of the financial horizon. Although originating in the United States in the mid-19th century to attract funds for specific public services such as education, nearly 100 years later – in 1953 – Kuwait took up the idea by establishing its Kuwait Investment Authority. Such funds are now commonplace across the developed and developing world and have untold sums of money at their disposal. Unease about their ability to buy into companies of strategic importance in the advanced world has led to protectionist measures to scrutinise takeovers. Both America and Germany have taken such precautions.

Properly regulated, sovereign wealth funds can offer three important advantages. First, they can start small and grow consequent on their ability to generate success from their investments. Over time, they can accumulate substantial funds. Second, they have no need to sell or liquidate their holdings, which provides long-term stability to family and private owners. Third, they provide an underpinning for capital investment for the long term that counters the pressures on government to facilitate consumption.

Our Government should create a British Investment for Tomorrow Fund. This could attract support from any consolidation of local authority pension funds.

Local public-private partnerships that work

The devolution agenda will increase the opportunities for greater participation by local entrepreneurs in local activities. Education is an example. But it is a job only half done if managers with private sector experience become school governors without the knowledge to do the job, or of what others have achieved, what the law says, and international comparisons. They need to know what the best companies are achieving in partnership with local schools and be aware of how technology can revolutionise teaching.

Local public-private partnerships encourage local communities to work together to maximise their strengths. The practice of judging public and private expenditure in the context of a local economy increases local spend, focuses expenditure more widely across

projects and not just functions; and, to me, most important of all, creates dialogue and trust that empowers local communities. With that empowerment goes accountability, itself an important change. It is to this enhanced opportunity within communities that a more committed and resourceful private sector is increasingly willing to contribute.

Best practice to drive exports

The same approach should apply and be on offer in the spread of best practice to drive exports, to raise the quality of apprenticeships, to learn of local procurement opportunities, to explore cooperative working with local universities and to share in the experience of those who have passed through similar problems. Across the country there are numerous examples of how such an approach is enriching the experience of people in work. This process needs to be understood and experienced by many more.

Time and again governments respond to issues such as these by appointing committees chaired by a distinguished corporate leader and whose membership will have a familiar look: equally distinguished people drawn from one or other of Britain's most successful companies. If they have experience of exporting they will understand world standards of competitiveness. We have plenty of world-class companies but they will be drawn from the same 20 per cent I mentioned earlier. Our problem is that between 70 and 80 per cent of our companies do not export and are unaware of our productivity gap. There is no magic solution in providing better support systems but we are way behind the scale of support our competitors enjoy. The underlying challenge is to focus on the large number of less-well-managed, lower-productivity firms in the UK. Large companies could be encouraged to use their supply chains to raise management standards and performance. That should be a win-win for them and their suppliers. We should commission from the Foreign Office a survey of the publicly financed support given to our competitors in our principal export markets.

In the United Kingdom, there are three underlying concerns that stand in the way of erecting a world-class support system for our companies. The first is the reluctance of government to become

involved because that runs the risk of opposition from the existing private sector representative bodies backed by sections of the media fearful of a corporatist agenda. Second are the cost implications of introducing membership fees for such an organisation which are a significant alternative to government subsidy. Third, there is little enthusiasm among many Chambers of Commerce who quote earlier government initiatives to which members responded only to be left with the redundancy costs when subsequent governments abandoned the project. The consequence is a support service less adequate than those available to the overseas companies with which ours must compete. Here are just two examples: the London Chamber of Commerce has just over 20,000 members whereas the Paris Chamber has more than 300,000; and the flourishing German Chambers send an army of people around the world to seek and build on information helpful to their already very effective exporting companies.

The need to involve more of our companies in the export market – arguably even more important in a Brexit context – is easy to see. It is an important purpose of the devolution agenda.

How the Germans have tackled exporting, (outlined right), holds important lessons for us.

China's latest, formidable plan

Another good example of industrial support is the interwoven structure of the Chinese government, companies and banks. It would be dangerously naive to believe that China has transformed from a peasant to space-age economy driven by the theories of a free-trading market economy. It isn't necessary to have detailed knowledge of the minutiae of Chinese economic management to know that there is a plan unlike anything we are familiar with or capable of replicating. If the mechanisms are hard to penetrate, there is no secret about the purpose.

In July 2017, President Xi Jinping and the CPC Central Committee published their view of the way ahead. As part of their plan to foster new drivers for economic growth they will raise the quality

The German approach to exporting

German exports depend first and foremost for their success in world markets on their quality, reliability and market relevance.

But behind the statistics of Europe's most successful exporter stands the worldwide network of the German Chambers of Commerce Abroad – AHKs. It operates from more than 130 locations in more than 90 countries. It has just published its first annual report setting out the scale and purpose of its achievements in 2016. It has approximately 1900 employees supporting German companies in international commerce and over €40m each year from the Federal Ministry for Economic Affairs and Energy. Plans are in place to expand the service to include Cuba and Tanzania. In 2016, 33 events held across Germany outlined opportunities in newly opened Iran.

Public finance is a critical part of the support for the network but the private sector

is the principal driver: 1500 company executives give their time as board or committee members and companies pay almost €130m for its services.

The services include worldwide and professional consultation and support to start or expand a business abroad. The organisation will provide address research and seek premises and partners. It offers advice on legal matters, tax, credit rating, customs information, qualified staff recruitment and support with trade fair activities.

There is an evolution and performance review every year.

In addition to the AHK, German companies have the support of their diplomatic and consular services across the world and the domestic network of local chambers to which companies must belong.

Extracted from the 2016 AHK annual report

of products and services, cultivate new industries and business models and boost internal impetus for economic growth. Integral to the Central Committee's policy of opening up a world in which it argues protectionism has surged since 2008, it cites its Belt and Road initiatives and the Asian Infrastructure Investment Bank (AIIB) as its agencies.

Put simply, within this plan lies a formidable economic programme to increase the ability of Chinese companies to compete in areas such as higher-quality products where much of the West's present strength resides. They will pursue it with all the economic and political resource at their disposal.

THE ROLE OF EDUCATION

No industrial strategy can be credible if it does not concern itself with the education of our young people and the skills with which they are equipped. Three departments are relevant here:

- Department for Work and Pensions runs the employment service and provides the training designed to help the unemployed into work
- Department for Education is responsible for our schools and has just taken over responsibility for higher education and the training agenda
- Department for Business, Energy & Industrial Strategy oversees science and innovation.

In the international competitive race, the harsh truth for the UK is that the Department for Education is not fit for purpose.

Two statistics speak volumes:

First, the OECD's 2016 Programme for International Student Assessment ranked the UK 21st in reading and 27th in mathematics. The Department should prepare and publish a report explaining why other countries do better than us and what it intends to do about it. Second, the BBC reported on 4 July 2017 that two-fifths (39 per cent) of primary school pupils in England failed to meet expected standards in reading, writing and maths.

The Ofsted Report for 2015/16 recorded some improvement over the previous year but the fact remains that 10 per cent of our primary school children and 22 per cent of our secondary students are in schools that the Department deems to be less than good or outstanding. In the end, it is the Department for Education that must answer for this.

The Ofsted Reports of 2014/15 and 2015/16 revealed a quite unacceptable situation. The 2014/15 Report noted that Ofsted's Regional Directors in the North and Midlands pointed to a lack of political will as a common factor holding back performance in England's worst performing areas. The Report referred to the 16 local authority areas where less than 60 per cent of the children attended good or outstanding secondary schools. Thirteen were in the North and Midlands, a disparity that recurs frequently in Ofsted's qualitative analysis.

The consequences are profound. Low productivity, high social, health and unemployment costs and all the familiar problems of low-attaining, poor communities with high levels of immigration.

Under ministerial direction, the Department has too often been concerned with structural changes to the system and too little with the everyday performance of the schools for which it is ultimately responsible.

The simple fact that emerges is that a large minority of our young people are not being educated to a standard that will equip them for the ever more sophisticated world in which they will have to earn their living.

Certainly, both in the public and private sector we have much to be proud of. We have many schools that are equal to any in the world. The 78 per cent of secondary schools identified in the most recent Ofsted report as good or outstanding are in all areas of the country and attract pupils from a wide range of ethnic, social and cultural backgrounds. The clear conclusion is that high attainment is possible throughout the country and in all communities. It follows, unfortunately, that if 78 per cent of schools are achieving good standards, 22 per cent are not.

Of particular alarm in the 2014/15 Report was the divisive result that, after the age of 11, children in the North and Midlands were much less likely to attend a good or outstanding secondary school than those in the rest of the country. Of the 173 failing schools, 130 were in the North and Midlands. The Report pointed out that London, with the highest levels of disadvantage in the country, had the best performing secondary schools. Some East End boroughs have nothing but good or outstanding schools. No excuse there then!

Let me state quite clearly that this is a political failure applying to administration after administration over decades. It does not need to be so. In every environment, no matter the racial or immigrant mix and regardless of social income group, we have excellent schools. Where the will has been effectively demonstrated, dramatic improvements have been achieved. Put simply, it is the willingness of those responsible – either as governors, local councillors and officials, Whitehall and ministers – to tolerate unacceptable levels of attainment that is the problem. There are no secrets here. The ranking of school performance is published locally and regularly. Everyone knows where the failing schools are. Certainly, parents know as they migrate into catchment areas close to the better performing schools.

Emphatically, this is not an attack on our teachers. I understand very clearly the role teachers play in modern society. They certainly teach as they are trained to do. However, they are often in the front line of society's challenges. Children are sometimes difficult. Some come from broken or disrupted homes, some have behavioural difficulties, there is the disparity of family income or racial background. It is this kaleidoscopic background that teachers must adjust to as they attempt to go about their jobs. Understandably, many hope to climb their ladders of aspiration, but to become head teachers it is important to recognise that there is a world of difference between being the most effective classroom teacher and undertaking the managerial role of leading schools of more than 1000 students. In recent years, there have been welcome initiatives to draw people from outside teaching into school administrations to help support teachers, including the establishment of the National College for Teaching and Leadership to attract and train a future cadre of head

teachers. The Department's tolerance of too many low standards should encourage scrutiny of the quality of the courses.

I am aware that there is a wide debate about the measures necessary to tackle the unacceptable performance of too many schools. It includes the enhancement of the professional status of the teachers and, inevitably, the levels of pay necessary to attract the right numbers and quality. There have been initiatives designed to deal with these issues. There may be more to do but none of this explains the disparity of performance where, within the existing regime, such wide results occur and are accepted.

Education's way forward

However controversial it would be, the Secretary of State for Education should embark on a policy of zero tolerance for failing schools. The present funding model will inevitably be determined in dialogue with the Treasury. The Department should redefine its purpose so that it sets the standards it wishes to see as a minimum and then restructure itself. It should devolve as much execution of policy as possible to local people through unitary authorities, Local Enterprise Partnerships and mayoral authorities.

The purpose is to secure local commitment from all those whose children are in our schools and those in the public and private sectors who will ultimately provide the jobs the young people will seek and upon which society depends.

The effective implementation of such a policy will demand clear definition for the role of the newly created Regional Schools Commissioners. They need to see their responsibility as the pursuit of quality in all our schools regardless of the distinction between academy, free or local authority administrations.

A very high proportion of the young people in education and those without jobs will hope to find work in the private sector. It seems sensible, therefore, to ensure a significant input from the private sector into a process that prepares boys and girls and men and women for work. The more organised the private sector the bigger contribution it can make. There are many admirable examples of

companies working with the educational authorities in such ways. There should be many more. This would involve school governors being properly informed about how to do the job, support careers advice and open days, organise work experience schemes and apprenticeship opportunities. Such an approach should be part of a local culture, not just the exercise of goodwill by the handful.

What to do about failing schools

In conjunction with the mayoral authorities and the LEP, the Secretary of State should invite the local authorities or chairman of an academy to request from the governors and head teachers of each relevant school a plan within three months setting out their proposals to raise standards.

The Department should establish a specific fund distributed by competitive allocation to encourage, incentivise and reward improvements.

The outcome is unpredictable. In some cases – hopefully a majority – local community concern will lead to the necessary improvement. In the last resort, there are solutions including direct intervention. What is not an option is the ongoing acceptance of failure with the human tragedy involved.

Most of us with constituency experience have witnessed the process of improving schools. Invariably one factor is central: the change of head teacher. In every walk of life, the same story applies. Show me the problem, show me the person in charge. We are too slow and too reluctant to apply the logic to too many schools.

This pamphlet is about industrial strategy. The quality and content of education is arguably the most important factor in training each new generation for the world of work. But you can't educate only those with aptitude and the willingness to learn. Our society rightly expects a universal quality to be available to every child.

The fact remains that while most our schools are performing well, too many are not. We cannot wait for a new generation of teachers or for recruitment from outside the profession, however much this

should be encouraged to bring about the changes we need. We have to depend on our existing teachers to achieve improved results in the short term to face our country's competitive challenges. Fortunately, there are many examples to show it can be done.

Undoubtedly, the flexibility and new thinking in academy chains had good results in the 2000 inspected schools in 2014/15. But in the same year 99 academies declined from good or outstanding to less than good. This provided an opportunity for local authorities to devote their energies to complain about the new Regional Schools Commissioners and the budgeting consequences on the retained schools rather than the performance in the retained schools themselves for which they were responsible. It seems to me this controversy obscured the fact to which the most recent Ofsted Report returns again and again. Success was too often measured by the rate of conversion from one system to another rather than the need to concentrate critically on individual school performance.

Looking ahead to the challenges we face, having in mind the social and moral obligations that any government should respect, it is obvious that this whole field of education and training has accepted too many examples of low standards for too long.

The skills agenda

The OECD statistics relating to 15-year-olds go some way towards explaining our reliance on immigrants for an adequate supply of skills. In every corner of our economy today there are skill shortages, although there are important initiatives under way – particularly in the increase in apprenticeships – to cope with this. The Department for Education has a multi-billion skills budget under its direct control. The Department faces a major challenge in its newly acquired responsibility for apprenticeships and the colleges of further education. The 2014/15 Ofsted Report recorded that 77 per cent of FE colleges were good or outstanding. A year later, only 71 per cent were deemed good enough. In fairness, changes in curricula and funding have injected significant challenges in the sector, which will need rapid transformation to cope effectively. There is an urgent need to engage both public and private employers in the provision of the skills they need and can employ. That will happen faster and more

effectively if ownership of the training colleges and their syllabuses became subject to far greater local control. The mayoral authorities and the LEAs should be involved with the unitary authorities. They should support ambitious targets for every school and college in their area. The task for the Department should be to set and monitor standards.

REGULATING, AND NEW MARKETS BASED ON COMPLIANCE

Completing forms is tedious and time consuming. Many of us have difficulty even understanding the questions let alone preparing factual answers. Small businesspeople, exhausted at the end of the day, are confronted by ponderous paperwork. Their flashpoint is low; their resentment understandable. As I said, I've been there.

The position changes, however, as the scale of the business grows. The reality is that the company either employs someone whose job it is to cope with the frontiers of bureaucracy or subcontracts to specialists.

Markets know no morality. Where there is a demand, someone will try to fill it. Think of the slave trade or the exploitation of today's refugees. Regulations are the strands of the web that defines modern society. Civilisation is the product of codified behaviour governing every corner of modern life. As public opinion demands higher standards in such areas as health, food, safety, air, water and much else, so politicians will respond by regulating to create or raise standards. The regulations will have legal precision because a tiny proportion of those affected will otherwise seek to escape their effect.

No minister starts to regulate the behavioural pattern of an industry without anticipating the predictable criticisms. The companies concerned will complain about their loss of freedom to meet consumers' demands, the reduction in choice, and about costs for them and their customers. Ministers must decide case by case whether the public interest outweighs these arguments. They will also take into account the cost to the public purse of not regulating,

calculations unlikely to feature in the reaction of the companies themselves. The mandatory use of seat belts did impose costs and was criticised as diminution of personal choice. The avoidance of human tragedy and saving of cost to the NHS far outweighed the cost involved for car users and manufacturers. In a more contemporary setting, the failure to effectively regulate sugar content in foodstuffs is storing up a mountain of costs for the NHS as obesity becomes every day a more obvious feature of life.

The critical point, however, is that by regulating, governments create a new market based on compliance. This is the positive side of regulation. The normal practice in Whitehall is to wait for public opinion to demand higher standards, regulate, and then concentrate on enforcement. This is a process that tends to leave our economy behind our competitor countries that are setting the standards which lead public opinion. Their industries are thus first to produce products that comply with the higher standards. As other countries follow and raise their standards, the pacemakers have the products to meet the rising demand. Indeed, a further advantage of the pacemakers is that they are often in the position to set international standards. The lack of any such foresight and to accept low standards for too long is in part responsible for the flow of manufactured products into our country.

Ministers do of course need to be vigilant in the scrutiny of gold plating by our zealous Civil Service. I was in my office as President of the Board of Trade when an official apologised for the late arrival of a submission inviting me to regulate to enforce the European Banking Directive. We need to lay this order tomorrow to comply with the timetable, I was advised. I had heard rumbles about this directive in the parliamentary lobbies. I asked if the regulation I was being asked to put before Parliament complied precisely with the Directive. Not exactly, I was told, because it would have had no effect if that was all we had done. “Take it away and do precisely what the Directive says,” was the essence of my response. The new regulation laid the next day caused no trouble. Our Civil Service can be overzealous.

Opportunities stemming from industrial strategy

It seems appropriate to illustrate the generalities about an industrial

strategy with examples that I believe merit consideration. Such examples could be found across Whitehall if the will was there and the machinery existed.

Noting the lessons from the transformation of the River Mersey, I now believe we should set a new 25-year target of zero tolerance of all polluted discharges. It would be controversial but, in practice, virtually all capital equipment involved in discharge will have to be replaced or rebuilt in the ordinary course of business in that timeframe anyway. The appropriate authority would simply define now the discharge standards that will apply in 25 years' time. I think public opinion all over the world will increasingly focus on urban water quality. If Liverpool were to be a world standard-setter in urban water conditions, that could lead to the creation of consultancies and companies developing appropriate products. As the world market grows, these companies could service it by supplying appropriate equipment and expertise.

Creating such test beds in the home market can offer leadership to domestic companies. Many may complain at the time about the intrusion and cost, but ignoring the drift of publicly demanded standards to appease industrial pressure groups is to push our competitiveness a little further down the hill. Regulation in fields where growth is predictable should be a central plank in growing our service and manufacturing economy. This is not new.

EXAMPLES OF INDUSTRIAL STRATEGY IN PRACTICE

Our pharmaceutical industry is tightly regulated. It is no accident that it is one of our successful exporters. There is a difference, however, between 'tightly regulated' and the regulatory process itself being predictable and fast. On that front, the UK could still do better in pharma, not least as we enter a fresh era of completely new treatments, such as cell therapy, or approaches, such as precision medicine. Whitehall, though, does not think like this. It should.

Hospitals, pharma and medical equipment industries

All future population projections indicate significant increases and particularly in relative aging. There will need to be large capital investment in public and private provision. World markets for products will grow hugely as economic progress generates high standards of healthcare and its provision. Specialisation will offer opportunities for the creation of cluster specialities, and technological advances will encourage centres of excellence often long distances from patients.

It would make sense to plan for these advances in partnerships between the public and private health services, the pharmaceutical industry, the medical equipment industry and university research programmes. Products of such cooperation would carry a qualitative recommendation in the world markets of tomorrow. The Government, through the health service, has a massive capital investment programme. It should do so in partnership with universities, the pharma industry and the medical equipment manufacturers.

Advanced learning and educational systems and schools

Today's classrooms are not radically different from the Victorians', even though in most other walks of life technology has been transformational. Technology has the potential to revolutionise learning by making it more personalised and tailor made to the aptitudes of individual students. Virtual learning offers the potential for the best teachers to teach more than 30 pupils at a time, enabling them to see instantly who needs to be pushed further or who needs greater support.

Personalised and adaptive learning can assess pupils' progress and be adjusted to meet their specific needs so that learning becomes more efficient and effective.

Machine learning and artificial intelligence will be able to provide personalised tutoring for pupils when and where they want it. The Department for Education should work with the country's educational publishers to develop state-of-the-art personalised

tutoring. This should include classroom experience to familiarise teachers and learners for the technological advances that will make teaching more responsive to individual needs. Britain, with the advantage of the English language, should be well placed to become a world leader in this area.

Civil Service training and academic institutions

I bow to no one in my admiration for the British Civil Service. I have frequently described it as a Rolls-Royce. If ministers drive and provide the energy to fuel it, they have at their disposal a machine of world-class professionalism and quality. It is intelligent, hard-working, incorruptible, and much admired.

It advises on policy options but rarely determines between them. Left to its own devices, it will continue to carry out instructions until a change of minister or administration issues new ones. It is a wise minister who listens to civil servants' advice, explains any decision rationally and calmly and sets a timeframe for delivery. The machine will respond. The huge privatisation programmes of the 1980s starting with the sale of council houses would not have happened without it.

At the same time, another group of civil servants recreated the private rented sector from the ashes of rent control and its Rachmanist consequences.

It is to be expected that civil servants will express doubts if they have concern about a policy initiative. Ministers must have the ability to argue their case in private, to confront legitimate objectives with reasoned response and thus to provide leadership to people upon whose loyalty they will inevitably come to rely. They are not there to determine strategy, take initiatives or change direction. That is the responsibility of ministers.

I have one qualification; a matter I believe could and should be easily rectified. Our universities and businesses rightly attract large numbers of students. Most come for the appropriate course length and then go home. They enrich our institutions financially and by stimulating intellectual relationships with their colleagues. They are

important contributors to the competitive quality of our institutions.

For much of the post-war period, government ran the Civil Service College at a large campus at Sunningdale Park. The idea was good even if the quality of the product did not live up to the potential of a world-quality facility. The opportunity remains. There is a need to provide civil servants with practical management skills relevant to the increasingly technical and scientific world. The academic standards of our civil servants are extremely high. Their analytical ability is first class but their practical experience of the world outside the public sector is limited. Consequently, they assemble advice based on other people's knowledge. They do not always have the confidence that comes from their own experience to sharpen the advice. The process reflects caution and compromise. It would be to their benefit if they were trained alongside their equivalent managerial levels from the private sector in disciplines that relate to the whole world of work and not just the public sector. Such a facility could attract students from overseas, just as our universities and business schools do so successfully.

It is sad that the old Civil Service College was allowed to disappear. A private sector body with the same name was founded in 2012 and the Government sold the Sunningdale site in 2016. A model exists in Belgrave Square, where the Ministry of Defence's Royal College of Defence Studies teaches high-flying officers from 39 countries, including China.

It follows that recruitment and secondment between civil servants and the wider workplace is much to be encouraged. The Government should seek a private sector partner to recreate the Civil Service College and to attract the public sector elite of the world to come here as part of their training.

Road pricing is another opportunity

The UK car industry is mostly foreign owned. A consequence is that much of the future development will take place in the parent companies' markets, not only for the prime product but in the numerous supply chain companies. The Automotive Council, UK research facilities such as MIRA and UK-headquartered marques such as Jaguar and Land Rover will have a role to play in developing

driverless cars that will come soon, but overseas competition is well ahead of the game.

There is, however, an opportunity for British industry should the Government decide to pioneer road pricing. Arguments for road pricing have been around for much of the post-war period. Modern technology makes them even more compelling. A pay-as-you-drive system would enable differential charging, reflecting rural and urban needs, time of day or night and vehicle occupancy. Anyone familiar with a sat nav knows that the technology already exists. Low-use country roads would be cheap and high-density urban roads expensive, more so at peak times. Deliveries would be incentivised for off-peak hours. Queues at toll roads, tunnels and bridges would disappear.

At the other end of the spectrum, road pricing would enable the biggest privatisation of all time. Road building and repair would be privately financed and managed. At a stroke, every road could become a toll road. The national debt could be massively reduced. As an island, we are conveniently placed for such a change (although Northern Ireland might retain the present arrangements). The Government would need to commence the switch to the new system in, say, five years' time. It would commission bids for the relevant 'bugs' from UK-based industry. Older vehicles would need to retrofit. If incentives were needed the cost could be offset against vehicle duty or free access to the new system allowed for a specific period.

There is another world leadership opportunity that could be incorporated into such an idea. In fixing the cost of using the road for individual vehicles, it would be possible to introduce differential charging to penalise vehicles that are high polluters. Such a policy would hand governments a tool to expedite progress to the environmental standards that the public will increasingly demand.

The broader benefits of horticulture

Our structure of government rests too much on the functional monopoly of the Whitehall departments. If that weren't the case, horticulture is a good example of opportunities that could be created: it is sponsored by the Department for Environment, Food & Rural

Affairs but its potential relevance spreads across Whitehall.

Let me outline what I mean. Individual departments have specific programmes well illustrated in urban policy for deprived communities: the Home Office deals with drugs and crime; the Department of Health with mental health; the Department for Communities and Local Government with local government; and the Department for Work and Pensions with unemployment. What is missing is coordination of policy and people combined to look in the round at the challenges of urban policy – though a warmly welcomed recent initiative is the establishment of a Parks Action Group as part of a policy to protect our parks. This is a cross-departmental group with strong involvement of local government and the third sector. It's a model relevant to larger challenges, which should also include representatives of the private sector. But, in general, little attempt is made to involve local people themselves, particularly the tenants of deprived estates, in considering the cost and relevance of individual policies when added together and seen as a whole.

The challenges of such concentrated deprivation – unemployment, lack of skills, low education attainment, obesity, loneliness and mental health – all focus on the question of how do you help people feel a sense of purpose, an interest in what their life holds? There are no simple answers – but here we come to the way horticulture could play a part. Derelict land is all too common; provide deprived people with the tools to plant it. If they plant, they may feel pride in what they achieve. They may wish to defend their project, or even extend it. The work requires little skill but offers ladders. If a person starts by tidying the garden of a poor, neighbouring pensioner, it is a short journey to a full-time job with elderly folk in more prosperous suburbs nearby who are willing to pay for the same work. Mental health is often associated with the condition of people living in deprived communities. It is a serious problem with many causes. It can be a consequence of joblessness or financial poverty. Giving people a purpose in life may counter the pressures they feel.

As urban living has created huge conurbations, people have sought to use nature to humanise the built environment. I think this is a lesson with much still to teach us.

CLASSIC ARGUMENTS AGAINST INTERVENTION

The opponents of an industrial strategy often rely on the argument that it is incompatible with free trade.

Linked with the free trade purists and the anti-red tape lobbies, there is a third powerful group aligned against the concept of an industrial strategy – the ‘picking winners’ sceptics. Of course, there have been great mistakes. In the 1940s it was groundnuts. Later, the losses of nationalisation. There is an eloquent case to be made for their condemnation and very few of us have not made it. However, phrases of this sort make good headlines but bad policy. In the context of the whole of public procurement, the conspicuous failures are the exceptions and should be seen as such.

Government, directly or through public agencies, spends billions every year on procurement. What, at its simplest, is the purpose if not to pick winners? The choices involved cannot be exercised with indifference to performance and quality.

From the first gleam in the eye to the practical implications of development projects, academics design their research budgets to achieve results – good, often profitable, results.

Funds in support of specific projects are a massive cost to taxpayers every year through regional grants, industrial support, and numerous social and other aid programmes. Any one of them can be investigated by the Public Accounts Committee if, for whatever reason, it fails to meet the initial criteria. Inward investment often comes with the promise of support for a specific project.

Airbus’s aircraft, for example, carry British products around the world. Airbus’s success would not exist without the support of British and other European governments. In all these cases, and many more, those responsible do their best to pick winners.

Left to the rules of free trade, deprived of a sophisticated civil service and with a national culture indifferent to winning or losing, China

would still be a peasant economy instead of the space-age superpower it planned to be and spent more than a third of a century creating. China is now on the verge of establishing its publicly developed nuclear facilities here. The moral of the story is that we need to have available to governments the professionalism and expertise to make judgements, execute projects and drive competitiveness in procurement. We have not done well enough.

The problem with policies based largely on free trade is that they fly in the face of the everyday experiences of exporters to world markets. It is no accident that it takes years to negotiate even modest trade barrier reductions between economies. It simply reflects the complexity of the barriers to genuine free trade all over the world. This is not an argument against trying to reduce tariff or structural barriers. It is to understand the real world in which our companies must compete and the facts they must confront.

THE TEST OF NATIONAL INTEREST

In 2002, the Labour Government legislated to take powers to intervene in takeovers of British companies. The Secretary of State can now intercede in mergers where there are issues of national security, media quality, plurality and standards, and financial stability.

I believe there should be another one: the test of national interest. While it is easy to define the components that add up to a national interest, in practice every case should be judged on its merit. Inward investment and some takeovers have brought significant advantages to our economy, just as the ability of our companies to do the same across the world has created global success stories. But every other country has restraints of one sort or another, including the United States of America. There is not a shred of evidence that these restraints have any detrimental effect on the workings of the financial centres.

The difficult question will always be centred on who can determine

‘national interest’. The facts of the present process persuade me that change is necessary.

It will be argued that those best placed to assess our national interest are the shareowners themselves. I disagree. Modern takeovers are materially beneficial to the managers of institutional funds whose bonus arrangements reflect recent performance. There is thus a direct incentive to accept bids at the invariably enhanced price a takeover provokes. Senior executives in the target company invariably are offered significant sums in compensation if the bid succeeds.

At the time of the Cadbury takeover in 2009-10 I analysed the ownership of the 100 largest institutional investors on the London Stock Exchange. From memory, broadly about a quarter were British, a quarter American and the other half’s owners were spread across the world. Government should understand the implication of such figures. They certainly do not constitute a forum to determine UK long-term industrial and commercial policy. The mere existence of such a reserve power in the hands of government would force bidders to answer questions about future investment plans, job creation and intellectual property rights.

CONCLUSION: OUR URGENT AND UNAVOIDABLE NEED

When I was responsible for the publication of the Government's Competitiveness White Paper in the early 1990s, a respected financial journalist asked me to list the three punchlines I would like him to use. I refused because that completely missed the point.

An industrial strategy is not about legislative change, a new subsidy or a headline-grabbing initiative.

It is about changing attitudes, involving people, raising standards.

It is about spreading the excellence so conspicuous in much of our economy into places where performance is very different.

It is at least as much about persuading companies that don't export as it is about persuading those that do to ship more.

It is about breaking the ever too present assumption that concentrating decision making in Whitehall can ever be so effective as trusting and sharing power with our citizens who are the heartbeat in our economic centres across the United Kingdom.

It is about lauding the quality of our great universities, outstanding comprehensive and grammar schools while adopting a policy of zero tolerance to schools that are failing a generation of young people.

An industrial strategy recognises that as employers, employees, purchasers, consumers, savers and spenders, politicians and councillors, officials and volunteers we are all in this together with a part to play and a future to win.

The implications of Britain's departure from Europe have one certain consequence: we have an urgent and unavoidable need to analyse and

understand our competitive strengths and how we can exploit them in the realities of the world marketplace.

The debate about the desirability of an industrial strategy is as controversial as the Brexit decision itself. It shouldn't be. The Government's forthright commitment to an industrial strategy is long overdue and particularly relevant now.

As someone once said, we need to intervene to help Britain's companies win before lunch, before tea, before dinner and then get up and intervene before breakfast all over again. We had better get up early because our competitors will have been up before dawn.



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Any enquiries regarding this pamphlet should be sent to:

The Rt Hon the Lord Heseltine CH

House of Lords

London

SW1A 0PW

Email: tracy.rodger@haymarket.com

INDUSTRIAL STRATEGY

MICHAEL HESELTINE