

Philip Hammond speech to Conservative Party Conference 2018

Philip Hammond MP, Chancellor of the Exchequer, speaking today at Conservative Party Conference at The ICC, Birmingham, said:

(Check against delivery)

Introduction

"Liz, thank you for that introduction...

...and for tearing yourself away from your beloved Instagram account for a few minutes.

And thank you too for being such a great Chief Secretary and stalwart defender of the public purse.

My kids think I'm tight with money...

...but they haven't met Liz Truss.

And in a world obsessed with stories of division and rift in Whitehall...

... I want to hold up my fantastic team at the Treasury as an example of how we can – and do – work together and support each other.

So a big "thank you" to all of them.

Liz, ministers Mel Stride, John Glen, Rob Jenrick and in the Lords, Michael Bates; our whips, Craig Whittaker and Lord Young; and our PPS team of Huw Merriman and Gillian Keegan, led by the inimitable Kwasi Kwarteng.

They all do a great job and they deserve a big round of applause.

For me, it's an honour and a privilege once again to be addressing this Conference as Chancellor in a Conservative Government...

...And to be doing so in Birmingham – a city which has played a pivotal role in the economic history of our country...

...and in the development of the modern Conservative party.

The birthplace of the steam engine; a city which launched an entire new age...

...and went on to become the "workshop of the world", paving the way for the prosperity of the Victorian Era...

...and which today is reinventing itself again as the heart of the Midlands Engine...

...under a great Conservative City Mayor, Andy Street.

And as a sign of our commitment to the Midlands Engine...

...I want to start today by announcing funding to support the creation of a new, locally-led development body for the area around Toton in the East Midlands...

...to attract investment, create jobs and provide opportunities...

...in this area of huge economic potential.

Prime Minister – my birthday present to you: a policy which has the wholehearted support of both Anna Soubry and Andrew Bridgen.

Brexit

Conference, I have good news: this is not going to be a speech all about Brexit.

But it is a speech about our economy...

...so I have to talk about Brexit just a little bit...

...because the outcome, whatever it is, will shape the path of our economy for years to come; and...

...frankly, because everybody else is going to!

And there are a couple of facts which we have to acknowledge and we cannot change:

The first is geographic...

whatever the outcome, Europe will remain firmly anchored just a few miles off the coast of Kent.

So we will be neighbours...

...and we are going to have to carry on living with each other.

Come what may...

...we will go on drinking their wine...

...and lying on their beaches (or, Prime Minister if you prefer, walking in their mountains).

And they're going to carry on speaking our language! (at least we'd better hope they do)

The second fact is economic:

Europe remains, by far, our biggest market.

And after 45 years of membership, Britain's economy has shaped itself around that fact.

Complex supply chains cross and re-cross our borders.

Over 11,000 trucks each day pass through the Port of Dover and the Channel Tunnel alone...

...carrying tens of thousands of tonnes of food, components and finished products in both directions...

...with no more delay or bureaucracy than they would crossing the border from England into Wales.

And our businesses, and the workers whose jobs depend on them...

...need that friction-free access to continue.

That is why I share the Prime Minister's determination to get the Chequers Plan agreed.

A plan which delivers on the decision of the British people;

avoids a hard border in Ireland;

preserves our precious Union...

...AND safeguards British jobs and British businesses.

Mr Tusk says it won't work...

...but that's what people said about the lightbulb in 1878.

Our job is to prove him wrong.

Negotiating and preparing for Brexit is one of the most complex tasks ever undertaken by a peacetime Government...

...so over the next few weeks we must stand together...

...four-square behind the PM...

...to get the best possible outcome for Britain....

...while at the same time taking the precaution of preparing for the possibility of "No Deal".

And be in no doubt that I will maintain enough fiscal firepower to support our economy if that happens.

But I'm going to stick my neck out here today and make a prediction to you...

...that when the Prime Minister gets a deal agreed...

...there will be a boost to our economic growth...

...a "Deal Dividend"...

...which we will share, in line with our balanced approach...

...between keeping taxes low; supporting public services; reducing the deficit; and investing in Britain's future.

But there is another reason why we must stand together...

...and I want to make a plea to this Conference...

...not as Chancellor, but as an ordinary member of the Conservative Party:

We all have views about how to deliver Brexit...

...that are sincerely held...

...and not – if we're totally honest – 100% aligned.

Like everyone in this room, I love this country...

...all of us are patriots...

...all of us are on the same side when it comes to our national interest...

...the side that stands up for Britain...

...and works to get the best outcome for our country.

The point is this:

Brexit is important. Of course it is. And, let me be clear, it is going to happen because that is what the country voted for.

But when the Brexit debate is over...

...(and difficult as it is to imagine today, I promise you that one day it will be)...

...our work, as Conservatives, will not be.

Because more than ever Britain will need strong leadership...

...to see off the threat to our prosperity from Corbyn...

...and to lead our country into our post-Brexit future...

...Leadership that only a united Conservative Party can provide.

And it is that future, Britain's future, that I want to talk about today.

I will share with you my vision for our country...

...and I will be frank with you about the challenges we must overcome to deliver it:

Because Brexit did not happen in a vacuum. It is a product of something deeper and wider.

It happened because over the last 20 or so years, as the world has got smaller, a gap has opened up...

...in Britain and in other developed countries...

...between the theory of how a market economy delivers and distributes rising prosperity...

...and the reality experienced by ordinary people.

Too many people feel that they have lost control;

That they are working for the system...

...but the system isn't working for them.

Too many people have experienced years of slow wage growth...

...too many struggle to make ends meet...

...they feel less secure in their jobs...

...and have seen the housing market spiral beyond their reach.

And as they look around them, they feel a growing concern that they are falling behind.

And that when they voice those concerns...

...the political system doesn't seem to hear them...

...doesn't reflect their values and priorities.

So our challenge is to ensure that 21st Century capitalism delivers for them;

To convince them that our vision of Britain's future can meet their aspirations...

...and that our plan will deliver a better tomorrow for them and their families.

But the world is changing.

So it isn't just about what people have experienced over the last 20 years...

...but about their hopes and fears for their future.

Technological change is transforming not only our economy, but our society and our politics at a rate that none of us have seen in our lifetimes.

In response, we, as a party, have to dare to change too...

...not by abandoning our enduring values and principles...

...but by applying them to the challenges of the future.

And when the history of this period comes to be written...

...I can promise you that it will be this technological transformation, and how we manage it – not Brexit – that will define the future of our country and our party.

Now, despite what you may think...

...or may even have read in certain newspapers...

...I am an optimist.

Some, I understand, even call me 'glass half full Phil'.

(Depends of course on who's buying!)

I am an enthusiast for the change that is coming.

And for the benefits it will bring to our society.

And I am committed to preparing Britain for it.

In the next decade or so, Artificial Intelligence, self-driving cars, personalized medicine, virtual reality, advanced robotics and many, many other cutting-edge developments will all begin to transform our lives.

A future where cars don't pollute, and we've all but eliminated traffic accidents;

Where you are able to order and 3D print a product at home, instead of waiting for it to be delivered;

Where cancer is tamed, so that fewer of us have to go through the heartache of losing a loved one to this cruel disease.

All of this is science fact; not fiction.

All of it already taking shape now...

...not in the distant future.

And all happening here in the UK...

...in our world-leading Universities...

...in our research institutes and laboratories...

...and in thousands of dynamic and innovative businesses in towns and cities across the length and breadth of Britain.

But I understand that my enthusiasm for driverless cars may not be so readily

shared by someone who earns their living as a cab driver...

...and that home 3D printing may look more of a threat than an opportunity to someone who works for a parcel delivery firm.

So we have to take our people with us...

...be open with them about the scale and nature of the change that is coming...

...about the disruption that change on this scale will inevitably bring;

Set out clearly the benefits that individuals and families will see from the digital age...

...and how we will help them to prepare for it...

...and deal with the consequences of it.

Reassure the very many who will worry about what new technologies mean for their job security...

...worry that the gains will be made by the few...

...and that they will be left behind.

Show them that, crucially, the change that technology is driving will address their concerns, not make them worse.

And we will do this by harnessing the power of the market economy...

...taking a model which has evolved continuously down the ages...

...so that the capitalism of the 21st Century looks nothing remotely like that of the 19th...

...and adapting it once again to address the challenges and speak to the values of a new generation...

...because those challenges can only be overcome by harnessing that power...

...that is the only way to deliver our social, economic and environmental goals...

...to build a better Britain for our children.

And, Conference, this mission is urgent. Because if we cannot make that case convincingly...

...if we cannot demonstrate our commitment to make that evolution happen...

...if we look for a moment like the party of "no change"...

...then we should not be surprised that some will be tempted by the dangerous populism of our opponents.

THE CHOICE

Because it is clear from what we heard last week from Labour...

...that this country now faces a choice.

A choice between the seductive simplicity of the Brave New World of Corbyn and McDonnell's populism...

...where the narrative is all about easy answers...

...and our pragmatism, which is sceptical of ideologues...

...which starts with the real world we live in, and seeks to make it better...

...and recognises that there are no short-cuts and no free-lunches on the road to a better Britain...

...that no wealth is created without work...

... no gain without sacrifice...

... no reward without effort.

Because let's be clear: the rules of the game have changed.

We have a Shadow Chancellor of the Exchequer who's declared aim in life is "fomenting the overthrow of capitalism".

Now, Liz, that really is a disgrace!

The model that has delivered 200 years of economic growth...

...that has seen living standards in this country more than double in my lifetime...

...that has lifted countless hundreds of millions out of poverty around the world...

...and that has secured our freedoms and our liberties down the ages...

...is rejected out of hand by Corbyn and McDonnell in favour of the failed and faded ideologies of socialism...

...not because they believe they would enhance economic growth...

...but because they don't care about economic growth...

...because they are more interested in re-distributing wealth than in creating more of it.

Because they value political ideology above real world solutions for real people.

All they do, is look it up in the Socialist manual:

Railways? Nationalise them.

Wealth? Confiscate it.

Run out of money? Just borrow more.

Answers from a discredited ideology that will never solve real-world problems.

A backward-looking party...

... intellectually unequipped to tackle the complex challenges of the 21st Century ...

...and totally unfit to govern this country!

Conference, Corbyn boasts that Labour are a "Government in waiting".

Well, I say "Let's keep him waiting...

...this year, next year and every year!"

But let me be clear about one thing...

...while Labour's answers will solve nothing...

...their questions deserve a response.

And we must answer their challenges with our own, Conservative solutions...

...based on realism, not populism...

...delivery, not rhetoric.

It's what we Conservatives have always done...

...and it's what we will do again...

...showing ourselves worthy of the privilege of governing post-Brexit Britain.

Harnessing the power of the market economy.

Focussing on the long-term and the structural, not the quick and the superficial...

...Because Conference, we know you can't get long-term change on Amazon Prime...

...ordered today and delivered tomorrow.

As our party renews its mandate for the next generation, this is the ground on which we must fight.

Margaret Thatcher, as so often, put it beautifully:

"We are in the business of planting trees for our children and grandchildren

– or we have no business being in politics at all”.

Colleagues, we will not outbid Corbyn with short-term gimmicks that cause long-term damage;

We will not outspend him with reckless borrowing;

We will not promise the illusory utopia he offers...

...because, as those who have tried it have shown time and time again, it is based on a lie and it always ends in tears.

But no one should mistake our belief in evolution over revolution...

...for a lack of passion or commitment to change;

To a paucity of values or ideals.

Throughout history, Conservative governments from Peel to Disraeli to Thatcher...

...have delivered momentous change...

...drawing on our values that have stood the test of time.

The importance of family and community;

The strength of our nation, united by history, culture and identity...

...standing strong as a force for good in the world.

The insight that economic freedom goes hand in hand with political freedom...

...and above all, the belief in the power of enterprise as the route to unleash talent and to improve lives.

That is why we back business.

We back business...

...as the cornerstone of a successful economy...

...as a force for good in our society...

...and as an essential expression of our values.

So just in case anyone, anywhere, was in any doubt at all...

...let me say it, loud and clear:

The Conservative Party is, and always will be, the party of business.

That means we listen to business.

And we have heard the concerns about how the apprenticeship levy is working...

...so today we've set out a series of measures to allow firms more flexibility in how the levy is spent.

But we know that we may need to do more to ensure that the levy supports the development of the skilled workforce our economy needs.

So in addition to these new flexibilities, we will engage with business on our plans for the long term operation of the levy.

Working hand-in-hand with employers to ensure that every young person can fulfil their potential and achieve their dreams.

And we will provide £30m of support to "Be the Business"...

...a business-led initiative to get big-companies to mentor small companies... so that they can develop their management and leadership skills to make the most of their potential...

...strengthening the backbone of our economy from the ground up.

Enterprise. Freedom. Stability...

...Family. Community. Nation.

These are our Conservative values. They have served us well over the centuries past. And they will serve us well in the years ahead.

Values do not change.

The task before us now is to apply these values...

...to the challenges of the 21st Century.

Record

We have made a start.

Ten years on from the financial crisis, Conservative leadership has delivered Britain a stronger, more resilient economy.

We've rebuilt our financial system...

... forcing the banks to operate with greater responsibility...

... protecting savers...

... insisting that our financial markets must serve our country, and not the other way round.

We've got Labour's deficit, which reached almost 10% of GDP...

...down to less than 2%.

And this year, thanks to the difficult decisions we have taken...

...and the hard work of the British people...

...we will, at last, see our national debt starting its first sustained fall in a generation.

We have delivered eight years of economic growth since 2010...

...creating over 3 million more jobs...

...and taking unemployment to a 43-year low;

We've announced an unprecedented £84 billion real-terms funding boost for the NHS...

...what the NHS says it needs...

...and more than Labour promised at the last election...

...showing our commitment to Britain's most vital public service;

We've maintained Britain as the world's fifth largest economy...

...and London as the world's financial capital.

We've delivered tax cuts for 31 million people...

And our National Living Wage has lifted the wages of the lowest paid by £2,000 a year since 2016...

...so that income inequality is lower this year under a Conservative Government than in every single year of the last Labour government.

A remarkable record of Conservative achievement that we are justifiably proud of.

After the years of hard work to rebuild our economy and our public finances...

...there is light at the end of the tunnel.

But our pride in achievement does not lead us to complacency.

We must now apply this same approach to renew the mandate for the market economy in the 21st century...

...and with it the mandate of the modern Conservative Party to govern.

A focus on what is in the long-term interest of our country and our people.

So that when those children and grandchildren of whom Margaret Thatcher spoke so eloquently...

...ask us what our generation is doing for them...

...we can look them in the eye and tell them how we are building the better Britain we want to bequeath to them.

We can tell them about how we have raised public investment to its highest level in generations...

...building and upgrading the roads and railways that connect our country...

...and the digital infrastructure that will enable the future.

We can tell them how our reforms are unlocking billions of pounds of much needed investment in high growth businesses...

...and about how our Northern Powerhouse and Midlands Engine...

...and our Mayoral devolution and City and Growth Deals...

...are beginning to address the regional imbalances in our economy.

We can tell them about how our modern Industrial Strategy is preparing for the future...

...by putting Britain at the cutting-edge of a technology revolution which will improve the lives of people across the world...

...and will be the bedrock on which our future prosperity is built...

...creating millions of new, better-paid jobs for British workers.

We can tell them how we are going to build more homes than any Government since Macmillan...

...and are on course to reach 300,000 additional homes a year...

...about the support that Help to Buy and stamp duty abolition have already delivered to hundreds of thousands of homebuyers.

All key steps on the road to restoring the Conservative dream of home ownership for millions of young people the length and breadth of our country.

We can tell them how we are making sure working people have the support they need to navigate the challenge of automation to a higher-wage future...

...with a new system of T-Level vocational training,

...millions of high quality apprenticeships...

...and a world-first National Retraining Scheme...

...and today I can announce a £100 million initial commitment to delivering this scheme in partnership with the CBI and the TUC.

We can tell them of our determination to update our market economy for the digital age:

Adam Smith taught us that the key to the power of the market to deliver for the good of society is competition.

And just as, in late 19th Century America, concerns about the near-monopoly of Standard Oil and the railroad cartels led to the introduction of the world's first anti-monopolies legislation...

...so today, the expansion of the global tech giants and digital platforms...

...while of course bringing huge benefits to consumers...

...raises new questions about whether too much power is being concentrated in too few global technology businesses.

That is why I have asked President Obama's former chief economist, Jason Furman, to lead an expert panel to review the UK's competition regime, to ensure it is fit for the digital era.

And it isn't just competition policy that needs updating.

We can tell them how we have led the debate on reforming the international tax system for the digital economy...

...insisting that the global internet giants must contribute fairly to funding our public services.

And let me be clear today:

The best way to tax international companies is through international agreements...

...but the time for talking is coming to an end...

...and the stalling has to stop.

If we cannot reach agreement...

...the UK will go it alone with a 'Digital Services Tax' of its own.

Conclusion

Conference – I have set out my argument for the renewal of our economic creed to secure for Britain the benefit of the market economy for the years to come...

...to ensure it can respond to the concerns and meet the aspirations of the next generation.

Because Corbyn's plan offers no future for Britain.

And it is our duty to provide a better answer.

To make the case for the long term over the short term.

For the substantial over the superficial.

For evolution over revolution.

Our duty is to agitate constantly ...

...restless to improve the lives of ordinary families across the country...

...looking beyond Brexit into our future...

... to map out the path to Britain's continued success.

Conference, I have 3 children and I want for your children and grandchildren what I want for mine.

For them to live in a country that is built on secure foundations...

... with its best days still to come...

...and ready to capitalise on the untold promise of the century that lies before us.

So we need to have the courage now to regenerate capitalism once again...

...to pass on something worthwhile to the next generation.

That is what being a Conservative is all about.

And to those who will say that the measured message of evolution...

...will be drowned out by the shrill voices of the demagogues and the populists...

I say put our trust in the common sense of the British people, and they will put their trust in us.

And to those who will ask if the Conservative Party has the stomach for this fight.

I say, Conference, I know this party – and I know that we do.

I know that we have the wisdom to put the differences of today behind us.

I know that we have the reserves and the energy to focus on the challenges still to come.

I know that we have the resolve to fight for our children's future.

For a sustainably better Britain

A Britain with a world-leading NHS...

...with first class education and training...

...a welfare system that is focussed on work...

...an environment that we will leave in a better state than we found it...

...streets that are safe...

...homes for the next generation...

...armed forces that are respected around the world

A Britain with an economy that creates opportunities for all.

A beacon to the world...

...a land of entrepreneurs, creators, designers, do-ers, thinkers, makers
a civilised, tolerant, successful nation.

Respected and admired the world over.

That is the Britain that I want to build.

So that when our children ask us what we did with the privilege of our time
in office, we can tell them with our heads held high...

...we built a better Britain for you.

Thank you."

ENDS

For further information, please contact the Press Office on 020 7984 8121.