

Speech: Greg Clark speech to the British Chambers of Commerce

Introduction

Thank you – it's a great honour to speak to you today.

William Beveridge once wrote about the strength of our civic institutions.

He described it as the “distinguishing mark of a free society” and an “outstanding feature of British life”.

This country's rich array of business organisations is very much part of that tradition and that is something that Adam (Adam Marshall, BCC Director General) has been talking about.

As you will know, having met so many of you in all areas of the country, you are the leaders of your community as well as the prominent people in business.

For too long there has been a distinction drawn that is not the reality in all the towns, cities and areas that you are in.

You have a great opportunity to reassert your historic role as a civic institution of leadership in our country, of particular importance at this time for reasons I'll come onto shortly.

Your network of chambers creates a presence and creates advocates around the world.

Your unique network of chambers is a powerful means of not only promoting business, but the other way of making sure policy makers have their finger on the pulse of the concerns and the priorities and intricacies, not just around this country but around the world.

And through the BCC, your voice is heard loud and clear in Government.

Adam (Adam Marshall, BCC Director General) and I meet very regularly, we sit down most weeks together in my office and have a very candid conversation about all of the things on your mind that Adam and his team know from his conversations with you and the surveys you do and it is incredibly useful for me to have that direct connection to you.

But of course as you know, and as you've seen, there is no substitute for getting out and talking to people in these places and in your hometowns and cities.

And I was just looking through the list of Chambers while looking at the programme for today. It isn't quite an A to Z, but rather an A to W I think I'm right in saying – ranging from Aberdeen and Grampian Chamber of Commerce

to the Wirral Chamber of Commerce.

As it happens, it was the Aberdeen Chamber that kindly hosted one of my first ministerial visits in the summer as Secretary of State and I was grateful for the roundtable that was arranged there.

Building on local strengths

Every time I visit a Chamber it reminds me of the fact that the UK economy is literally nothing without its local economies.

And therefore it seems to me that the diversity of our communities, their challenges and their opportunities, should mean everything to economic policy.

No one who has actually been to Aberdeen and the Wirral, could mistake one for the other.

And, nor should they imagine that the same set of measures could be relevant the business and industries uniformly of both.

And the same applies of course to Cornwall and Cambridge, Northamptonshire and Northern Ireland.

The difference is that across our United Kingdom, from Suffolk to South Yorkshire. each is as economically distinct as it is socially, environmentally and architecturally.

So as I go on to say something about our Industrial Strategy, I want to emphasise from the beginning that what I don't have in mind is a monolithic plan composed of identical policies implemented by the same people in every part of the country uniformly.

Rather it seems that our approach needs to take inspiration from your approach.

The BCC is composed of local Chambers, each with their own identity and leadership as I discovered and I know that Adam knows from his travels round the country, and I'm sure you emphasise your unique circumstances every time you get together and you communicate what's happening in your area.

It seems to me that in a similar way, our Industrial Strategy should be composed of local industrial strategies in which local business leadership has a bigger say as central government.

Now, few countries pack in as much diversity across a few hundred miles as ours does.

In our component nations, cities, shires, towns and villages, the sheer richness of our culture, our history, our architecture and our landscape is unsurpassed.

And yet each part of this country, though wonderfully distinctive, is no more

than a few hours away from any other part.

Britain as a whole offers both variety and connection – and, therefore, huge potential for innovation and prosperity.

So I think it is therefore a tragedy that we became one of the most centralised countries in the western world – one of the great wrong turns in our national history.

A country that was founded on insurgent towns and cities led by, very often, local industrialists and local business leaders.

Over a period of over a hundred years we saw power seep away from the great centres of our country to Westminster and Whitehall.

And during my research I came across documents from the middle of the 20th century, the earliest heyday of central planning, in which Britain beyond the Home Counties was referred to as “Outer Britain” – which tells you everything you need to know about the mind-set and mentality of the time.

Of course, attitudes have since changed considerably, but not before doing a great deal of damage.

British productivity, on average, lags behind most of our competitors.

That’s not because we lack for world-class companies, big or small, across a range of industrial sectors.

At its best, British business is unbeatable.

Yet, economics is not like the Olympics – it’s not just about the medal-winning positions that count, but the performance of the whole team.

And that’s one of the challenges that we have because the British economy is distorted by some unusually wide disparities in productivity compared to our competitors.

Much of that unevenness is geographical.

This country has the richest area in northern Europe, but also nine of the ten poorest.

And we’re not talking about remote places, as I said earlier, beyond hope of development.

They are vital parts of the country, many of them close to our great cities – which ought to be powerhouses of productivity.

You just need to look at our competitors to see that this can be done. Look across the channel to France and to Germany, take the biggest cities outside of the capital, seven of the eight have productivity per capita that is above the national average, dragging that national average up.

Whereas in England it is the other way round, only one of the eight biggest

English cities outside of London, Bristol as it happens, over performs the national average.

And if France and Germany, and Italy for that matter, can have strong regional centres in productivity driving forward the national economy, many of which are not with dissimilar industrial heritages to us, then there is no reason why we can't be more steadily prosperous in every part of this country.

I'm convinced it's one of the big imperatives of our Industrial Strategy to make sure that every part of the country is firing on all cylinders. Not just the cities themselves, but the surrounding towns and the countryside.

This is one of the initiatives of the Chambers of Commerce. You exist to bring people together and gather the local strengths and to turn those local strengths into national strengths.

This is exactly the path we need to take as we plan our industrial future.

The good news is that change is not only possible, it is already underway.

Actually a prime example is London itself.

Did you know, for most of the 20th century, our capital city, where we sit today, also underperformed the national average – but in the last few decades it has achieved a remarkable turnaround.

There was a time when London was thought to be in decline and its economic prominence was declining.

That was turned around and Bristol followed suit – and now we see real progress being made in all areas of the country – including cities in the Midlands and the North.

For instance, before 2010 there was only one private sector job created in the North for every ten created in the South.

But since 2010, that gap – more of a chasm actually – has almost disappeared.

In fact, cities like Birmingham and Manchester, with representatives sitting here today, are now among the top job creating areas in the country.

Obviously, that's a tribute to the effort and enterprise of the businesses represented here today and by colleagues back at home.

There's no surprise that 2010 was the turning point – because that's when I think there was a recognition, crossing all parties, that we need to turn back the process of centralising power in Westminster and Whitehall and start to devolve real decision making and economic power to local communities.

A different policy is producing a different result which in my view should encourage us to push further and faster in this new direction.

Industrial Strategy

When Theresa May became Prime Minister she declared her intention to build an economy that works for everyone.

And that means that businesses in every part of the country must be helped to achieve their full potential.

And Government does have a role to play in that, an enabling role that includes public investment in areas like science, innovation and skills which I know right across the country is one of the challenges we face to fulfil.

There is, however, no doubt that over the decades some parts of the country have been better served than others.

Putting this right means addressing questions of the leadership and the institutions that we have working.

As part of this we announced the biggest increase in public funding for research and development since 1979.

Vitality that includes investment in both the R for research and the D for development – because the development of research to create commercial opportunity, translating our brilliant scientific ideas into opportunities for manufacturers and other suppliers I think is one of the great chances we have in this country

And so using our resources effectively to find out what is needed and what capabilities there are, not just in London and the South East, but in every part of the country to benefit.

It requires, I think, an attitude on the part of the Government that looks to empower and looks to bring into the conversation the business legion in every part of the country.

So as we develop a modern Industrial Strategy, it's vital that coordination in producing a strategy as a government should never be confused with centralisation.

Of course, some decisions can only be made centrally – for instance in regard to nationally important infrastructure like hub airport capacity.

But most decisions should be made on the basis of local knowledge and practical experience of businesses and the community.

In other words, Government needs be aware of when others know best.

Government is good at some things, but not everything.

The success of the Industrial Strategy will depend on us knowing the difference.

But this begs a question:

If Government does step back, who takes over?

The obvious answer, to everyone in this room, is that it is the people who know better – the business leaders, community leaders and the people who live and work and do business in their local communities.

But that requires strong local institutions – so that decisions are made at the right local and geographical scale and for the common good, not special interests.

Since 2010, we've been building those institutions.

For instance, the Local Enterprise Partnerships to which many Chambers of Commerce have made such a valuable contribution.

Then there are new local government institutions like the Combined Authorities and elected mayors in metropolitan areas. They all have very strong business involvement.

If these were just talking shops then they wouldn't really matter.

But through the City Deals, Growth Deals and Devolution Deals is a significant transfer of power and resources that is moving away from Whitehall.

And I want to see the Industrial Strategy developed and implemented in the same way – as a genuinely devolved policy in which Whitehall is a partner not the boss.

This will require institutions, local institutions and sometimes sectorial institutions – so that investments can be coordinated across industrial sectors as well as geographical areas.

There are some excellent examples of this approach already in action – for instance in the automotive sector, where bodies like the Automotive Council and the Advanced Propulsion Centre play a vital role in channelling public and private investment for the good of the whole sector.

Much of the strength of a business comes from within – from the dedication of its management and workers, the soundness of its business model and the quality and originality of its products.

These things are ultimately up to you as individual enterprises.

But some of your strength comes from without – from the strength and depth of the markets and supply chains you depend on.

Now these are things that you can't do as much about as the decisions within your own companies, at least you can't on your own.

But this gathering today, and your Chambers across the country, are an outstanding answer to the challenge of how you can make use of the connections that you have as a local business to improve the environment

generally for business and prosperity.

When companies cooperate, there's a great deal that local economies and industrial sectors can achieve together through shared institutions.

Sector deals

So that is why as well continuing this agenda of strong devolution and decision making, especially around things like infrastructure and skills, I have invited British business to come forward with sectoral deals to advance the productivity of particular sectors.

The idea is that sectors show how they can work together to improve prospects in the productivity and competitiveness of that sector.

We'll then sit down with you and hammer out a deal.

There is of course a big overlap between the sectoral and the local approaches to industrial policy.

Companies in the same sector are often concentrated in particular parts of the country.

I mentioned my first Chamber visit was to Aberdeen and they really conveyed the importance of the oil and gas industry and how it was absolutely vital to that economy and to businesses there.

I know talking to the ceramics industry, I think Sara Williams may be here in the audience, that the work the Chamber does in Staffordshire with the ceramics industry is bringing together the local knowledge and depth of experience to make sure that sector and place come together.

In Somerset Dale Edwards and I spent some time together in recent months making sure that the opportunities for the nuclear sector and at Hinkley Point C galvanizes the local economy and businesses across the area benefit from it.

So already we see, without any nudge or prompt from me, real activism in sectors and places coming together. I think this Chamber model, this collaboration between sectors and place; I'd like to see as a motif of our Industrial Strategy.

I fully recognises the importance of these geographical clusters and will ensure that the sectoral and the local approaches go hand in hand.

So I want to issue an invitation to you through Adam and to Chambers across the country to participate in the development of these sectoral deals, as well as the local arrangements that we have.

We want you to advise us on how we get everybody pointing in the same direction and making sure we've got the right institutions, the right skills, the right trade, the right colleges and the right research and development institutions.

Your local knowledge is something that is irreplaceable, it is absolutely essential that this is put to work to ensure every part of the country prospers.

Later this year we will be unveiling a formal framework for the negotiation of sector deals.

But I can announce today that the Chambers of Commerce will be invited to be an integral part of that framework – and the deals that emerge from it.

Getting involved

As we are thinking about an Industrial Strategy, my view is that there is no such thing as a short-term strategy. It is a contradiction in terms, who ever heard of a long term strategy.

And so when we are going through a time of uncertainty, I think that is the time where you should look to the long term and work together to be able to put in place the policies and institutions and relationships that can endure beyond the next few weeks, months and years.

This should be a force of stability and confidence. Something that we shape together and we can rely on together so that businesses and industry can make investment decisions knowing that the framework that has been adopted that represents the whole view between businesses and Government in every part of the country.

I want you to be part of this. If something is to be for the long term it has to endure and if it is going to endure that means it has to be done collaboratively.

That means, given the local knowledge that is unique to you and your colleagues in every part of the country, it is absolutely vital that you are part, not just of the consultation, but of the delivery of our Industrial Strategy.

I, working closely with Adam and colleagues, will absolutely ensure the recommendations in response to the consultation that he makes on behalf of the Chambers of Commerce will come direct to me and be highly influential.

But more than that, as I set out, I want you to be part of the delivery of our Industrial Strategy in every part of the country so that we can do what our competitors have done to make sure that we are firing on all cylinders and make sure that every part of the country can contribute to our national prosperity.

An economy that works for everyone is one in which there is business confidence and business planning for the future.

There is more to our economic lives than economic efficiency alone, vital though it is.

There are commercial values and also civic values. Through your work in your

businesses in your Chambers, you put forward not just the interest of your businesses, but you also put into practice the interests of your local economies and accumulatively through that, the national economy.

Your involvement is something I hope and count on. I look forward to developing our relationship with those Chambers that I haven't visited so far, I can go there and get to know all your challenges and solutions that you might have to offer to our shared future.