

# Speech: PM's speech to the CBI conference: 6 November 2017

Thank you and it is a pleasure to be here.

Last year I spoke to you about my belief in a well regulated free market economy.

I said it was the very best way to spread opportunity and lift people out of poverty.

We should never underestimate the immense value and potential of open, innovative, free market economies, when they operate under the right rules and regulations.

Around the world, over the last century, it has been those countries with well-functioning free markets which have enjoyed the greatest economic, social, and technological advancements.

At its best, when a free and open market place is combined with the rule of law, individual freedom, equality and human rights in a representative democracy, great things are possible.

People live longer and more secure lives.

They have the freedom and the means to fulfil their ambitions, and make the most of their potential; to bring up their families, care for one and other, and give something back to their local communities and to wider society.

And I believe that the approach I set out to this gathering last year for a more co-operative partnership between business and government is the right one to build the even stronger economy we all want to see.

An economy fit for the future, ready for the next decade, delivering greater opportunity and prosperity right across the country.

I believe that the opportunities ahead for our country are enormous.

And the Government I lead is determined to support British business in making the most of them.

## **Good economic news**

Over the last 12 months, I have led trade delegations to India and Japan.

I am always hugely impressed by the businesses and entrepreneurs I take out with me on those visits, and who I meet week in and week out.

I am immensely proud of what they have to offer international investors.

Last year Britain enjoyed record levels of foreign direct investment.

Across the UK, we have seen Toyota announce a £240m upgrade to their car plant in Derbyshire and BMW announce that they will build a fully electric version of the Mini in Oxford.

In Newport, the train manufacturer CAF is expected to create 200 skilled jobs in its new factory, following a £30 million investment.

With support from the Department for International Trade, Elite Electronic Systems in Enniskillen has won contracts worth £1.4 million over the next five years.

And bus manufacturer Alexander Dennis secured a £44 million deal to export double-deckers to Mexico City, supporting hundreds of jobs in Falkirk and Guildford.

Here in London Google will also open a new London office, with £1 billion of investment.

As we celebrate this good news, we should keep clearly in mind what it all really means.

It's not simply numbers on a balance sheet, but an investment in people's livelihoods and the economic security of families across Britain.

It is a vote of confidence in the UK – in our talents, our skills, our infrastructure and our ideas.

And the reason we want a strong and thriving economy, and successful businesses, is because we want to help more people to lead full and happy lives, with good-quality jobs and rising living standards.

To build a country that works for everyone and an economy that is fit for the future.

## **New challenges**

For the last decade, the biggest economic challenge facing the government has been dealing with the consequences of the financial crash and the great recession which followed it.

Thanks to the innovation and the entrepreneurship of British business, the hard work and sacrifice of the British people, and the Government's clear economic plan, that situation has now been transformed.

The deficit has been cut by over two-thirds and the economy has grown for nineteen consecutive quarters.

Since 2010, over 3 million more people now have the security of a job.

There are nearly a million fewer workless households.

3.4 million new apprenticeships have begun.

Income inequality is at its lowest level since 1986 and the number of people living in absolute poverty is at a record low.

British businesses – and indeed the CBI itself – can take their share of credit for what Britain has achieved in the years since the financial crisis.

But our job now is to look to the future.

If the last ten years have seen us weathering the storm of the financial crisis and rebuilding our fiscal and economic position, the next ten years must see the beginning of a new chapter in the story of the British economy.

Because for all our progress, there is still a long way to go.

So today I want to talk about my vision for the stronger, fairer, and better-balanced economy we need to build in the years ahead.

The Conservative Government's plan to deliver this is very clear:

We will get the best Brexit deal for our country, guaranteeing the greatest possible access to European markets, boosting free trade across the world, and delivering control over our borders, laws and money.

We will take a balanced approach to government spending, ensuring debt is falling, and at the same time investing in our key public services and keeping taxes low.

We will help businesses to create more good jobs across the country, with a modern industrial strategy that invests in the skills, industries and infrastructure of the future.

We will build the homes our country needs, so everyone can afford a place to call their own and all the security that brings.

We will carry on improving standards in our schools and colleges, so our young people can get on in life.

We will back the innovators and wealth creators who deliver growth, jobs, lower prices and greater choices for consumers – and step in if businesses don't play by the rules.

And we will work tirelessly to tackle the injustices that hold people back from achieving their true potential.

By following this plan – a balanced approach to public spending; the best Brexit deal for Britain; an active Industrial Strategy; more homes; higher standards in our schools; backing innovation and wealth creation; and fighting tirelessly against injustice – we can create a country with a stronger economy and a fairer, more caring society, one that will guarantee a better future for the next generation.

# Industrial Strategy

Central to this plan is our modern Industrial Strategy.

The Government will be publishing our Industrial Strategy White Paper later this month, and we will speak in more detail about it then but let me set out today some of the underlying principles which are driving our work.

For a free market economy to succeed in delivering economic and social progress for everyone, the Government has a vital role to play.

That starts by setting the right rules and making sure they are adhered to.

And some say its role should end there too.

But I believe the proper role of government goes beyond that.

Through how it invests public funds, how it provides an education system for the next generation, how it commits to long term goals, and how it supports business, people and places, a strategic state has a major influence on the economy.

In exerting that influence, governments must inevitably make choices, and in a democracy, be held to account for them.

The choice which this government makes is to deploy this influence in a thought-through way, taking decisions for the long term.

Because while the power and potential of the market is immense, I also strongly believe in the good that government can do.

We have already seen this approach work for one sector of the economy – the financial services sector.

Over decades, Governments of all parties pursued the aim of making the UK the world's foremost centre for financial services.

They worked with business to set a clear, long-term framework for the sector to succeed and it now accounts for 7.2% of the British economy.

It contributes over £70 billion to the exchequer annually and employs over a million people across the United Kingdom here in London yes, but also in Edinburgh, Cardiff, Bournemouth, Leeds, and in other towns and cities.

And when the regulatory structures governments put in place fail, and the irresponsible practices of a minority damage the economy as a whole, as happened during the financial crisis, government has duty to step in.

When British banks suffered during that crisis, government did not turn its back on the sector, wasting decades of effort, and forfeiting our global position.

Instead, we were steadfast in our commitment to fixing things and making the

sector even stronger than before.

Government worked to create a more stable and effective regulatory framework, and in doing so strengthened the resilience and reputation of the UK's finance sector and contributed to the strengthening of the global financial system.

This has been a success story for Britain, and that success has been enabled by strategic support from Government and a long-term commitment from Conservative and a previous generation of Labour politicians to provide certainty and follow through.

That model – a strategic, long-term partnership between government and a vital sector, effective and evolving regulatory frameworks and incentives – has led to global pre-eminence for the UK, good quality jobs across the country, and tax revenue to fund vital public services, like schools and hospitals.

By setting the right frameworks, and investing in skills and infrastructure, we can help broaden our economic base, build a more balanced economy and make Britain a true global leader.

Of course, we cannot – and will not try – to make a plan for every corner of our economy.

We believe in the free market and won't attempt to shield the economy from market forces.

So we will have to make strategic decisions about where the government can – and where it cannot – best support key sectors of our economy.

Such an approach avoids the failed state interventionism of the 1970s.

But it also learns from the past failures of governments to give sectors and places across the country the long-term support they need to cope with economic change and compete in a changing global market place.

And as we take the Industrial Strategy forward, I want the CBI and the businesses represented here to work with Local Enterprise Partnerships and elected mayors to ensure that all parts of our country can benefit.

## **Brexit**

Our approach to Industrial Strategy reflects our ambitions for the British economy as we leave the European Union.

A more productive, dynamic, innovative, world leading economy which embraces technological change and is globally focussed.

In my Florence speech in September, I made a generous offer to our European partners and I am pleased that EU leaders responded to it positively.

The Council acknowledged the progress we have made and called for a further

acceleration.

And since I spoke in Florence, I am pleased that there has been further progress on citizens' rights, including an agreement on reciprocal healthcare and pensions, and further alignment on a range of important social security rights.

Our EU negotiating team is now preparing for the next phase, and I particularly welcome the beginning of internal discussions among the EU 27 about their position on our future relationship and the implementation period.

When sufficient progress is agreed we want to move as quickly as possible on both of these issues.

Throughout this process, I have been determined to give business and industry as much certainty as possible.

Achieving that maximum certainty was the first objective I set in my Lancaster House speech in January and it has remained fundamental to our negotiations to date.

We want to forge an ambitious economic partnership, out of the Single Market but with a new balance of rights and responsibilities between us and the European Union.

One which respects the freedoms and principles of the EU, and the wishes of the British people.

We should be excited by the possibilities which this new relationship presents for the future, just as we are realistic in acknowledging that it will take time to finalise.

I have made clear that a strictly time-limited implementation period will be crucial to our future success.

I know how important it is for business and industry not to face a cliff-edge and to have the time it needs to plan and prepare for the new arrangements.

During this period our access to one another's markets should continue on current terms, and I want us to agree the detailed arrangements for this period as early as possible.

But we should also be able to develop our relationships with countries outside the EU in new ways, including through our own trade negotiations around the world.

## **Embracing change**

And that world is changing in profound ways.

The technologies which are emerging today will have as profound an impact on our economy and our lives in the 2020s and 2030s, as the internet and smart

technology have over the last twenty years.

And Britain is already a world-leader in a number of these fields.

In FinTech, the UK is ideally placed to be the world's hub with the sector contributing a greater proportion of our GDP than any other G20 country.

And In Artificial Intelligence, I believe Dame Wendy Hall and Jérôme Pesenti's independent review into the potential of that sector set the right ambition by arguing that we should seek to make the UK 'the best place in the world for AI businesses to develop, start, grow, and thrive.'

The economy fit for the future which we must build over the next decade will be driven by science and innovation.

As well as supporting economic growth and helping to create the good jobs of the future scientific and technological advancements also have the potential to transform and improve our lives with life-saving medicines, new clean sources of energy and breakthroughs in the digital technology which we use every day.

Last year at this conference, I committed to a record increase in public spending on research and development, with an additional £2 billion per annum by 2021.

I want us to build on our strengths in science and innovation and make Britain an international centre for the transformative technologies of the future.

We are playing our part, by increasing public sector support for R&D to record levels and we will say more about the further action we will take in the Industrial Strategy white paper.

But today I also want to put the challenge to you – and to industry across the UK – to do the same.

Because the immense benefits which investment in R&D can bring will only be delivered in partnership with business.

You will develop the products and services that convert scientific discovery into real improvements in people's daily lives.

Today, for every £1 of government investment in R&D, British businesses invest around £1.70.

But in Germany, businesses invest around £2.40 and US businesses invest nearly £2.70.

So I want you to work with us to drive up business investment.

To help develop the next generation of technologies here in the UK, so that we can deliver more good jobs across the country and improve living standards for everyone.

This is a goal we all share, and one I know the CBI has long campaigned for.

And Britain has always been at the cutting-edge, the birthplace of the first industrial revolution and the home of more Nobel Prize winners than any country outside the United States.

We must see these coming technologies as forces for good with huge potential for our economy and our society.

Through our Industrial Strategy, the Government will help ensure Britain makes the most of them.

And as is our duty, we will also work with and support those who are disrupted by that change as well.

## **Infrastructure and skills**

That will mean ensuring that the UK has modern and efficient infrastructure, which delivers for taxpayers and businesses across the UK.

And considerable progress has already been made.

More than a quarter of a trillion pounds has been invested in UK infrastructure since 2010.

And the National Infrastructure Commission is giving us impartial, expert advice on the crucial infrastructure decisions of the future.

But as well as investing in our physical infrastructure, we also have a duty to invest in the skills of our workforce.

For too long technical education in this country was regarded as second best, and our economy suffered as a result. We are changing this.

Our new T-Levels, backed by over £500 million every year in additional funding once fully rolled out, will transform technical education in England.

Last month we announced the first three subjects that the T-Levels will cover: Digital, Construction, and Education & Childcare.

These will be of equivalent status to A-Levels and will give young people who want to pursue a technical career a better and clearer path to follow.

But improving our offer on technical education takes nothing away from the importance of higher education.

I want to see more people, from more diverse backgrounds, both going on to university and enjoying the benefits of higher-level study of all kinds.

Our international competitors are producing more and more skilled workers, and we need to do the same. These are exciting times for our country and I am optimistic about the future we can build for our young people if we keep pressing ahead with our reforms.



Better schools, improved technical education, more accessible universities.

Giving everyone the chance to get on in life, with a good quality job, the chance to get a secure home and to raise a family.

That's what our Industrial Strategy is there to deliver.

## **Abuse allegations**

I have talked this morning about how government and business can work together to pursue a modern Industrial Strategy and build an economy that is fit for the future.

But gathered here today, we cannot ignore the ongoing allegations of serious abuse and harassment in Parliament and across Westminster.

As representatives of British business, you know that your firms only truly succeed when you provide safe, secure and professional environments for your employees.

Parliament and Whitehall are special places in our democracy, but they are also places of work too, and exactly the same standards and norms should govern them as govern any other workplace.

What has been revealed over the last few weeks has been deeply troubling – and has understandably led to significant public unease.

Women and men should be able to work free from the threat or fear of harassment, bullying or intimidation.

But for too long the powerful have been able to abuse their power, and their victims have not felt able to speak out.

Let me be very frank – political parties have not always got this right in the past. But I am determined to get it right for the future.

So I have already published a new code of conduct and grievance procedure for the Conservative Party, which will apply to all Conservative office holders and representatives.

It sets out the high standards we expect and the procedure we will follow to deal effectively with complaints.

And later today I will convene a meeting with my fellow party leaders to discuss establishing a new common, robust and independent grievance procedure for Parliament.

Because those working for Members of Parliament should not have to navigate different party systems depending on their employer's political affiliation.

We need to establish a new culture of respect at the centre of our public life, one in which everyone can feel confident that they are working in a safe and secure environment, where complaints can be brought forward without

prejudice and victims know that those complaints will be investigated properly.

And where people's careers cannot be damaged by unfounded rumours circulated anonymously online.

Of course people can be friends with their colleagues and consensual relationships can develop at work – this isn't about prying into private lives.

What we are talking about is the use and abuse of power.

We must stand up for all the victims of abuse, harassment or discrimination, wherever it has occurred.

Now is the time to act decisively – without fear or favour – to guarantee a safe and respectful working environment for everyone in the future.

## **Conclusion: a better future for Britain**

So as we look ahead to the next ten years for Britain's economy, we should do so as rational optimists.

There are huge opportunities ahead. Making the most of them will demand hard work, imagination, and commitment.

But Britain has succeeded in the past when we have been confident in our strengths and bold in our action.

When we have backed the ambition of our wealth-creators, who use their talent, hard work and skill to take a chance, to grow a business and to spread economic opportunity to others.

With the right economic foundations – a balanced approach to public spending and the best Brexit deal for Britain; the right long-term incentives for business; and our wealth creators given the freedom and support to thrive and Government playing its proper strategic role in support of economic growth right across the United Kingdom – I am convinced that we can and will make the most of those opportunities and build a better future for everyone in our country.