

The 10 pillars of wisdom?



Professor Frank Peck of the University of Cumbria's Centre for Regional Economic Development writes for in-Cumbria on the big issues of the day and the economic data behind them. This month, an industrial strategy for the UK: building local institutional capacity

Government is currently consulting on a Green Paper entitled "Building our Industrial Strategy". It is certainly a timely document that seeks to put down markers designed to help shape the future for industry in the UK outside the EU. It is, therefore, fundamentally linked to the Brexit debate which comes to a head in March 2017. The document reiterates a well-known feature in economic policymaking – the productivity gap between the UK and our major industrial competitors.

This international imbalance is not the only issue. There are also highly significant regional disparities within the UK that the Green Paper recognises are "wider in the UK than in other western European nations". Finding an answer to this regional imbalance is regarded not simply as desirable, but also as essential – "because that is where much of the untapped potential of the British economy is to be found".

Put simply, regional imbalances result in high costs generated by pressure on resources in congested regions coupled with redundant spaces, communities and resources in peripheral regions.

The strategy proposes to address these issues at the national level by adopting 10 pillars that are intended to "drive forward" the industrial strategy "across the entire economy".

1. Investing in science, research and innovation
2. Developing skills
3. Upgrading infrastructure
4. Supporting businesses to start and grow
5. Improving procurement
6. Encouraging trade and inward investment
7. Delivering affordable energy and clean growth
8. Cultivating world-leading sectors
9. Driving growth across the whole country
10. Creating the right institutions to



Innovia in Wigton

bring together sectors and places.

(Source: HM Government Building our Industrial Strategy, January 2017)

Those familiar with industrial strategies will not be surprised by most of these contents – the document embraces many aspects of industrial policy that are already in place, including a commitment to develop further the Northern Powerhouse concept through launching a new Strategy. There is also a continued emphasis given to the science base and the development of higher level skills as key aspects of addressing the productivity question.

Yet it is not just a matter of turning out science graduates. The strategy also highlights the need for lifelong learning across all disciplines and professions to support people as they seek to meet the demands of the pace of change in the workplace. Presumably this affects those with backgrounds in social sciences and the arts as well.

There is much in the green paper that is of relevance to Cumbria. The discussion of skills, for instance, has strong parallels with the contents of the Skills Investment Plan of Cumbria LEP which highlights the major skills challenge for Cumbria not only in terms of raising levels of skills across the whole economy but also meeting the demand created by anticipated retirements in coming years. The emphasis on the need to upgrade infrastructure and also to use investment in infrastructure to support

rebalancing of the regions is also the major rationale within the Cumbria Infrastructure Plan.

One of the more intriguing aspects of this strategy, however, comes in Pillar 10 – bringing sectors and places together. This makes sense. After all, what are "sectors" if not assemblages of activities occurring in different places related or connected to one another in some way. Living in Cumbria, how do we connect with related activities taking place elsewhere in a way that provides opportunities for mutual learning and innovation?

This is a big question, but part of the answer certainly lies in building local institutional capacity. It has long been recognised in academic studies of regions that institutions have a key role to play in supporting local innovation and making national and international connections that are increasingly vital for acquiring new and useful knowledge.

These are "place-based" institutions, or "anchor institutions" that tend to be spatially immobile and embedded in local economies. They have long term commitments to local communities and their networks tend to be rich in local knowledge resources.

From the regional perspective, the aim of Pillar 10 – to "create the right institutions to bring together sectors and places" – signals a subtle change of emphasis in national industrial policy that should be welcomed.