Whatever happened to Osborne’s ‘march of the makers’?

Last week a key part of the UK’s economy went into recession. Industrial production has now fallen over two successive quarters with manufacturing shaken by the steel crisis, falling orders in construction and ongoing uncertainty around the UK’s membership of the European Union. These are not natural phenomena but are part consequences of government decisions.

Since the Conservative government’s election with a tiny majority last year, ministers have prided themselves on having no active industrial strategy. In June 2015 BIS Secretary of State Sajid Javid described his department’s shift towards an ‘industrial approach’ with ‘an active dialogue’ rather than any kind of focused and resourced industrial strategy as espoused by industry organisations, his predecessor Vince Cable, ministers in the previous Labour government or indeed many other governments in advanced economies.

Its only in this ideological context can the government’s sluggish and reluctant response to the steel crisis be understood. It’s ideology as much as incompetence. Current Ministers fundamentally don’t believe in intervening or even offering any strategy for key parts of the economy. We are left with the perverse situation with a Minister for the Northern Powerhouse representing a Teesside constituency watching 3,000 jobs on Teesside and a key part of the UK’s steel industry go up in smoke.

Reductions in government investment have cost the construction industry at a time when order books are still light. In March alone there was a 3.6% fall in new work, repairs and maintenance. Big reductions in publicly-funded projects, cuts to social housebuilding and fewer new buildings and repairs reduces demand. Meanwhile the lack of leadership from government in energy efficiency and retrofitting over recent years has meant the UK has missed an opportunity to invest and work our way to a more sustainable future.

According to the Centre for Economics and Business Research over 70,000 manufacturing jobs in the North East are linked to EU trade. Most are good quality, well-paid and skilled jobs providing valuable spending power in the North East. Now industry nerves are increasing as the referendum looms near. While a lot of attention was given the US President’s views on the case for the UK staying in the EU, for this region perhaps it’s the Japanese Prime Minister Shinzo Abe we should be paying closest attention to, especially given there are over 50 Japanese owned companies based in the North East. Last week he argued “it is better for the world that Britain remain in a strong EU. British membership is also better for Japanese investors in the UK, precisely because the UK is a gateway to the EU.” It would be a regional economic tragedy if we lose our industrial relationship with Japan and see more manufacturing jobs lost through leaving the EU.

The positive rhetoric of George Osborne’s ‘march of the makers’ speech five years ago has been undermined by the Chancellor’s and government’s policies. Ministers need to take responsibility for manufacturing entering recession once again. We can’t change government policy overnight but we can vote to remain in the European Union next month. In doing so we’ll give our manufacturing industry a chance to recover. After the referendum the government must urgently learn from its industrial failures.

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