



---

**WALES 2030:**  
**A 10 POINT PLAN**  
**FOR THE WELSH**  
**ECONOMY**

---

**ADAM PRICE AM**  
**WWW.ADAMPRICE.WALES**  
**POST@ADAMPRICE.WALES**

---

# **Wales 2030:**

## **A 10 Point Plan for the Welsh Economy**

The Welsh economy has remained at a stand-still for twenty years, at the bottom of the UK's prosperity league. While Scotland has had its devolution dividend, Wales economically has not made any relative progress since 1999.

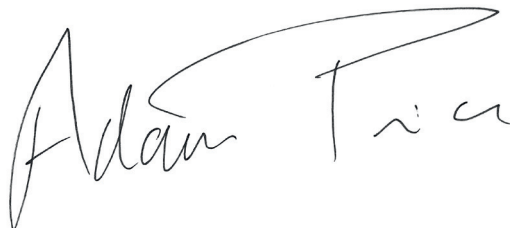
In this National Economic Plan I set out a series of measures designed to kick-start the Welsh economy and raise our GDP to 2.5%-3% per year in real terms over the course of the next decade.

In doing so I aim to address the classic problems of the Welsh economy:

1. The productivity gap: a function of low investment and low skills
2. The ownership gap: the relative absence of Welsh-owned firms and institutions
3. The infrastructure gap: the result of years of under-investment
4. The age gap: the effects of the Brain Drain on our long-term prospects

The measures I propose can be implemented using the powers and finances currently available to the National Assembly and Welsh Government. This is a radical, but practical and realisable programme. It demonstrates what could be achieved by a committed, determined government with the political will to carry it out. These characteristics have not been in evidence in the last twenty years during which the National Assembly and Welsh Government have been led by Labour. This is testimony to the urgent need to replace Labour with a Plaid Cymru government.

But more than this, I believe that putting Wales on the sound economic footing these measures would realise, would demonstrate what Welsh self-government can achieve even within current limits. Further, it would instil greater confidence in the people of Wales, and by doing so create the necessary platform to move Wales on to the next stage, independence itself, which is essential to achieving our full potential as people and as a nation.



---

## 1. A £2bn Development Bank

Wales desperately needs a real development bank in place of the current rebrand of Finance Wales. This merely invests a relatively small amount of capital for a short period of time, effectively acting as a venture capital investor. Even when successful (and by their nature many of these investments will fail) this model is based on achieving a 'profitable exit'. That simply compounds one of our biggest problems. This is that, when they reach a certain level, Welsh companies are acquired by externally-owned firms. Examples include the sale of the Welsh global engineering firm Harris Pye to Joulon in December 2017 and the sale of the contractors Alun Griffiths to Tarmac in early 2018. In this sadly well-established pattern, by handing over ownership and control, we are also losing the long-term value of the business, its profits and potential to be an income generator for Wales.

The Bank needs to shift its focus to making long-term investments to help plug the 'missing middle' of Welsh medium-sized firms.

The first step is to massively expand the capitalisation of the bank as the Scottish are planning to do with their new National Investment Bank. The existing Welsh bank, which aims to invest £80m a year by 2022, simply does not have the financial firepower to help reshape the Welsh economy. Neither does it have the capacity to provide finance for a management or employee buy-out at the scale needed to prevent more Welsh companies being sold off to their competitors. In order to have that kind of impact, we need to do the following:

- Invest £1 billion of Welsh Government money, phased in over five years, as subscribed capital. This will bring the Bank closer to the 1.5% GDP average of public capita in development banks. It can be achieved largely by ending grant aid to business and channelling all Government finance to business through the Development Bank.
- Issue bonds to raise further investment in the Bank from the private sector and from pension funds. Treasury approval will be required for this and the Bank will need to be able to demonstrate a track record. In the short-term a deal could be struck with the newly created Welsh Pensions Partnership. A £1 billion investment – representing a little over 7% of the £15billion in the Fund – could be achieved via a Welsh Government explicit guarantee on investment returns<sup>(1)</sup>. This would allow the Bank to fund revenue generating infrastructure projects, for example, in energy.
- Ending grant aid – a move that was attempted in the 2010 Economic Strategy but never implemented – and channelling all Government support to business via the Bank which will be fully arms-length from Government making decisions on sound economic grounds with no meddling or micro-management from ministers. This will mark a final break with the obsession of chasing foreign-owned companies. It will be a decisive shift in favour of a new model of 'economic gardening': planting the seeds and watering the roots of the Welsh economy so that we can grow our own firms.

Of the fifty or so 'anchor companies' that the Welsh Government concentrates most of its economic efforts on, only a handful are currently owned here in Wales. Large companies like Finsbury in food or Watkin Jones in construction don't feature at all. The temptation, with the current focus on Brexit, is to maintain a defensive strategy based on keeping 'anchor' companies from lifting anchor. What we actually need is shift our focus from anchor companies to grounded firms. That is to say, firms that are owned, managed and, therefore rooted in Wales, those that need succession planning, and those with export (or import substitution) potential. They should be identified from the Top 300 firms by turnover as early priorities, together with the high-potential scale-ups among the FAST Growth 50. Specific targets should be developed at every level. An example would be creating at least one other Welsh headquartered FTSE 100 company alongside Admiral Plc by 2030. <sup>(2)</sup>

---

1. The WPP invests very little in Wales currently but has indicated, for example, in the context of the tidal lagoon project that it is prepared to do more. The recent Law Commission report on the fiduciary duties of pension funds has also made it easier for Trustees to consider the social and wider member benefits that flow from local investment.

2. Scotland currently has four.

---

## 2. A National Infrastructure Company

Since the 1980s the UK has been spending less per capita on infrastructure than any of our competitors, and in Wales we've been spending least of all.

After a backlog of under-investment by Westminster and by the Welsh Government itself we need to massively ramp up our spending on basic infrastructure, from transport and digital communications to energy, housing and social infrastructure like schools and hospitals. The Welsh Government currently spends around £1.3 billion a year on public infrastructure, or 2% of GDP. However, the OECD suggests a country like ours should be spending nearer to 5%. Luckily we can avail ourselves of still historically low interest rates and the fact that the Welsh Government is carrying next to no debt (just 0.6% of its current revenue budget is devoted to debt financing) to invest an extra £8.25 billion after 2021, repayable over three years, while staying well within the prudent 5% of revenue target set by the Scottish Government.

That £8 billion plus – double the amount we had in total from the EU over twenty years - will have multiple benefits:

- It would fund the original exciting vision of the Metro for south Wales – the £3 billion version not Labour's cut-price, refurbished Tube train travesty.
- It would fund a full-scale Metro for Swansea Bay and the western Valleys too, and a Western Rail Corridor linking Carmarthen with Aberystwyth and Caernarfon.
- It would fund a programme to develop the A470 – with its spines to Bangor, Llandudno and Wrexham – as an iconic fast link between the south and the north, the One Wales Highway.
- We would ensure 1 gigabit internet speed as standard nationally.
- We would create a new parallel energy grid for Wales powered by wind, tidal, hydro and solar – and co-invest with the private sector in an inter-connector for electricity between north and south Wales.

This upgraded infrastructure would deliver long-term economic benefits. Meanwhile, in the short-term, the investment would inject around an additional 1% of GDP into the Welsh economy every year for ten years. But to make sure we get the full benefit of any additional investment we need to establish a national infrastructure company to change the way public contracts are managed. At the moment the Tier One construction and civil engineering companies that are almost always based outside Wales win these large contracts. As Carillion has demonstrated, these large contractors are hollowed out financing and project management consultants that often take payment from their clients early and invest the money while paying their Welsh suppliers and contractors late.

A National Infrastructure Company – a delivery arm of the soon-to-be created National Infrastructure Commission - could remove this tier of profiteering by externally owned companies and allow much more of the value of our investment to be captured by the Welsh supply chain that generally completes the work anyway. It would emulate some of the work done by the Scottish Futures Trust's regional hubs in Scotland. Instead of public-private partnerships with Tier One companies, it would be the bridge between public sector clients and, wherever possible, a local supply chain of architects and builders. They would work with an infrastructure team at the Development Bank to come up with tailored finance packages and develop a first-rate specification and project management capacity. That would strip out transaction costs, management overheads and profit by replacing large construction corporations and layers of contractors with a publicly owned team of technical experts commissioning work from consortia of local firms.

---

### **3. Nationalising Energy**

Wales has vast potential to be a renewable energy powerhouse – much as we were in coal a hundred years ago. Currently, however, our natural resources are largely untapped – or where they are, as in offshore and onshore wind – it is the taxpayers of other European countries that reap the benefit. Even the much-vaunted tidal lagoon project was led by a company from Gloucestershire.

A publicly owned Welsh energy company is a must for the 21st century. It would re-energise renewable energy in Wales and deliver electricity at competitive prices for the consumer. In the first phase the National Energy Company would under-cut competitors by offering long term power purchase agreements (PPAs) to new renewable energy schemes. There are a number of potential renewable energy projects that could be implemented for prices at or below recent levels in wholesale power prices. So, for example, in Scotland the Scottish Energy Company gives PPAs to such companies and delivers electricity to consumers at the same or lower prices than other electricity suppliers. In phase two the National Energy Company of Wales would begin to invest in energy generation directly itself with backing from the Development Bank. It would also invest in its own transmission and distribution network to create a new decentralised grid, offering a cheaper, more efficient and higher quality service than the foreign-owned companies that currently dominate electricity in Wales.

A National Energy Company that systematically exploited Wales' tidal and offshore wind potential, even resurrecting plans for tidal lagoons and the proposed new lightweight Severn Barrage, would not just make Wales 100% renewable. Additionally, when combined with sophisticated storage technologies – for example, the use of abandoned mine shafts for hydro or gravity battery storage – it could be the basis for export to both England and Ireland, generating significant profits. These could either be used to develop a Sovereign Wealth Fund, as is the case of Norway, or, as with Alaska, award an annual dividend to Welsh citizens, and be the nucleus of a Welsh Universal Basic Income.

The model of the National Energy Company should be followed in other areas such as water, where significant export opportunities exist for potable water, for example to the Gulf States using backhauling from the current LNG tankers at Milford Haven. As in the case of Singapore's Government-Linked Companies, developing well-managed state-owned companies in profitable sectors previously dominated by externally owned companies or utilising previously untapped resources would prove a major driver of economic prosperity.

### **4. Low (income) tax, inclusive growth**

Powers over business rates, council tax and a share of income tax are already devolved, and there is also an agreement on a system for agreeing new taxes. Putting this together Wales could lead the way with a radical proposal that left us with the lowest income tax levels in the UK, was socially progressive and provided a major impetus to growth.

As Dr Rhys ap Iwan, of Bangor University, has proposed, introducing a National Land Value Tax on residential, commercial and industrial land (agricultural land would be excluded) could generate £6bn at a 3% rate on current values. This would enable us to abolish business rates, council taxes and lower income tax, at the basic, higher and additional rates, by 10p. I propose that we cut it by 9p and use the remaining £250m as a 'penny for education' helping over-turn the chronic under-investment in our schools, colleges and universities. But cutting the basic income tax rate even to 11% will provide a major economic boost to the Welsh economy through increased spending. The lower overall tax rates, plus the abolition of rates and council tax, phased in over the course of the decade, will make Wales extremely attractive to young people seeking to return or relocate to work or start a business.

---

We could drive that advantage home even further and revive an idea from the Holtham Commission report of 2010: a rebated corporation tax based on income per capita, as part of a post-Brexit UK regional policy framework. This would not be designed primarily to draw in foreign-owned firms but to help our own businesses retain a greater proportion of their profits here in Wales, so driving up their levels of investment.

## **5. A Job Guarantee**

Much of Wales is scarred by unemployment, precarious work and poverty wages, but this is particularly in certain areas such as parts of the Valleys, and among the young. This comes at a serious personal, social and economic cost – and the effects are cumulative and reinforcing. Eradicating involuntary employment is the first step in rebuilding economic self-confidence for individuals and for communities that are currently excluded from the labour market. The idea of a job guarantee has emerged as a key idea in the Democratic Party in the US, and is beginning to gain traction elsewhere too. A Plaid Welsh Government should offer a secure job at a living wage to anyone unemployed for more than 90 days who wants to work but cannot find employment in these economically distressed areas and for 18-24 year olds throughout Wales. This could be via Workforce for Wales, a Government-run company, organising socially useful work in sectors such as social care, construction, energy efficiency and the environment, the arts, and education and linked with good quality training. This could be done either directly or through working through a subsidised and accredited placement – in effect a national paid internship programme - for Welsh SMEs and in the voluntary sector.

## **6. Knowledge Nation I: skills and vocational training**

Vocational education and training has long been the Cinderella of Welsh Education. It needs to be placed at the top of the agenda. We can do this by:

- Ending the chronic under-funding of further education colleges (through the 'penny for education' investment package).
- Adopting the Singapore 'Skills Future' approach to retraining, vital as we face the challenges and opportunities of automation. Every employer should be asked to spell out the changes, sector by sector, they expect to happen over five years, and to identify the key skills that will be needed. This is turned into "industry transformation maps" to help individuals work out what they need to do. Tripartite agreements between unions, employers and government lay out career and skills ladders for those who are trapped in low-wage occupations. Professional-conversion programmes offer subsidised training to people switching to new careers in areas such as health care. Everyone over 40 would be offered retraining subsidies of 90%. An employer-centred National Skills Development Agency to lead the planning and delivery of post-compulsory education, building on the work of the Regional Skills Partnerships .
- Bringing back the polytechnics and the old HND with new 'comprehensive' (in the sense of being non-selective ) technical universities offering two-year vocational degrees eligible for the same level of student financial support as conventional courses with on-the-job practical work counting towards degree credit.
- Creating the first Welsh-medium further education college in south-east Wales.
- Examining what has been achieved by the collaboration between Coleg Sir Gâr and Coleg Ceredigion in collaboration with the University of Wales Trinity St David to see how far can this be rolled out across Wales.



- 
- Re-committing to the original Welsh Bacalaureate proposals which provided parity of esteem to academic and vocational education through an overarching qualification.
  - End the divide within the Welsh Government and create a single Department for Education and Skills.

## **7. Knowledge Nation II: Universities, Innovation and the Brain Drain**

Universities are key economic drivers, interacting with business and government. But in Wales our universities tend to be 'Cathedrals in the Desert'. That is to say, there is a failure to effectively translate innovation research into new business start-ups. In 2014-15 Government invested £150m on knowledge exchange in England, £17m in Scotland and £4m in Northern Ireland but nothing in Wales. The result was that while income from the knowledge economy grew between 2014/15 and 2015/16 in the other UK nations (in Northern Ireland by 30%), in Wales it fell by 4%. On top of this is the 'brain drain' that sees Wales incentivise half of its under-graduates to leave, and, in most cases, never return.

We need to:

- Create a National Innovation Agency modelled on the Finnish Tekes to drive R&D and innovation across all sectors of the economy and society, including social and public service innovation.
- Give Welsh universities by a distinctive advantage by having one adopt the Melbourne model replacing narrow subject-based degrees with American-style 'universal' degrees with a broad curriculum emphasising critical thinking and problem-solving.
- Create specialist universities in particular areas, for example, the nascent "Software University" in Newport teaching programming and digital skills, and a new Mondragon University campus, specifically dedicated to employee-owned enterprises.
- Introduce a student debt forgiveness programme for all those agreeing to study or work in Wales for four years after graduation.

## **8. Growth Poles and Regional Economic Development**

Rural western Wales and the Heads of the Valleys are the two of the most persistently under-performing regional economies in Wales. We need to find a way of reigniting the economic development in these areas.

- We will create a Metro Development Corporation, based on the Cardiff Bay Development Corporation, with the specific brief of delivering the South Wales Metro to the particular benefit of the northern Valleys communities over the course of 15 years.
- Similarly an Asiantaeth Datblygu Arfor, should be developed in the West, modelled on the old Development Board for Rural Wales, but with a dual emphasis on language and economic development. Congestion charging for non-residents in the Snowdonia National Park should be introduced as a source of local community investment. In both Arfor and the Valleys a network of not-for-profit locally owned banks needs to be created with the active support of the Development Bank as a first step towards creating a national network.
- Throughout Wales three major strategic development sites should be identified. These could include:
  1. A new bilingual eco-town in the West as proposed by the barrister Gwion Lewis near Carmarthen or Dinas Y Menai.

- 
2. The development of a National Freeport at Milford Haven, (with smaller versions at Port Talbot and Newport).
  3. A “city of the future” built as a permanent test-bed for new technology – similar to the plans proposed by Bill Gates in Arizona or the ‘smart district’ being designed for Toronto by Google’s Sidewalk Labs – linking Swansea or Cardiff with their Valleys hinterlands.

## **9. A Welsh Government backed complementary currency**

The Welsh Government could start to issue its own parallel or digital currency before independence. As well as being a valuable symbolic move this would help stimulate the Welsh economy. This could be done via:

- A digital currency using blockchain technology could be created – similar to the cryptocurrency Scotcoin – with everyone in Wales credited with an initial sum.
- A parallel currency – similar to that currently being considered in Italy and used by Argentinian provinces temporarily in 2001. This could be achieved via a couple of means: basically the issuing of small denomination zero-coupon bearer bonds (essentially IOUs) or tax rebate certificates that would entitle the bearer to a tax reduction, say, in two years time.
- A combination of both (with a digital currency backed by TRCs or redeemable IOUs).

The Welsh Government could signal its intention to purchase goods or services and accept payment using the new currency unit.

If done at sufficient scale the economic impact of a parallel currency would include:

- Introducing an alternative to austerity-driven cuts.
- Boosting internal demand.
- Reducing leakages from the Welsh economy
- Improving competitiveness as the local currency trades at a discount to Sterling

## **10. The Foundational Economy**

The foundational economy consists of those basic goods and services distributed locally that are essential to life – including food, utilities, construction, retail, education health and social care, and housing. These are the sectors that where over half of people work but have tended to be overlooked in policy terms.

Working on the foundational economy will allow us to:

- a) Drive up wages in these keys sectors by improving productivity.
- b) Prevent leakages from local public procurement and private consumption.
- c) Retain a greater share of profits through higher local and social ownership.

We aim to do this by:

- Establishing community economic development companies in every area (modelled on Cwmni Bro Ffestiniog) to identify market opportunities for local cooperative enterprises.
- Founding a Welsh campus for the Mondragon Cooperative University.
- Establishing a new National Food Policy Council bringing together all the various stakeholders



---

across agriculture, food processing, health, nutrition and the environment to create a single joined up policy that places healthy, nutritious, locally produced food as a key overarching goal of Welsh Government Policy

- Setting up a new national housebuilding agency to boost housebuilding in Wales, organised as a joint venture between the Welsh Government, local councils, housing associations and the private sector. Its remit would be to at least double the housebuilding programme over the next five years. Publicly owned land would be used rather than being sold on to developers. Funding would be through long-term investors who would receive their return through the rental streams. Construction would use innovative methods such as modular housing that would be constructed in factories based in Wales, creating new jobs and skills.

## Conclusion

To any fair-minded person the vast bulk of these policy proposals will appear eminently practical and workable, and capable of effecting the change we need in upgrading Wales' economic performance.. Some of the ideas are more deliberately experimental – and success will require some policy innovation. But others are tried and tested; indeed, they appear as so much common sense. The question arises, therefore, why hasn't a programme such as this been implemented during the twenty years that we've had democratic devolved government?

The answer can be explained using the following analogy: Devolution can be compared with a tennis tournament. To take part it is essential to have a racquet; without one you can't join in the game. But possessing a racquet does not mean you will play the game well. To do that you need some aptitude to be sure, but even more, fitness, training, courage in the face of adversity, and a will and determination to succeed.

The comparison with devolution follows. To take part we need the Assembly and government institutions. But merely possessing them does not ensure success. That requires an effective policy programme, political will, courage in the face of adversity, an entrepreneurial approach to policy, and a determination to succeed.

Labour running the Assembly has rarely if ever shown these qualities. In the first place it was extremely reluctant to enter the game at all, and only did so when forced over decades by pressure from Plaid Cymru. Once on the field Labour exhibited laziness and lassitude, held prisoner by civil servants fearful of the risks involved in taking initiatives that would mark Wales out as different in any way to the rest of the UK. Labour came into office without an effective programme. Such as it acquired was provided by coalition partners - the Liberal Democrats in 1999, and Plaid in 2007. At the end of the first term the Permanent Secretary Jon Shortridge declared that the Assembly's main achievement had been not to mess up in terms of any major scandal or policy blunder. The only major Labour 'policy' intervention was Rhodri Morgan's declaration of clear red water between Wales and Tony Blair's England (an intervention written by Mark Drakeford). But all this meant was that Wales was sticking to traditional Labour approaches in social policies, while England was veering to the right.

We have now reached a point where the Welsh Government's lack of ambition and achievement is throwing a large question mark over the whole devolution project. What has been the dividend? Has the whole thing been worth it? This is why a Plaid government is so urgently necessary in 2021. But only a Plaid government with the determination, vision, and political will can implement an economic programme that will achieve demonstrable improvement within current constraints.

This is the programme I have laid out. I want to lead Plaid Cymru to bring together an exciting vision to improve the Welsh economy with the clear political will to carry it out.

Together we can, and we will win, a New Wales.