



21st Century Economy

Consultation Paper 128

Spring Conference 2017

Background

This consultation paper is presented as the first stage in the development of new Party policy on the 21st Century Economy. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Mike Tuffrey and Julia Goldsworthy. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

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Comments should reach us as soon as possible and no later than Friday 31st March 2017.

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1. Major Trends in the British and World Economies

1.0.1 The starting point for developing our policies to deliver a more prosperous and sustainable future for Britain in the 21st Century is a clear appreciation of the major challenges we will face. Trends are often difficult to discern and can always change, but without some grasp of the problems we need to solve it is impossible to develop a rational and coherent policy approach.

1.0.2 Most of the trends we face affect all developed economies, but some of them affect Britain in specific ways.

1.1 Lower Growth and Productivity Challenges in Developed Economies

1.1.1 It is a long-term feature of the world economy that the most advanced economies tend to grow at a long-run average of 2-3% while those developing economies which are undergoing rapid modernisation can grow at around 6-7%. As different regions of the developing world move through the high-growth phase, this can lead to major changes in the balance of global economic power, as we have seen in the 'tilt towards Asia'. This is not necessarily a problem for people in advanced economies as they are in absolute terms still seeing an improvement.

1.1.2 However, growth in many developed countries, particularly in Europe and Japan, has been particularly low in recent years, despite a sustained period of extremely low interest rates and 'quantitative easing'. Some commentators have spoken of a 'new normal' of 1% growth.

1.1.3 In the UK, productivity has lagged our leading competitors for many years and has failed to recover well from the last recession. There are many theories to try to explain this, but low levels of infrastructure investment and poor skills are clearly

relevant. Solving the UK productivity puzzle will be absolutely central to achieving our overall objectives for the UK economy.

1.2 New Technology

1.2.1 Automation has affected the manufacturing sector for many decades, but many forecasters are now suggesting that artificial intelligence and advances in robotics will increasingly replace jobs not just in manufacturing and general services but in many 'professional' sectors as well. Medical diagnosis, standard legal work and much news aggregation and dissemination jobs could all disappear. This has led to fears that large swathes of the population, even those with fairly high skill levels, will never be able to find work in the future.

1.2.2 At the same, artificial intelligence is unlikely in the foreseeable future to be capable of empathy, so some forecasters see it more as changing the nature of jobs rather than wiping them out. Automation also reduces the share of total costs in manufacturing represented by labour, and so may in fact facilitate 'reshoring' of some manufacturing to high wage economies.

1.3 Demographics

1.3.1 All developed countries to a greater or lesser extent experiencing ageing populations, due to a combination of increasing life expectancy and lower birth rates. This will create increasing pressures on pensions, care and health systems. The proportion of the population aged over 65 is projected to rise from 17% to 24% by 2050. This will inevitably mean working lives being extended, and for many people this will be a welcome and beneficial development.

1.3.2 However, it will present real labour market challenges, especially in assisting people to change careers over a lifetime. In particular, there are still many physically demanding jobs that people simply cannot continue to do beyond a certain age. The UK is in fact not as strongly affected by this demographic trend as many other

European countries, but should there be a reduction in immigration that could change. In any case, there is a growing challenge in helping people to transition from full-time to part-time work as they age rather than experiencing a 'cliff edge' retirement.

1.4 Brexit and the possible retreat from Globalisation

1.4.1 Obviously, the June 2016 referendum was a specifically British development, but it links to increasing political challenges to globalisation across the developed economies, including the election of Donald Trump in the US. The UK has always been a major trading nation since the seventeenth century, and UK plc as a whole has benefited from the more intense phase of globalisation since the 1960s in terms of services exports and earnings, although the benefits of this have not been evenly distributed, with the successful financial and professional services sectors heavily concentrated in London and the South East. Nevertheless, Britain has a lot to lose from a reversal of globalisation, especially if Brexit were to drive major financial institutions away from Britain and make it less likely that highly skilled migrants would come to the UK.

1.5 Resource depletion and environmental constraints

1.5.1 One of the factors facilitating globalisation over the last forty years has been relatively low global commodity prices, but this is going into reverse and given the projected increase in the number of middle-class consumers in the world over the coming decades this trend is likely to get worse. Conventional sources of fossil fuels are becoming more expensive to exploit, and while there is a growth in the use of unconventional sources, these bring a whole new set of environmental problems with them.

1.5.2 In any case, there is an imperative to reduce carbon emissions in order to mitigate climate change. Reserves of key raw

materials like lithium, cobalt and tantalum are finite and could soon come under pressure. Britain has some particular environmental challenges as well, for example very poor air quality in some urban areas. We do, however, enjoy significant opportunities, both in terms of our own renewable energy resources such as wind and tidal power, and our existing leads in a number of green technologies which have great potential as export earners.

1.6 Growth in intangible assets and monopolies

1.6.1 A notable feature of the move to a more knowledge-based and digital economy is that the nature of economic assets is changing, with intangible assets (things like intellectual property and brands) overtaking tangible assets (eg. land, machinery). Over the last 30 years, the proportion of intangible assets in the US Economy has risen from about 25% to about 75%. Aside from creating challenges for how we measure the value of companies and national GDP, this potentially puts a great deal of market power in the hands of the owners of key patents and globally-recognised brands.

1.7 Rising inequalities

1.7.1 While the development of globalisation and the digital economy has overall led to big increases in income for most people in the world, low to middle earners in developed countries have not shared in this to anything like the same extent. In the UK, this has been exacerbated by the dysfunctional housing market which has led to rising inequalities of wealth.

1.7.2 Compared to most developed countries, the UK has marked regional inequalities, and geographical inequalities within regions. These are rooted in the decline of mass employment in manufacturing. While some cities outside London have been able to generate jobs in the new knowledge-based economy, the picture is mixed and it is very difficult to create new well-paid jobs outside

urban centres. While the vote for Brexit has been attributed by many commentators to 'left behind' voters in rural areas and declining post-industrial towns, Brexit in itself will certainly make the challenges for these areas more difficult not less.

Question 1: Are there any significant global trends that are not covered here?

Question 2: Do you disagree with any of the analysis above, and if so how?

2. The Liberal Democrat Approach

2.0.1 Despite the very challenging nature of the trends identified, Liberal Democrats remain optimistic that a prosperous, fair and sustainable future is possible if we adopt a liberal approach to tackling them. As Liberal Democrats, we embrace the potential of change while recognising that some people and places are at risk of losing out during big economic shifts and they need protection and support in navigating the coming transition.

2.0.2 The rest of this chapter sets out our understanding of the key elements of a Liberal Democrat approach.

2.1 Challenge entrenched concentrations of power and allow people take more control over the economic forces that shape their lives

2.1.1 Liberal Democrats see work as not only a source of income for workers, but also a source of satisfaction and self-esteem. In many ways the world of work has become more alienating and less empowering for employees. Organised labour representation has declined, and many work for national or international companies who are not felt to have a commitment to their workforces or their local areas. Traditional employee benefits such as defined benefit pensions have been in decline which makes people feel less valued. At the same time, many people have moved into insecure self-employment, not as a positive choice but as a necessity having lost formal employment. Some areas of the economy remain dominated by established monopolies or oligopolies, such as the banking sector. Liberal Democrats champion those who challenge existing concentrations of power and wealth.

2.2 Good growth and sustainability

2.2.1 Liberal Democrats recognise that it is a natural human desire to aspire to a higher material standard of living and are definitely not anti-growth. At the same time the ultimate measure of the success of an economy is the quality of life it affords for its citizens, and a narrow-minded pursuit of traditionally-measured wealth at all costs regardless of environmental and social impacts can in fact undermine the quality of life. It also matters how wealth and income are distributed.

2.2.2 The existing GDP/GNP measures were developed in the 1930s and 40s to respond to the challenges of the great depression and the second world war, in an era when manufacturing industry was far more dominant than it now is, and environmental concerns were almost totally ignored. The UK must develop a new framework for the evaluation of policy which is better able to measure the intangible nature of the modern economy, and takes into account distribution and regional effects and environmental consequences as well as simple cash gains. We must build on the existing system of carbon budgets by extending the same principles to the use of finite resources. Labour market and employment policies must prioritise improving opportunities for those on low and middling incomes, and should ensure high rewards for those at the top end which are justified by high performance.

2.3 Investing in people

2.3.1 One trend in developed countries that is absolutely clear and very unlikely to be reversed is that high levels of skills will be essential for people to participate successfully in the labour market. As well as the skills people have when they first enter the world of work, in future more and more mid-career learning and re-training will be needed.

2.3.2 England has an education system which works reasonably well for the 40% who progress through traditional academic routes to study at University aged 18/19, but serves others much less well, despite significant expansion of apprenticeships under the Coalition. A Liberal Democrat approach needs to focus on getting the right package of support to individuals to meet their specific needs given their existing skills and experience and the local labour markets in which they will be competing.

2.4 Empowering dynamic local growth

2.4.1 Given that large-scale employment in manufacturing is unlikely ever to return to the UK, attracting high skilled/high paid business services type of investments to areas outside the South East is vital. To achieve this cities and regions need to a) raise their skills levels b) improve their transport networks and c) generally make themselves attractive locations for investors. All of these need to be led by local people; a top-down imposed solution will not fit everywhere, and it is the local political and business leadership which will be most committed to fighting for investment for their area. A Liberal Democrat approach will therefore will therefore be built on strong local autonomy, while recognising that neither the government's combined authorities nor the existing local government boundaries necessarily reflect natural economic units well.

2.5 Securing infrastructure investment and access to finance

2.5.1 While Liberal Democrats have always been sceptical about the capacity of government to make investment decisions for individual companies, we see a vital role for the state in securing investment in key national infrastructure and in ensuring that there is a workable system for firms to get access to the finance they need to grow their businesses. The British State has been chronically poor at infrastructure investment compared to some of our competitor

countries. We also seem to have a problem in securing finance for small growing companies to 'scale up' without having to effectively sell themselves and lose control.

2.6 Harness the forces of innovation and new technology

2.6.1 Liberal Democrats are enthusiasts for the power of human creativity and embrace technological advance as an opportunity to be grasped. In particular, while not providing a magic solution to all our environmental problems, new green technologies are a major part of the answer to our sustainability challenges, both in terms of renewable energy generation and energy efficiency and resource depletion. Universities are potential hubs of economic development for their local areas.

2.6.2 Britain has a proud record of scientific research, but turning this into commercial success has been more patchy. The Coalition had a good record on promoting innovation through initiatives like the Catapult Centres, but overall the research budget lags behind our competitors.

Question 3: Are these the key Liberal Democrat approaches to tackling the challenges of the 21st century economy? Has anything been missed?

Question 4: Will these approaches do enough to promote diversity and reduce inequality in our economy and society?

3. Possible Policy Interventions

3.0.1 In this chapter we set out under the headings of the Liberal Democrat approaches identified in Chapter 2 a variety of possible policy solutions and dilemmas. We are looking to build on our achievements in government in 2010-15. Despite the constraints of coalition, we introduced a raft of liberal policies to help Britain adapt to the conditions of the 21st century. These included:

- Reforms to the banking system.
- Creating the world's first Green Investment Bank.
- Enabling unprecedented investment in low-carbon energy.
- Introducing a Regional Growth Fund and a bold new Industrial Strategy to support growth and high-skilled jobs.
- Delivering more than two million new apprenticeships.
- Ensuring transparency of company ownership and promoting more diversity in business leadership.

3.0.2 Nevertheless, because we had to work with the Conservatives there were a number of areas in which we were not able to achieve as much as we would have wished. We published further proposals for Liberal Democrat policies in our 2015 Manifesto, particularly in the areas of support for research and innovation, but time has moved on again since then and we need to refresh our thinking. Many of our achievements are being unpicked by the Conservatives, especially in respect of actions to promote sustainability and green industries, and the whole prosperity of the UK is placed in jeopardy by the prospect of a 'Hard Brexit'. The government has recently published its own Industrial Strategy document with ten 'pillars'.

Note: The party currently also has working groups on Education, Immigration, Rural Communities, Britain in the World, and People and Power, and plans to set up groups on climate change/energy policy and tax policy. All of these groups to some extent overlap with our work, and we have avoided too much coverage of areas that we

think fall primarily to them which we would otherwise address more fully (eg. school curriculum, impacts of economic migration).

Question 5: What are the best parts of our legacy from the Coalition years? Where do we need to take these policies further?

Question 6: What parts of the Government's Industrial Strategy should we welcome? Where is it inadequate?

Question 7: Are there any significant policy areas that we have not addressed in the chapter, and if so what should we propose?

3.1 Challenge entrenched concentrations of power and allow people take more control over the economic forces that shape their lives

3.1.1 Liberal Democrats and our Liberal predecessors have always championed open, competitive economic markets so that established firms with existing dominant market power cannot exploit that to the detriment of consumers. One key sector affected by market dominance which has been the focus of significant reform since the banking crisis of 2008 is the banks. Our policies on banking reform include facilitating new entrants, including through public procurement policy, encouraging the growth of crowdfunding and alternative finance models, promoting a new community banking sector to support small and medium-sized Enterprises and social enterprises, and tackling discrimination in the provision of financial services and supporting products that increase financial inclusion.

3.1.2 However, there are other sectors affected by market dominance issues where we have less developed policy. For example, the development of the digital economy, while providing

new opportunities for challenger firms to enter markets, has also created some very dominant social media platforms. We need to consider what a 21st century competition policy looks like in this changing environment.

3.1.3 Liberal Democrats have always placed a heavy emphasis on empowering workers to have control over their own working lives and an effective say in their workplaces, while respecting the legitimate rights of other stakeholders. Our existing policies include encouraging employers to promote employee participation and employee ownership, with an overall aim to increase further the proportion of GDP in employee-owned businesses; permitting a German-style two-tier board structure to include employees; giving employees a right to request shares in a company, to be held in trust for the benefit of employees; and establishing the right for employees of a listed company to be represented on the board. Many traditional models of worker empowerment do not necessarily cope well with the modern labour market, particularly with the increasing number of people in insecure self-employment and the 'gig economy', so this is a policy area on which we are keen to hear new ideas.

3.1.4 We also recognise that the business sector in the UK has challenges with diversity, despite the progress that was made under the coalition. We have existing commitments to move towards at least a third of board members being women, ensuring that there is at least one BAME member on every board, and extending the focus of this drive from FTSE 100 companies to FTSE 350 companies.

Question 8: Which areas of the economy are most vulnerable to abuse of market concentrations of power and how can these be reformed?

Question 9: What changes to corporate governance would encourage innovation and give employees a greater sense of empowerment in their working lives? How should we reform voting rights in public

companies? How should we improve on proposals in Government's Green Paper on Corporate Governance?

Question 10: How can policy address the needs of the increasing number of self-employed people who lack traditional employee benefits, eg. sick pay?

Question 11: How can the rights of workers best be protected in the future economy? How can the Trade Unions develop their role in the future?

Question 12: How can multinational businesses be democratically held to account and effectively regulated?

Question 13: How can the trends towards monopolies and oligopolies in some growing sectors of the economy be countered without creating an over-bearing state and/or losing the economic benefits?

Question 14: What policy should we adopt on takeovers? In addition to competition considerations, should we also take account of possible loss of strategic research and development capacity?

3.2 Good growth and sustainability

3.2.1 While greater productivity and material wealth are obviously good things in themselves, Liberal Democrat policy has for many years recognised that a single-track pursuit of growth as measured by GDP will not necessarily improve our overall quality of life. If growth comes at the price of climate change, resource depletion, deteriorating air quality and loss of green spaces, or if the fruits of growth flow only to a small minority, or if it imposes heightened insecurity in the labour market or an unsustainable work-life imbalance, then most people will not really be any better off. Our existing policies include commitments to create a National Institute

for Wellbeing to research and promote best practice in increasing quality of life and develop a Wellbeing Index as a parallel measure to GDP, and to develop a framework for government to systematically consider quality of life in policy making. We also support reform to fiduciary duty rules to ensure that other considerations, such as employee welfare, environmental standards and ethical practice can be fully included in decisions made by directors and fund managers.

3.2.2 Our existing policies to promote sustainable use of resources include placing the Natural Capital Committee on a statutory footing, setting legally binding targets for reducing net consumption of key natural resources, introducing incentives for businesses to improve resource efficiency, and establishing a statutory waste recycling target of 70% in England. We also have a strong policy platform on decarbonising the economy through a Zero Carbon Britain Act, although energy and climate change policy per se is beyond the remit of this group.

3.2.3 Our existing policies to make the labour market fairer and more family friendly include expanding Shared Parental Leave with an additional ‘use it or lose it’ month to encourage fathers to take time off with young children, establishing an independent review to consult on how to set a genuine Living Wage across all sectors, ensuring employers cannot avoid giving their staff rights or paying the National Living Wage by wrongly classifying them as workers or self-employed, and stamping out abuse of Zero Hours Contracts by creating a formal right to request a fixed contract and consulting on introducing a right to make regular patterns of work contractual after a period of time.

Question 15: How should the GDP measure of economic growth be reformed?

Question 16: What other broader, composite measures of quality of life could be used to complement GDP?

16. What is a liberal approach to remuneration within the labour market? How can we deliver fair rewards throughout the income distribution without increasing unemployment or undermining incentives or the ability of firm to compete for the best talent?

17. If wellbeing is now more important than simple wealth creation, at least for many people and society as a whole, how do we shift the mentality away from simple GDP measures? In particular markets are very sceptical of composite wellbeing measures.

Question 17: What do think constitutes a 'good job' in the 21st century?

Question 18: How can we best promote a 'circular economy' in which finite resources are reused and not squandered?

Question 19: What economic opportunities are created for the UK by the growth of markets from green technology?

3.3 Investing in people

3.3.1 As our economy rapidly changes, the need for people to retrain and reskill has never been more important. It is no longer the case that the skills learnt at 18 or 21 will last for a career. The ability to learn new skills or change careers is also vital in creating the opportunity for people to succeed no matter their stage in life. That's why Liberal Democrats have always supported the need for lifelong learning.

3.3.2 Our existing proposals include: aiming to create individual accounts for funding mature adult and part-time learning and training, and to provide for all adults individual access to all necessary career information, advice and guidance; facilitating across the UK an effective comprehensive system for credit transfer and recognition of prior learning and qualifications; increasing the

number of apprenticeships and improve their quality, including by extending them to new sectors of our economy, like creative and digital industries; developing National Colleges as national centres of expertise for key sectors, like renewable energy, to deliver the high-level vocational skills that businesses need; and identifying and seek to solve skills gaps like the lack of advanced technicians by expanding higher vocational training like foundation degrees, Higher National Diplomas, Higher National Certificates and Higher Apprenticeships.

3.3.3 Although we believe apprenticeships offer a vital route into highly skilled work for many people, there have been serious problems with the quality of training in some apprenticeship programmes. We are keen to seek ideas on how to address this effectively.

3.3.4 We specifically acknowledge the difficulty faced by workers with relatively low skills working in declining industries whose employment may be taken away either by international competition or technological advance, or a combination of the two, leaving them in a very weak position in the labour market. We are particularly interested in developing innovative policies to address their needs for retraining.

Question 20: What skills will be needed in the 21st Century?

Question 21: How can we overcome the widespread view that vocational qualifications are second-best?

Question 22: How can mid-career retraining be funded? What are the roles of the individual, the state and the employer?

Question 23: How can we ensure adult training and retraining meets the needs of the individual and the labour market?

Question 24: Can the concept of Individual Learning Accounts be successfully revived? How can we avoid the problems experienced with them in the past?

3.4 Empowering dynamic local growth

3.4.1 Ultimately, Liberal Democrats believe that the only way local and regional economies can succeed is by being empowered to take their own decisions. By returning power to the villages, towns, cities and regions we can drive growth, and give people freedom to run their own lives. Our existing policies to rejuvenate local government in England include reducing the powers of Ministers to interfere in democratically elected local government, removing the requirement to hold local referenda for Council Tax changes, ensuring Councillors are properly accountable for their decisions by introducing fair votes, devolving more power and resources to groups of Local Authorities and Local Enterprise Partnerships, starting with back-to-work support, and increasing the number of Neighbourhood, Community and Parish Councils.

3.4.2 To be able to invest in their economies, local authorities need sources of revenue, so we would start a Government process to deliver greater devolution of financial responsibility to English Local Authorities, and any new devolved bodies in England, building on the work of the Independent Commission on Local Government Finance (balancing the objectives of more local autonomy and fair equalisation between communities). With the right powers and resources, we believe local and regional communities can devise the best strategies to build up their infrastructure, enhance their skills base and attract inward investment.

3.4.3 In some areas of England there is an even greater appetite for powers, but not every part of the country wants to move at the same speed and there cannot be a one-size-fits-all approach. There is also a debate about what are the most practical geographical units for strategic economic functions. Our existing policy is to

introduce 'Devolution on Demand', enabling even greater devolution of powers from Westminster to Councils or groups of Councils working together – for example to a Cornish Assembly.

Question 25: What institutions are needed to enable strong local economies? For example, do we need a local banking system?

Question 26: How do we make the shift from a local regeneration strategy based on attracting low paid, low-skill jobs to one targeting high-skill, high-pay jobs in areas of industrial decline? Are there particularly good examples of this?

Question 27: What is the best level of government to deal with economic regeneration?

Question 28: How can we change the way public investment is assessed so that it is less London-centric without losing economic rigour?

Question 29: On protecting individuals and areas that lose out from economic trends, what are the alternatives to a large tax-and-spend redistribution by central government?

Question 30: Can we use monetary policy to support growth in disadvantaged regions, for example through use of quantitative easing to create assets in those areas?

3.5 Securing infrastructure investment and access to finance

3.5.1 Britain needs better transport infrastructure, a modern railway system, and less congestion on our roads with a focus on sustainability and greener energy. The current low interest rates make this an ideal time to make good Britain's historic lack of

infrastructure investment, which is universally recognised as a major hindrance to our productivity and international competitiveness. Our existing policy commitments include ensuring new rail franchises include a stronger focus on customers, including a programme of investment in new stations, lines and station facilities, setting out 10-year rolling capital investment plans, developing a comprehensive plan to electrify the overwhelming majority of the UK rail network, reopen smaller stations, restore twin-track lines to major routes and proceed with HS2, a new round of funding to bring more private investment into renewable energy, and making saving energy a top infrastructure priority, though a programme of public investment, market regulation and tax incentives. We also want to see a programme of installing hyper-fast, fibre optic broadband across the UK (see 3.6).

3.5.2 Problems over access to finance have held back many who want to start up businesses, and many existing businesses that want to grow and develop. Liberal Democrat policies to address this issue include: expanding the British Business Bank to perform a more central role in the economy, tackling the shortage of equity capital for growing firms and providing long-term capital for medium-sized businesses, creating a new 'start up allowance' to help those starting a new business with their living costs in the crucial first weeks of their business, supporting investment in the next generation of business by reforming Entrepreneur's relief to enable investors to retain more of their money on exit providing it is reinvested in new projects, and supporting fast growing businesses seeking to scale up, through the provision of mentoring support and the development of capital funding streams via the British Business Bank. We want to find ways of re-aligning incentives in financial markets towards long-term investment in productive enterprises.

3.5.3 In addition, we are keen to develop new policies to support innovative forms of business finance, such as crowdfunding, peer-to-peer lending and local venture capital groups. There is also a need

to make smaller business in particular better aware of the opportunities for finance that already exist.

Question 31: Which forms of investment will do most to improve productivity, output and sustainability?

Question 32: How can we ensure a more strategic, long-term policy on infrastructure investment?

Question 33: What can be done to speed up the delivery of major infrastructure projects?

Question 34: Are there better ways for evaluating infrastructure investment?

Question 35: How can we develop a stronger venture capital market in the UK, especially outside London?

Question 36: How can we help small business access finance?

Question 37: How can we give small businesses a better chance of bidding successfully for public procurement contracts?

Question 38: What other policies will do the most to support small businesses? Can we do more with supply chains?

3.6 Harness the forces of innovation and new technology

3.6.1 The British people have exceptional levels of creativity, ideas and innovation. The UK should be at the forefront of countries that generate new wealth, increase productivity and raise living standards. However, there is a large gap between the generation of ideas and the utilisation of those ideas to build British business, develop exports and create jobs. A Liberal Democrat innovation policy should be focussed on how to support people in releasing their creative powers. We will work with sectors which are critical to

Britain's ability to trade internationally, seeking to double innovation and research spending, creating more 'Catapult' innovation and technology centres and backing private investment in green innovation.

3.6.2 Liberal Democrats are forward-looking and optimistic. We recognise the huge benefits of new technology in increasing productivity and creating new sectors for growth. However, we also recognise that the rapid growth of machine learning and robotics, such as self-driving cars, is likely to lead to significant disruptions over the coming years, particularly in retail and other service sectors. We do not believe that technological change can be stopped or undone. Rather, it can be influenced, directed and shaped. Our plans include: making substantial capital investment in new fibre optic broadband across the UK; building on the success of Tech City, Tech North and the Cambridge tech cluster with a network across the UK acting as incubators for technology companies; creating a new retail and business strategy to look at the impact of new technology on jobs in key sectors; retaining coding on the National Curriculum; facilitating new entrants to the sharing economy by opening up the gov.uk identity verification scheme to private providers to be able to verify identities on both sides of sharing transactions, and by continuing to digitise the Disclosure and Barring Service so that checks can be cheaply and efficiently integrated into new sharing services.

3.6.3 While it is inevitable that some industrial sectors with the greatest prospects for future growth will receive more attention from government than others, we should not forget that many types of business outside the high-tech sector have the potential to innovate, improve productivity and contribute to sustainable growth. A Liberal Democrat innovation strategy should seek to address the needs of all business sectors involved in (or that might become involved with) innovation, from agriculture to pharmaceuticals, or from to construction to advertising.

- Question 39: *How can we ensure the maximum benefit for the economy from the digital revolution, and that these benefits are felt by all?*
- Question 40: *What interventions can best deliver greater innovation in the economy?*
- Question 41: *Are Research & Development tax credits well-targeted and could they be reformed?*
- Question 42: *What level of investment in the science budget is required?*
- Question 43: *Is research spending too concentrated in the 'Golden Triangle' of Oxford-Cambridge-London? If so, how can this be addressed while continuing to back the best research?*
- Question 44: *What more can be done to link up the worlds of business and academic research?*
- Question 45: *How can universities be empowered to drive innovation in their local economies?*
- Question 46: *Post-Brexit, how can we keep British Universities competitive?*
- Question 47: *How can data be used to deliver economic benefits and empower consumers and workers, while we continue to protect the right to privacy?*

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