

ROYAL COMMISSION FOR THE EXHIBITION OF 1851

Presidential Dinner – 31 March 2009

Chairman's Speech

After welcoming the Commission's special guests and celebrating its work, Sir Alan Rudge turned to the world economic situation and collapsing economies, in particular the stark decline of productive industry in the UK – the support of education for which is the core aim of the Royal Commission. Sir Alan continued:

“Much of the Commission's continuing success, however, is sadly in sharp contrast to what is happening in the world around us as financial markets collapse and economies grind to a halt. The UK is being particularly badly affected and perhaps the sole benefit of this is to force us to face up to some of the illusions which we have been under with regard to the capabilities of the nation and its future.

“During the Great Exhibition of 1851, the high quality and innovation demonstrated in many of the products presented by foreign manufacturers alerted Prince Albert to the growing threat to UK Industry posed by the growing international competition. His concern led to the continuation of the Exhibition's Royal Commission with a remit to deploy the profits of the Exhibition to support and encourage the application of the best of our science and art for the benefit of British industry. Prince Albert showed incredible foresight and we badly need to regain some of his passion for industry.

“During the past decade there has been a very rapid deterioration in the balance of our trade with the rest of the world. The difference between the value of our exports and our imports has fallen into a continuously increasing deficit, which was approaching £60billion per year in 2007. The core of the problem lies in the trade of manufactured goods which accounts for most of the deficit. Prior to the current banking crisis we might all have been reassured by statements that the UK is in a post industrial phase, manufacturing is no longer important and that services, and particularly Financial Services were the way of the future. But even before the current banking crisis the Financial Services Sector surplus was only enough to cover about half the deficit in manufactured goods and for a decade the trade gap has been financed by increasing debt and the sale of assets.

“This is not a formula for a stable major economy. The sooner we appreciate (as Prince Albert did) that manufacturing matters, the better. Manufacturing now only constitutes one seventh of the UK economy but it still provides half of all of our exports, funds three quarters of all business research and development, and employs 3 million people. This is good but we need more of it, not less, if we are to maintain our standing of living and our place in the world.

“In simple terms the UK has not been paying its way for the past decade and we have to stop deluding ourselves that Britain is leading the way into a post-industrial society where manufacturing is unimportant and where we can pay for our imports by means of services alone and Financial Services in particular. The experiment of the past decade has clearly demonstrated that we cannot. It is important that this is widely understood and accepted, since there is no demand for solutions, if we refuse to accept that we have a problem. The time has come to clear away the smoke and mirrors, acknowledge that our economy is seriously out of balance and get on and do something about it.

“My message tonight is twofold. To those of you who have influence in any relevant quarter, please examine the facts, avoid delusion, accept the problem and join or support those actively looking for realistic solutions. Industrial renaissance is a difficult challenge but it is still achievable and it remains the most effective way of closing the trade gap and restoring the UK’s fortunes in the medium term.

“To the younger generation here tonight, then my message is this. Get involved. It is you and your children who will be bearing the brunt of the mistakes made by a generation of Lotus Eaters. Without the efforts of exceptional engineers and scientists there is little prospect of the renaissance of industry we seek – so do not shy away or leave the problem to others. Industry matters - get involved and make a difference.

“Let me conclude by saying that Prince Albert gave us early warning of the problem. His present day Commissioners have taken his message to heart and have no intention of departing from his direction. May I respond to our President’s toast to the Royal Commission by stressing that we recognise the scale of the challenge but in conjunction with fellow organisations in our sector, we will play our part and we will make a difference.

“Thank you.”