

'Treasury Control'

Implications for Green Industrial Strategy and the Bioeconomy

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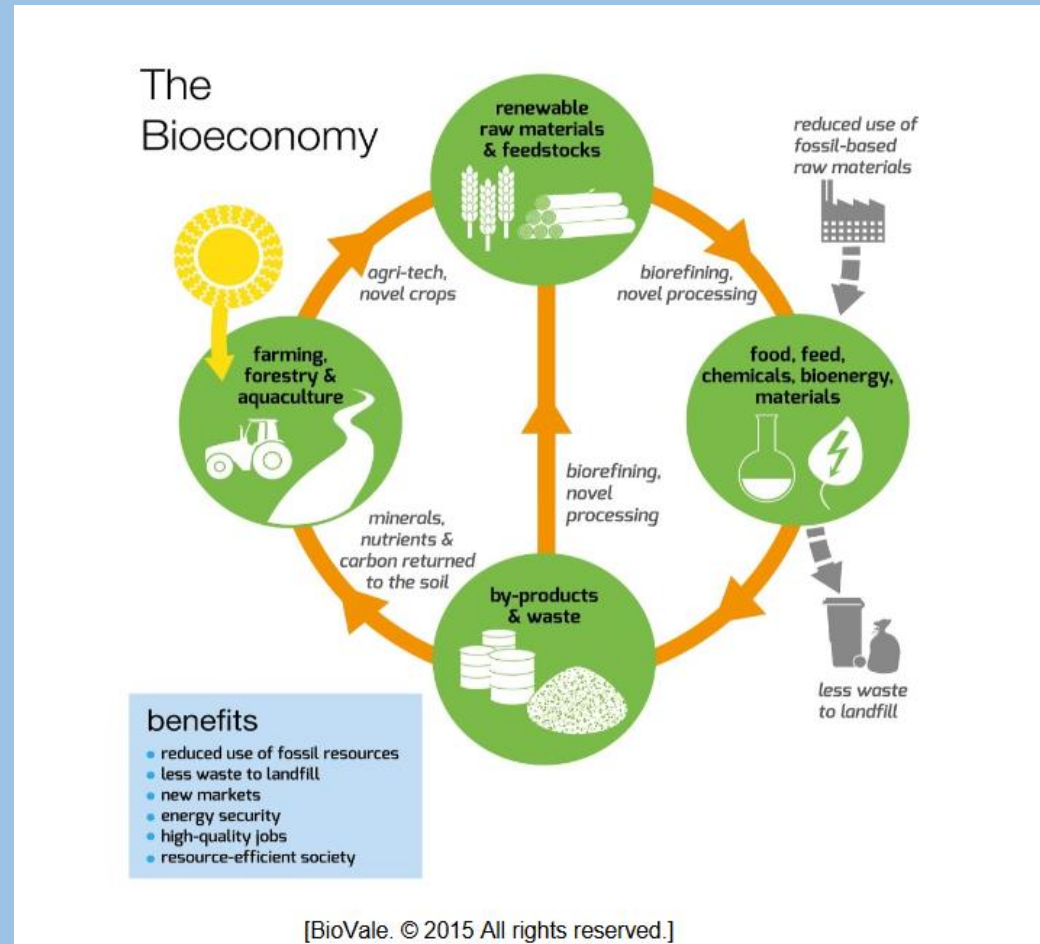
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Transformation is Necessary for Inclusive Sustainability

- The UK's debt-driven economic model is neither inclusive nor economically sustainable.
- In a growth-based model, manufacturing sectors are best able to deliver well paid employment and effective demand.
- Ecological sustainability massively increases the scale of the challenge: unsustainability of manufacturing processes and products.
- 'Green Industrial Strategy' necessary for rapid sectoral and technological change. Transformation in relationship between state and industry.

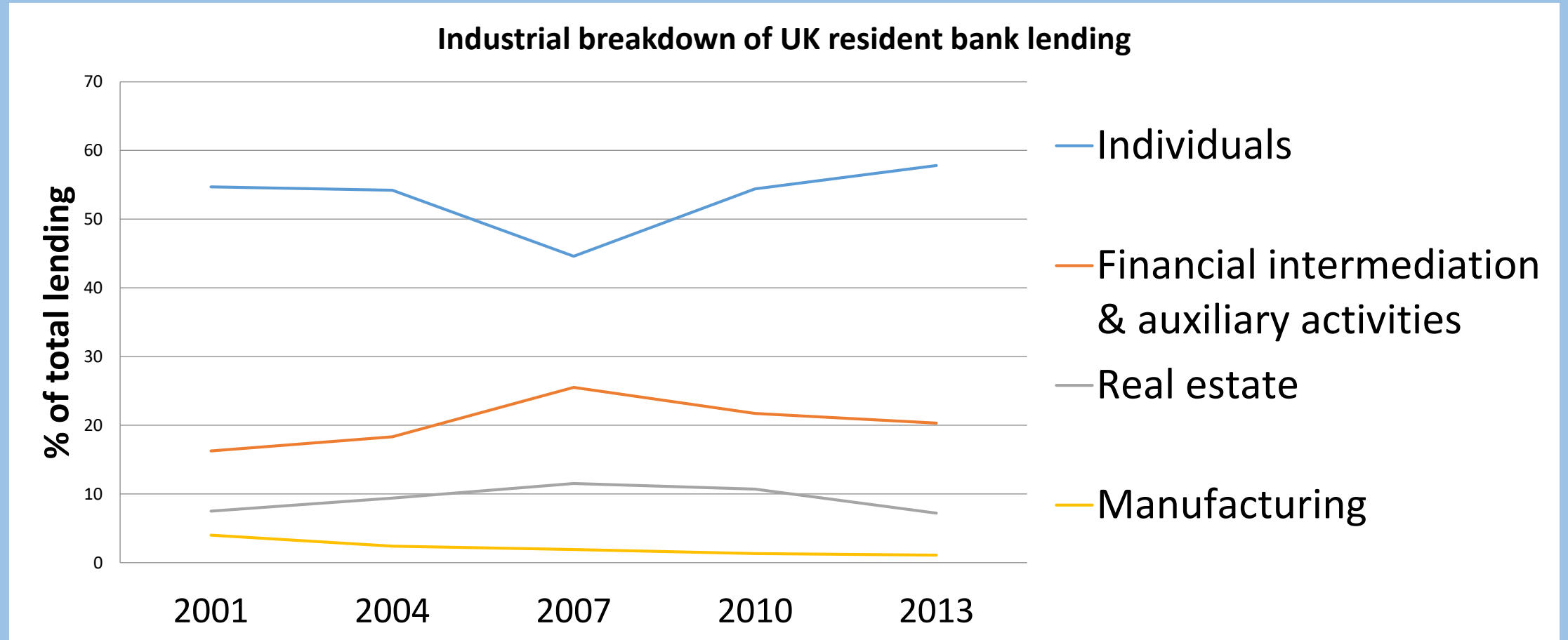
The Role of Industrial Biotechnology



Inadequacies of UK Industrial Policy

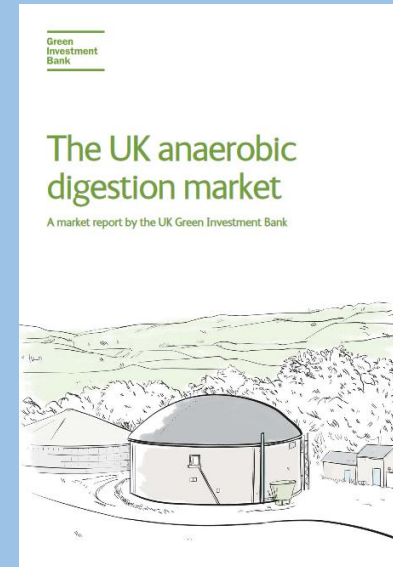
- Rhetorical embrace of 'industrial strategy' targeting strategically prioritised sectors.
- Failure to address shortfall in industrial investment capital.
- Developments in the R&D infrastructure, but otherwise pre-occupied with soft (read cheap) interventions.

Bank Lending by Sector



Partial Exception: The Green Investment Bank

- £3bn public financial institution, mandated to invest in greening of UK economy.
- Investor in industrial biotechnology.
- Significant potential in principle.
- Hamstrung in practice.





- Treasury Control: Formal and informal powers over other departments.
- Treasury View: Treasury economic policy priorities.
- Resulting conflict with environmental policy and green industrial strategy capacities.

HM Treasury

Treasury Control and Green Industrial Strategy in the UK

- Reform of environmental taxes
- Caps on energy subsidies
- Fiscal support to fossil fuel producers
- Restricting and privatising the Green Investment Bank

The Enemy of Sustainability?

- Little consensus on why the Treasury holds the priorities that it does, but useful leads...
 - Institutional design and mandates
 - Intellectual culture and methods
 - Interface with the careers of powerful politicians
- I am working to untangle these factors in a programme of interviews.

Prescription Follows Diagnosis

- What reforms ought to be advocated?
 - A departmental counterweight?
 - A breaking up of the Treasury?
 - An empowered, expanded Treasury with responsibility for sustainable growth?

Conclusions

- Treasury control constrains the development of green industrial strategy.
- Without green industrial strategy, the capacity of the bioeconomy to contribute to a sustainable economic model will be hampered.
- This academic debate is therefore of direct relevance to the sector.