Manufacturing in Britain: Continual Decline or Possible Renaissance?

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A Comment on the 'The Coalition: our Programme for Government' manifesto

Since 1966, manufacturing employment in the United Kingdom has declined. In 1995, 300,973 people were employed in manufacturing in the West Midlands (Metropolitan County), but by 2008 this had declined to 153,800. Over the same period, an additional 87,481 jobs in public administration, education and health were created and 185,158 jobs in services. Yet many of these service jobs are poorly paid and only provide services for local people rather than for export.

Over the last twenty years it is possible to argue that for successive British Governments manufacturing no longer mattered. The UK had been transformed into a knowledge-driven economy that revolved around London's global financial centre. The credit crunch highlighted the dangers of an over-reliance on financial services and service work – strong resilient economies are diverse economies.

Ongoing research at Birmingham (see my new monograph – Hybrid Manufacturing Systems & Hybrid Products) is focussing on understanding the ways in which British manufacturing firms can compete against companies based in low-cost production location like Eastern Europe and China. Enhancing the competitiveness of British manufacturing will lead to increased exports that will have a positive impact on the country's balance of trade and will create new employment opportunities. Manufacturing will continue to decline in the UK until Whitehall begins to consider that manufacturing continues to matter for the economic competitiveness of the United Kingdom.

The newly elected Conservative Liberal Democrat Coalition programme for government that was published on the 20 May has much to say about financial services, but only makes one direct reference to manufacturing – the Coalition will reform corporate tax systems, while protecting manufacturing industries. Will this be sufficient to protect British manufacturing? The answer to this question is that British manufacturing employment will continue to decline without positive government intervention in the British educational systems and in local labour markets.

Manufacturing has been neglected by policy-makers for too long. This means that schools and FE colleges have a tendency to emphasis knowledge-based or service careers over manufacturing employment. Manufacturing has become largely invisible in schools and is now less visible in apparently "post-industrial" societies, except as "inventory in transit" on road systems. We have interviewed many British manufacturing firms over the last year and many emphasised the problems that they have experienced with hard-to-fill-vacancies.

Many companies were recruiting individuals over 65 and over 70. Some firms are even considering closing the business due to difficulties with hand-to-fill vacancies. British manufacturing capacity will continue to erode and wither away unless these labour market and skills issues are addressed.

Alterations in corporate taxation and reducing the red tape that engulfs British manufacturing industry will provide some assistance to this sector. Nevertheless, unless the skill deficits and employment issues are addressed then British manufacturing will continue to decline. The new Coalition needs to encourage and nurture British manufacturing – manufacturing must become fashionable once again.

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