

What are we talking about, when we talk about Industrial Strategy?



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What are we talking about when we talk about industrial strategy?

This summer, the UK Labour Government will publish its industrial strategy. It will, the government says, mark a shift from a failed Conservative economic agenda (which included an industrial strategy under Theresa May) characterised by government non-involvement resulting low productivity growth, low overall growth, and stagnating living standards.

Conceived in opposition, where the requirements for specifics are naturally less than in government, and outlined so far only in a very broad green paper – what from this industrial strategy will finally take has been subject to much speculation.

It is discussed as one of the options for the UK to achieve growth and stability in a world reeling from external shocks historic, e.g. the Covid pandemic; ongoing, e.g. the Russian invasion of Ukraine; and new, e.g. Donald Trump's tariffs and global trade war. Joe Biden as President, seemed to use industrial strategy- billions of dollars of investment via the Inflation Reduction Act, CHIPS Act, the Bipartisan Infrastructure Bill, and the American Rescue Plan – to the great benefit of the US economy.

His administration cited both climate, geopolitical and economic reasons for this strategy and, in opposition, the Labour Party certainly took their cues from this agenda. Now – as the global economy is thrown into chaos – the government is being encouraged to wield the tool of industrial policy to support and protect British businesses, a related but potentially different set of priorities.

Between Trump's tariffs and the potential nationalisation of British Steel, the situation is evolving very quickly. Different commentators, while fully backing 'an' industrial strategy seem to be starting from different places, have different ideas about what industrial strategy means, and different goals for it.

In advance of the Labour government publishing its industrial strategy in the summer, we are using this paper to bring these differences to the surface. It is not an exhaustive mapping of the policy options, nor is it an evaluation of the merits of different

approaches. It is an attempt to set out options for what a UK industrial strategy could be or not be, based on the philosophies and motivations for having one that seem to be extant in our discourse at the moment.

It is motivated by the belief that in the end; to be successful, UK industrial policy will involve choices and trade-offs. There will be things it will be, and things it will not be. It aims to make the options available clearer and further the debate about what they mean, and why we might choose them.

In this paper we:

- Briefly set out what industrial strategy means
- Discuss the motivations behind supporting one that are common in the UK debate
- Discuss how these fit with the Industrial Strategy green paper
- Argue that an industrial strategy cannot satisfy all the potential motivations
- Provide options for what starting to think about a narrower industrial strategy might look like
- Conclude with our best guess about what might happen when the industrial strategy is published.

What is an industrial strategy?

The OECD [definition of industrial policy](#) is: *“Industrial policy refers to government assistance to businesses to boost or reshape specific economic activities, especially to firms or types of firms based on their activity, technology, location, size or age”*

This broad definition brings almost all government support for business, of any kind, tax, regulation, employment law etc. into scope.

The OECD [also say](#): *“The design of industrial strategies, defined as a consistent and articulated group of policy instruments aimed at achieving a given policy objective, which can go beyond productivity growth and innovation to include, e.g., sustainability, resilience and strategic autonomy.”*

The key takeaway from both definitions is that, at least in the OECD's view, there are very weighty choices to be made by politicians about what industrial strategies are for, and virtually limitless range of policy options that can be included within them.

There is no ‘off the shelf’ way of doing modern industrial policy.

Nor, despite the name, is it confined to traditional ‘industry’, that is manufacturing and resource extraction. In the heyday of industrial strategy – which coincided with the last days of large-scale manufacturing in the West – it very much was associated with these industries and the failure to keep them competitive is one of the reasons industrial strategies had, until relatively recently fallen out of favour.

Today, as the OECD sees it, industrial strategy can be applied to a diverse range of sectors with a range of goals, economic, strategic, or social. The government’s industrial strategy green paper follows this logic, highlighting non-traditional sectors such as the creative industries and financial services.

What do we want out of industrial strategy?

So, in a context where industrial strategy could be almost anything, what might we want it to be? Out of the limitless potential options, we think there are four motivations that are discernible among Labour politicians and thinkers in the Labour adjacent space.

A growth strategy

This is the motivation of people who prioritise growing the economy and feel that *laissez-faire* economic policy since the financial crisis has not resulted in meaningful growth. They are ready to follow the example of interventions seen under Biden and learn from nations where the government has intervened in markets and industries more regularly – mostly China – to get that growth.

While advocates want the government to be more involved in industries, they tend to be responsive and receptive to the needs of the market. Industrial strategy can include loosening regulation (as we have recently seen with the loosening of the EV mandate – trailed as an item from the industrial strategy brought forward in the face of Trump’s tariffs on automobiles), fiscal incentives such as tax breaks, and spending- which is conceived as primarily a blend of public and private capital, with government playing a ‘coordinating’ role to facilitate crowding-in.

People who focus on growth have a very broad idea of what is a valid target for industrial strategy. Growth is needed across the economy and the government’s green paper proposes eight sectors which includes non-traditional industrial strategy areas such as financial services and culture.

Growth advocates generally are increasingly aware, and talking about, the need for growth be more tangible than the mere expansion of GDP to address the cost-of-living crisis still being felt by many across the UK. However, ‘strong’ mechanisms for delivering this e.g. conditionality arrangements baked into government support such as private funding for skills and training are, so far, seemingly outside of scope.

The authoritative document on this strand is (currently) the government’s industrial strategy green paper. It is associated with politicians and thinkers like Rachel Reeves Jonathan Reynolds, and Praful Nargund at the Good Growth Foundation.

A green strategy

The motivation for a green focused industrial strategy is, of course, the climate crisis, but within that the implicit argument that business cannot or will not de-carbonise and provide low carbon alternatives at the required pace if left to its own devices.

Government therefore should intervene and address these externalities where the investment case for the green alternative does not currently generate the return it should – particularly in large-scale green industry where there are barriers to entry such as high capital costs, high risks are high and returns are accrued over a long period.

While pure growth advocates could be characterised as following the logic of the market to accelerate nascent dynamics, the green strand uses government action to change that logic, with the goal of a climate led social benefit.

It is also conceivable that non-market oriented green industrial strategies could exist. These do not seem to be a feature of the current debate in the UK, where growth is the dominant paradigm.

Authoritative documents include the Scottish Government’s [Green Industrial Strategy](#) and the Labour

figures and thinkers associated with it include Ed Miliband, the IPPR, and the New Economics Foundation.

A security strategy

Proponents of a security led industrial strategy argue that in the context of the war in Ukraine, US withdrawal from global security leadership, and systemic competition with China both rearmament and a strategic approach to ensuring resilient domestic supply chains is now needed.

This rearmament obviously must be financed by government, and rather than buying weapons from abroad, proponents argue we must make them here. This has become particularly salient as the US has become more unreliable, exemplified by concerns around the viability of European Armed Forces F-35s amidst rumours of an alleged US “kill switch” or a crippling refusal to provide vital components.

Outside of the strictly military, government must also play a role in securing strategic resources such as steel and critical minerals – each of which requires major government led investment. It must also decide which capabilities ought to be ‘sovereign’ i.e. not dependent on foreign countries whether this be steel or microchips. It may need to regulate, tax and tariff to discourage market interaction with hostile states and systemic competitors

Authoritative documents include Paul Mason’s paper with William Freer *Securonomics: The Contribution of a Defence Industrial Strategy*, and it is associated with Labour Politicians like John Healey.

A community/regional development strategy

Britain struggles with regional inequality in wealth, income and productivity. It is home to a range of different areas where what are regarded as ‘high prestige’ secure jobs in manufacturing and resource extraction have, over decades, been replaced with low prestige insecure work.

Even the winners of British de-industrialisation and higher government funding in London and the South East lose out because of an imbalanced economy, typified by a dysfunctional housing market that leads to longer commute times, unstable living situations, and poorer health outcomes as a result.

Many in de-industrialised areas feel left behind by the modern economy. The shape of an argument is emerging that industrial strategy should be led by restoring the industries, and, living standards, and sense of community to these places.

This could be done by, as in the ‘Green’ formulation, government making market interventions or investments to make these places more viable for private investment. It could be done by targeting major national industrial investment at these areas, protecting what industry is there (as is being called for with steel in Scunthorpe) or devolving power from central government to allow regional government to make their places more viable themselves.

Explicit industrial policy work in this area has [been done by the IPPR](#) and there is a wealth of ‘place based’ and regional development policy and research from organisations like the Future Governance Forum and Power to Change (among others).

Can the UK’s industrial strategy do all of these things?

Pre-publication of the industrial strategy, we seem to be in a place where all these factors will be considered. Ed Miliband is as comfortable talking about the strategic energy independence that green power will bring as easily as he is the economic benefits while still coming from a strongly green place. John Healey gives speeches [saying](#) “national security is the foundation for growth”.

The industrial strategy green paper itself, [Invest 2035](#) sets overarching objectives including “Net Zero”, “Regional Growth”, “Economic Security and Resilience” and, of course, “Growth”.

It is not too difficult to find real world examples of projects government can invest in, or support the development of, that speak to all these goals. Lithium mining in Cornwall, kick-started by a mix of public and private finance is now coming online, supporting local economies. The mineral itself is needed for the manufacture of batteries for the green agenda, and (at least in theory) this tech could be built in Britain to reduce our reliance on the systemic competitor China.

Where the synergies align, they are very compelling. And as we have seen via the broad OECD definition, there is no conceptual reason an industrial strategy could not have all these objectives.

But the relative weighting of each, and which is the priority also matters. An issue which is reflected in the green paper's focus on "*temporary catalytic government support to scale up industries*". This seems to be the primary tool through which government intervention will be felt. The government will target sub-sectors – of which details will be forthcoming in the summer – under each of its eight economic headings "*based on their growth potential*".

It is easy to imagine that the highest growth potential sub sector in, for example, in the Digital and Technologies economic sector might be something like cryptocurrency, where the use of energy would put it at odds with the Net Zero aspiration.

The tension runs deeper if we step outside of the (admittedly expansive) silo of the green paper and consider the priorities in the context of wider government policy. A growth strategy proponent might prioritise transport infrastructure, like expanding Heathrow Airport, that a green strategy proponent would rather not. A green strategy might be founded on critical minerals and manufactured parts (e.g. wind turbine blades) from countries security proponents would like to exclude from the supply chain. And a security strategy proponent might want to work with defence contractors who have limited social footprint in the places that need 'levelling up'.

Even aside from the internal tension of the document and priorities of this government, we must acknowledge that with both UK government spending and administrative capacity under strain – the aspiration might be for the strategy to do all these things, but it seems unlikely that it could do all of them well.

As we go from talking about to doing industrial strategy, these tensions will become real. This is a moment of real danger for the government which will sometimes have to make zero sum decisions that leave some of the four constituencies set out above disappointed.

It needs to make these decisions in the most con-

scious way possible, in dialogue with the affected/interested parties, and with a clear goal in sight.

Recommendations:

- The forthcoming industrial strategy should be explicit about the relative weight of its priorities.
- It should not shy away from making decisions that are necessary but contrary to one or multiple of these priorities.
- But it should explain how the decision has or will be made, how the net benefit has been calculated and what mitigation for negative impact on the other priorities is possible.

More limited strategies

We are equally as interested in how the industrial strategy is received by voters as we are in how effective a piece of policy it is. While the meaning of the Democrat's election defeat is still contested, it seems that good policy without good narrative can lead to political disaster and said policy being overturned in short order.

From the point of view of political messaging, and potentially from the point of view of actual policy makings (bearing in mind the dangers of '[everything-ism](#)') it might be desirable for the UK industrial strategy, when it comes, to be about fewer things.

The following section is a thought experiment, imagining how industrial strategy might work and be politically framed if it only spoke to two of the four categories we have identified.

It attempts to set out the synergies and tensions of each combination. We do this in order to:

- a. Provide ideas on how the political narrative around industrial strategy might be wielded effectively by the government if it narrowed scope.
- b. Simplify the trade-offs and focus government minds on what they may be and how to approach them.

We have given the combinations names (see below) based on their similarity to existing agendas where possible and suggested new names for combinations that do not seem to have current political parallels.

	Growth	Green	Security	Community
Growth		Green Growth	Securonomics	Levelling Up
Green	Green growth		Uncertain World Strategy	Workshop of the Green World
Security	Securonomics	Uncertain World strategy		Security Begins at Home
Community	Levelling Up	Workshop of the Green World	Security Begins at Home	

Growth-Green: Green Growth

Why it works

As set out previously, the economy and the environment (as well as concerns about China) were central to Biden’s industrial strategy. As a result ‘Green Growth’ is at the heart of much of the discourse around industrial policy at the moment.

The argument is simple and compelling. The existential threat of climate change means we need a green transition. Our flagging growth and productivity need intervention and investment. Thus, the marriage between green investment and growth seems natural. Two birds can be killed with one stone.

This investment can be in heavy industry like energy generation and storage as well the manufacture of greener goods e.g. electric cars, green steel. Other countries are also making similar calculations about climate change and government investment in R&D and skills in green technology could give us a comparative advantage in the future.

Indeed, green technologies and the R&D that underpins them are both ‘growth’ industries of which there is growing global and domestic demand (of course this has generally led by regulation and the vulnerability of this market is being somewhat exposed by the actions of Donald Trump).

But even in the absence of a ‘green motivation’ businesses want to participate in this growth market, and governments can play a role in either providing

directly or securing the investment for them to do so.

The main point of agreement then, is the need for government to invest more in these high growth/high productivity green industries. For pro-growth people, green markets look promising and for pro-green people, the needed transition might as well promote growth.

Tensions

Historically the needs of the economy and the needs of the environment have not aligned. Today, for every project in which Green-Growth advocates can find happy synergy between the needs of the environment and the needs of climate there seem to be at least as many where the two needs are in direct opposition.

The most obvious of these is Heathrow expansion, and other airport capacity building schemes. Environmental conditions will be included but it is blatant that the schemes aim to generate more flights, and more flights generate more carbon in the atmosphere.

Britain is in a way lucky that, due to the decimation of our resources extraction and manufacturing sectors over decades, the tensions between the needs of what businesses we do have, and our green agenda are not too fierce or personal. In countries like Germany or the US, which still have lots of ‘dirty’ industry and hydrocarbon extraction the common ground is harder to find.

The needs of the environment are not confined to slowing global warming. Changes introduced by the pro-growth Infrastructure and Planning Bill also generate a possible tension that projects supported by the industrial strategy will have to navigate.

Under these changes, instead of consideration to environmental damages being offset within projects, payments can instead be made into the Nature Restoration Fund to pool contributions together for more strategic interventions. This regulatory change firmly pushes the needle towards the pro-growth camp and away from the green camp – likely becoming an ongoing bone of contention as projects progress.

And growth in the sense of high productivity, high value add activity does not always map neatly onto green investment. Jobs in retrofitting homes created by government spending maybe be less productive and ‘good’ for the economy than in other areas – in other words pursuing green growth involves the opportunity cost of sacrificing the highest possible growth trajectory.

Even where there is not a direct conflict the final shape of any strategy will cash out differently depending on priority between the two elements. Whether we are paying lip service to the environment whilst growing, or growing as greenly as possible.

Whether this tension becomes a problem depends on managing the needs of both sides. In the debate it is sometimes hard, and sometimes easy, to see who is paying lip service to one aspect while focusing on the other and many participants seem to suspect each other of doing so.

Growth-Security: Securonomics

Why it works

In opposition Rachel Reeves described Securonomics as a kind of political economy that was responsive to the instability in geopolitics and the instability in people’s livelihoods this generated. Today the human component is significantly less prominent and it seems to be used to describe this kind of security and growth focused industrial strategy.

As with the climate crisis functioning as an external shock, in this case it is the deteriorating global security picture that provides the impetus for major investment led by the state – and the common ground for pro-growth and pro-security people to come together.

We can bring security into the growth conversation in a range of ways. Defence manufacturer exports were worth almost £15bn in 2023 while in the same year the MOD spent £37.6bn with suppliers.

The UK government is therefore likely by far the largest consumer of British defence manufacturing (though it is unclear how much of that £37.6bn was spent in Britain). It seems very well placed to have influence on the shape and direction of that industry.

Of course, this was true before the current crisis and what is generally being advocated now is an increase in domestic manufacturing- through the MOD buying more in general, making an effort to spend domestically, or a combination of the two. This growth in government spending, provided it translates into British jobs could generate growth.

Cybersecurity is also a global growth market, and in a world of almost constant ‘grey-zone’ aggression, a keenly felt need for UK government, public institutions and businesses. Government incentivisation thereof (both in terms of supporting the skills needed and encouraging business take-up through incentives or otherwise) strays out of the heavy industry tradition of industrial strategy but is in scope.

Most fundamentally, the idea that the first duty of the government is security combined with the current focus on growth combines potent political ideas that are intuitively appealing.

Tensions

Strategic resources are a potential source of tension. Security thinking would not want us to buy resources from hostile regimes, and with alliances now shifting rapidly the concept of ‘strategic independence’ – even if it is not the most efficient way for the government to access these resources – has currency.

Steel is an example. If the domestic steel industry is uncompetitive and propping it up (or even nationalising it) is not an obviously pro-growth policy.

However, if the nation needs steel for frigates, it is not ideal to be having to buy it from China, or even the US. The staggering cost of keeping steel production running in Scunthorpe shows how rather than being a growth enhancing policy, supporting these strategic industries could be a fiscal drag.

Another tension, spoken to recently by Commonwealth, is whether defence investment drives growth at all. It is a very small part of the UK economy, the numbers of people employed are relatively tiny, most of the spending goes to large multinationals. Could a growth focused industrial strategy that prioritised defence really achieve the returns across the economy and society that we want?

From the growth perspective, could government time and resources be better spent elsewhere with projects leading to greater growth? Defence procurement has a bad reputation when it comes to value for money both on its own terms, famously the Ajax armoured vehicle programme as an example and little track record as a driver of national growth.

Growth-Community: Levelling Up

Why it works

Regional inequality in Britain is keenly felt, and when Boris Johnson called his regional agenda (which was not an industrial strategy) 'Levelling Up' it spoke to a need for government intervention that was popular.

Linking industrial strategy to this regional agenda would allow it to tap into the 'place based' strand of thinking which long pre-dates the new vogue for industrial strategy and generate buy in from the intellectual and policy infrastructure around it that is far more developed. Power to Change, Local Trust, the Future Governance Forum are all examples working in this space and the theory and practice is well developed in local government.

With the coordination of state and private capital being one of the key features of the current discourse around the government's industrial strategy, the maximum possible coordination between state and business is logically beneficial. Place based policymakers have been designing and even actually building the institutions that make this possible at

the level of a place. They therefore potentially present a 'ready-made' infrastructure through which the new industrial policy can be delivered.

The exact role of regional and national governments in UK industrial strategy is not currently clear but they are obviously important partners and a strategy that has them built in is most likely to have their full support.

Tensions

The communities most in need of regeneration through industrial strategy are the places the market has already chosen not to invest in. It is not clear that any amount of coordination can overturn what makes these communities unattractive.

By the same token, major investment from the outside is often (not always, depending on the depth of local available capital) a feature of the way growth advocates talk about industrial strategy. At least in cultural fit if not in practice when it comes to delivery this may affect enthusiasm among the community champions.

The track record for industrial policy as a tool to tackle geographic inequality and satisfy left behind communities is mixed. Organisations like the PPI in the US, have made pains to point out that industrial strategy as implemented by Biden did not deliver for entire communities of voters, who turned against the Democrats in 2024. Similarly large and sustained investment in Eastern German (and formerly GDR) industry over decades has not stopped the AfD from dominating the region in the most recent election.

Finally, should industrial policy include a large component of devolution it may mean the kind of scale which might be needed is compromised and raises the already thorny question of accountability and relationships between local authorities and Whitehall. This risks being further exacerbated by the dynamics of devolving greater power to local authorities and people where this conflicts with government plans. For example, giving local communities veto powers over infrastructure projects that the government are keen to reserve in Whitehall to back the builders.

Green-Security: **Uncertain World Strategy**

Why it works

Any combination of motivations that doesn't include growth does seem to go against the zeitgeist and the currently stated goals of industrial strategy. That said, the current state of the world means an industrial strategy squarely aimed at the riskier world we face feels politically possible.

In this case specifically, the climate crisis can be seen as a national security crisis either through the vector of the material risk to British land and property of rising sea levels and/or heightened migration and political instability caused by a warming planet in other parts of the world.

On the other side of the same coin, dependence for energy on any foreign power has in recent times become an obvious unacceptable security risk. Renewable energy generated domestically can reduce our reliance on this.

Focusing on these two areas would present industrial strategy as a proactive and pragmatic way for the UK to manage the escalating risk on both fronts. Far more politically difficult currently, but a potential space in the future should the situation worsen is that excluding growth means would mean government could include investments/funding which not only did not generate returns but even possibly operated at a higher cost (both in terms of the price of energy and defence procurement).

Tensions

ESG concerns have hampered defence investment from the private sector – mostly due to ethics concerns but also environmental concerns. This of course does not necessarily need to be the case. Defence, like any industry can be incentivised to incorporate green technology into supply chains such as the development of sustainable aviation fuel or hydrogen fuel cells for military bases. Thus, they would argue that there is no need for tension – though all of this adds costs.

The biggest tension, and likely reason it hard to find anyone actually advancing this position, is the cultur-

al disconnect between those who care primarily care about the environment and those who primarily care about defence. Though the war in Russia has shifted minds, especially in Green parties in countries close to Ukraine like Germany, the green movement has long been intertwined with anti-arms movements.

This cultural disconnect and mutual suspicion would likely be exacerbated by the material trade-offs that would hamper hitting two birds with one stone. An obvious example of this is the green energy infrastructure needed without sufficient domestic levels of supply is built in China (in some cases manufactured by Uyghur forced labour), providing a gateway into Britain's critical infrastructure architecture.

Green-Community: **Green Workshop of the World**

Why it works

Ensuring that an industrial strategy creates jobs for local communities is one thing. Ensuring that the jobs that are created by an industrial strategy are well paid, fulfilling and give that community a sense of purpose is another.

While it may be a romanticisation, Britain's former industrial communities have a claim to having powered and built the modern world, a claim that has been a source of pride and community unity over decades. Sadly, this is now considerably degraded. The challenge of climate change calls for another rebuilding of the modern world. There is political and narrative space for an industrial strategy led narrative built around green investment to save the climate.

Empowering communities by giving them a stake in the future direction of their local economic base can allow the green transition to not be seen as a threat to local ways of life or "woke" but rather an expression of both the community's skills/ingenuity and social interest in the issues which will affect us all.

Such an industrial strategy could be framed as restoring pride to communities who will be able to say they helped build the greener world of the future. It could contain provisions for green industry to be supported by local authorities through devolution of

planning and tax powers. It could even allow for the benefits of local industry to flow first to local communities (as with the suggestion for regional energy pricing tied to local generation).

Tensions

It is unclear that industrial strategy could bring green industry to all the communities that might need it. Much of the manufacturing that powers the green transition already exists – but in China or Malaysia or elsewhere. During the Industrial Revolution it was Britain leading the way, now we are playing catch up with increasingly finite resources. How high a cost would any government be willing to bear to bring it to Britain, and if the result of doing so was higher tax and energy prices would this in fact hurt the communities that it intends to benefit?

It is also unclear whether empowering local communities would result in investment in green investment in local areas over and above more alluring promises of greater returns in other industries. For communities that have long received the least from central government it would be justifiably difficult to resist schemes to rapidly address this imbalance as quickly as possible.

Security-Community: Security Begins at Home

Why it works

An industrial strategy focused on these two motivations could be focused on routing the now inevitable increase in defence spending into ‘left behind’ communities. This would somewhat follow the same dynamic as discussed in the growth-community overlap. Where there are pre-existing geographical ties to the defence industry, such as shipbuilding, any remaining institutional knowledge and architecture should be utilised to take advantage of them. Where there are not pre-existing geographical or cultural ties, as is the case with the development of newer defence technologies, these assets should be strategically located, such as the fledgling UK space industry in Cornwall.

Defence hubs for SMEs to access defence supply chains are by necessity place-based and can attract highly skilled workers to local areas outside of just

London and the Southeast. This can incorporate the process of providing workers with skills in the first place. The defence sector features some of the most specialised industrial work and rolling out apprenticeship schemes can engender a sense of pride amongst workers. This sense of pride in skilled work applies to places too through the knowledge that the local community are responsible for producing the cutting-edge technology that is at the forefront of national security.

Another option would be to take up the seemingly discarded elements of Securonomics around work – which admittedly are being addressed through the employment rights bill – and explicitly reintegrate them into industrial strategy.

Tensions

There is a limit on the scale of defence investment that can reach communities, which is the size of UK government’s defence spend.

While new investment may be large, if it is confined to defence, it is unlikely to be large enough to make a meaningful impact on all the communities in the UK that could use investment.

Defence investment may also be more about scalability instead of capacity. That is, not the static capability to produce hundreds of thousands of drones, and the jobs which come with that, but rather being able to, if called upon, have the capacity to scale up and produce thousands per week.

This need for flexibility could be a further restriction on the impact that defence investment has upon local communities without Britain being involved in a major conflict. This point also applies to the limits of growth and defence. Whilst expenditure would be government-led, aspects such as procurement will have to wait for the government’s upcoming Strategic Defence Review.

The question of whether communities want, or are able to take, large scale defence investment is also open. Local leaders may take a different stance on geopolitical events to national ones.

Finally, whether areas have the skills locally to support defence-based investment and whether the

current crisis will last long enough to justify them reorganising their skills offer are far from clear. Furthermore, for local authorities prioritising investment that gets the most bang for its buck in terms of local multipliers, money flowing up to large multi-national defence corporations may not be the most optimal outcome.

What next for Industrial Strategy in the UK?

In advance of the publication of the UK industrial strategy white paper, and long in advance of its implementation, the goal of this publication is to highlight that those who have been advocating for it to happen have different motivations for doing so and provoke a conversation about potential winners and losers.

What is published in the summer will likely follow the structure of the green paper. It will be as broad, and growth focused. It will sit across many industries, and it will try to achieve growth, security, environmental protection and regional rebalancing at the same time.

The relative weighting of growth vs. these other objectives will define the impact it has both on the UK economy and UK politics. We think, and have recommended above, that it would be a benefit for the strategy if it made clear what the priorities outside of growth are, how they rank against each other, and what the process for resolving conflict are when they inevitably arise.

This should help the strategy be effective as a policy tool but also help make it meaningful for the electorate. There are powerful threads of political narrative that can be woven into the strategy but if it continues to try to be everything the message inevitably will become blurry.

Industrial strategy broadly conceived as a growth strategy may be broadly effective as a growth strategy. What it does not do though, as the British Steel example highlights, is provide a plan or a strategy for which industries are critical, either to the national interest or the government's goals, how vulnerable they are, and how government can protect and enhance them.

The sectoral strategies, and the sub-sectors in particular, may be where the focused industrial strategy work actually happens, in critical mineral and defence for example. They will likely therefore be the place where the impact of the strategy is most prominent in policy and political terms.

We recommend:

- Defining strands within the strategy which prioritise one or two objectives above the others (The ones we have suggested are an example but obviously whatever meets the government's needs is suitable).
- Adjusting both the metrics for success and political messaging around these strands to be clear about what is the priority.
- Sorting the chosen sub-sectors, and any forthcoming sub industrial strategies such as the critical mineral strategy, into these stands. This will involve readjusting (or pre-adjusting) the criteria of success for those projects and the way government communicates about them.

Summary of the recommendations in this paper:

- The forthcoming industrial strategy should be explicit about the relative weight of its priorities.
- It should not shy away from making decisions that are necessary but contrary to one or multiple of these priorities.
- But it should explain how the decision has or will be made, how the net benefit has been calculated and what mitigation for negative impact on the other priorities is possible.
- Strands should be defined within the strategy which prioritise one or two objectives above the others (The ones we have suggested are an example but obviously whatever meets the government's needs is suitable).
- Adjustments should be made to both the metrics for success and political messaging around these strands to be clear about what is the priority.
- Sorting the chosen sub-sectors, and any forthcoming sub industrial strategies such as the critical mineral strategy, into these stands. This will involve readjusting (or pre-adjusting) the criteria of success for those projects and the way government communicates about them.

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