

**Sir Roger Carr, CBI President**

**Speech to CBI Annual Conference**

**Monday 21 November 2011**

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Good morning ladies and gentlemen. John and I are delighted to welcome you to the 2011 CBI Annual Conference. It's great to see so many of you here.

An event such as this wouldn't be possible without the valued and continued support of our headline sponsors, Harvey Nash and Ernst & Young – thank you both very much. I'd also like to thank our supporting sponsors: Barclays Corporate; E.ON, Jones Lang LaSalle and Fiat.

One necessary piece of housekeeping before we get underway: please can everyone to turn their phones off or switch them to silent? Thank you.

When I took on the role of president, I was clear that the challenges facing UK business had rarely been greater and the need for business to perform had never been more important.

I was also sure that government and business were broadly aligned on the recognition that growth was the only real escape route from our current difficulties, and financial rigour – underpinning our global economic credentials – was the bedrock on which recovery could be built.

In the six months of my presidency the challenges have become larger but my conviction as to the way ahead has remained unwavering.

The appetite for bad news by the prophets of doom has been well fed by the euro zone crisis, a stuttering recovery in the USA, fears of stagnation in the West and inflation in the East.

In truth, we are witnessing a fundamental shift in the balance of world economies.

Most of us here today have grown up in the West with a sense of entitlement – to jobs, opportunity, wealth.

A social safety net when things went wrong and readily available debt to make things even better when things were going right.

A place where our children's prospects would be better than our own, a world where many earned a dollar a day and saved whilst others harvested the benefit of cheap labour and borrowed to spend.

What's happening all around us is a cultural cold shower, a move from entitlement to enlightenment, a recognition that things have changed, nothing is by right: we have to earn our place in a vigorously competitive world as individuals and as nations.

Our adversity must be the trigger for rapid change in the way we educate ourselves, govern ourselves and sell our goods and services in markets outside our traditional comfort zone.

There are no quick fixes, only a long haul of hard work in a changed and uncertain world.

But whilst recognising the degree of difficulty, I firmly believe it is important that we, as business leaders, retain a balanced perspective and, most importantly, a positive mindset.

In my own business career, the end of the world has been nigh on at least four separate occasions. We have survived them all, but there are two lessons I have learned from each near miss.

Things are never as good or as bad as they seem at the time. And adversity invariably brings out the very best in British business.

And to leverage the best of that British spirit, the CBI has focussed on a plan centred on securing private-sector growth.

It has concentrated on: developing the core strength of Britain's middle-sized businesses; encouraging infrastructure investment; improving the education and training of the young; and anchoring the important role of business in society.

Today we are focussing on the critical driver of growth: exports. Our message is the urgent need to prospect and build in new growth markets rather than continue to harvest the traditional – and currently less fertile – markets of our close neighbours.

To have the courage and energy to reach out into uncharted territories and claim the support of UKTI and our ambassadors overseas to help guide the way through.

Our experience is that those members who have taken this route are flourishing.

Our belief is that without this drive growth will be a distant hope.

Exporting is unquestionably the lynchpin of recovery.

So these are the key ingredients of the CBI's Plan A+ - we believe best undertaken in partnership with government - and based on two clear principles.

Government sets the climate. Business delivers the goods.

And we've been up front with the government on what that climate setting agenda should look like.

First, the don'ts.

We don't want the government to give up its resolve on financial discipline. It remains the cornerstone on which recovery can be built. It enables low interest rates to support demand at home and competitive currency rates to drive exports abroad.

However chilly the wind, it remains preferable to the icy blast of a collapse in international confidence.

We don't want fiscal or regulatory uncertainty and we certainly don't need more red tape.

Similarly, we don't want government to pick winners. We want a pro-business mindset – big and small – that recognises the fact that the supply chain links the small to the large and the fortunes of both are forever entwined.

We don't look for favourites, only favourable conditions.

What we do want is to see innovative government thinking and increased departmental discipline in liberating cash by improving methods, processes and reducing inefficiencies in public spending. It's all about execution.

The private sector service industry is camped on the doorstep of government offices, waiting to deliver efficiencies and cost savings.

And the cash that is liberated should be channelled to infrastructure development, with public and private money directed at road and rail.

The redirection of resource to the critical growth agenda – the CBI plan A+ - is not a change of policy or softening of financial discipline. It is the essential catalyst that transforms shaky steady state to forward momentum.

Importantly, it will provide jobs and we must all find ways of training, engaging and addressing the unacceptably high level of youth unemployment that haunts the country today.

Our 'Young Britain Credit', to be made available to employers taking on inexperienced 16-24 year-olds, could make a difference. Solving this problem is a social imperative and a business responsibility, and one which we all must shoulder.

Now to be fair to the government, its term of office has been marked by deeds as well as words.

In the business sector it has unquestionably demonstrated commitment to lower taxation, employment flexibility and finance availability.

But the reward for doing well is to be given more to do.

We are in a competitive world – for inward investment, corporate residency and talent management.

We need to live within our means but recognise that wealth is generated by motivated business men and women encouraged to take risks and fairly rewarded for achievement.

And that means a continued lowering of corporation tax, greater support for genuine entrepreneurs and, I am absolutely sure, a reduction in the 50p rate of income tax at the earliest opportunity. It may not be easy politics, but it is common sense economics.

And most of all we need government to build a mood of confidence and certainty which encourages those with cash to invest, not hoard, and those with ambition to step forward, not hide.

And confidence is not just about policy – tax, regulation and legislation – it's about tone and expectations.

We need to encourage all those in positions of authority – government, opposition, regulators and commentators – to stop the demonisation of industry: banking, energy or defence.

Big business is not bad business.

Business large, medium and small is the engine of growth. They are interconnected, the creators of wealth, the heart of the economy. If we are to fight our way out of this tough corner, business should be valued, not vilified.

By all means, punish where appropriate, legislate or regulate where necessary, criticise the shortcomings when warranted. But base these actions on an objective assessment of the country's long-term best interests, not short-term populism.

And celebrate the success whenever possible: the renaissance of the car industry, the achievement of aerospace, the world-class status of our IP and technology industries in the Silicon Fens and the global appeal of our TV and film industries.

Recognise the beginnings of the rehabilitation of our banks under new management; the commitment of our energy companies - the most competitive in Europe - to a program of 'lights on' investment in a greener nuclear future; the determination of our defence industries to be not only off-the-shelf competitive today, but fit for purpose for tomorrow.

Yes, there is more to do: the banks to lend more, particularly to small companies; the energy companies to give more in tariff transparency and customer service; and the defence industry to be even more competitive.

But the direction of travel is positive and the quality and commitment of management is undoubtedly high.

Like it or not, we have some way to go in winning universal support for business.

To the millions of viewers of Dragons' Den, the dragons appear competent, focussed and able risk takers. No one objects to their wealth: they aspire to it, in their case it's seen as fair reward for entrepreneurial endeavour and hard work, not fat cattery.

So, just as we know what the public likes about the entrepreneurial dragons, it's pretty evident what the public don't like about the corporate demons:

- Rewards for failure
- High incomes for mediocre performance

- Lies, half-truths and hidden agendas
- Skulduggery
- Market abuse
- Corporate speak
- Incompetence

And do you know what? Neither do I and I am sure, neither do you – and it is up to us all collectively to stamp out bad practice whenever and wherever we see it.

If we are to ensure that business is both respected in society and the career destination of choice for our young and talented people, we must act responsibly in the way we pay ourselves, govern ourselves and conduct ourselves in every aspect of our business lives.

In short: performance driven, values led. There is no alternative.

And in a changing world, where growth is essential and complacency can never be tolerated, the CBI should not stand still.

We have a powerful brand, a strong membership of large, medium and small businesses – each category, let me say, supported with equal vigour - and an influential voice in shaping the UK business agenda.

Our reputation for research, innovative thought and well-articulated argument is firmly established.

But increasingly we are channelling the skills and resource that we have into well-targeted work streams aimed at moving the dial on critical topics like infrastructure development, middle-size company support and today, the export agenda.

We are becoming facilitators rather than simply commentators, bringing members to key political gatherings, establishing working partnerships with government offices to make things happen and being proactive rather than reactive in driving the growth agenda.

Our speakers today reflect the strength of the organisation and the importance placed by government on business.

I can think of no other place where, in a single day, you are able to hear the views of the Prime Minister of Great Britain, the Foreign Secretary, the Minister for Trade, the President of Turkey and some of Europe's leading businessmen and commentators.

We are hugely appreciative of their time and enthusiasm in coming to make the day special.

It promises to be a stimulating, engaging and motivating experience for us all.

Thank you for coming - I wish you a most enjoyable and productive conference.

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