

Securonomics, the Mais Lecture and Critical Minerals in Cornwall

Frederick Harry Pitts

Renewal

22nd March 2024

<https://renewal.org.uk/securonomics-the-mais-lecture-and-critical-minerals-in-cornwall/>

Rachel Reeves's [Mais lecture](#) has been widely lauded for its comprehensive break with the complacent political and economic assumptions of previous decades. In it, Reeves posed security as the 'first political question', following the philosopher Bernard Williams. Security, she argued, should be thought of not simply in military terms, but in economic terms, too.

The geopolitical reshaping of economic relations was a major theme, emphasising the dangers that come with a new multipolar age where the West is challenged by China, Russia and Iran's network of proxies in the Middle East. In response, Reeves suggested that economic policy must become more closely intertwined with questions of defence and national security.

In this spirit, Reeves distanced herself from the misguided belief that a growth model based on hyperglobalisation could proceed in spite of the current geopolitical instability. Rather, the economic challenges faced by 'earlier generations' once again rear their heads: balance of trade, productive capacity, regional clusters, the state's role in investment, and how to 'modernise a sclerotic economy'.

For too long, she suggested, the UK has 'turned a blind eye to where things are made and who they are owned by.' This is not to imply a kind of protectionist 'retreat from the world'. The growth model of Britain's future under a Labour government, Reeves proposed, would be one based in 'resilience for our national economy and security for working people'. But the speech was at pains to stress how a more stable, secure and strategic economy represents no barrier to international competition and trade nor the dynamism necessary to succeed in a 'fast changing world'.

At the same time as being too open to bad risks, the UK has closed itself off from good risks worth taking – such as growing the country's trade and exports. For Reeves, this represents a means to improve domestic productive capacity, specialisation and comparative advantage, including by forging new trading relationships and strategic partnerships with trusted allies in Europe and elsewhere.

This resonates with much of what Andrew Pakes and I argued in a [recent report](#) for the Foundation for European Progressive Studies and Progressive Britain. As I [set out](#) in a piece late last year for *Renewal*, one sector where this vision of securonomics would seem to make a lot of sense is the extraction of critical metals and minerals.

This previous piece focused on tin as a particular critical metal where the UK has both strategic concerns and strategic advantage. In what follows I focus on lithium as a critical mineral with a similar profile and similar challenges around investment, infrastructure and institutions to which the economic prospectus advanced in the Mais lecture offers a convincing response.

However, there is still more to do to articulate the role of work and workers within the future promised by the Green Prosperity Plan, and the case of Cornwall uncovers some of what this might mean in practice.

Critical metals and minerals

Metals like tin and minerals like lithium are central to the future economy, powering electrification and green transition, yet are subject to considerable levels of geopolitical risk and vulnerability of supply.

The UK has long assumed the steady supply of minerals and metals from elsewhere, but this assumption is now under serious challenge and revision. China's dominance in downstream industries like solar and energy – the cause of much concern among Western policymakers – is itself the consequence of an underpinning supremacy in upstream industries like mining, both within China and its growing neocolonial networks in Africa and Latin America.

In light of intensifying geopolitical tensions with China, both the US, via its Inflation Reduction Act, and the EU, via its Critical Minerals Act, have put in place provisions to effectively reshore minerals processing capacity in light of concerns around supply chain risk.

The UK, with its Critical Minerals Strategy, is looking to do the same, and the Labour Party's securonomics agenda provides a basis for the next government to bring new coherence and consistency to implementing this direction of travel.

The country is home to reserves of critical metals and minerals large enough to satisfy a substantial proportion of domestic demand not to mention that of trusted allies and trading partners. The uniqueness of these assets makes this a sector where the UK can realise the aims of scale, specialisation and strategic priority set out in Reeves's speech.

The Cornish case

The majority of the UK's metal and mineral reserves are located under my homeland of Cornwall, deep in its unique granite landmass.

Last week, the Shadow Secretary of State for Business and Trade, Jonathan Reynolds, visited Cornwall, speaking with some of the companies leading the way in the industries that promise to fundamentally reshape not only the Cornish economy but the UK economy more broadly.

Lithium extraction was a particular focus of Reynolds's trip. That the reserves of mica associated with the decomposition of granite into clay could harbour quantities of lithium has long been noted by those connected with the clay industry in Cornwall. However, it is only in recent years that lithium's industrial application has become clear and with it the economic possibilities of its exploitation.

Cornwall is one of only five known large-scale lithium-enriched granite bodies worldwide, with St Austell at the epicentre. It is home to the largest known lithium deposit in Europe, making it important for the West's security in the supply of these crucial resources for the green transition.

The main sources of this lithium are the mica associated with granite hard rock, the waste deposits that remain from previous workings, and the waters that surround the rock from which the mineral can be extracted. To generate a product that can be put to industrial use, lithium

chloride or lithium carbonate derived from these sources must be processed into a battery-ready state.

The two leading Cornish companies, Cornish Lithium and Imerys British Lithium, are pioneering their own in-house methods for refining and producing battery-grade lithium onsite to ship direct to manufacturers. This provides a potential solution to the traditional problem faced by the mining sector in Cornwall, which has tended to pull resources from the ground without realising their full economic advantage by occupying a more advanced position in the value chain.

Producing lithium within the UK means that a pure source of the mineral can be guaranteed without the ecological costs and geopolitical risks of reliance on international supply chains.

As far as ecology is concerned, the environmental costs of extraction are offset by the sustainable and circular principles of the production process. Operators are drawing upon existing mines and quarries rather than starting from scratch. Extracting, processing and producing lithium in house and shipping to domestic manufacturers reduces transportation costs. Waste and byproducts, including used batteries, can be recycled. The hot water down in the pits can even be used to generate geothermal heat.

In light of geopolitical risks to supply, the lithium boom in Cornwall is partly driven by the push for all cars sold in the UK to be electric by 2035. This initiative has motivated the creation of the largest gigafactory in Europe in Bridgwater, Somerset. Operated by JLR, it will produce lithium batteries for use by the automotive industry.

The relative proximity by road and rail of this factory to the Cornish lithium firms is providing a considerable boon to the industry, and for car manufacturers represents the possibility of a fully ‘made in Britain’ supply chain.

Along with tin and tungsten mining, lithium promises to create secure, skilled jobs and livelihoods in some of the country’s most economically deprived areas.

Within lithium alone, by combining extraction and production processes Cornish Lithium and Imerys British Lithium will each generate 300 direct jobs at their initial plants, with thousands of engineers potentially needed for shorter periods of time during phases of expansion.

It is anticipated that one direct job in the georesources sector in Cornwall will produce four or five indirect jobs. The georesources sector as a whole therefore stands to create thousands of long-term indirect jobs.

How Labour can help

Reynolds will have come away from Cornwall with a sense of emergent industrial capacity coiled up and ready to spring. Cornish communities are overwhelmingly positive about the development of the mining revival, and there is little if any organised opposition to what could represent a substantial reindustrialisation of the local area.

However, this momentum is currently being constrained by issues like a lack of infrastructure. There is the potential to sustainably power plants via floating offshore wind, but this requires new grid infrastructure to land the energy on the coast and convey it inland.

Other key issues include planning challenges, a lack of investment, an underdeveloped value chain, shortages of skilled labour, barriers to international trade and an absence of appropriate

institutions. The fundamental economic reset that Reeves outlined in the Mais Lecture brings definition to how initiatives like the Green Prosperity Plan could help address these issues.

Planning

The planning process is a pressing challenge. Once mineral deposits are discovered, it can take well over a decade to bring a plant into production.

The existing workings that many cutting-edge Cornish companies are operating on means that this time period can be radically shortened, with many outfits ready to roll as soon as possible. Despite this, for Cornwall's leading lithium producers, approval to operate can take years, meaning that once construction is factored in, the first lithium may not be extracted and sold until late in the decade.

This is quite a long wait in light of the strategic necessity of such production coming on stream. The liberalising planning reforms set out in Reeves's speech could help ease the burden on producers looking to establish themselves and grow at pace, as well as the potential redefinition of certain sectors as central parts of an expanded notion of national infrastructure.

Investment

On the investment front, although the sector has benefited from funding via the UK Infrastructure Bank, there is further need for government to 'crowd in' cash by facilitating enterprises access to seed capital and other financial input.

Investment in mining of any kind has tended to have an inherently risky character – less than 1% of exploration projects progress to actual extraction. But it is precisely the possibility of great riches from this gamble that continues to attract lucrative capital investment to the sector, and into the supporting infrastructure and supply chains that surround it.

Rather than removing this risk-reward complex entirely, a Labour government's aim should be to create the right conditions for this investment to flow into domestic productive capacity. On this front, operators stand to benefit from initiatives like the National Wealth Fund, which will co-invest with industry to mitigate, if not eradicate, risk from investment in cutting-edge areas of innovation.

Value chain

Meanwhile, there are several stages of the local value chain that will require investment, infrastructure and institutional input.

At one end, there is a need for lab capacity in Cornwall for the testing and analysis of ore, keeping and growing high-skill jobs in the Duchy rather than being reliant on existing supply of such services abroad.

Further along, Cornwall requires a refining facility in a central location with the capacity to process raw resources into production-ready products. This could be located in line with existing infrastructure, with the clay country around St Austell occupying a central position with proximity to the docks at Par for onwards transportation.

Finally, facilities for the recycling of waste, batteries and other by- or end-products could be located in Cornwall to channel them back into production and realise their potential value.

The greatest potential lies in creating a localised value chain that is not just confined to the minerals sector but opens out into the application of those minerals in other sectors like automotive. Labour's GB Energy initiative, may be relevant to this challenge, investing in frontier technologies and the supply chains and jobs that will follow.

Skills

In this last respect, the value chain issue connects with the barriers faced around achieving availability of skilled labour for the future workforce needs of the sector.

In Cornwall, there is still a body of existing mining skills and knowledge present in the community, although this needs refreshing and replenishing with new recruits. Having a dynamic and diverse place-based value chain creates opportunities for those with the right skills to ply their trade in different branches of industry in a way that creates potential for movement within the labour market and thus progression and prosperous livelihoods.

These enhanced career prospects may help incentivise young people to take up the training and apprenticeships that are steadily coming on stream in the sector, as well as graduate routes into what are today thoroughly digital workplaces.

As Reeves set out in her speech, the promise of overall security guaranteed by the state should create a context for individuals to take risks and be entrepreneurial about their skills and careers.

The proposed devolution of skills and adult education policy is focused on enabling those coming into the workforce to find the right skills to prepare them for a potentially very different economy, and emboldening those who are already in the workforce to take advantage of opportunities to reskill and upskill to seek new jobs in pursuit of higher pay.

Trade

Reeves was right to emphasise in her lecture the need to remain open to trade even as the economy takes a more strategic turn. She argued that it is possible to entwine national security with industrial policy without retreating from international trade and cooperation.

The possibilities for greater autonomy and security through domestic supply of lithium and other resources is tremendous. But even were all of the projects currently extracting lithium across Europe successful, this would still not cover the total supply needs of the continent.

There is therefore the need for more projects to come on stream in countries with tolerable political risk, and for trusted allies and partners to share in the results via mechanisms like a mooted strategic reserve of critical minerals.

Around the developed capitalist democracies of the West the revitalisation of metals and minerals extraction will be required in many more areas bearing a similarity to Cornwall's social and economic profile.

Just as our engineering expertise and techniques led the world in the first industrial revolution, an environmentally and socially progressive mining revival here could be a source of UK soft

power in the industrial revolution to come. This means government actively supporting companies to grow both domestically and internationally.

Infrastructure and institutions

Industry in Cornwall is crying out for the right kinds of infrastructure and institutions to support its potential strategic role in the UK's future. In particular, there is a need for Cornwall to have institutions appropriate to its specificities independent of the wider 'South West' region, which differs radically in its geographical, social and economic profile.

In the Mais lecture, Reeves argued for the importance of institutions to economic success, setting out Labour's plans for a British Infrastructure Council, an Industrial Strategy Council and a new body overseeing skills, Skills England. These institutions will help the strategic state be selective about which industries to treat as critical for the country's economic and national security and overcome market failures to channel investment where it is needed. There will also be a reconfigured definition of infrastructure to foster growth and strength in those sectors newly central to the future security of the country.

The institutional agenda set out in Reeves's speech also includes the devolution of powers to localities. The latter is particularly important to areas like Cornwall. It has been on the wrong end of regional inequalities for a long time, and suffers from a lack of investment and productivity despite having a series of natural advantages under the ground, in the air and on the coast that prime it to lead Britain and the world in its key sectors.

Cornwall needs an institutional revolution to really fulfil this role in a new industrial revolution.

Reeves recognised in her speech the necessity of supporting place-based clusters that possess particular natural and geographical advantages but require skills, investment and infrastructure to realise their potential for growth and productivity. For Reeves, the key to unlocking these agglomeration benefits will be institutional reform, decentralising power and voice both at the level of government and the level of the economy.

The next Labour government will devolve further economic powers to local authorities to take decisions based on proximity to where the action is happening, especially in the areas of skills and adult education where different parts of the country often have very specific future needs.

In Cornwall's case, there will need to be some thought given as to how to approach the cliff edge that awaits once the current Shared Prosperity structural funding regime winds down.

Labour should consider whether Cornwall's position as a breadbasket for the strategic resources of the future demands more targeted support. With defence and national security concerns closely intertwined with its potential industrial capacity, any devolution deal or directed investment would have a solid geopolitical justification that suspends some of the standard zero-sum calculations that govern central coffers.

Future industrial relations

Governmental reform is only one element of the institutional revolution set out in Reeves's speech. The Mais Lecture also foregrounded Labour's New Deal for Working People as a vital part of the party's securonomics agenda.

With regard to devolving power and voice more broadly in the economy, the New Deal for Working People frames security, prosperity and autonomy at work as a vital part of the country's security, prosperity and autonomy as a whole.

Reeves presented an economic strategy with the 'contribution of working people' at its heart, using the 'strategic state' to support business growth in unlocking the 'untapped potential' inherent in working people and the places in which they live and labour.

Importantly, this foregrounds the role of unions as a partner to business in organising a virtuous cycle of higher pay, greater job security and improved productivity.

However, there was not too much said about what this might mean in practice, and some around Labour already sense a creeping reticence within the party's top brass about the full implications of its reforms to workers' rights and bargaining.

This is one area where the provision of government support to cutting-edge industries could and should come with some strings attached in terms of working conditions and industrial relations. This would help colour in what the 'good, union jobs' promised in the Green Prosperity Plan would mean in practice.

The minerals sector proves an interesting, if challenging, case study in what it might mean to stimulate both industrial renewal and industrial relations at scale under a Labour government, especially in places like Cornwall where there is a highly uneven historical basis for it and there is little existing tradition of widespread trade union activity.

Imerys, a French-owned company with global interests in the minerals sector, has long mined china clay in the area around St Austell. Today, it is one of the largest companies in Cornwall. Nationwide, it employs over a thousand people at 32 sites with 19 of these located in Cornwall, including a high-tech lab facility.

In a part of the country where union density has traditionally been weak owing to premature deindustrialisation among other factors, today Imerys is among the largest employers in Cornwall where union recognition and collective bargaining are in place.

Unite members across Imerys – representing a third of staff, a majority of which work in clay country – recently voted to strike in a dispute over a multi-year pay deal following the uptick in inflation. Over 800 workers were involved in the pay deal at the heart of the dispute. However, just as strike dates were to be announced, a resolution was found.

Showing the power of the threat of industrial action to get results without a day of work being disrupted, the company offered workers an eight per cent pay rise backdated to January 2023.

Imerys has recently created a joint venture with British Lithium to produce lithium carbonate at their sites in Cornwall. Imerys is a rare example of where an existing company active in the sector is already at a scale where union recognition and collective bargaining are established facts. It is likely, therefore, to be first frontier in the interaction between the new minerals and metals operations and an existing tradition of industrial relations.

There is real potential for a large-scale reindustrialisation of Cornwall based around the materials and technologies that will power the transition to an economy that is greener and more secure. In light of this, there needs to be some thought given to what industrial relations will accompany it and the forms of power and voice that will follow from the strategically important character of the work that employees perform in these industries.

Many other companies which are currently quite small will scale up in ways that lend themselves to bargaining as a mechanism to organise pay and productivity.

Moreover, companies emerging in the sector are keen to trumpet their social credentials in earning their license to operate, with a focus on local hiring and human rights in their broader supply chains. Indeed, investors themselves seek out ‘social value’ in deciding to fund these ventures, and a responsible approach to business and conformity with regulatory standards can be a key part of their considerations.

A social partnership approach to getting unions in the conversation may therefore represent both a practical and profitable way forward for the sector.

Learning from Hinkley C

For an example of where new industrial activity sprung up at pace and scale in a particular place, with requirements for considerable labour input from the surrounding locality but also a complex supply chain of contractors and suppliers, Labour can do no better than look to Hinkley Point C in Somerset.

Said to be the largest construction site in Europe, Hinkley is a next-generation nuclear power station operated by EDF Energy, like Imerys a French-owned company. Some 25,000 jobs are expected to have been created through the construction phase, including a thousand apprentices.

Many of these jobs are via contractors or subcontractors, which can sometimes mean a wild west of employment regulation ripe for exploitation and insecurity. However, Hinkley’s distinctive approach to industrial relations has meant that every job on site, whether direct or indirect via another party, is covered by a collective agreement with the recognised unions Unite, GMB and Prospect.

A series of ‘solidarity project’ workshops have built a shared understanding between the employer and employee sides about subcontractor management, pay, security and inclusion in the workplace. Every new employee on site is made aware of union recognition and their rights as a part of their induction, and the company audit all contractors on site monthly to check compliance with agreed rates of pay.

The TUC have trumpeted Hinkley as an example of where ‘good, union jobs’ can be achieved at scale in large industrial projects that give a glimpse of what might be possible with Labour’s Green Prosperity Plan.

This model may be particularly relevant to the georesources sector due to the phase-based character of their operations, whereby shifting labour needs are serviced by contractors dependent on whether the company is focused on construction, exploration, exploitation or even, later down the line, mine closure.

Of course, this is not about a one-size-fits-all approach, and there is a need for particular patterns of organisation and bargaining matched to the specificities of different sectors. But it does provide a potential template for how to embed the principles of Labour’s New Deal for Working People in the kind of industrial revitalisation implied in the securonomics agenda.

A Marshall Plan for Cornwall?

All in all, the securonomics agenda set out in the Mais lecture offers the policy and financial supports that the georesources sector needs in Cornwall: energy and transport infrastructure, skills education feeding into a robust talent pipeline, inward investment both domestically and internationally, as well as the right institutions to ensure coordination across industry.

There have been several dashed dreams of revival and false restarts for mining communities in Cornwall and the UK in the past, and there are understandable concerns about the fluctuating lithium price as new producers enter the market and techniques develop and improve.

Against this backdrop, Labour's securonomics agenda at least provides the type of policy environment that can help provide stability for the sector to grow. But the power and voice of the workers who will make this growth happen needs to remain squarely in the picture.

The danger of a policy prospectus as ambitious and expansive as securonomics is that it provides a one-size-fits-all approach ill-matched to the specificities of different places.

Cornwall faces a complex and interconnected set of challenges in its everyday economy that require specific responses. Young people face poor pay and precariousness in a labour market dominated by in-person services providing leisure and luxury to wealthy visitors on which some areas are now dependent. It has an unaffordable housing market that is distorted by outside demand that would likely soak up the fruits of any future housebuilding programme without strong provisions for local priority.

The projection onto Cornwall of a tourist gaze that sees it as a romantic escape from the stresses and strains of modernity holds back any proper response to the continuing wounds of premature deindustrialisation and the social and economic decline that followed. In a place where there is a strong coincidence between class and Cornishness, there are unresolved questions of how power is best devolved to the people of a constitutionally and culturally distinct part of these islands.

However, Cornwall has natural advantages – coast and sea, clear skies, sun and wind, hard rocks and hot water – and key industries – marine ship repair, offshore wind, aerospace and satellites, not to mention mining – that will be strategically central to any 'securonomic' future for Britain as a whole. This means that it is all the more important that Labour have a place-based plan for government.

The geopolitical and ecological stakes being what they are, this might be thought of less as a devolution deal for the Duchy and more a kind of 'Marshall Plan' for Cornwall.