

Chancellor's opening address to London Tech Week

Good morning – welcome to London tech week.

Your success is personal to me.

I had the privilege of living, studying, and working in California.

That experience left a lasting mark on me.

I lived and breathed the culture that was adventurous, optimistic, and forward-thinking.

Willing to take risks.

To be imaginative.

To build new products, services, businesses that could change the world.

And I see that culture here at home, too.

I've been travelling a lot in the last few months, right across the UK.

And wherever I go, I meet young people who are hungry, ambitious, unencumbered by timidity and orthodoxy.

And looking at all of you, I know that we'll see that same spirit here at Tech Week, too.

So I'm optimistic.

And the statistics show there is good cause to be optimistic.

The UK has created more tech unicorns than any other country, bar the US and China.

We have extraordinary, distinctive strengths in FinTech, life sciences, and creative industries.

Our corporate and capital gains tax rates are internationally competitive.

And we're known around the world for our agile approach to regulation...

...which acts, where needed, to address concerns about large, dominant players...

...while backing innovation.

You can see that in our approach to financial regulation, where we've pioneered:

The regulatory sandbox, Open Banking, and now, an innovative framework for crypto and blockchain.

So we already have an incredible, thriving tech ecosystem.

But we know we need to do more.

Perhaps the biggest question we face right now is where our future growth is going to come from.

The answer is innovation.

Just look at our history.

Over the last 50 years, innovation broadly defined created around half of the UK's productivity growth.

But since the financial crisis, like many countries around the world, our rate of innovation does seem to have slowed.

But I am confident that we can turn that round.

With the rise of general-purpose technologies like AI, it is plausible to believe we are on the cusp of a new wave of innovation.

But we need to make sure we are ready to capitalise.

To do that, there are three tools at our disposal – capital, people, and ideas. And we are deploying them all.

First, capital.

The UK is already a natural home for growing businesses to raise finance.

In 2021, even in the midst of covid, VC investment in the UK didn't just grow – it more than doubled.

London is fourth for VC investment globally, behind only Beijing, San Francisco, and New York.

Our tax reliefs for investing in start-ups are internationally best in class.

And it's not just private markets, but public too.

In 2021, over 120 companies chose to list in London; confirming that London is the dominant European IPO market.

And we want to go further.

We're reforming our Listing Rules to make it even easier for companies to raise public funding.

We're overhauling Solvency II and the charge cap regime to unlock pensions and insurance industry capital.

And through the Future Funds and British Business Bank...

...we're providing direct government backing to some of the most exciting, fastest-growing scale-up businesses.

So if you're an entrepreneur looking for funding – I want you to look at the UK and say: that's where I want to be.

Now our second priority is to equip our people with the skills they need to thrive.

We have some of the best educated people in the world.

And the percentage of tertiary-level graduates studying STEM courses here in the UK, is higher than even the US.

But we don't have a monopoly on talent.

Nearly half of our STEM researchers are immigrants...

...and around half of our most innovative fastest companies have an immigrant founder.

So we're making our visa system for international talent the most competitive in the world.

Let me give you just one example.

We've just announced a new High Potential Individual visa.

If you're a young person...

Who's graduated from a global top 50 university...

You can come to the UK...

With virtually no conditions...

No job offer...

And stay here, with your family, for two years...

To just explore. Work. Study. Invent. Figure out what you want to do.

And that should send a strong and clear message to the brightest global talent:

If you come to the UK, we will back you to succeed.

Nothing like that exists anywhere else in the world.

And it sums up our philosophy when it comes to visas:

Less 'build it and they will come', and more 'let them come and they will build it'.

So, capital, people, and third – ideas.

The UK has less than 1% of the world's population, but four of the world's top 20 global universities.

The 2nd most Nobel laureates out of any nation.

The third highest number of research publications worldwide.

But we can't be content to rest on our laurels.

We need to do more to support private sector R&D.

And that includes tax.

On the face of it, we have one of the most generous tax regimes for R&D investment anywhere, measured by how much we spend on it.

But despite spending huge and rapidly growing sums, clearly it is not working as well as it should.

In the UK, business spending on R&D amounts to just three times the value of the R&D tax relief.

The OECD average? 13 times.

So I will make sure that our tax regime for innovation is globally competitive and creates proper incentives for all of you to invest and invent.

And of course, the government will do our bit, too.

Over the next few years, we're increasing government investment in R&D by almost 50%.

As a % of GDP, that will put us above Germany, France, Israel, Canada, Japan, and the US.

And one technology that will become ever-more critical in the years to come – is advanced computing.

The extraordinary power of the emerging generation of super computers will change every aspect of our economy.

So I'm delighted to launch today, a new review into the future of compute.

Led by Professor Zoubin Ghahramani... [GAR-A-MAA-NEE]

AI Professor at the University of Cambridge and Director of Google Brain.....

It will report later this year with recommendations for how we can deliver the UK's computing needs not just this year, but for decades to come.

Let me close with one final thought.

My political opponents actually love to paint me as some kind of tech geek.

As I'm sure you've gathered this morning – that's a label I'm actually proud of.

I will always be on the side of entrepreneurs, innovators, young people inventing the future.

Because the biggest lesson I took from my time in California still guides me now, as Chancellor.

What really matters for economic success – is innovation.

If we want our country to succeed, we need to do what we've always done and embrace new technologies, and the people and culture that creates them.

No serious analysis of our prospects could conclude anything different.

Because if we can get this right...

If we can back our capital, people, and ideas...

If we can encourage that incredible spirit I see everywhere in this country...

Then we can be confident that Britain stands on the cusp of a new era of innovation and change.

And ultimately, what gives me that confidence is standing here at this podium and looking out at all of you.

People of talent and ambition and imagination, searching relentlessly...

...for that next new idea that will shape our lives and change the world.

Thank you.