

# Give free enterprise a chance

The Prime Minister usually includes in her big speeches praise for free enterprise. She appreciates that the Conservatives need to make the case for economic freedoms, for the role of profit and reward in driving investment and beneficial change, for a tax system which allows those who work hard and venture their own effort and money to keep sufficient of it, and for competitive markets which can serve customers well. She also knows that government does need to intervene to prevent monopoly and abuse of commercial power, and to ensure those who cannot easily compete are looked after or given better chances in life to do well.

In order to see these grand aims through, she needs to look at the balance of what government Ministers and officials are doing and saying. Government is coming across as keener to put taxes up and to find new taxes than to cut them, thanks to the Treasury. The government is ready to ban or regulate things they do not like, often in a good cause, but less forthcoming about how they can encourage or get out of the way of new ideas and better services and goods for the market that do not pose particular problems.

I have often commented on the damage done to the housing and car markets by higher taxes. There has also been the additional business rate burden imposed on some shops from the Business rate revaluation, at a time when traditional shops need all the help they can get to compete with internet suppliers. The Treasury seems to want to tax new technology businesses more when the UK is good at them and is attracting many of the great world names here to grow and expand. Would a unilateral declaration of tax war on this sector be a good idea when many other countries would like those jobs and investments?

The decision to make larger shops charge 5p for a plastic bag has certainly changed behaviour and greatly reduced demand for plastic bags. The new sugar tax is designed to cut the output and sales of certain soft drinks, to be followed by a possible ban on selling energy drinks to young people to reduce sales and output of others. The sale of most old ivory in our successful auction houses has been banned, diverting that business abroad.

Rich Non Doms have been persuaded to leave by new tax rules, taking their money with them. Russia remains sanctioned with the UK leading the charge to toughen the regime against her more.

Many of these measures individually have a good cause or a good case behind them. The government, however, needs to be aware that if it appears that it bans and taxes parts of free enterprise where it thinks it does harm, and does not do the opposite for the many areas where it does good, it undermines the PM's support for the system itself. Much of what people like about their modern lives comes from the amazing dynamism of free enterprise, from the digital revolution it is pioneering and from entrepreneurial businesses whose owners and creators become very rich. People like today's smart phones, computer pads, streamed videos and film, the wide variety of entertainment on offer, modern cars and better appointed homes. Competitive markets give us

these. The countries that do best are the ones that are most positive and helpful to the system that delivers so much progress.