

Prosperity requires the right kind of government interventions

As soon as the Conservatives win a General election the pundits and the BBC are on telling us that government needs to adopt Labour's economic policies of a bigger state and more state intervention. If people thought that was the answer they could have voted for dollops of it given the Labour Manifesto.

What we need is intelligent government intervention where government can make a difference, and help or avoidance of harm for the competitive private sector who will generate many of the jobs and supply many of the goods and services. A Northern city may need better public investment in transport and education, but it also needs a surge of private sector led investment in the many new goods and services which power the modern economy.

To encourage a city outside London to perform more like London needs lower taxes and more freedoms to let people set up businesses and grow them. We need more freeports and big enterprise zones. We need lower Income tax, fewer capital taxes and transactions taxes on business, and better education and training to create clusters of excellence and competitive energy.

Of course the Transport department needs a bigger capital budget. It also needs better management of projects and better choice of projects to get more value for money. The railway needs accelerated investment in digital signalling to increase the capacity of existing lines. It needs new short sections of by pass track to allow express trains to keep to timetable on mixed train lines. The road system needs better junctions, more roundabouts in place of traffic lights, and more segregation of cycles from vehicles for safety and easier cycling.

London stays richer with higher incomes thanks to the talent and entrepreneurial energies of so many people. You go to London to set up a business because you find the good people, the specialist suppliers and above all the customers. Northern cities can be helped to be similar magnets.