

Speech: Market Millennials: Speech by the Chief Secretary to the Treasury at the Cato Institute

In the early 18th century, two Englishmen – Trenchard and Gordon – wrote a book called *Essays on Liberty, Civil and Religious*.

The other name for that book, as many of you will know, is *Cato's Letters* – from which this institute takes its name.

That book is one of the most important works on individual liberty.

It made the case that individual freedom is the surest way to happiness and prosperity.

But in Britain and America we need to learn this lesson again.

Because Anglo-American enterprise is under attack.

Not just by people in distant places who have always sought to do us harm.

But from closer to home.

And I believe it is imperative, not just to defend the values which have delivered social progress and prosperity, but to have the confidence to re-invent them for a new generation.

To create a modern Anglo-American dream.

Freedom

So why am I obsessed with freedom?

It's what motivated me to go into politics.

I wasn't born into a Conservative family. In fact, I grew up in a British left-wing household, and as a young child my parents dragged me along to anti-nuclear marches, protesting against the British-American military alliance.

But by my late teens, I had rebelled against this orthodoxy.

I took the decision to think freely and to back freedom.

And I fell in love with economics, and became a Conservative.

My parents could protest – and I could rebel against them – because we had the luxury of growing up in a country that valued freedom.

It's not always easy, but being willing to challenge the status quo is what

makes our nations successful – both for the individuals and for our society.

In Britain and America, you are able to speak your mind, you are able to set up a business, you are able to make your own way in life – it doesn't matter where you come from or what your background is.

Harnessing and celebrating that human ingenuity and individuality has been the key to our success.

It has made the Anglo-American economic system the most successful in human history. An engine of social and economic progress.

Anglo-American Enterprise

It's unbelievable – but in the UK now the words 'business' or 'profit' are sometimes hurled as insults, as if they imply shady deals and fat cats.

But this is a subversion of what a free enterprise economy is...

Free enterprise is a hymn to individuality and non-conformity.

It's what allows the young to flower and the anti-establishment to flourish.

That's why our great countries are so good at producing revolutionaries – from Steve Jobs to Anita Roddick.

And there's a reason why technologies like the smartphone – which have given the young more power to shape the world – come from free countries.

We are the Wild West for ideas, where there is space for growth, and where pioneers push each other towards ever greater heights.

No one knows their place, no one fears failure, and no one is ashamed of success.

That is the way countries and economies drive themselves forward.

Some say it's chaotic and unplanned.

I say: you're absolutely right!

That's nature's formula for change and improvement.

The internet

The internet is a great recent example.

It became the phenomenon it is because it is decentralized and democratized, allowed to evolve, adapt and improve...

There is a culture of permission-less innovation: people don't wait for a certificate to explore their idea – they just launch websites or invent apps.

Yes, US-funded research helped to develop the technology that has enabled the

growth of the Internet as we know it. And governments all over the world continue to play a vital role in tackling online crime and exploitation.

But imagine if governments had interfered too much during the expansion of the internet.

Whole industries may not have been invented because a committee hadn't given approval.

Mail-order goods would take months to arrive, the taxi app would be more expensive than the original, and Donald Trump's tweets would be pending authorisation...

...heaven forbid.

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Direction of society

Some people say the wind is blowing against us.

That we've got a bunch of 20-something radicals who are plotting in Starbucks to overthrow capitalism.

But that's not what I see in the young people I meet.

I see people that want more freedom, not less.

They show it in the way they live their lives: using the latest apps to go where they like, eat what they like, and work whenever they like.

Opinion polls show a generation who are focused and aspirational. They are entrepreneurs who want to set up their own businesses.

They are the future of our countries, and we must not hold them back.

But since the financial crash ten years ago, we haven't been talking enough about giving these people what they want.

Anglo-American capitalism has been on the back foot and not enough people have been articulating the case for economic liberty.

Bankers took lots of the blame, and rightly so – but regulators and governments, who backed mortgages through Fannie Mae and Freddie Mac, also had a hand in what happened.

Into this vacuum, we've seen extremists from every side telling us that everything's bad.

And who trade on trashing all that has made our countries great.

We need to take on these doom-mongers.

Young Americans

Here's my clarion call to the forces of liberty. It's time to get our mojo back – and stop apologising for backing enterprise.

We need to talk about freedom, aspiration, success.

I know we can win this argument.

Because we have won this argument before.

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The dynamic duo of capitalism

But it's not enough to defend our values.

A question for our Government is how we push forward reform and harness freedom to create success for a new generation. How do we create a modern Anglo-American dream?

We remain two of the most prosperous and free countries to live in, and our economies have grown robustly since the 80s – with unemployment now down to around 4%.

Our Industrial Strategy will help strengthen Britain's skills, bolster our industries, and build the infrastructure we need to boost productivity and earning power.

But I worry now that a thicket of regulation and control that has developed which is holding people back.

...which is about managing risk rather than taking opportunities.

As Nassim Taleb points out in his book Antifragile – these certainties are illusory.

By clinging on the past or seeking to straightjacket the future – we put ourselves at more risk. You create things that are too big to fail – from the mining industry to the superbanks.

And when it goes wrong it produces a political climate that many call populism.

But I don't denigrate people wanting to better themselves.

In my view it's right that people want the opportunity to:

- A good job.
- A great place to live.
- ... and to feel like you're succeeding and making a difference.

People are being told by some that free enterprise has failed them, and that the way to solve their problems is with more government control, spending and

regulation.

But that couldn't be more wrong.

Our economies work best at full tilt, when individuals and businesses are liberated.

We need to rediscover that economic dynamism we have deep within us.

And we need to become the dynamic duo once more.

Re-invention

Dynamism means embracing the new.

Today, too many authorities in the US and UK are embroiled in wars with the likes of Airbnb and Uber.

At the same time, media outlets all over the world are desperate to shackle YouTube, which has done most to democratise media and the dissemination of information.

We must remember that whilst these new entrants might discomfort the incumbents...

they have the potential to benefit everyone else.

And it's the might of popular demand that shapes economies.

We need to allow places and people the flexibility to reinvent themselves, from Cleveland Ohio to Cleveland Teesside.

When President Trump came to power, he vowed to "to cancel every needless job-killing regulation".

Whilst there is a place for well-designed, proportionate regulation that protects the public, there should be a high bar for new regulations that constrain business.

In the US at the end of 2017, regulation was not cited as the top cost pressure for the first time in six years.

Manufacturers, particularly, have seen more reasonable enforcement by the authorities.

And there are signs that this is having a positive impact on small firms.

It means that instead of worrying over new rules and employing people to do compliance, they can think about new investments and taking on new staff.

I'm visiting the Common Sense Initiative in Ohio. They've kickstarted business with a common-sense approach to regulation.

One great example is in energy, where many states have opened up more land

for fracking.

American energy costs are now some of the lowest in the world, and this has spurred businesses on.

Infrastructure

A lot of people in the US are talking to me about infrastructure.

In the UK, we are investing in infrastructure at the highest level in 40 years, as we recognise its importance.

But, projects take too long in the West, held back by clunky regulations.

In China, they talk about 'China speed', how new roads rise from the ground in the blink of an eye.

We need to streamline our processes to compete.

Republicans have made it a top goal to expedite infrastructure building, aiming to bring timelines down from 4.7 years to 2 years.

We want to follow the same path.

In Britain, we're good at construction.

But we still face barriers on projects that are vital to the strength of our economy.

It's taken years to finally agree to a third runway at Heathrow – which will turbocharge growth across the UK and ensure we remain one of the most open and free-trading countries in the world.

Housing

We need to take the same approach to housing.

Today, cities in the UK like London, Edinburgh, Cambridge and York are bursting with potential.

But our most productive cities are being held back by a byzantine planning system, parts of which date back to just after the Second World War. That's why we're working to reform it.

It's meant that the share of working age people moving town for a new job has gone down by 25% since 2001, with the most significant decline among young graduates – which is terrible for our economy.

Worse, housing is taking up an ever-increasing share of our monthly incomes, leaving people feeling poorer.

This is bad news for everyone: if you can't move to live near the best jobs, you can't get them.

And it means many people are left in the same time, competing for jobs.

America has a similar problem. Since the 1980s, the proportion of Americans who move between states has halved.

It's those cities that are welcoming to new people and willing to expand that will benefit.

Once a mecca for the automobile industry, Cleveland is attracting tech investment and new people, with costs of living up to 60% lower than that of Boston, Silicon Valley, and New York.

Fiscal discipline

Individuals do best, creating wealth and jobs for everyone, when they are free.

But keeping a handle on regulation is only one side of the coin; keeping taxes low is the other.

It's important that government is there to provide vital services like schools for our children, and invest in infrastructure, but we know that every pound or dollar that's taken in taxes is a pound or dollar that can't be invested by a business.

Or spent by a family on a new car or a holiday.

That's why I'm proud governments on both sides of the Atlantic have cut taxes.

We have reduced corporation tax from 28% to 19% today, while in the US, you've cut corporation tax from 35% to 21%.

Allowing businesses to invest more money to grow has meant more jobs, higher wages and better prospects for families.

That's a record I'm proud of, and one we should not be afraid to defend.

Conclusion

Our societies are less deferential than they have ever been, with a new generation more determined to get their own way.

We need to fight to prove that our model is the one that gives them the best chance to shape the world. After Brexit, we have a huge opportunity...

To turbocharge freedom...

Unshackle entrepreneurs...

Build a more dynamic economy...

And shape a new relationship with America.

To succeed, we must trust in ourselves and our principles.

We must make the modern Anglo-American dream happen for a new generation.