

Speech: Telegraph's Investing in Britain Forum: Chief Secretary's speech

I am excited for the future economic prospects of our country.

Of course, in my job, I can see there are economic challenges ahead of us.

But when I travel around the country, I see lots of exciting things happening.

From Liverpool and its super-port, which will now be able to take ships through the Panama Canal;

To Bristol with its world leading high-tech spin outs;

To Cardiff where the Welsh dragon is roaring.

All of these are contributing to our economic story.

GDP has grown for five years solid.

Employment is at near record levels.

And manufacturing has had its longest growth streak in 30 years.

I am ambitious about the future.

So I want to ask, how do we make Britain the most energetic, most exciting economy on Earth?

We already have the five foundations of our Industrial Strategy to boost productivity and earning power by investment in skills and infrastructure.

But I want to lay out five more secrets of Britain's future economic success.

Number 1: we must celebrate entrepreneurs and encourage individual endeavour.

I have an instinctive admiration for the individuals who take risks and start something new.

The academics who left Oxford to establish the University of Cambridge in the 13th century. Without those mavericks, we may never have built the first computer, discovered the structure of DNA, or split the atom.

And I admire Anita Roddick who cared about ethical purchase and founded the Body Shop.

And the 12 people who were laid off by BBC Micro, who kept believing in themselves and founded ARM, which now powers around 90% of the world's

microprocessors.

Underlying these achievements is the creative urge of individuals who wanted to change the status quo for the better.

Millennials are often derided as soft and lazy. But I have found this generation one of the most independently-minded, enterprising and anti-establishment of our times. They have the courage to do things differently, develop new technologies and challenge traditional industries.

And I want to make sure Britain has a culture that encourages the thrill-ride of risk and reward, for today's entrepreneurs – and tomorrow's.

Number 2: we need to keep control of the size of government.

It is a basic fact that state-owned companies compete for space and resources with private companies, starving them of oxygen.

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If taxes get too high, the desire to work, or set up a company is reduced.

Of course, we need taxes to fund universal education, healthcare, a welfare safety net, pensions, police and armed forces.

We currently spend £28,500 per household to make this happen and make sure everyone has a fair chance.

But it's a delicate balance. When taxation goes too far, we end up wasting money, and losing trust.

If it gets out of control, working people and successful companies are punished, in order to plump the pillows of the privileged, and resuscitate lumbering zombie companies, long past their best.

That's why we must maintain vigilant and control of the size of government.

Number 3: I believe in the benefits of shaking up markets.

I am resolutely on the side of new entrants and upstarts when others attempt to stop them entering the market.

And I'm aware there are those who want to shut down the new economy.

Those who campaign against Uber.

Those who rail against Airbnb.

The record labels in a tug-of-war with music streaming services.

But I am instinctively pro-disruption and anti-vested interests. It's in my interest, because it gives me more freedom: I can go where I want, when I want, stay where I want – and listen to Whitney Houston whenever I want.

I am proud of what we've done to encourage competition.

We've made it easier for expanding businesses to take on new staff.

We've taken over a million self-employed people out of restrictive and costly health and safety regulations, because they posed no danger to others.

And we've authorised 15 new banks, reducing the market share of the big four in the UK.

But we have to go further. In the utilities sector, despite our independent regulators, the big incumbents still don't face enough competition.

Perhaps we should learn from South Korea, where utilities are viewed as a single market and have to compete against each other. This has resulted in very low cost and high roll-out of all utilities.

The last time UK utilities regulation had a serious shake-up was the 1990s, before the emergence of internet.

Number 4: we have to keep our important professions open to newcomers.

Just as we need to enable new entrants to succeed in the market, we need to enable new entrants in the workplace.

British professions are some of the best in the world, but elements within seem to be constantly lobbying to put barriers up to prevent new people joining them.

We know that professional regulations can be a damaging restraint on trade. They can reduce opportunities, keep women out of the best roles, and limit the overall number of jobs available.

This is nothing new. In the 18th century, James Watt, who would later become the inventor of the revolutionary Watt engine, was denied a job in the city of Glasgow by the local guild of instrument-makers. Why? Because he had done his apprenticeship 25 miles up the road in Greenock.

Today, licensing is the most restrictive form of occupational regulation in the UK, covering around a quarter of groups in the labour market. We now have more regulated occupations than France, Italy or Belgium.

We are working hard to address this.

We've introduced free schools – where teachers don't have to have traditional training and instead bring other experience to those roles.

We've brought nurse associates into hospitals to help the established nursing teams deliver first-rate care.

We've encouraged the growth of Alternative Business Structures, which can provide certain legal services without having to identify as a law firm.

But we must try harder. For my part, I am doing my best to open up politics,

once a closed shop for men only, to more women – and particularly those from the North!

Number 5: we must take on the NIMBYs

Opening up planning and building houses in the right places is the fastest things we could do to boost our country's productivity.

When I moved to London from Leeds as a graduate in the 1990s, I came because of the opportunities on offer here. I could afford to find somewhere to live. But young people these days struggle to get flats near their jobs.

This is deeply economically damaging, as growing companies need to attract new staff to continue developing.

And we know this would help increase wages: doubling the size of a city leads to an increase in its productivity of up to 5%.

But it's not just about economics. Accepting the status quo is bitterly unfair.

There are lots of claims that increasing return to capital, rather than workers, is being driven by industrial and technological factors.

But in fact, according to a study by the American economist, Matthew Rognlie, increasing wealth inequality can be blamed almost entirely on disparities in housing wealth.

That's why Sajid Javid's bold planning reforms are so important.

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We also need to liberate business planning in high-growth, free enterprise areas, and remove the strict controls that get in the way of prosperity.

That's why we're piloting a manufacturing zone in the East Midlands, where all the planning is pre-agreed and manufacturers can get straight to work on building their factories.

And we could do even more. I would like to see more of the development model used to build Canary Wharf.

We could see it bettered up in Leeds or Newcastle – a Canary North!

What could stop us taking advantage of these opportunities? What could stop us unleashing the secrets of our success?

The answer is – those people with a vested interest in more government.

They want a thicket of regulation to grow, as they are the ones who know how to hack through it. Who benefit from the status quo, oppose change, and want to pull up the ladder behind them.

They can be the lobbyists.

They can be the unions.

They can be the bureaucrats.

They can be the NIMBYs.

I call them The Blob. Gloopy. Treacly. Hard to define. Harder to resist.

They say they want to protect people and jobs. They say they only want this tiny change in legislation. And they will ask again and again for government favours – arguing that they are the exception, that their cause deserves coddling and sympathy.

This effect is described in *The Captured Economy*, by Brink Lindsey and Steven Teles.

They talk about the situation in the US, where too many companies are lured away from truly productive activities, and towards rent-seeking, hunting for special favours and handouts.

I believe one of the main roles of government – and this government in particular – is to challenge, not succumb, to the Blob and to keep our economy free and fair.

It's vital to our mission that we fight the forces of vested interest and make sure our country's opportunities are open to everyone – big or small, north or south, man or woman.

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I am confident that we can continue to hold back the forces of The Blob.

Britain is the home of economic freedom, with liberty guaranteed by the independence of our state institutions, and an absence of corruption assured by transparency.

We've come a long way in the last seven years – championing free enterprise, tackling the abuse of lobbying and keeping the voices of protectionism at bay.

There are many countries across the world that do not get this right, and give in to the intoxicating embrace of institutionalised corruption. Even seemingly healthy democratic countries.

Because the biggest secret is what we don't do, rather than what we do do. We are a free country where we eschew suffocating central control and regimented planning.

We believe individuals makes better decisions for themselves. And we believe in people being the agents, not the victims, of their economic destiny.

Thank you.