

New Entrepreneurs Needed!

The media is full of the need for cuts in public expenditure, and an end to the growing divide between public and private sector job security.

Currently public sector employment is still growing while the private sector has faced over a million job cuts and there are more being announced every week. Some parts of the public sector are enjoying pay rises while many in the private sector are invited to take pay cuts rather than lose their jobs. And, of course, public sector employees are still receiving up to 60% of their final salary per annum for life by way of pension whilst the private sector has almost given up on the final salary scheme.

The few employees at the 'top' of banking and business who earn vast bonuses are obscuring the true picture where in fact often private sector (and charity sector) employees earn lower salaries and have far less generous packages than equivalent roles in the public sector.

Following over 12 years of enormous and often badly managed investment in the public sector by the Labour Government, we now face the inevitable fact that our public services cannot continue to grow. In fact, the current economic situation and our record levels of debt mean that the public sector will have to be cut, and in places cut significantly. While essential services must be maintained, all other aspects of government expenditure must be reduced. It is better to make these cuts now as the sooner they are implemented the less severe the result will be for us all.

However, public sector cuts will be nowhere near enough to dig the British economy out of the current financial mess and on the road to sustainable recovery. We have £800billion of debt and we have had nearly a 6% drop in GDP in the last 12 months. To illustrate the scale of the mess

we are in, even if could magically have a ‘free’ NHS and ‘free’ state school education for two years, the savings would not pay off what we owe.

The only way out of this mess is through growth. Not the ‘pretend’ growth where Gordon Brown borrows even more money to spend on infrastructure to put off the day of reckoning, but good old-fashioned entrepreneurial growth that builds our GDP, creates new jobs and ultimately generates revenue for the Exchequer.

We need a massive increase in new start up businesses at minimal cost to the public purse. On the face of it that sounds like wishful thinking – we are in a deep recession so it is not a good time to start a business, and how can starting a business be relevant to one of our biggest problems youth unemployment – the so-called ‘NEETS’ (not in employment, education or training)?

History shows that businesses born in a recession have a greater chance of long term success than those begun in a boom. In a recession labour and premises costs can be lower, forecasts are more cautious and budgets are tighter. Expectations of the owner are also lower. Companies like Tesco, Burger King, Microsoft and Wikipedia were all started during recessions.

Small businesses, defined as enterprises with 0 to 49 employees, right now employ 13.5m people – 47.5% of our work force. They are the lifeblood of our economy and the way we can grow out of recession. Existing SMEs need what support Government can give within the constraints of the public purse and a supportive banking sector.

As well as support for existing SMEs, however, I believe there should be a focus on encouraging and supporting NEETs into self-employment. This initiative would give a new, pro-enterprise and genuinely Conservative, dimension to the way we help them to help both themselves, and the country. Current schemes are not working. Even if a decent apprenticeship is available it does not lead to job security, and the various training schemes add heavily to public sector debt without the promise of a job at the end.

There are of course plenty of young people who are not capable of starting a business. Sadly, poor parenting, financial hardship, the lack of positive role models, and a failure to take advantage of educational opportunities have limited the abilities of far too many.

But there are also many thousands of youngsters who just need the support and know how! The success of the Prince’s Trust has shown how much can be achieved. Last year 9,300 young people went through its

business programme which provides money and support to help them start up in business. In my prospective constituency, the work of a team from the University of Northampton's Business School has shown how cost-effectively NEETs can be helped to start profitable new businesses.

Faced with the alternative of paying for continued and prolonged unemployment or providing an incentive for entrepreneurial enterprise a future Conservative Government should allow young people to retain their benefits as they start their new business. Then, as the new businesses starts trading, benefits should be phased out over a period of 18 months. A Conservative Government should also introduce a policy that provides under-25's with the opportunity to build their business free of corporation tax and business rates for the first two years. There is no **actual** cost to the Exchequer of such a policy - only the opportunity cost of forgoing potential new revenues while these new businesses get off the ground.

The volunteer Job Clubs being set up by Conservative MPs and PPCs in many towns could provide key support to NEET entrepreneurs building on the generosity of local business people, many of whom are already giving up time and expertise to support those who have lost their jobs. Connexions, the expensive agency established by Labour to help young people could use its resources to help them create new employment for themselves. Business Link already exists to lend support to new entrepreneurs.

The opportunities are definitely out there....even in a recession as deep as this one, there are still many more people in work and largely unaffected than out of it. There is also the potential for huge 'goodwill' towards young entrepreneurs - from cleaning to chefs; from gardening to engineering; from decorating to technology – there are plenty of buyers out there and plenty of opportunity for those who want to work hard.

After all, look at some of the people who left school at a young age and have built up hugely successful companies – Richard Branson, Jack Cohen, Simon Cowell, Walt Disney. In Britain we need to get away from the Labour-induced decade of expecting the state to provide, and instead rediscover the spirit of entrepreneurial capitalism. We have nothing to lose, and new industry, new jobs, and new self-respect to gain.