

Andrew Dilnot thinks small businesses are bad businesses...

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[Andrew Dilnot](#) was director of the [Institute of Fiscal Studies](#) for many years. Now he's Principal of St Hugh's College Oxford and the university's pro-Vice Chancellor.

This evening he made a complete fool of himself as the after dinner speaker at the Oxford Centre for Business Taxation's dinner. He took it upon himself to address his comments to Alastair Darling, who was not present, of course. He suggested that that a Chancellor should not make policy for presentation purposes, have a reason for all policy and think through the consequences of that policy before enacting it. In principle that might be sound, but it was delivered with a political subtext that was as unwelcome as it was unfunny and which confirmed (again) the lack of objectivity of this place, and the IFS come to that.

But worst of all, he used as example of an ill thought out policy the 0% corporation tax rate small businesses enjoyed for a period in the UK. I agree with him, this was poorly thought out. But it's his analysis that led him awry. He said he presumed this policy was created because it was assumed that small businesses were either a) new or b) entrepreneurial or c) this was actually a disguised social policy for the poor engaged in such activity. His claim was that the reality is much simpler. Small businesses, he suggested are simply bad at what they do. They have to be or they would not be small.

I'm sure that I wasn't the only one who thought that he should a) not make statement for presentation purposes b) have a reason for all he says and c) think about the consequences before doing so.

What made this especially odd was that his opening "funny" referred to his annual speech to new students in his college. He apparently assures them that now thy have arrived in Oxford they no longer need to try to be cool. They can just be nerds, because that's what Oxford wants. Well, I can tell you, his college has certainly got one.