

## Small business depends on a big, confident state

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I am well aware that some will think I have revealed my hand as what they will describe as a left winger as a result of my attack on the [Observer's poverty of thinking](#) yesterday. That, of course, is their right.

And if caring about injustice, inequality, those in need of support, the environment, democracy, a level playing field for all business, fair taxation that's enforced, international cooperation rather than competition and the right of all to be heard is left wing then I willingly plead guilty. If want to stop here as a result, feel free. If, however, you want to know about one dimension of what that also means that few will ever talk about, and open your mind a little, read on.

I am left of centre. And I am a chartered accountant. I was senior partner of a firm of accountants. I advised a lot of businesses. I directed others. I helped many work the way they wanted. Some made well above average incomes, and I was one of them. And for the record, just as I am left wing, nor am I apologetic for my belief in business.

If, as I do, you believe in a mixed economy, you have to believe in business. And you have to believe in the state. You can't take one, or the other, and say it is better or worse. Nor can you say one makes you richer and the other poorer. If, as has been the case throughout the period of prosperity that we have enjoyed since 1945, the foundation of wealth has been the state and private sectors working side by side then to do anything but seek the best from both makes no sense.

As a result almost no right wing politics in this country does make sense. Its whole purpose is to undermine the state. It belittles what the state does. And the people who work for it. It says the state is inefficient, even when the evidence is very clearly to the contrary. And it says the private sector has all the answers when time and again that appears not to be true.

At the same time right wing politics professes its love of business. And supports banking, which is a very special subset of the breed that feeds like a pariah on small business, in particular. And it supports massive multinational companies, who now have

tax rates that are almost universally lower than small companies in the UK. And the right sets rules and provides services that favour large business over small (just look at the different ways large and small companies are now treated by HMRC if you do not believe me). Whilst the right now also ensures that education and training meets the needs of the relatively few large business sector employers in the UK when the educational needs of those who work in small business are often very different indeed. Their attitude towards FE and HE is sure indication of that.

In that case if the left is to start re-thinking its agenda I suggest it trample right into a space where most people do not expect to find it, and that's small business policy.

Let's start with some basics. First, the left has to say that the small businesses in the UK need a big state if they are to survive. What do I mean by that? Let's start with the fact that small business, being short of capital, with limited life expectancy (most survive only a few years, to be replaced by others) and with tight cash flow cannot meet many of the training needs of their staff. It's just not possible to expect them to do so. Let's not argue about it. Let's live with it.

Saying that, in itself, and saying the left will tackle this deficiency has massive potential impact, for business but also for the millions who would like to work in it. Just consider what smaller businesses need from their staff. The list is unsurprising. They need them to be problem solvers. They need initiative. They must know about risk. They must be able to say sorry. And give praise. They need to understand accounting. And tax. They need to be able to write a brief email that imparts exactly the information the person the other end wants to know. They need to be able to fill in a form. They need to be able to express themselves verbally, very clearly. They may need some specific skills beyond these. In fact they may well be remarkably specific. That's how small businesses survive: it's their niche that gives them their competitive edge. No one but the small business can teach those skills. But they need a person with wide ability that is largely untaught right now to deliver those niche skills. The left should commit to ensuring our modern economy has the people it needs to work for British small business. In the process some skills now taught can be dropped by the way side. Essay writing is a skill most people never use from the day after they leave school until the day they die. So why are we spending so long teaching it? Just as most people will never, ever need to work out the volume of a cone or need to know about tangents, sines and cosines. Specific IT skills may be useful, but the ability to repeatedly replace them would be much more useful.

And yet we don't have education that comes near meeting these needs that the small business, portfolio worker and modern young person require to survive. The left could deliver all that.

Just as the left could meet the small business need to provide ongoing education. Degrees have their uses, but most young people come out with them needing a much broader base for their education than a degree can provide. Whilst I

am all in favour of academic degrees for some, the possibility of more vocational qualifications that can be worked on over time, maybe from home, by mix of on line and occasional attendance and which by a process of credits make a degree seems at least as relevant now. And no, I am not reinventing the Open University that has its own, special, niche: the aim is to be vocational, applied and ongoing so that a person can build ongoing qualifications throughout life, and that these can be recognised.

Such a policy does though challenges the hierarchies of power: in universities, in professions, in big business that wants a recruitment vetting process, and to some degree within society itself which now sees university as a rite of passage as much as a process of integrating education into personal, educational, societal, economic and business need. That's what the left should do. And the left could deliver that change for the benefit of small business, and for the benefit of people who do not want to laden with debt, and for the sake of people who know that education is a lifetime process of change.

Just as the left could deliver much else that small business needs: like a separate tax system for small and large business that recognises the two are fundamentally different and so makes life easier for millions of businesses that want and need a corporate structure without the obligations designed for BP.

And as the left could deliver accounting rules that meet the needs of society and taxation but not a profession that imposes its own share of burdens on the small business community.

Much as the left could create a tax system that reduces the cost of employing people by moving the tax charges that NIC create and moving them elsewhere - ands most especially onto unearned income - which would liberate the opportunity for work for many.

Whilst the left could also create a state funding bank that helps the transition from small to medium sized business and beyond - which our commercial banks simply fail to do - and so release the potential our economy has lacked for so long.

I make all the points because it is unlikely that the right will ask for any of these reforms - and is nowhere near delivering them. National insurance helps keep wages down and so suits large employers very nicely. Keeping small business in its place suits big business. Banks do not want to deal with small business: they'd rather speculate in financial markets at cost to us all. And earning economic rents is how big business, its managers and advisers now think money should be made: they use the word entrepreneurial and most have never once taken a risk that threatened their month end salary or their year end bonus in their lives.

That's because neoliberalism - with its concentration on increasing wealth divides, on economic rents that extract rewards but do not make it and on power rather than risk

taking - is fundamentally opposed to the true risk taking that is the basis of a vibrant small business economy.

Such an economy could be, and I think should be, the partnership that is needed to remake the mixed economy. But only the left can take the risk of building it because only the left now really believes in that mixed economy, with its embrace of small business.

That's because being from the left is about delivering change most people want. Most people want a vibrant small business economy whilst resenting the power of big business. The left should work with ordinary people to achieve this, because only the left have the mind set to do so as only the left cares about people earning at the low end of the income spectrum, which is where vast quantities of small businesses are located.

And it so happens that the big, confident state the left believes in is vital, in my opinion, to our small businesses because it, and only it, provide the bedrock on which those small businesses can build and in the process provide the increasing incomes for the millions of people engaged in them as both owners and employees.

It's time the left said so.