

[Helping entrepreneurs to help us](#) [1]

Written by [Dr Madsen Pirie](#) [2] | Wednesday 12 September 2012

On Tuesday, while Vince Cable was advocating government direction of the economy, I was speaking at a Royal Society for the Arts workshop devoted to young entrepreneurs. The RSA published poll figures showing that large numbers of young people aspire to run their own businesses. This is in line with our own findings, first with a poll of the Millennial Generation, and more recently with a [poll about the nanny state](#) [3]. In both we found that nearly half of young persons would like to run their own business at some stage.

I pointed to three obstacles. First there are planning laws that act against building up a business from domestic premises. Then there are the regulations and liabilities imposed on employment, including PAYE, NIC, maternity leave, sick pay, holiday pay, protection of employment, and so on. Added to these are the regulations on health and safety and the paperwork that has to be filed. Thirdly, I pointed to taxes on business which are high enough to act as a disincentive, given the risks involved.

I suggested that each could be redressed. A five year 'holiday' could exempt start-ups from the regulations which otherwise apply to business premises. And if all employees of small firms could be treated as self-employed, most of the employment regulations would not apply, nor would the obligation to fill in the paperwork pertaining to them.

Finally I suggested a version of the German law that allows people to earn up to 400 euros a month from part time jobs without being taxed on it. People are allowed to take on more than one such job, provided they are with different employers. In Germany these laws halved youth unemployment and created 500,000 new such jobs in their first year.

My contention is that these would clear space into which young entrepreneurs could move in large numbers, creating between them the growth agenda that has to accompany fiscal responsibility, and would do it far more effectively than the many-times-discredited approach of Vince Cable.

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