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Greed is Good

The Daily Telegraph, November 28, 2013

Boris Johnson's speech at the Margaret Thatcher lecture given at the Centre for Policy Studies in London. The speech was titled 'What Would Maggie do Today?'

Like it or not, the free market economy is the only show in town. Britain is competing in an increasingly impatient and globalised economy, in which the competition is getting ever stiffer.

No one can ignore the harshness of that competition, or the inequality that it inevitably accentuates; and I am afraid that violent economic centrifuge is operating on human beings who are already very far from equal in raw ability, if not spiritual worth.

Whatever you may think of the value of IQ tests, it is surely relevant to a conversation about equality that as many as 16 per cent of our species have an IQ below 85, while about 2 per cent have an IQ above 130. The harder you shake the pack, the easier it will be for some cornflakes to get to the top.

And for one reason or another, the income gap between the top cornflakes and the bottom cornflakes is getting wider than ever. I stress: I don't believe that economic equality is possible; indeed, some measure of inequality is essential for the spirit of envy and keeping up with the Joneses that is, like greed, a valuable spur to economic activity.

But we cannot ignore this change in relative economic standing, and the resentment it sometimes brings. Last week I tried to calm people down, by pointing out that the rich paid a much greater share of income tax than they used to.

When Margaret Thatcher came to power in 1979 they faced a top marginal tax rate of 98 per cent, and the top one per cent of earners contributed 11 per cent of the government's total revenues from income tax. Today, when taxes have been cut substantially, the top one per cent contributes almost 30 per cent of income tax; and indeed the top 0.1 per cent – just 29,000 people – contribute fully 14 per cent of all taxation.

That is an awful lot of schools and roads and hospitals that are being paid for by the super-rich. So why, I asked innocently, are they so despicable in the eyes of all decent British

people? Surely they should be hailed like the Stakhanovites of Stalin's Russia, who half-killed themselves, in the name of the people, by mining record tonnages of coal?

I proposed that we should fete them and decorate them and inaugurate a new class of tax hero, with automatic knighthoods for the top ten per cent. Well, my friends, I am proud to say I have often been accused of being out of touch, but hardly ever have I produced so frenzied and hate-filled a response.

People aren't remotely interested in how much tax these characters pay. That does nothing to palliate their primary offence, which is to be very rich.

It seems to me therefore that though it would be wrong to persecute the rich, and madness to try and stifle wealth creation, and futile to try to stamp out inequality, that we should only tolerate this wealth gap on two conditions: one, that we help those who genuinely cannot compete; and, two, that we provide opportunity for those who can.

To get back to my cornflake packet, I worry that there are too many cornflakes who aren't being given a good enough chance to rustle and hustle their way to the top. We gave the packet a good shake in the 1960s; and Mrs Thatcher gave it another good shake in the 1980s with the sale of the council houses.

I think she would want to help smart and hardworking kids everywhere. Margaret Thatcher was a grammar school girl herself, and she knew what it was like to be up against the kind of smug, sleek men who never dreamed that she would be Prime Minister, never thought she would have the guts to sack posh public school chaps like them.

By 2050 Britain will be the second biggest country in the EU, and by 2060 we will have more people than Germany. By the middle of this century we will still have a crown, we will still have a union, we will have a dynamic, diverse, globalised economy.

We may not have many gunboats any more, but we hardly need them, because we are already fulfilling our destiny as the soft power capital of the world.