

We need a new economic policy

One of the advantages of Mrs May's resignation is it will allow a rethink over the government's economic and enterprise policies.

Mr Hammond has continued to tighten the fiscal and monetary stance , squeezing and slowing the economy. He has continued with Mr Osborne's tax attacks on particular sectors and groups of people, damaging the housing and car markets in particular. Some of the tax hikes as withy Stamp Duty and vehicle Excise Duty have done such damage to transactions and output that it has hit overall revenue adversely.

The world economy is slowing. The Fed overdid the tightening late last year, shocking the markets. That in turn is forcing a rethink at the Fed, who are spending the summer on a kind of study leave to think through a new approach to monetary targeting and interest rate selection. The Chinese authorities also erred on the side of toughness, slowing their economy. Mr Trump's trade war has added to the gloom. World governments generally have hit out at the production of diesel and even petrol cars, taking actions which have created a car industry recession. As the UK economy has a large overseas trade sector, where the majority of our trade is with non EU , we need to be sensitive to changes of mood and growth rates worldwide. The UK needs to offset some of the gloom and slowdown elsewhere.

Instead we have seen a Treasury very hostile to Brexit spread gloom and negative stories whilst running a policy designed to slow things down anyway. The new government needs to take a sensibly positive view of our prospects on exit. We can afford a stimulus now to our economy, with more spending on priorities like social care and schools, and lower taxes, especially where the current rates collect less revenue. France has just had some tax cuts. France and Italy are trying to woo rich people away from London to their jurisdiction to invest and spend with them instead by offering a better tax deal. The USA has enjoyed a major tax cutting programme which has boosted that economy to be the fastest growing advanced economy in the world. China has offered some tax cuts to boost consumption. The Italian government is trying to expand its budget to help reduce unemployment. Only the UK seems wedded to the Maastricht EU rules to get the stock of government debt down as percentage of GDP to the 60% level.

It was symptomatic that Mrs May in her exit speech claimed reducing the debt was a great success of her Administration, when she should have said reducing debt as a percentage of GDP. If you are going to claim something like that as a success, then do show you understand the numbers.

“We don’t believe you”

I talked to a meeting of Conservative students at Oxford yesterday about the themes from my book. I mentioned the growing strength of public opinion and engagement, and suggested the current polls are underestimating the numbers of voters, especially former Conservative voters, now giving support to the Brexit party. A large majority of Conservative members want us out of the EU in accordance with promises made in the 2018 election and afterwards, and have no fears of leaving without signing the dreadful Withdrawal Agreement. The Conservative party can only hope to woo back lost voters once it has got us out of the EU properly.

I found, contrary to the views of some senior Conservatives, that the students loved a clear Conservative message based around ownership, free enterprise, lower taxes, and opportunity for all. They either welcomed or accepted we needed to just put Brexit behind us by simply doing it. There was particular interest in the sections of my book on the revolt of the motorist and how to handle green issues, and on opportunity for home ownership. There was no agreement about future leaders, with a majority undecided, but the most pro Brexit candidates got the most favourable mentions.

Sterling and stock market rise

Yesterday sterling and the stock market rose after the resignation of Mrs May made leaving without the Agreement a bit more likely. That’s a blow to those who think No deal is bad, or those who think markets mainly respond to the endless Brexit wrangles rather than more normal considerations about interest rates, growth etc

The next Prime Minister and the EU

The next Prime Minister has one immediate and urgent task – to get us out of the EU. Unless the Conservative party delivers soon on its promise in 2017 to take us out the substantial loss of votes to the Brexit party suggested in recent Westminster polls will be confirmed or may accelerate. We are long past the position where we need a new leader to find a compromise between Leave and Remain, or who thinks that a few tweaks to the Withdrawal Agreement will enable it to pass. Only getting us out by October 31st at the latest is going to get the government and the party the right to a hearing again from

voters, and the space and authority to press forward with all the many policies we can then offer based on the freedoms Brexit delivers.

Any new Leader has to understand the depth and range of feeling in the country that the outgoing government and the official opposition have let the country down badly, by delaying, diluting and querying the whole idea of Brexit. We have just witnessed a huge tidal wave of support for getting on with leaving, and against signing the Withdrawal Agreement. Mrs May's Agreement was designed in Brussels by the EU, and met with great opposition from Leave and Remain voters alike.

I tried hard over many months to persuade her to go back to the EU and tell them the Agreement could not be sold to UK voters and had to be changed. I argued with her to stand up to the EU and tell them if necessary we would just leave without signing the Agreement. In the later stages of her tenure as PM I urged her to do herself a favour by dropping the Agreement, to ease the obvious strains on her of the repeated disagreements and negative votes. I was amazed at her resilience in defence of a proposal which the country had already rejected by a large margin, and which this Parliament was unlikely to accept.

Some say we cannot leave without signing the Agreement because Parliament will not allow it. The only hope this Parliament has to reconnect with voters who have left both main parties in droves is to leave. A new PM can do so. Best would be to go to the EU, say we have messed them around for too long and we wish to leave immediately. If the EU agrees it can be done as the delay in our exit was done by agreement between the new UK government and the EU. We should offer a comprehensive free trade agreement which would enable us to leave with no new tariffs or trade barriers whilst over the months after exit we seek to work out and sign the detailed proposal.

If the EU would not agree to an immediate exit, then we need to wait until 31 October. Parliament has legislated for our exit then. A new PM just has to ensure Parliament does not legislate to keep us in. Government has plenty of powers to do just that, which Mrs May declined to use last time because she had herself decided she wanted to delay our exit if she could not have her way and sign the Agreement.

[Mrs May to resign?](#)

According to the media she will resign this morning. Comment here if you wish. The sooner we get a change of policy on Brexit, which clearly needs a change of leader, the better.