

[My Conservative Home Article: Sunak is struggling because Tory members are hungry for change, and Truss offers it](#)

Below you will find my latest article for [Conservative Home](#):

Since the departure of Margaret Thatcher we have had a succession of Conservative leaders who have spoken fluent Conservative when talking to members, but who have often governed in a more left of centre way.

David Cameron shifted to accommodate the Liberal Democrats in coalition for his first period in office. Together they followed the Treasury/EU austerity model in their economic policy, making reducing the state deficit and debt the central task. They welcomed a surge of EU laws over many facets of life. Both he and Theresa May were enthusiasts to keep the UK aligned with the highly-regulated requirements of Brussels.

Whilst Boris Johnson was personally in favour of a more distinctive, growth-oriented approach, he was held back by Treasury dogma and a Chancellor who favoured high taxes.

The centre left is a very congested space in UK politics. Going for their theories and policies is unlikely to win many swing votes for Conservatives, but it can lose you plenty of votes to abstention or fringe parties, as Mrs May found with UKIP.

It should be no surprise to see members of the party tell surveys they strongly favour Liz Truss over Rishi Sunak. There is a frustration that more Brexit freedoms have not been used. They want the Government to be able to set VAT rates in Northern Ireland so we can cut it for the whole UK, and to allow free trade across the Irish Sea between Northern Ireland and Great Britain.

There is an impatience with slow growth and no growth and worries that the outgoing Chancellor was not taking possible recession seriously enough. There is a wish to see us honour our manifesto promises on tax and where possible to be removing or cutting taxes, not dreaming up ever more things to tax. There is a wish to see security of energy supply and domestic food production as important requirements of policy. They want us to visibly take control of our borders.

The Sunak campaign, like the Remain campaign, tells us the future is worrying and there is little we can do about it as a nation. It is more interested in trying to frighten us off voting for change than setting out a compelling vision of the future.

We are repeatedly told that Rishi is the grown up, the man with great economic experience who understands the realities. Yet when it comes to

debating the details of how he gained this experience and what he has learned from the errors of recent years there is an unwillingness to engage.

One of his main mantras is we have to put taxes up now to curb inflation. So if higher taxes stop inflation, why have the higher taxes this year coincided with higher price rises? How exactly will higher corporation tax and national Insurance bring prices down? Do they really think creating £450bn of money to buy bonds to keep interest rates very low had no part in the inflation we are now suffering?

He now offers us Income tax cuts for the period 2025-9 based on growth. Who can sensibly predict what the British growth rate will be all those years ahead? Why are these affordable?

Of course as Conservatives we all believe there needs to be limits on public borrowing. We should also believe you cannot print your way out of inflation, and you cannot tax your way out of recession. The new prime minister will need to lead a government that does take good care of how taxes are spent and how much things in government cost.

The answer to the large deficit is threefold: we need to get better at securing value for what we spend; we need to focus on priorities and rein in the passion for government to do more; we need more growth to boost the tax revenues we can spend.

As last year showed, a bit more growth brought in an extra £77bn compared to Treasury forecasts of tax revenue with no tax rises.

The Sunak campaign has tried to offer policies it thinks will appeal to Conservative members. The pledge to send many more criminals out of the country did not help, as it was difficult to see how it would be achieved. The promise to tax people £10 for every missed GP appointment did not do the job as many think the problem is difficulty in arranging a GP appointment in the first place (and in changing it). Who would levy the charge and what would the penalty be for non payment?

The wish to clamp down more severely on those who vilify the UK, meanwhile, raises issues about free speech and censorship that are not easy to legislate. It all looks a bit rushed and headline-grabbing.

Conservative members take a strong interest in politics, and get to see and hear a range of senior government ministers at conferences and party meetings. They also ask their local MP for more detailed information about how these ministers work and behave than you can get from watching TV.

Many of them will have been swayed by Rishi's enthusiasm for higher taxes, his reluctance to sort out the Northern Ireland Protocol, and his acceptance of VAT as an EU tax to look elsewhere for a leader.

They see in Liz Truss someone who did argue to sort out the Northern Irish problems with the EU, and someone who expressed from inside government dismay at the tax strategy.

I read from a Sunak supporter they did not realise they needed to tell the members more about him at the beginning as they thought the members knew him. This is a misreading of the position. It is because the members knew him in office they do not back him leading the government.

We currently have an inflation that is far too high, public spending that is not sufficiently controlled, and a growth slowdown to live with. That is why members want change.

My interview with the Chairman of the Campaign for an Independent Britain

Last week, I had a discussion with the Chairman of the Campaign for an Independent Britain. We discussed a variety of topics including Brexit, taxes and red tape. Please find part 1 of my interview below:

Boosting supply to curb inflation

As the electricity regulator reviews the resilience of the UK grid and generating system it needs to consider how it can encourage more investment in additional capacity. The government and big business tell us we are living through an electrical revolution when more people and businesses will switch from gas heating and petrol and diesel transport to electric versions. Meanwhile the grid operator has had to go back on the idea of closing all the coal power stations in order to keep the lights on when the wind doesn't blow, showing we can be close to the margins even on a summer day. The case seems overwhelming to put in more capacity.

It is true there is considerable further investment underway in wind farms. To solve our problems these need to be linked to battery or hydrogen based storage of output when there is a surplus to handle the shortages when the wind does not blow. It is going to take time to build enough nuclear to give us reliable baseload capacity. Indeed this decade sees the closure of most of our nuclear, making the problems of adequate supply more difficult. We will need sufficient conventional power stations to plug the gaps pending the technological and commercial breakthroughs needed in renewable power delivery. The grid managers need to keep all the capacity we still have and make sure it is available. We also need some more reliable capacity before we can store the wind energy.

[Boosting supply to ease the squeeze and lower inflation](#)

The UK is short of oil and gas from domestic sources. In recent years we have come to rely more and more on imports of gas and oil, despite having more reserves available at home. During this next decade when we still need plenty of gas for home heating and industrial processes, and plenty of oil for transport and petro chemical activity there is a good case to extract more of our own oil and gas. The understandable wish of the west to remove Russian oil and gas from supply chains adds more impetus to the need to reduce our use of imports.

Those who are most concerned about the output of CO2 need to accept that if we substitute domestic gas supplied by pipe from a UK field we will greatly reduce the CO2 output compared to importing LNG gas which requires energy to compress, transport and decompress it. The Treasury would be delighted as home produced gas means a big tax bonanza for UK state instead of passing huge sums of money over to foreign governments and companies for the imports. Anyone keen to promote more better paid jobs would also welcome it, as the oil industry does usually pay well and we would have more of these skilled ,jobs in the UK benefitting our citizens and tax collectors.

Ministers have announced that they do wish to see more UK gas produced as a transition fuel here at home. Today I ask will the Regulators and officials press on with a greater sense of urgency? Where are we with the potential of Cambo, Rosebank, Bentley, Finlaggan. Jackdaw, Lancaster fields and the others that could be speeded up? What scope is there to accelerate production from fields that are up and running already? Where have we got to on the possible reopening of the Rough storage facility?

At a time when the EU is facing rationing and a difficult future without Russian gas the UK could assist by producing and investing in more production in its own oil and gas fields.

[Too many people draw lessons from the 1970s without studying its history](#)

It is strange to read and hear unquestioning assertions that the high inflation of the mid 1970s was the result of Chancellor Barber's tax cuts. If you study the history you would conclude that the Barber period did indeed

see an inflationary price bubble especially for property and financial assets, brought on by a change of money policy.

The Bank and Treasury in 1971 gave up on a complex system of quantitative controls on bank lending, substituting Competition and credit control as a policy. The deregulation would have been a good idea if the Bank had then used its retained powers to fix short term rates in a way which limited overall credit and money creation. Instead they went for a credit and money boom which powered the property and secondary banking bubble. In 1973 with clear overheating they abruptly changed policy just in time for the blow of the oil price OPEC surge to widen the inflation and add to the downturn their money policy lurch generated.

There are some similarities with today. Today the Bank has lurched from far too much money creation and low rates to money destruction and higher rates, just as in the 1970 s the Bank and Treasury lurched from far too much private lending and low rates to too little. Then as now the asset inflation broadened out into a general inflation pushed hard by an external energy price shock. These external shocks pushed up the inflation rate but also took demand growth out of the domestic economy leading to recession in the 1970s. Today we will have a recession if we persevere with higher taxes and a severe monetary tightening at the same time as the real income hit from energy.