

The Treasury is too gloomy

The UK economy has done well in creating many new jobs, generating considerable additional tax revenues for public services, continuing to grow and attracting large new investments from leading companies around the world since the referendum. This has happened despite a series of tax attacks on it by successive Chancellors out to damage the housing and car markets amongst others and against the background of a substantial monetary tightening engineered by the Bank of England. It has been possible thanks to past reforms and thanks to the growth of a large cadre of entrepreneurs prepared to venture their time and their money, and to many people willing to work in new areas and jobs. It has happened with the Treasury and Bank forecasting a recession in 2016-17 that did not happen, and constantly telling us of unlikely negative effects of our chosen policy of Brexit.

This week again the big difference between the Chancellor and the government was visibly on view. This is not a new problem.. He was elected along with all Conservative MPs on a Manifesto which said we would get on and implement Brexit. The Manifesto saw the benefits of taking control of our laws, our money and our borders. It looked forward to spending plans that spend the EU contributions on our priorities, and to trade and migration policies that make sense for the UK and are fair to all parts of the world. The Chancellor thought otherwise and has spent his time in office trying to delay or derail Brexit by recreating as much of our current arrangements within the EU as possible.

The government line on timing was that we will leave on 29 March 2019. Under pressure from the Treasury and others the PM then allowed the government to say that if they reached an Agreement late with the EU, any individual clause or requirement of the Agreement that could not be put in place by 29 March 2019 could slip to a later specified date. She proposed a variable implementation period. This was still not sufficient for the Chancellor who led the charge to demand a 2 year delay in our exit from the EU. The EU pushed this back to 21 months and demanded a high price for this concession. It meant that a Chancellor who is famous for seeking to block any good idea to spend a bit more on a domestic public service that needs it, was happily flagging through a huge new set of payments to the EU in order to stay in it for a bit longer. The absence of effective Treasury resistance to the financial demands of the EU is one of the worst features of their behaviour. One of the main reasons I and others voted to leave the EU is we want to spend the money we send them here at home on a mixture of increased spending and tax cuts to promote faster growth and a stronger economy and society.

Six members of the government and two Conservative Vice Chairmen resigned over Chequers because they rightly saw it granting too many concessions to the EU undermining what people expect from Brexit. Looking at the arguments within government that have spilled over into the press the differences between the Chancellor's views and where most of the rest of the party is are

larger than the disagreements between those who resigned and the compromise position he helped force on the government at Chequers. As this week has made clear the Chancellor is fundamentally against the whole idea of Brexit, wrongly seeing it as damaging to the economy, a central policy put to the people in the Conservative Manifesto of 2017 and a core policy of the government. He should back it and be sensibly optimistic about the economy he helps guide, or pursue his disagreements from the backbenches. He should also reverse the damage his and his predecessor's higher taxes have done in the next budget.