

Time to show some urgency for leadership candidates

The task facing an incoming Prime Minister on September 5th is large.

The first dilemma is how to restructure the Downing Street operation. There are too many posts and senior people vying for PM attention and over loading the diary. Each time Boris was criticised for the behaviour and organisation he put in more people and posts. What does a new PM do to achieve a streamlined operation? Just on the political posts Boris had a Head of Policy, a Chief of Staff, a Minister of State, 3 Parliamentary Private Secretaries. Who could speak for him or who followed up the meetings?

Do we need a Cabinet Secretary, a Permanent Secretary Cabinet office and a Permanent Secretary Downing Street? We used to have just one. Do we need a Perm Sec Downing Street, a Principle Private Secretary and a chief of Staff?

The second issue is how to get the budget ready for a few days after 5 September that is needed now to see off recession and to ease the continuing fuel price squeeze.

The third issue is how to restore a strategic grip whilst delegating proper authority to Cabinet members and departments. The PM needs focus on a few central objectives, and needs to institute one on one meetings with senior Ministers to establish objectives and how the work of their departments fits into the strategy.

The fourth is to slim the legislative programme and output of departments . We legislate too much. Government interferes too much and presumes too much.,

The fifth is to inculcate a new Ministerial insistence of doing less and doing it better. Ministers need to lead their parts of the public sector to deliver more for less, to improve quality and user focus.

There needs to be a quantum leap in using the Brexit freedoms to improve our prosperity and growth.

The net zero revolution has to switch from top down based on bans, subsidies and taxes, to bottom up based on better products, better value for money and customer choice.

The new growth strategy begins with tax reductions.

Listening to the six remaining candidates last night I think they need to be more ambitious and understand the magnitude of the task ahead to transform our national fortunes.

We need tax cuts for growth and enterprise

Margaret Thatcher and her Chancellors cut Income tax from 33% to 25%.

She cut Top rate Income tax from 83% to 40%

She cut the tax on savings Income from 98% to 40 %

She cut Corporation Tax from 52% to 34%

Rishi Sunak increased the Corporation tax rate by 31% to 25%

He raised the NI rate by 10%

He imposed a new Digital services Tax

He imposed a windfall tax

He invented a Social Care Tax

And then he wants us to believe he can be the new Margaret Thatcher!

The leadership candidates set out their stalls

On Sunday I received a number of phone calls from leadership hopefuls. With other colleagues yesterday and on Monday we had meetings with each of the candidates in turn. We asked them for their views on the main topics including the economy, public services, foreign and defence policy, Brexit, and identity politics. They are all now developing a Manifesto covering the main topics, though most were having to rush to put it together as the timetable is very rapid.

Only Rishi Sunak wanted to delay tax cuts and was keen to persevere with the company and windfall tax rises he was planning as Chancellor. The others made a variety of proposals to cut VAT, remove the increase in company tax rates, cut National Insurance or Income Tax. Some wished to pay for this out of fiscal headroom in the current budgets, some from faster growth and some from reductions in public spending. All thought defence spending needed to rise over the rest of this decade. Some had proposals for slimming the civil service and overheads of large services like the NHS, some to reduce welfare spending through more improvements to foster more ,jobs and better paid jobs for those on benefits. A couple queried the pace and cost of UK adaptation to

net zero given the growing reliance of China on coal, using that to send us manufactures we import.

All promised to see through the Northern Ireland Protocol bill and if necessary use the Parliament Act to get it through the Lords. All said they would bring it into force if the EU does not offer a solution to the issues we have raised. All said they accepted the result of the referendum and wished to work to use the freedoms Brexit brings to expand the UK' global reach and influence, develop more trade deals and improve the regulatory position to foster more UK investment and business led growth.

Today there will be votes on the 8 candidates how have made it this far. When we know the results we will at last have some hard polling data to think about which two might emerge victorious from the MP competition phase.

Electing a leader

There are many considerations in choosing a candidate to vote for. I see some on this site have already written off the full slate of 12 possible candidates. You need to live in the real world. The new PM will be an existing Conservative MP. The 12 include people with a wide range of talents and past successes and each would bring something different to the role. Choice involves compromise. No one gets everything they want in an ideal leader, or everything they support in the leader's programme. We are choosing someone who needs to be right for the nation, not just for us.

The assessment is a mixture of issues. Does the person broadly support the values you like? Do they have an outline programme of action to carry through those values? Does their past demonstrate an ability to overcome obstacles to seeing through important changes? Would they be able to earn the loyalty of enough support, and would they be confident enough to recruit a talented team of Ministers? Will enough of the public like or respect them?

The ability to communicate and carry people with them is important. It is no good having a good programme or great ideas if you cannot get elected to the leadership role or if you lack public support to retain office. Reading the public mood and making the right advances at the right time is a crucial leader's skill.

It will be a demonstration of leadership skill to emerge victorious from this crowded field. It is important the MPs present two candidates to the membership and that both agree to fight a good campaign to give members a clear choice. It will be a test of character and political skill as well as a judgement on two competing programmes.

The truth is a lot is potentially up for change and that could be a good thing. The other truth is the unelected governing establishment will be

looking to circumscribe or control an incoming Prime Minister. Some of them see it as an opportunity to bin work on The Northern Ireland Protocol, human rights law reform, controlling our own borders, setting our own VAT and using the freedoms of Brexit.

The creation of £450bn of magic money and inflation

Mr Sunak asks us “Do we confront this moment with honesty ,seriousness and determination, or do we tell ourselves comforting fairy tales that might make us feel better in the moment but leave our children worse off tomorrow?”.

The briefing which accompanies his leadership offer tells us this is the man who will control public spending, reduce the deficit with tax rises and then get the economy growing again. He is the man who will not offer early tax cuts as these could fuel inflation.

So let us examine his presentation of his past and future economic management plans.

I am glad he now takes inflation seriously and is now determined to get it down. He is of course the man who approved and signed off the creation of £450 billion of new money during his brief period in office whilst claiming the Bank of England was independent. Indeed, so independent was the Bank that he was also required to sign off a complete indemnity on all the bonds the Bank bought with the new money, as they were bound to fall in value as soon as interest rates went up. The truth is the main policies of printing money and keeping rates down for too long was the policy Mr Sunak endorsed and made possible, putting the full weight of the Treasury behind it. When I and others suggested the last £150bn of the printed money was too far and would be inflationary he disagreed with us. Most did agree with the early offsets to the big damage the covid lockdown did but he continued them long past the recovery which added to price rises.

I am glad he takes controlling public spending seriously. During lockdown he was the biggest spender as Chancellor we have ever had. Most of us agreed there did need to be substantial packages of support to families and businesses whose budgets were wrecked by enforced idleness to meet the health policy priorities. We did not agree with the lax approach to fraud and error in the disbursements. Nor did we see a lot of value for money in the very expensive test and trace schemes he supported and financed. His campaign has not yet identified how he would now find ways of curtailing spending which he did not find as Chief Secretary or Chancellor.

He used to tell us he was a low tax enthusiast but he now tells us tax cuts are unrealistic. He put in place a 31% hike in the business tax rate. He put

through an increase in employer and employee's national insurance, breaking a Manifesto pledge and imposing a new tax on jobs. He put in a new social care tax and an on line shopping levy. He froze thresholds of Income tax driving many more people into higher tax bands. He left office as the Chancellor in a Conservative government who had imposed the highest ever tax burden on the UK. New promises of tax cuts delayed are difficult to believe.

He says he was a pro growth Chancellor, but after a good first year of recovery from covid the economy is now badly slowed by his tax rises on top of the inflation damaging real incomes. It is difficult to see how his policies would suddenly rekindle UK growth when they are all based on Treasury austerity.