

The Brexit Crisis and stepping down on a high note

A decade ago we all knew that there was an economic crisis. Banks were collapsing. Credit was drying up. Bankruptcies. Job losses. Escalating budget deficits. A big drop in the currency. You didn't need a Nobel Prize in economics to realise that something was terribly amiss. It was the biggest financial crisis in over a century, and the biggest drop in production and incomes since the interwar period.

Six years on: the end of the Coalition.

Were we still in crisis mode or not? On the one hand: a rapid recovery in the economy; a big drop in unemployment; lots of investment, business start-ups and general optimism. But also wages (accounting for inflation) lower than before the crisis, the pain of years of cuts in public spending; austerity.

We are now in a very unusual economic environment.

My preferred metaphor was that the economy had suffered the economic equivalent of a heart attack. It had survived but was still attached to the life-saving drip feed of ultra-cheap and abundant artificial money.

Then to the EU referendum.

Armageddon didn't happen. But there was the **biggest devaluation since the war and subsequent cuts in living standards** from the cost of imported goods. A lot of uncertainty, leading three years later to the present state of **extreme political uncertainty**, paralysis of decision-making in government and Parliament and investors stalling on investment.

We are now in a very unusual economic environment which doesn't easily fit with what most of us see taught or teach, and appears in economic textbooks.

First of all, there appears to be emerging, based on particular data, a recession defined as two successive quarters of falling output. But it is an economy very close to full employment. The popular view of recession is of slump and long dole queues. That may be to come. **But we seem to be entering a different kind of recession** in which output falls, not because of a lack of demand-spending, but because of restrictions in supply: labour and skill shortages; lack of ability or willingness by companies to invest in the capacity to produce more goods and services.

The likelihood is that what we are seeing is a pre-slump.

The big shock of a 'no deal' or 'hard' Brexit – if a new PM were to succeed in making it happen – will produce a very sharp fall in the economy. The new enthusiasm from leading Conservatives, as well as Labour, for populist,

deficit financed budgets will further erode confidence in the economy.

The Bank of England will be under intense pressure both to raise interest rates to stop currency collapse and to cut them further to keep the economy afloat: an acute dilemma which could open the way to a more politically pliant Governor, and further loss of confidence.

Mr Johnson may be leading us into a wasted decade.

As the currency tumbles, import costs rise cutting living standards. With weak domestic spending, little investment, EU markets disappearing and other overseas markets closing because of trade and currency warfare we are then set fair for a full-scale slump. Add in some highly leveraged companies and property and – still- high government debt levels, the risks are increased and the freedom to manoeuvre reduced.

Mr Johnson may be leading us into a 'wasted decade' worse than the financial crisis.

On a personal level I have been preparing for the handover to a new party leader.

A lot of warm words and genuine affection from colleagues, party activists and members of the public who give me credit for going out on a high, with the prospects for a big breakthrough for the party after the local and Euro elections.

I have been undertaking a final round of leader's visits across the country, celebrating the real heroes of our campaigning and our success – the grassroots activists.

I have been to Brecon where a major by-election victory is within grasp. Then to Coventry to visit the massive Bhattacharya centre at Warwick University, where 1000 engineers are working on a new generation of electrical and autonomous vehicles: this is one of the really solid Coalition legacies from the industrial strategy and the catapult network. And finally to the Westcountry, to Taunton and Wells in Somerset where the **Lib Dem revival is in full swing** and parliamentary gains for Gideon Amos and Tessa Munt are in prospect.

On Monday, we shall know who our new leader is.

I look forward to working with them, and with members all round the country, to build on our present success, to stop Brexit and to bring about a liberal, social democratic, internationalist Britain of which we can all be proud.

[Go to Source](#)

Author:

[Join us on polling week!](#)

Polling week is coming up and we need you in Brecon and Radnorshire to help us win and get Jane Dodds elected to Parliament.

It's incredibly helpful for the team if we know where volunteers are going so we can best prepare leaflets, canvassing packs and clerical work.

So RSVP here to let us know when you can join us.

Join us on the final weekend

[Join us on Friday](#)
[Join us on Saturday](#)
[Join us on Sunday](#)

Or join us on polling week

[Join us on Monday](#)
[Join us on Tuesday](#)
[Join us on Wednesday – eve of poll](#)
[Join us on polling day](#)

If you can't be here, can you help by making some calls from home?

[Call voters](#)

Or chip in £5 to help us win in Brecon and Radnorshire!

[Chip in £5](#)

Thank you!

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[Will you be nominating someone for](#)

party awards?

Do you know someone special who deserves to be recognized for their service to the party? Yes, it's party awards time again!

Every year at Autumn Conference we hand out prestigious party awards to members who have done some of the most outstanding work in the party. Going above and beyond the call of duty time and time again.

But, as always, we need you to nominate the people that you think are blazing the way in the party. The deadline for nominations is the 24th July and the nomination and submission details are available here:

There are four awards.

The President's Award is open to any party member elected to public office and who has demonstrated excellence and commitment over the years.

The Harriet Smith Liberal Democrat Distinguished Service Award is open to any member never elected to public office who has demonstrated longstanding and outstanding service to the party.

For both these awards, the panel will be looking for outstanding commitment and service to the party. We are seeking people who deserve recognition for their hard work, long service and demonstrable dedication to the party at any level.

The Belinda Eyre-Brooks Award is given to recognize and celebrate the efforts of people who work for our elected representatives in their local areas – from local party employees to political assistants to council groups, to people working in MP's constituency offices.

The Dadabhai Naoroji Award is presented to the local party that has done the most to promote BAME participants to elected office as councillors, Assembly Members, MP's, MSP or MEPs. Please note – this award is to a local party, not to an individual, so please think about those local parties that are making a great effort to involve different communities in their work. Regions and States nominate local parties, so tell them of a local party who should be nominated.

Also awarded is the **Patsy Calton Award**, in memory of the brilliant former MP for Cheadle, the details for the award can be found here:

http://www.libdemwomen.org.uk/patsy_calton_award

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[Four days left to vote for our next Leader](#)

There's just four days left to cast your ballot in the Liberal Democrat leadership election.

All ballots must be cast by 1pm on Monday 22nd July to count.

It's quick and easy to vote – all you need are your Unique Voting code – which has been emailed or posted to you – and this website:

<https://www.mi-vote.com/>

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[Less than a week to have a say on our party's future](#)

This time next week, Vince Cable will be the former leader of the Liberal Democrats.

Ballots close at 1pm on Monday 22nd July. That means you have six days to have your say on where our party goes next.

Later that day, either Ed Davey or Jo Swinson will be announced as our party's new leader. They're both fantastic candidates and either would make a fine leader for the Lib Dems going forward. **You can find out more about their plans for our party here:**

[Find out more](#)

Our new leader will inherit a much stronger party. We have nearly 800 more councillors, 15 new MEPs and we're surging in the polls. We have over 10,000 new members in the last 2 months alone – **it's a great time to be a Liberal Democrat.**

Bumped into our [@LibDems](#) leadership candidates [@joswinson](#) & [@EdwardJDavey](#) whilst at the BBC recording The Week In Westminster (here 22mins in <https://t.co/Lh420qJ8F2>). Our contest has been thoughtful, respectful and full of optimism – compare and contrast to the Tory shambles! pic.twitter.com/DR4cHs3t6J

– Chuka Umunna (@ChukaUmunna) [July 14, 2019](#)

That makes this leadership election important. Politics is in flux – with the way things are going you could well be electing our next Prime Minister. **It's important you have your say.**

Haven't had your vote yet? Get in contact – it's not too late to have your say. **Email us at elections@libdems.org.uk and we'll get you sorted out.**

Find out more about the Lib Dem leadership election

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