

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.