



Truss is the only candidate with an economic plan to turn Britain around

Ryan Bourne

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Given high inflation, weak growth, and unsustainable public finances, the next Prime Minister must take economics seriously again. The last three Conservative leaders have treated it as an unpleasant distraction from their true priorities, or an unhelpful restraint on their extravagant ambitions.

With little economic thinking from leadership, unmoored chancellors have either prioritised fiscal probity above all else, engaged in policy-by-opinion-poll or, worse, taken their lead for reactive policymaking from the Resolution Foundation.

The result is the occasional thoughtful speech promising that the work to boost growth will start tomorrow, with tomorrow never coming. Instead, we are left with the highest tax burden in 70 years, a pathetic productivity performance, and political fatalism.

“Seriousness” gets defined as endorsing massive spending whenever the cries for relief are loud, then telling the public this makes high taxes inevitable. Other meaningful ideas to remove growth barriers are rubbish as “too politically difficult.”

Conservatives need to escape this pessimistic mindset with a leader who understands economic policy and will battle to improve it. The best candidate is Liz Truss.

Economics is Truss’s passion and she has receipts to prove it. She is a free-marketeer, yes, but a pragmatic one. She endorses a more expansive role for the state in investing in human and physical capital, or opening doors for exporters, than I would. This is one reason she attracts support from walls both red and blue.

But, crucially, she sees that many acute challenges are worsened by government policies which raise consumer prices, make infrastructure and housebuilding too slow and expensive, and quell innovation.

Today’s high inflation environment emboldens the case for her leadership. After convening the Free Enterprise Group of Tory MPs in the 2010 Parliament, she reiterated that deficit reduction can’t be the end-all of economic policy. Supply-side efforts were needed to boost productivity and reduce living costs.

In government she famously fought for reforms that would have slashed childcare costs, for example, only to be repelled by Nick Clegg and weak-stomached Tories.

The same supply-side focus is needed today. Yes, any leader must tell the Bank of England to choke off excess demand, and the impacts of the Ukraine war fallout will inevitably be mitigated for the poorest households.

But a whole host of costly regulations and tariffs, affecting energy, childcare, housing, food and more, could be repealed permanently to ease pressure on household's budgets. Truss has championed this agenda for years.

Boring centrist dads on Twitter seek to make this election one pitting irresponsible, deficit-financed tax cuts against fiscal prudence. Truss knows this is a false dichotomy. Not all taxes are created equal, with some boosting the supply-side of the economy and so long-run GDP.

Rishi Sunak would hike one anti-growth tax, corporation tax, while also deterring investment with his oil industry raid. As someone who prioritises growth, Truss opposes both these moves. Yet this does not make her some red ink merchant.

The public finances have been hit by Covid-19 and war, and when the dust settles, these may leave a permanent structural hole beyond the initial uplift in debt. But this is highly uncertain. In taking the OBR's current estimates of lower GDP at face value and so prematurely raising taxes, Sunak risks creating a self-fulfilling prophecy of weakening output. A wait-and-see approach on debt that allows some more near-term breathing room is wise.

This relaxation of fiscal policy, however, wouldn't make Truss a fiscal dove. In fact, she has consistently championed fiscal rules that would tightly cap spending as the best means to keep taxes and debts low.

She knows you can still have fiscal discipline with net tax cuts to boost economic efficiency or grease the wheels for tax reform, but this requires constraining expenditure too. That's why she promises another Spending Review: she knows the government must seek out efficiencies wherever possible and reassess where the state should retreat.

Unlike some who cling to the past, Truss is comfortable with modern Britain's service-led economy, including the new technologies, ways of shopping, and forms of work it produces. Though dubbed a Thatcherite, she is not simply a karaoke act for the 1980s policy playbook of cutting marginal tax rates and taming unions either.

No, what she shares with the Thatcher revolution is the zeal for reviving an entrepreneurial culture, with policy focused on removing today's most important barriers to growth and opportunity. Truss understands you can't deliver world-class infrastructure when it takes so long to build anything. Or that you can't have parents best matched to jobs in a world of exceedingly expensive childcare and housing. Or that efficient public services can't be run on 1940s models.

These realisations bring a desire for economic and public service reform, starting now. Given the ticking election clock, Conservatives can't waste the moment on "more of the same" or let a novice learn economics on the job.

Truss has the experience in government, including at the Treasury, education, and trade, to hit the ground running. With the other major consideration the war in Ukraine and economic sanctions, in fact, her time at the Foreign Office and as trade secretary leaves her better placed than anyone to meet the moment.

Economic policy renewal won't be easy. It will make enemies and require a committed team to deliver. Yet a theme of Truss's ministerial career has been her leadership. She has taken on vested interests for the greater good, whether challenging protected industries in free trade deals, or the teaching blob over free schools.

The flip-side is her ability to work with colleagues. She marshalled MPs including Dominic Raab, Kwasi Kwarteng and Priti Patel to make the FEG effective. Throughout the past six years of drama, she's remained a team player, as other MPs and erstwhile advisers drifted from plot to plot.

One concern people have is that Truss was a Remainer, because she worried that Brexit would shift focus away from more pressing domestic problems. Yet in government she reconciled to the referendum result immediately and arguably has done more to implement its gains through trade deals and protecting the UK's internal market than anyone else. She has also consistently advocated to use our newfound freedoms to liberalise from the EU's regulatory instincts.

Brexit both enhances her domestic agenda and, given the inevitable new trade barriers with the EU, makes liberalisation at home more urgent.

Yes, Truss will be questioned on other subjects, from crime to the environment. Her crucial virtue, though, is that she would make economics central to the Tory offer again, with a clear vision for the party to unite and rally behind.

Ryan Bourne is Chair in Public Understanding of Economics at the Cato Institute.