

May has chosen to occupy the centre, rather than try to shift it. This bodes badly for Britain, Brexit – and the economy

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Make no bones about it, the Conservative manifesto was extremely disappointing for those of a classical liberal persuasion. Not because of the caricatured references to the “libertarian right”, whom Theresa May appears to think endorse a “cult of selfish individualism.” (Who exactly is she referring to?). But because the basic principles of limited government, economic and civil liberties, freedom and equality under the law were almost entirely absent, replaced by continual references to what government will “back”, “champion”, “support”, the injustices it will tackle, the dysfunction of markets and the need for more equality.

To read the manifesto, bar one throwaway reference to red tape, there appears absolutely no area of the current political settlement where Theresa May thinks government has gone too far intruding into economic or social life. Quite the opposite. Yes, this does not make her a socialist or Ed Miliband, but one cannot underestimate the scale of the philosophical turnaround of the party since the early 1990s.

Consider the direction of travel. May’s government seems determined to re-regulate the labour market. By 2020, close to 20 per cent of the private labour force will have their hourly wage set by the state through the National Living Wage. May wants more workplace regulation as we leave the EU, with new areas of previously permissionless innovation, such as the sharing economy, brought into the Government’s net. She seems to believe the largely meaningless “gender pay gap” should be a key aim of policy. Worse, she’s going to extend the use of these crude statistics in public life to cover race and the gap between CEO and average worker pay. It’s only a matter of time before measures become targets.

We are told that the Conservatives want the tax burden to be as low as possible. Currently, it is at its highest for 30 years. We are told that the Government needs an industrial strategy, but will not pick winners. So what does “identifying the industries...places...” to support mean? Government will have more control over business takeovers, and will give workers representation on boards. Universities will be under new restrictions to help schools. The Government will double-up on clamping down on non-EU migration even prior to Brexit, and maintain a barmy net migration target which includes students. There will be an energy price cap. And we are now being promised a balanced budget in the middle of the 2020s, almost two decades after the financial crisis, when the upward spending pressure of an ageing population will bite. Unless we’ve truly abolished boom and bust this time, another recession would leave the public finances in a truly dire state.

Underpinning all this is the “freedom gap” Paul Goodman discussed earlier this week. May appears to want to vanquish liberty or the protection of liberty as a Conservative goal. As my former boss Philip Booth noted for *The Daily Telegraph*, it did not need to be this way. Such is the electoral calculus that May could have won (perhaps with a smaller majority) on an economic reform ticket, rather than one of triangulation between the status quo and Corbyn. She could have shifted the political centre, rather than occupying it.

Why is this manifesto so worrying to those of us who believe in a free economy? Andrew Lilico, for example, has suggested that May’s primary task is delivering Brexit, and that we should ignore other pledges and let her get on with leaving the single market and customs union.

He has a point. But many of us believe Brexit will only be a success economically if Britain uses its new freedoms from the EU to make it more economically liberal, not less. We should be looking to make farming less protectionist, to establish tradable quotas in fisheries, removing protectionist barriers to trade and deregulating. But on all this the manifesto lay silent. Brexit will not be a success if it means a more tightly regulated labour market, gold-plating former EU rules and clampdowns on migration alone.

Others say all this is just politics, an attempt by May to maximize her majority. If so then it is very short-termist. I don’t agree often with Matthew Parris, but his column last week was spot on. If you depart the pitch and fail to argue for limited government, explain why markets tend to work better than intervention, and dream up new crude policies such as price caps, then you cannot credibly argue that Corbyn’s more extreme variants of the same types of policies are beyond discussion. In time, with an opposition with better leaders, the Conservatives will find things much more difficult, particularly if the party alienates many of its traditional base.

But perhaps the most dangerous interpretation is that May actually believes this stuff. In the manifesto, it said that the Conservatives were not interested in ideology but “what works” – one of those wretched clichés born in the Blair years. Great, but if so I’d love to know what economic history textbooks May’s team are reading. Because price caps and wage controls do not work. One only has to look at high levels of labour market regulation in southern Europe to see that does not work either. An industrial strategy? That’s hardly been a storming success in the U.K. Far from this being clever politics, if any of these issues fail to resolve the perceived problems May has outlined, the public will demand even more crude solutions. Policies which are notionally popular become far less so when the results are not, and the U.K. grows even more slowly.

Whether purely strategic or a genuine ideological shift then, this May manifesto marks a deepening chasm between the party and advocates of economic liberalism. It is said by many that her team will love articles such as this, because it shows their strategy of differentiation is working. So be it. But economic liberalism really does work – and will outlive Mayism.

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