

The key economic questions the Tories must answer

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No one, not least the Tories, expected to form a majority government after the general election. As a result some pretty poor policies were presented to the electorate in the quite hope they would not need to be delivered. But now the Conservatives have to live with what they said.

To summarise the Tory economic promise is easy. As [Martin Wolf has put it in the FT](#) the policy means that:

According to the International Monetary Fund, the share of government spending in UK gross domestic product will fall from 41 per cent in 2014 to 36 per cent in 2020.

We all know that this is not necessary: as [Paul Krugman and many others have pointed](#) out not only is there no need for austerity, and, as I have often argued, cutting government spending at a time when consumers are not racing to the shops, business is pulling back on investment plans and the trade deficit looks dire, is a simple guarantee that not just the state will shrink but the economy with it.

And there is no evidence that states can get much smaller than the Tories plan. As Martin Wolf, again, notes:

If [cut by this much] this would put the UK's share [of government spending as a proportion of GDP] below Canada's 39 per cent and Australia's 37 per cent and only fractionally above the 35 per cent forecast for the US.

What is more:

Many prosperous economies would be far above UK levels: among them France on 53 per cent, Denmark on 51 per cent, Sweden on 49 per cent and Germany on 44 per cent.

So, three questions.

First, will they try to do it?

Second, will they abandon the effort once they've started?

Third will this result in recession come what may?

The answer to the first is, I am sure, yes they will.

The answer to the second is uncertain, expect that they gave up last time in 2012 when the state was at least the size it is now.

And to the third? I think this is recessionary come what may, [especially when coupled with the massive other issues we already face in the coming years.](#)

In which case was the Tory manifesto the shortest political suicide note in history?

Time will tell.