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My 10-point plan to kick-start the economy after the referendum

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This is more like it. At long last, some people in government are acting as if they are actually in charge. Sajid Javid in particular has begun to shine again in recent days: he is going to start preliminary trade talks in Delhi, has instructed his civil servants to start talking to as many countries as possible and wants to start hiring negotiators.

As for George Osborne, he too has started to act to shore up confidence, even if much more is required. He has met the main investment banks in London, and they have all agreed to work together to make sure that the City remains the world's pre-eminent global financial hub.

Osborne has finally said what he should have argued the day after the referendum: "every measure will be deployed to constructively safeguard and protect" the City; the banks said they would like to keep as much of their workforce as possible in London, and JP Morgan's boss Jamie Dimon confirmed separately that there would be no change at all were the financial services passport retained.

It may not be, of course, but there are also other ways to protect the City, be it by negotiating a global passport or through so-called regulatory equivalence.

With the right negotiations and domestic reforms, the UK economy could be larger than it would otherwise have been under a Remain scenario in just a few years' time, going on to demolish all the gloomy predictions of Project Fear. But it is key to shore up the short term: the economy was always going to be hit by volatility, but sadly the Brexiteers' failure to seize the moment and the Government's lack of a plan have shattered confidence. The economy probably grew by 0.6pc in the first quarter, but a lot of this growth will be clawed back in the third. We will suffer a nasty, utterly unnecessary hit that will cost jobs. This must be addressed as soon as possible; here's my 10-point plan.

1. The Chancellor must hold more summits with other industries, getting carmakers and others to express their support for the UK. In ordinary circumstances, this would be dismissed as a gimmick, as mere verbiage: but this is a crisis of confidence.

2. The Prime Minister needs to dust off the lectern he used during the referendum, call a press conference in front of 10 Downing Street, and explain clearly and passionately that he, Theresa May and Andrea Leadsom all believe in a global, open, free-trading Britain. He is still being paid his prime ministerial salary; now he needs to earn it by explaining to business that Brexit means more globalisation, not less, more market access (in the aggregate), not less, and a shared commitment,

regardless of who becomes the next prime minister, to bolster the UK’s competitiveness.

3. Osborne needs to agree some Budget measures with Theresa May and Andrea Leadsom, and push them through as a mini-package later this month. My first measure would concern the housing market. It doesn’t matter much if prices dip: they are massively over-valued. As Global Insight points out, the house price to earnings ratio rose to 5.70 in June, from 5.65 in May, which is its highest level since October 2007. It was just 5.10 at the end of 2014 and is now dangerously higher than the 1983-2016 average of 4.16. Brexit will be a catalyst for a necessary decline. But this must happen in a controlled manner, and not because liquidity dries up. Stamp duty should thus be halved with immediate effect.

4. Sadiq Khan, the Mayor of London, is accelerating his war on diesel. The way that consumers were cajoled, incentivised and now trapped by the Government into switching to diesel was wrong; they deserve help. The Government should therefore introduce an immediate scrappage scheme for old diesel cars, redeemable for new petrol, electric or hybrid models. This will boost car sales.

5. All government capital projects planned for the next few years need to be dramatically accelerated. Either Heathrow or Gatwick must be signed off within the next few days; Leadsom and May must agree on which one and Osborne should push a bill through Parliament.

6. The Government should talk to manufacturers that truly believe that they could be hit by tariffs, and offer them indemnities. This could cost taxpayer money – or turn out to be free – but would help reassure foreign investors.

7. Corporation tax should be cut to 15pc over the next two years. The UK must turn itself immediately into the best place for entrepreneurs to start and grow a business: their capital gains tax regime should be supercharged, starting now.

8. Companies that required skilled workers – in IT and finance – should be told that they will still be able to hire anybody they want, regardless of what migration system we end up with; and all existing law-abiding EU citizens who live here should be given permanent right to remain.

9. All of this will push up the budget deficit – though lower stamp duty will partly pay for itself immediately, as will the diesel scrappage scheme (through VAT). The corporation tax cuts will boost wages and investment, and also therefore “cost” less than one might think, while cuts to CGT always have great “Laffer” effects. Osborne tragically failed to eliminate the deficit – but right now even a 2pc of GDP increase doesn’t matter.

10. The Bank of England will probably cut interest rates next week. If so, Mark Carney may as well cut rates to zero, rather than to 0.25pc. This plan is designed to trigger a very fast “Nike” curve recovery: after one bad quarter, GDP would rebound. For the sake of the country – and of executing a successful Brexit – this cannot wait until we have our new prime minister. May, Leadsom and Osborne must talk – and act.

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