

If Philip Hammond can't deliver a radical Conservative budget now, when will he ever be able to?



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Phil 'the Hammer' Hammond CREDIT: HEATHCLIFF O'MALLEY

To be Chancellor of the Exchequer is, normally, to be the second most important politician Britain. The Blair-Brown years can be seen as a double act, followed by a catastrophic solo act. The Thatcher-Lawson years were an age of Tory radicalism, setting the conditions for the prosperity that followed. But no one speaks about a May/Hammond axis - in fact, not many speak about Philip Hammond at all. Our Chancellor has a gift for invisibility, honed throughout his political career. Unkind souls dismiss him a nodding dog, appointed for loyalty rather than ability.

Being underestimated in this way suits Mr Hammond rather well because over the last few months, he has been perhaps the most consequential member of the Cabinet, vetoing some of Theresa May's stranger ideas. She has suggested making it harder for foreigners to buy British companies, for example, and capping the pay of chief executives. She raises such ideas in a sub-committee of her Cabinet members where Mr Hammond kills them off. I'm told that he is a sight to behold

in such meetings, speaking more bluntly than anyone else would dare. Outside No10 he's seen as the dull-but-dutiful "spreadsheet Phil". Inside, he has been Hammond the Hammer.

So it's unfair to judge him by his first, rather underwhelming mini-Budget. His achievement so far lies in what he has saved us from: a 1970s-style industrial strategy, or a set of diktats forcing companies to put random workers on their boards. Barely a word of his resistance has leaked to the press, so the Prime Minister still trusts him and is guided by him. To her immense credit she's serious about the Cabinet committee process, as is he. For mistakes not made, the record (so far) is excellent. But the record in radicalism? This is another matter entirely.

With the Labour Party a danger only to itself, there might never be a better time for Tory boldness. Instead, Mr Hammond seems fearful. He started his Chancellorship in the foetal position, waiting for the Brexit crash that he and other Cabinet Remainers warned about: the 500,000 job losses, the instant recession, the house price crash. Instead, economic growth accelerated and tax revenues have surpassed forecasts made even before the referendum. This hasn't cheered him one bit. In the Cabinet Brexit committee, he rolls his eyes when Andrea Leadsom tries to suggest that everyone should lighten up because things will be fine. Even now, the Chancellor genuinely believes that they won't.

To be sure, Britain faces plenty of uncertainty as we untie the knot with the European Union. It's either thrilling or terrifying, depending on your point of view – calling for either daring or caution. And Mr Hammond is choosing caution: radicalism, he thinks, can wait.

This fits a depressingly familiar theme. Under David Cameron, the Conservatives were haunted by fear of the Labour Party and signed up to its ruinous levels of tax-and-spend. In government, Cameron was hamstrung by coalition with the Liberal Democrats. Even after winning a majority, Osborne somehow felt the need to implement Labour policies such as the minimum wage – almost as an apology for victory. It has been so long since we saw a confident Tory budget that even the Tories seem to have forgotten what one looks like.

The basics are pretty simple. Conservatism is a belief the countries and communities are stronger and fairer if more money and power are left in the hands of the people, rather than by government. That individuals take wiser decisions for themselves than any politician can take on their behalf. This isn't an ideology, as such, just an observation that lower taxes, regulatory restraint and sound money is a formula that has worked everywhere that it's been tried.

Where Osborne did try, the results were spectacular – as we now know. Tax cuts for the low-paid led to the greatest employment boom ever seen in modern Britain. This raised the incomes of the poorest which, in turn, drove inequality to a 30-year low. Mr Hammond ought to start his Budget speech by celebrating this triumph of progressive Conservatism and then ask: what else might work? With Labour Party in such a state what, now, is stopping him from doing what he believes to be right?



Nigel Lawson: the last chancellor to deliver a confident Tory budget? CREDIT: ERIC ROBERTS

The cruel joke about Mr Hammond is that he doesn't have beliefs, that his opinions are hilariously malleable. He was against high speed rail until he became Transport Secretary; a Eurosceptic until he became Foreign Secretary. When Danny Alexander was overseeing Treasury spending reviews, he was almost alarmed by the speed with which Mr Hammond agreed to cuts. The only two things Hammond genuinely seemed to care about, he joked, were the monarchy and the Royal Train. While it's true that the Chancellor is no zealot, he does care about economics. This is why he's prepared to fight with the Prime Minister, and this is why she lets him win.

What he wants to fight for now is infrastructure and his plans involve the tax burden rising to a 35-year high, a rather odd crusade for a conservative. With interest rates so low, he argues, it would be rude not to borrow and build. He talks with room-emptying enthusiasm about the relationship between capital spending and productivity. But what about everything else? Cutting the taxes of the low-paid might have worked, but interest in this mission seems to have evaporated. The erosion of tax credits and raiding of the Universal Credit welfare budget means that the lower-paid workers, or the 'just managing' classes, are about to be clobbered by a government that's supposedly devoted to them. It makes no sense.

The economic growth means that the Treasury will have almost £12 billion more than he expected in his last statement – so what to do with this wiggle room? Hammond the Hammer might start knocking down tax rates, give relief to the low-waged workers and take a gamble on growth. But Spreadsheet Phil would do nothing, stay in the bunker and wait for the Brexit storm. He has been telling

colleagues not to expect Osborne-style dramatics – or, for that matter, anything vaguely interesting. He intends to find money for a few problems, like business rate rises and adult social care. But anything worth doing, he says, will be saved up for his autumn Budget.

It could be a great bluff. But it's more likely that those who would like a bold, reforming Conservative budget will have a good while longer to wait.