

British Conservatives choose Liz Truss as party leader and Prime Minister



Prime Minister Liz Truss at 10 Downing St. this afternoon.

On Monday, Sir Graham Brady, the chair of the British Conservatives' 1922 Committee, announced the party's members had elected Liz Truss, the Foreign Secretary, as the party leader succeeding Boris Johnson. He reported that in the postal vote conducted by the party that concluded on Friday, 81,326 members had voted for her and 60,399 members had voted for Rishi Sunak, the former Chancellor of the Exchequer, giving her 57.4 percent of the vote. The result was not a surprise; indeed, the frequent polls of party members since the party's MPs narrowed the choice for the members to Truss and Sunak in late July consistently signaled a substantial Truss victory.

Because the Conservatives hold a majority in the House of Commons, in electing Truss the party leader, its members in effect elected her Prime Minister. On Tuesday, Johnson flew to Aberdeen and formally tendered his resignation to the Queen at Balmoral Castle, and soon thereafter Truss, who flew separately to Aberdeen, met with the Queen and was appointed Prime Minister. Following that ceremony, Truss returned to London and 10 Downing Street and began the process of forming her government. Prior to entering her new office, she spoke briefly and underscored three priorities for her government – first, to get the UK working again through tax cuts and reforms; second, to deal with the energy crisis and, in particular, the high and increasing energy bills; and third, to improve the services and availability to the public of the National Health Service.

As Truss entered #10 to meet formally with the members of her government for the first time, attention focused, not surprisingly, on the two most important positions in the new government – the Chancellor and the Foreign Secretary. As Chancellor, she appointed Kwasi Kwarteng, who has served previously as a Minister in the Department for Exiting the EU and Minister of State and, most recently, Secretary of State in the Department for Business, Energy and Industrial Strategy. The son of immigrants from Ghana, Kwarteng holds a Ph.D. in Economic History from Cambridge. And to succeed her as Foreign Secretary, Truss appointed James Cleverly, who has served as Minister of State in the Department for Exiting the EU, Minister of State in the Foreign Office for the Middle East, North Africa and North America, Minister of State for Europe and North America, and in July was appointed Secretary of State for Education. Others appointed to high-profile positions include Kemi Badenoch, who served as a Minister in the Department of Levelling Up and will be Secretary of State for International Trade; Suella Braverman, the current Attorney General for England and Wales and Advocate General for Northern Ireland, who will be the Home Secretary; Simon Clarke, who has served as Chief Secretary of the Treasury and will be the Secretary of State for Levelling Up, Housing and Communities; Therese Coffey, who has served the past three years as Secretary of State for Work and Pensions and will be the Secretary of State for Health and Social Care and Deputy Prime Minister; and Jacob Rees-Mogg, who will be Secretary of State for Business, Energy and Industrial Strategy. Lord Nicholas True will be the Leader of the House of Lords and Penny Mordaunt, who was, with Sunak and Truss, one of the last three candidates for leader in the voting by the Conservative MPs, will be Leader of the House of Commons.

There had been some speculation, in view of his timely and influential public intervention in support of Truss in the later rounds of voting by the Conservative MPs to choose the two candidates for leader, that Lord David Frost, who served as the UK's chief negotiator of the EU-UK Withdrawal Agreement and subsequent Trade and Cooperation Agreement and, until his resignation last December, as Cabinet Office Minister and co-chair of the Joint Committee that oversees implementation of the Withdrawal Agreement, might be asked to serve as Foreign Secretary. He was reportedly offered the position of Cabinet Minister but objected to the reduced scope of responsibility of the position and was then offered the leadership of the House of Lords, but declined that position as well, on the grounds that there were other candidates who had much more experience in that House than he.

In her short speech before entering #10 today, Truss, speaking of the dramatic increase in energy prices, said, "I will take action this week to deal with energy bills and to secure our future energy supply." She is expected to give a speech Thursday outlining her proposals in regard to that issue and the accelerating rate of inflation that has been driven in large part by the increasing energy prices. She is likely to roll back the 1.25 percent increase in National Insurance that took effect in April and affects all households, which will of course help hard-pressed households. But the greatest challenge is the likely 75 percent increase in October of the average household's energy bill from £2000 to £3500, with a further increase expected next year. The price of natural gas, of which the UK is a large net importer, is nearly five times what it was a year ago, and economists estimate the annual rate of inflation, which is now 10 percent, may increase to as much as 20 percent in the near term. Price increases of that magnitude have significant distributional

consequences and are obviously especially painful, economically, on households with limited incomes. At some point, the Truss government will have to consider introducing price controls on domestic producers of energy and providing subsidies for energy producers which rely on imported gas.

This, it should be noted, is not just a British problem. It is a European problem – one that is largely a consequence of Putin’s war in Ukraine. And after Russia’s announcement last Friday that it will no longer supply gas to Europe through the Nordstream 1 pipeline, it is, unfortunately, a problem that will only get worse. Price controls and subsidies will, of course, help. But Truss knows well that the problem will not be resolved until Putin’s war in Ukraine ends. Whether, and if so how and when, that will happen remains to be seen.

David R. Cameron
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