

Labour, the media class and, to a degree, the British public, appear to have underestimated Liz Truss. At Prime Minister's Questions today, we saw a Truss that hasn't always been on display – verbally dexterous, confident, witty and attacking Labour with aplomb.

Keir Starmer never really got going, forcing a smile when Liz Truss pointed out that four of the past five leaders of the Labour party – including him – have been North Londoners, and male. Slam dunking the ball thrown to her by Theresa May with a well-timed and powerful question asking why the new Prime Minister thought all three female holders of her office had been Conservative, Liz Truss won Prime Minister's Questions convincingly at that point. Having used up all his own questions, all Starmer could do was sit there as those on the Government benches opposite jeered.

Starmer can, however, be happy that outside of the theatre of PMQs, his opposition has had a huge effect, even on day one of the Truss administration. Truss has lifted Labour's proposed energy price freeze almost wholesale, echoing the action of European nations such as France, with the details to be made clear tomorrow in a Parliamentary statement. With most of the population perhaps only catching a clip of PMQs on the news programmes tonight, the greater effect of this week will not be a sharp line from Truss to Starmer, but a promise of the huge government spending required to rescue the British public from their eye-watering energy bills. And with that, Labour, and Starmer, can be happy, and claim victory in that way.

The debate at PMQs was also about the bigger, key dividing line between Truss and Starmer on economics generally. She favours borrowing and tax cuts, accusing him of being the 'same-old Labour', favouring 'tax and spend' policies. This will probably be the biggest issue at the next election in 2024 (if we in fact get that far). The line from Truss that she thinks Starmer is "looking at this the wrong way" is absolutely key to understanding the difference between them. It's one not only of practicality but also of ideology. "This country cannot tax its way to growth" was another important phrase Truss used. Those in her new Cabinet of loyalists, not least Chancellor Kwasi Kwarteng and new Energy Secretary Jacob Rees-Mogg, think this too.

Liz Truss has made a strong start today, using some of the energy she spent on attacking Rishi Sunak over the past few months in attacking Keir Starmer. But Starmer will be largely happy too, because the clear blue (and red) water between them on economic policy will, Labour believe, be to their benefit. Two years from now, when asking for our votes, all Labour needs to ask is, quite simply: "Do you feel better off under the Conservatives?" The electorate's answer to that question will have major consequences.

*Peter Cardwell is senior counsel to Atticus Partners and was special adviser to four Cabinet ministers in the May and Johnson administrations. He is Political Editor of Talk Radio and the author of The Secret Life of Special Advisers, which is just out in paperback.*