

Not enough growth

The OBR who got their last year deficit forecast wrong by £91bn estimate that 2023-2025 will see economic growth settle down to 1.7%, 1.6% and 1.7% a year. They assume migration continues with the population expanding by 0.3% a year, a bit down on pre pandemic and pre Brexit levels, to give per capita growth of around just 1.4% a year for the 3 years. These figures are disappointingly low.

It could be that they are simply more forecasting errors. After all they underestimated GDP last year and are usually on the pessimistic side. Or it could be that they expect the Treasury to carry on following austerity, EU alignment and state debt driven policies for the next five years which would deliver similar low levels of growth to our years in the single market under the Maastricht economic rules which drove the Osborne/Hammond debt and deficit austerity policies.

The government should challenge these assumptions and work out a growth strategy to improve these forecasts. We need to put behind us the years of dependence when the UK willingly signed up to rules and systems which exported more and more of our industrial output to continental factories, made us more and more dependent on EU imported food, power and much else besides and left important parts of our economy smaller as a result.

It is high time the Treasury set itself the task of making a good improvement over the UK's performance of the last 28 years in the single market. We now have the freedoms to do better if only we will use them.

Tomorrow on Conservative Home I will set out a possible new framework for UK economic policy in response to the government statement that it is looking to change the rules governing economic management.