

Recovery is underway

With Brexit behind us and Covid calmed by a comprehensive vaccination programme which most people welcomed, the U.K. economy is set to grow quickly from here. The U.K. is forecast by international bodies to grow faster this year than the EU. Sterling has risen against the dollar, the Euro and the yen following our exit from the EU.

The U.K. authorities have provided a much smaller monetary and fiscal stimulus than the USA relative to the size of the economy. Money growth has been running at half the US level. The Treasury in the U.K. is planning big cuts in the deficit in future years whilst the US President is planning two more \$2trillion packages of extra spending. The Congress may water that down, as some are becoming alarmed by the scale and duration of the planned debt build up and by the inflationary forces unleashed by the twin stimuli.

In the U.K. the Bank of England needs to avoid premature tightening before recovery is well set. The Treasury needs to speed up ending the special expenditures on companies to cushion the blows of anti pandemic policy, whilst getting us back to work promptly from June 21. Furlough needs to end. Many of the jobs will be there again. Where jobs are lost there will be plenty of new job opportunities as the whole economy opens up and employers seek people to get things done and the orders dispatched.

There are already too many shortages needing more recruitment and more investment. We are short of cement and semiconductors, of HGV drivers and of chefs, of electricity capacity and of home grown fruit and vegetables. I have been asking Ministers to work with business to tackle these shortages urgently, to cut inflationary pressures and create more better paid jobs.

There are plenty of opportunities for business creation and expansion as the U.K. embarks on its most rapid and substantial recovery ever recorded. Government needs to make sure the public sector responds by cutting tax rates, granting necessary permissions, negotiating good trade deals and spending its budgets wisely using U.K. suppliers wherever possible.