

UK GDP – careful with the numbers

The poor UK GDP figures for 2020 are not comparable with many other countries. As I explained on 12 August on this site, the UK statisticians reported a large fall in health output with the big drop off in non CV 19 work, and a big fall in education output with the closure of schools from the second quarter of the year. Other countries with large state sectors in education and health report the cost rather than the output, so they do not show any decline in these large areas of activity.

I agree with the UK statisticians that GDP should be based on output. It is a pity other countries do not use the same basis. If we included all the UK spending instead of output in the state sector then the UK had a relatively good GDP performance last year compared to other European countries.