

Economic assessments of leaving the EU

I have been sent a few copies of a lobby letter concerning the EU Withdrawal Bill which will have its Report stage in the Commons this week. The letter asks me to vote for an amendment that demands a full official economic assessment before MPs vote on any deal which may be agreed between the UK and the EU.

I see no need for more official economic forecasts and assessments. There have been many of them, including several official ones prior to the referendum and more official forecasts since the vote. The official UK study – assisted by the IMF and World Bank – prior to the referendum wrongly forecast falling output, employment and house prices in the year after the vote if we voted Leave. More recent official forecasts of the UK economy estimate continued growth by the UK across the period of our departure, which seems to me to be more realistic.

The UK growth rate 2019-22 will depend much more on domestic policies pursued, and on the world economic background, than on any particular form of Brexit. If the UK government sets a sensible tax and spending policy, and with the Bank of England allows a reasonable expansion of money and credit, the economy will perform fine. As the world economic background is likely to be expansionary with tax cuts, fiscal stimulus, banking deregulation and more energy coming from the USA, easy money in the Euro area and Japan, and decent growth from the emerging market economies, that too will help.

It is difficult to see how the forecasters of gloom could believe voting to leave the EU would damage our growth, or why actually leaving will damage our growth. They wrongly thought consumer confidence would collapse, and now have unrealistic views that we will lose trade because the EU will wish to invent ways of stopping their exports to us so they can damage our exports to them. They need to understand that the EU and the UK will remain under WTO rules whatever deal or lack of deal is achieved. These rules and low tariffs or no tariffs outside agriculture have allowed a good expansion of trade in recent years for countries accepting the WTO system.