

Mr Draghi sets out why the EU is falling badly behind the US

I have long been asking why GDP per head is twice the EU level in the US. Those who want the U.K. to obey more EU laws and pay the EU more money never want to answer this or think it some fabricated Brexiteer question . Now Mr Draghi has written a long report saying that the EU this century has fallen badly behind. Its productivity is poor, its investment too small, its skew to making cars rather than digital products and services is impeding growth in real incomes and living standards.

Central to Mr Draghi's case (as mine) is the EU – just like the U.K. in and out of the EU – has gone for dear energy whilst the US and China have gone for cheaper. He says EU electricity costs 2-3 times US and gas is a knock out 4-5 times US. China goes for cheap coal. He sets out the large extra costs of the EU's net zero policies which he supports.

So what are his remedies? He says the EU must impose more tariffs and the carbon border adjustment tax on imports to offset the advantage. That means higher prices for consumers. He says the EU must find 5% more of its GDP to invest every year. He says the EU must borrow more itself to pump prime the hundreds of billions of investment needed.

Germany and some other states are against the EU building up yet bigger debts. The U.K. by Brexit has avoided responsibility for its share of the Euro 800 bn they are already borrowing, dodging a Euro 120 bn bullet. The U.K. would be well advised to study Draghi's analysis of EU poor performance and move our policy on energy closer to the US one, as more affordable energy is crucial to industrial success.