

The economic records of past governments

When Labour was thrown out of office in May 2010 they had just presided over a big recession and banking collapse. Unemployment was at 7.8% of the workforce. Inflation was 3%, above the 2% target. Real wages had fallen by nearly 1% over the past year. They mainly lost the election on the last few years of very bad economic performance.

When the Conservatives were thrown out of office at the beginning of July 2024 inflation was at the 2% target. Real wages had grown 2.2% over the previous year. Unemployment was at 4.2%. They lost office for a variety of reasons including their failure to carry out their promise to reduce migration and stop the small boats, and for the high inflation and higher taxes of 2022-3 which they blamed on Covid and the Ukraine war.

I will keep a record of these closing figures for what used to be called the Misery Index, Inflation plus unemployment, and for real wage changes. If Labour can improve on these figures I will give them due credit. If as I fear their policies produce a deterioration they will earn criticism.

The last government could have had a much better record on inflation and real wages over the full four and a half years if it had followed different advice on money policy and Covid lockdowns.