

# The OBR tries to revive its old Remain forecasts

You might have thought official forecasters would have given up trying to prove their wildly pessimistic forecasts about Brexit had a point. After all they said unemployment would rise and it fell, that interest rates would go up and they went down, that GDP would go down and it went up. It was curious that the Bank and Treasury “independent” forecasters, the officials, felt able to publish these pieces. We were told it was fine because it was government policy to stay in the EU so supportive forecasts reflected government wishes. We do not however have them publishing supportive forecasts during a General election, even though Ministers can say it is their government policy for them to get re elected. The officials rightly respect the need for electors to make their own minds up over who to have in government uninfluenced by special official forecasts serving the current government.

I had chosen to remind people of the very inaccurate recent official forecasts of our economy to query some of the policy advice currently being given to Ministers based on strange views of how the economy has worked in the past. I then heard that the OBR has revived a claim that leaving the EU will cost us 4% of GDP. How do they know this? Over what time period? Why doesn't the outcome depend on what policies are now being followed?

The OBR has drawn on other people's work, and it all seems to be based on guesses about trade. They claim trade with the EU will fall and this will cause a fall in productivity which leads to their very precise 4% GDP shortfall. If we lose exports to the EU but at the same time make and grow more things at home to cut imports from the EU that may boost GDP, not reduce it. They do not have to be less productive as they will need modern capital investment and be geared to our shortage of labour. If we bring down our trade deficit overall we could have a stronger economy. The import model within the single market entailed the loss of a lot of UK capacity and jobs.