

UK growth was not dented by Brexit.

Growth in advanced countries since the great crash and banking disasters of 2008-9 has been poor. Despite ultra low interest rates and available credit, growth stayed down. In the last three years the work of the Bank of England, Fed and European Central Bank gave us a big inflation, to be followed by an abrupt change of policy to give us a downturn.

The IMF figures for the period 2010-22 shows the US with 24% growth over 12 years, below 2% a year, with Italy at 1% growth for whole period or zero annual rate. The UK was third at 21% after the US and Canada. The UK was better than Germany (17%), France (14%) and Japan (7%) as well as Italy. The UK grew the fastest of all 7 between 2020 and 2022 inclusive. So all those who say the UK is the worst performer or who say Brexit has done us special damage need to recognise that relatively the UK has done well beating the Europeans and Japanese.

The main reason the US has been more successful is the US fostered and allowed the growth of several trillion dollar companies that pioneered the digital revolution. Europe and the UK did not produce a Google, Apple, Amazon or Microsoft. The US university and enterprise culture proved much better able to foster and grow major innovatory corporations that captured the public mood and need, winning business away from traditional companies on this side of the Atlantic. The weight of EU regulation, UK penalties on self employment, a low tax threshold for VAT and other incumbrances on business hindered UK growth.

We need a policy that promotes more growth in the UK. This needs to be growth in per capita income, not just growth in overall GDP. It is not a good idea to keep adding to the low paid workforce by inviting in more and more economic migrants. The labour shortages should send a signal to employers to spend more on technology and to employ better paid more highly skilled people. So called cheap labour turns out to be very dear for taxpayers, with inflated needs for social housing, extra school places, more medical capacity and expanded utility provision. To foster and allow more growth we need urgent tax changes for the self employed, small business and large companies. It was Ireland that scooped the pool of digital investment this side of the Atlantic, by the simple expedient of having the ultra low business tax rate of 12.5%. That is exactly what the UK should do, to join the digital revolution more wholeheartedly and to share more of the US digital led success.