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Boris doesn't need an ideology – just remove the barriers to growth

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It's difficult to pigeonhole Boris Johnson's economic worldview. He calls his Cabinet a One Nation government, given its ambition for higher public service spending, regional infrastructure investment and minimum wage increases. His musings on regulation, free trade and the nanny state often sound liberal, if not libertarian.

To confuse matters more, his proposed state aid laws suggest he's partial to some old-school national collectivist thinking too. Anyone hoping for a principles-based coherent economic agenda during this Parliament will be disappointed.

One concept the prime minister does appear to intuitively understand though is the importance of economic growth. His desire to "unleash the potential" of the country might not be based on theoretical models, like Gordon Brown's penchant for "post-neoclassical endogenous growth theory".

But in acknowledging wealth must be produced before being spent, Johnson understands that growth is the essential precondition for the rising wages, regional levelling-up and better public services promised in today's Queen's Speech.

A legacy of the Blair and Brown era is that we spend inordinate time in politics debating distributional issues, analysing "winners and losers". Rich are pitched against poor, young against old, North against South. Deficit reduction from 2010 necessitated tough spending choices, adding to this zero-sum economic framing in respect of government departments or local government – the idea that one person's gain must be another's loss.

Yet faster economic growth eases these constraints. It allows "having your cake and eating it," as Boris might say. An economy growing more quickly means stronger public finances, faster wage growth, and people far less occupied with comparing their spoils. Positive sum, not zero sum.

The central economic problem the UK has faced over the past decade is simply too little growth. Whether it was the cause or simply reflective of a past unsustainable trend, the crisis's aftermath heralded a period of dire productivity growth performance.

GDP per capita is over 20pc below where it would have been had pre-crisis productivity trends continued, with annual growth falling from over 2pc to just over 0.4pc.

Forecasters initially predicted a productivity bounceback was just around the corner. But tomorrow never came. Conservative chancellors each year therefore stood at the despatch box to announce weak growth forecasts, before proceeding to do little about it. Then came Brexit.

Uncertainty about trading relations and a Corbyn premiership has cast a long shadow over investment and location decisions since 2016. Under these and demographic headwinds, we've become so depressingly accustomed to weak growth that its absence barely features in public debate. Which is why Boris's rhetoric is so encouraging.

The positive stock market reaction to his victory suggests seeing off Corbyn and the declining probability of a "no-deal" Brexit will deliver somewhat of an investment fillip, as Boris claimed. We might also see some near-term macroeconomic stimulus, although any investment projects will have muted economic effects given lead times and the likelihood the Bank of England would offset any demand pressure that raised inflation.

Given the size of his majority though, the prime minister's economic ambitions should extend far beyond delivering a short-term sugar rush. With unemployment low and migration likely to be curtailed, the scope for GDP boosts from simply adding workers is diminishing anyway. Robust productivity growth is therefore crucial to deliver the tax revenues and wage increases needed to make Boris's first term a clear economic success.

His team know this, and recognise they have a narrow time frame of electoral goodwill to do something about the contentious land-use planning regime, for example. Our byzantine mess of a system constrains economically successful areas from growing, especially through green belts.

But it also reduces the prospect of certain firms achieving efficient premises scale in industries such as retail, social care and childcare, due to limited space and/or high rents.

There's obvious pro-investment policy the government could opt for, including letting corporations write off spending on buildings and capital equipment immediately against tax.

The litmus test of whether Boris is serious about growth will come from how he intends to repay working-class towns he won. The political imperative to be seen to "help" may lead to resources thrown at high street, town and hospital regeneration, as tried and failed under New Labour.

Hare-brained ideas for government schemes to help locals acquire shop space or incentivise them to stay where they were born are already proliferating. This sort of stuff, plus attacks on big tech, is just a form of winner to loser distributional politics Boris should avoid.

If you tax success to subsidise failure, you'll end up with more failure. It doesn't mean nothing can be done. But new interventions or infrastructure should work with market signals, not against them. Removing bottlenecks to growth or joining areas to thriving markets by better transport infrastructure is what works.

Given our population density, economic thinkers Stian Westlake and Sam Bowman think the best way to help poor towns' residents is to remove government barriers to moving while improving connectivity between successful city hubs and close-by towns.

While Boris does not have an economic ideology then, the sheer size of his majority has given him an opportunity to crack thorny structural economic challenges.

There's a potential future where he is ruthless in eliminating barriers to growth, makes infrastructure decisions to obtain the biggest bang for the buck, broadens our free trading horizons and improves tax incentives to invest.

In that world, GDP is somewhat higher, public service pressures are that bit more manageable and economic opportunity has broadened into the regions of his new voters. Now, that's a potential worth unleashing.

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