Twitter Thread by Jonathan Portes

Jonathan Portes
@jdportes

The economic impact of the Brexit deal: our

Key points to remember:

1. Leaving Single Market/Customs Union means major new trade barriers - customs and border checks, regulatory barriers, end of rules allowing services to be sold across borders.

2. A deal doesn't change that. It means no tariffs and quotas and *some* provisions that will stop trade breaking down. But the main impacts -on our and the government's own analysis, about two-thirds - happen either way

3. That also means that some disruption is inevitable. You can't introduce new systems/processes overnight. The delay in doing a deal plus covid means some things will go wrong

4. But short term disruption, even if it gets headlines, does *not* mean Brexit is a failure. And when that disruption is resolved and new systems are working, we should*not* conclude it's a success.

5. It is the medium)long term impact that matters. Our analysis, and that if government economists, and other independent economists, is that this Brexit deal will reduce growth/productivity/wages/incomes, perhaps by 4-6%, over 10-15 years - so knocking maybe 0.5% a year off

6. Lots of uncertainty here but there really is little/no doubt Brexit will make us (somewhat/ poorer than we would otherwise be. Erecting major new trade barriers -which is what Brexit does - does that.

7. But the impacts will mount over time, the UK economy will continue to grow nevertheless, and other things - AI, net zero - will have large and maybe larger impacts at the same time. Economically, Brexit will be a slow slow puncture, not a blow out.

8. The UK economy will adapt - economies do. And future policy choices will matter a lot. Plenty of work to do (for economists and others!) ENDS