

# 'Economy 4% lower than if UK had remained in European Union'

The economy is 4% lower than if the UK had remained in the [European Union](#), the chairman of the [Office for Budget Responsibility](#) (OBR) has said.

Richard Hughes said the effect of [Brexit](#) on the economy is on the “magnitude” of the coronavirus pandemic and rising energy prices, and the country is seeing the “biggest squeeze on living standards” on record.

He told the BBC's Sunday With [Laura Kuenssberg](#) programme: “But we do expect, as we get past this year and we go into the next three or four years, that real income starts to recover.

“But it's still the case that people's real spending power doesn't get back to the level it was before the pandemic even after five years, even by the time we get to the late 2020s.”

Mr Hughes said this is “partly” because the UK's growth has been held back by supply constraints on “key drivers” of growth.

## Read More

- [Retail sales bounce points to resilience of UK economy](#)
- [FTSE 100 Live: Deutsche Bank 'contagion' fears, FTSE finishes at 7405](#)
- [Bank of England no longer expects 2023 recession](#)
- SPONSORED

[How climbing helped a troubled teenager find the right path in life](#)

He spoke of the country losing 500,000 workers, combined with “stagnant investment” since 2016 and slowing productivity.

Asked how much stronger the economy would be if the UK had remained in the EU, he said: “We think that, in the long run, (Brexit) reduces our overall output by around 4% compared to had we remained in the EU.

“I’ve struggled to put it in any kind of sensible context.

“It’s a shock to the UK economy of the order of magnitude to other shocks that we’ve seen from the pandemic, from the energy crisis.”