Economics

Chart of the Year

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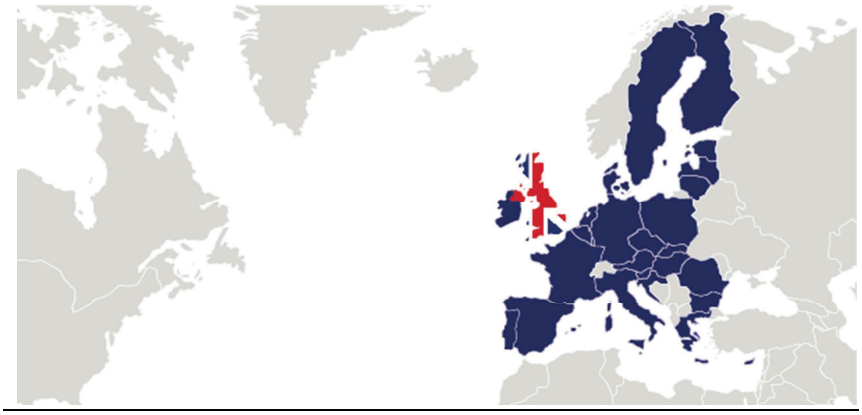
17 June 2016

The case against Brexit

Britain is part of Europe



The UK and the other EU members on a map. Source: Berenberg

- **Straight question, simple answer:** Sometimes, the big decisions in life can be surprisingly simple. On 23 June, British voters will answer the question: do they want their country to stay in or leave the EU? To choose wisely, they only need to look at a map.
- **Britain is part of Europe, it always was, it always will be:** Throughout the millennia, it has been shaped by Europe. Just think of the Celts or Romans, the Anglo-Saxons or Normans – or ask the Windsors for their family tree. Throughout the ages, Britain itself has shaped Europe, enriching its culture, economy and science and sending its best to defeat Napoleon at Waterloo and to help liberate Europe from the ultimate evil of Hitler.
- **Rule-maker or rule-taker?** The real question for the UK now is does it want to be among the countries that shape the rules in Europe, or would it prefer to passively accept the consequences of whatever its neighbours do without any say in European affairs? The UK sends 45% of its exports to the EU. For every product and service the UK wants to sell in Europe or elsewhere, it will have to comply with the rules its customers demand. Better therefore to help set the rules.
- **Doing well inside:** As a member of the EU, the UK has helped to complete the common market to its own great advantage. Time and again, it has secured for itself the opt-outs it wanted from policies it did not like.
- **Thriving in the EU:** Within the EU, the UK has transformed itself from the sick man of Europe to one of the most dynamic developed economies in the world. From the 1950s until it joined the EU in 1973, the UK was the worst performer of all G7 economies. After joining the club, it surged to the top of the G7 league for GDP growth per capita, outperforming the average of the other G7 countries by 6.5% since 1973. The UK worked hard for this success. Whatever the petty faults of the EU may be, it has not held back the UK's self-propelled transformation to the top in any measurable way. Global businesses value the UK as their best gateway to the huge EU market.
- **Immigration is the vexed issue in the British debate:** The facts are simple: countries with robust labour markets draw in immigrants. They always have, they always will. The real question is whether the UK is getting the immigrants suited to its needs. Most people who have ever used a Polish plumber in the UK, as the author has, would likely agree: yes, by and large, EU migrants are helping to make the UK work even better.
- **In a technical sense, the anti-EU Brexiteers have a point:** Outside the EU, the UK could try to restrict the free movement of labour across the English Channel. But that would come with serious snags. If the policy had any measurable effect, the resulting job vacancies in the UK would draw in other immigrants who may or may not be as suitable for the jobs on offer as those the UK would try to keep out.
- **Greater in the club that counts:** If a post-Brexit UK refuses to accept the services of the proverbial Polish plumber, the other EU members would have no politically feasible choice but to restrict the services which the UK could offer across Europe. Service exports are the lifeblood of the UK economy. Any access restrictions to its major market would hurt the UK through lost income and a transfer of quality jobs abroad. Since 1973, the UK has shown how great it can be as part of the EU. Better to stay in control of its destiny by remaining in the club that counts.

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