



Why are there so few EU Rejoiners? And could that change?

Talk to the Bruges Group by

Professor Tim Congdon CBE on 2nd October, 2023 at
Bruges Group meeting

– Conservative Party conference fringe in Manchester

7th March, 2020

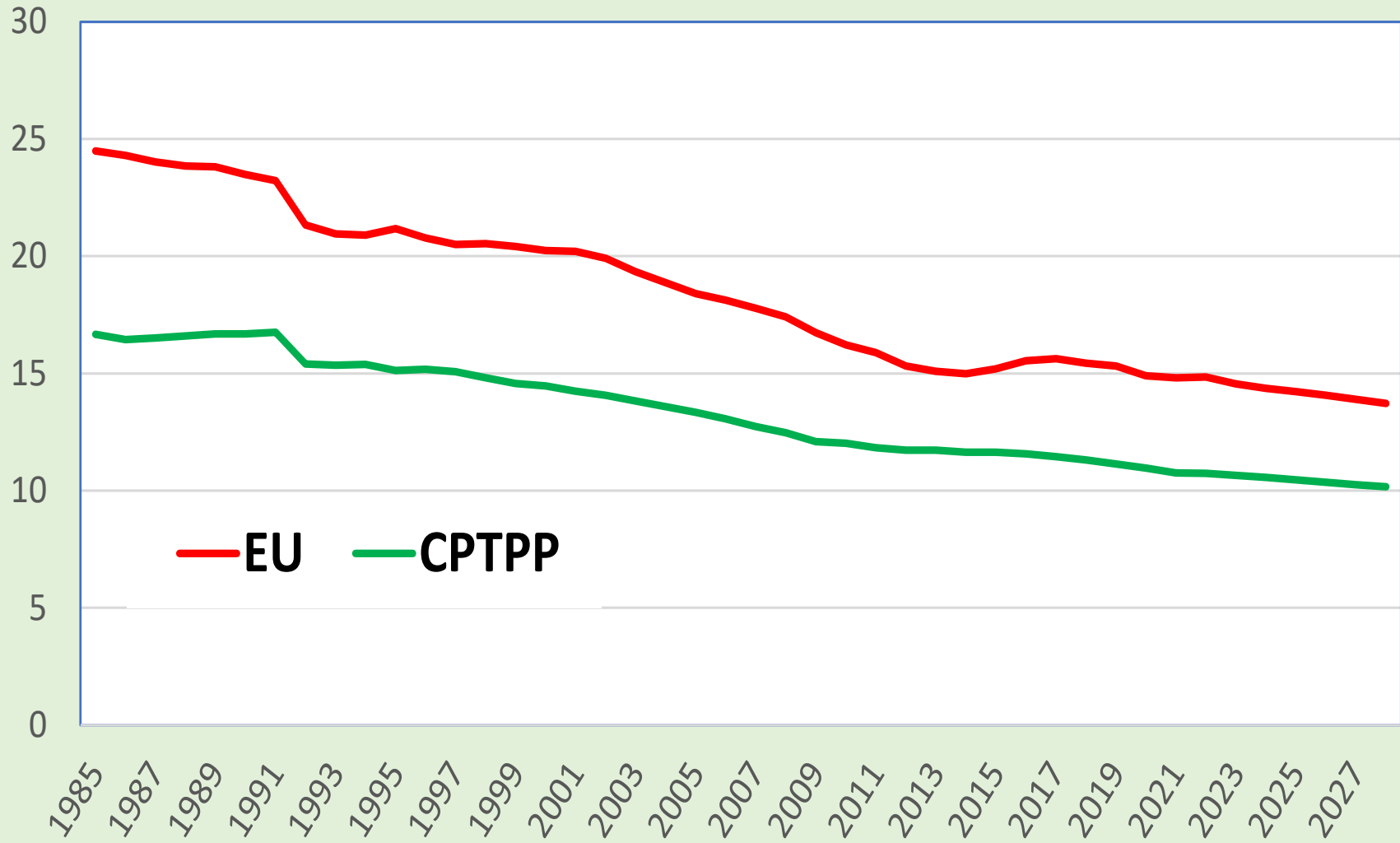
Can we have any confidence that UK monetary policy and budget management will remain responsible over the medium and long runs?

- I don't know – but the current intellectual trends in the UK and elsewhere are in the wrong direction. The widespread denial of the monetary causation of inflation, and the slide into large budget deficits in the Anglophone world, may be setting the scene for a repetition of the inflationary disasters of the late 1960s, 1970s and 1980s.

1973, compared with today

- In 1973 the then Common Market – plus the UK – accounted for over 25% of world GDP, and a *higher* share of world trade.
- It has also been growing more rapidly than the economies of the rest of the world.
- In 2023 the EU's share of world output – without the UK, but now including most of Eastern Europe and Scandinavia – is just above 13%.
- Its economic growth has been much slower than the ROW, for 40 or so years.

The European Union compared with the Pacific trading group - % shares of world output, on PPP basis



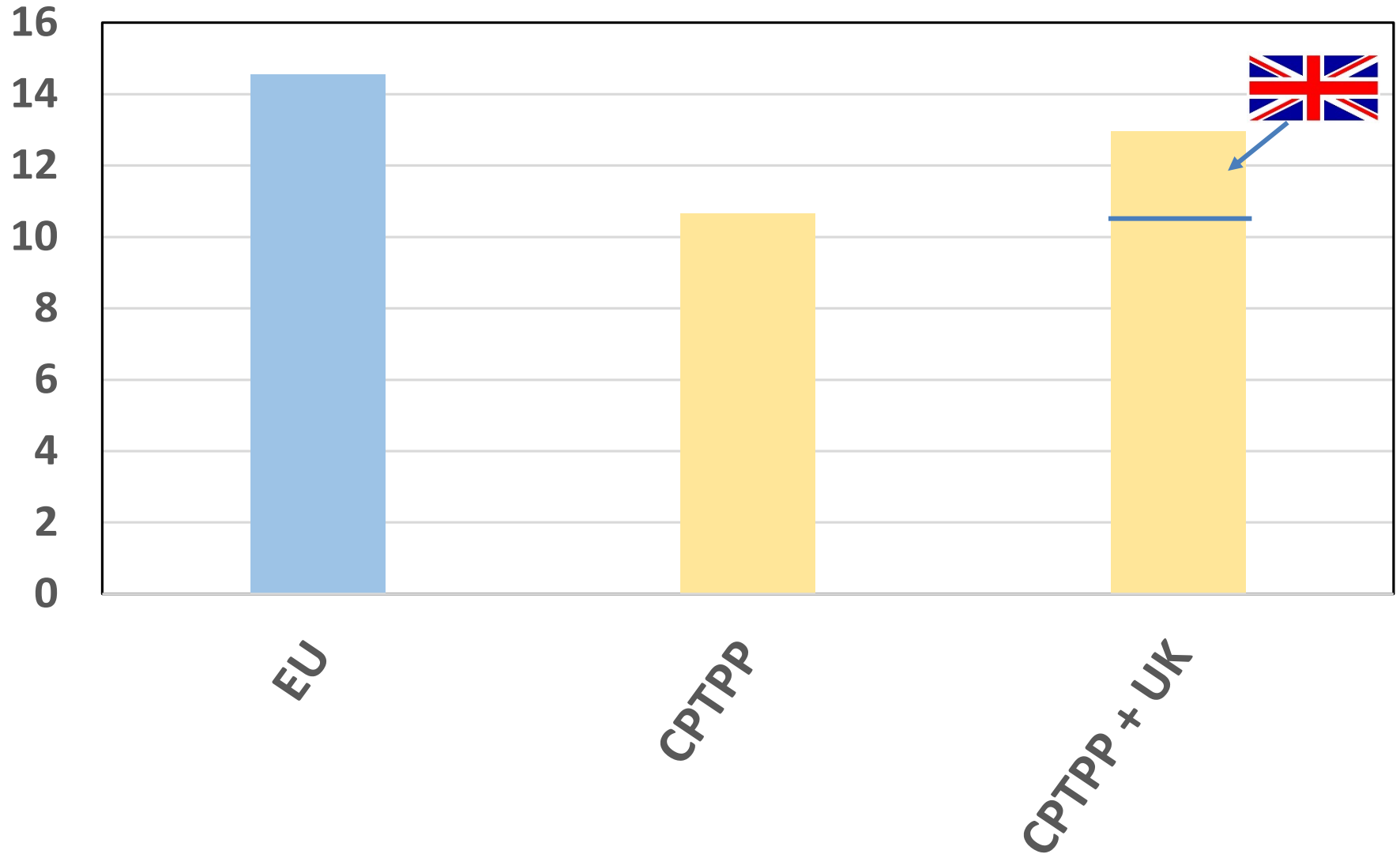


Will our foreign trade grow *faster* because of Brexit?



- In July UK joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – Not ‘Indo-Pacific group’, but it does include Japan, Australia, Canada, New Zealand, Mexico, Malaysia and Singapore.
- With the UK its share of world output is similar to that of the EU and well above that of the Eurozone.

% shares of world output on PPP basis in 2023



The demographic fate of nations

Name of country

Fertility rate of average woman in 2017

France

1.90

Sweden

1.77

UK

1.74

Greece

1.35

Italy

1.32

Spain

1.31

Malta

1.26



Will our foreign trade grow *faster* because of Brexit?



- With the UK its share of world output is similar to that of the EU and well above that of the Eurozone.
- **Growth prospects of the Pacific trading group much better than those of the EU.**
- **Remember that – despite everything – we do have a free trading agreement with the EU.**

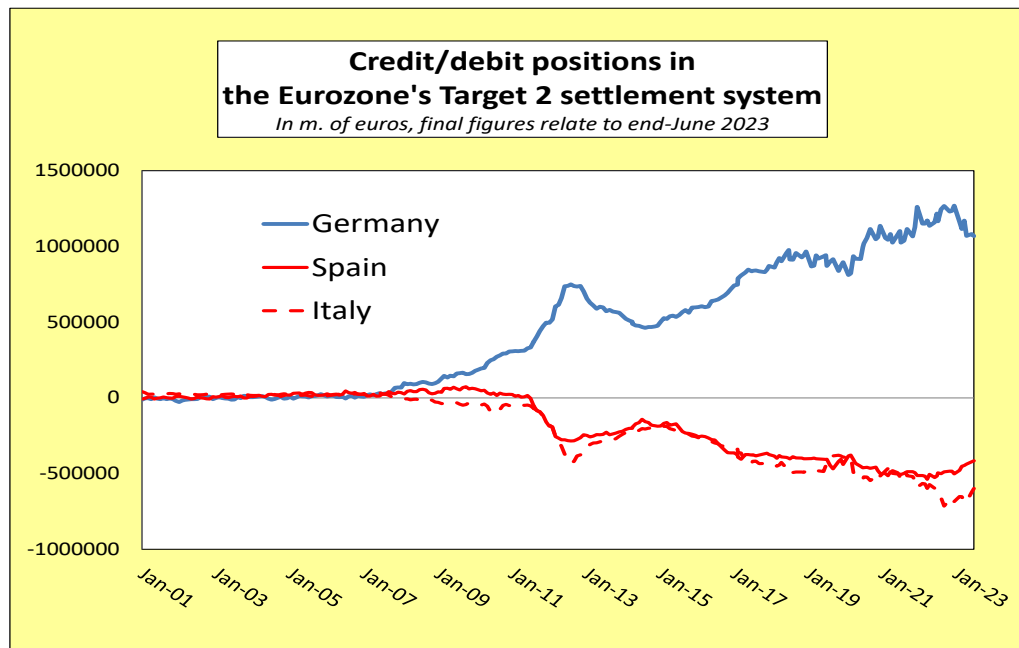
1. The costs of rejoining the EU – the entry fee, plus the continuing club membership fee

- Do we get the exit fee (or ‘divorce bill’) of £39 billion back?
- Our net membership fee was typically 0.6% of GDP in our final years of membership.
- The capital value of 0.6% of GDP is more like 30 x 0.6% of GDP (about £500 billion), and how many schools and hospitals is that?

2. The costs of rejoining the EU

— would we have to replace the pound sterling with the euro?

- The single European currency is in fact still an experiment, with serious tensions between north and south:



3. The costs of rejoining the EU

– would we still have control of our borders?

- Controlling the English Channel is bad enough, but what about the Mediterranean?
- Germany restricting immigration from Italy, Belgium considering closing its borders.....

Would we – as new members – be allowed to stay outside the Schengen area? – although, given current tensions, will the Schengen arrangements survive?

4. The costs of rejoining the EU

– would the UK have to accept a single unified European labour market?

- The EU is making plans to expand into the Balkans and to invite Ukraine to join, when the war is over.
- Inside the EU, **would we again have to accept a high proportion of new jobs being offered to people who are not British by birth and citizenship?**
- **That would be the clear meaning of EU-wide “freedom of movement” in the labour market.**

5. The costs of rejoining the EU

– what would happen to the British Army, the Royal Navy and the Royal Air Force?

- Ursula van der Weyen **pursuing the EU integrationist agenda by consolidating European defence procurement under an EU umbrella...**
- Is a European defence force – with an EU army, an EU navy and an EU air force – to replace the British Army, the Royal Navy and the Royal Air Force?

6. The costs of rejoining the EU – what are our ultimate loyalties and our true identity?

- Britain is a constitutional democracy, with a distinctive legal tradition (of common law etc.), and is one of a number of English-speaking democracies (the USA, Canada etc.) which proved – in the crises of the 20th century – to be our closest friends.
- What in the long run will happen to the Royal Family?
- **What in the long run will happen to our intelligence services? Is their loyalty to the King or an EU functionary of some sort?**

“Since 2015, security cooperation between European Union (EU) member states has progressed at an accelerated pace. For the Union’s foreign, security, and defence policy, there is the prospect that increased cooperation and enhanced arms cooperation will create more international capacity to act. As far as internal security is concerned, the continuing threat of terrorism is spurring the establishment of a “European Security Union” based on an intensive exchange of information between security authorities. **In the shadow of these developments is the question of the extent to which European intelligence cooperation should also be promoted. In this particularly sensitive area, no steps towards integration that would attract public attention are to be expected.** However, existing approaches to intelligence support for EU security policy should be deepened and better monitored.”



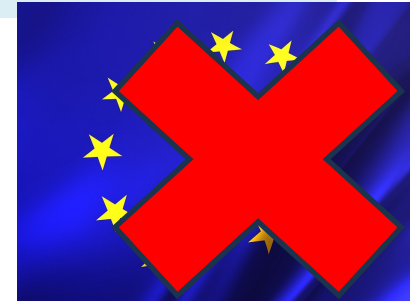
Stiftung Wissenschaft und Politik
German Institute for International
and Security Affairs



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The meaning of Brexit



- The British want to be friends with their European neighbours – and to be free to visit, to travel across and to enjoy holidays in the rest of Europe; to trade with and invest in other European nations; and to share culture and ideas across borders.
- But we are – ultimately – British, and we want to govern ourselves. We don't want to be governed by Germans, French, Spanish etc.



“Europe as a whole
is fundamentally
unreformable”

Baroness Thatcher
Founding President, Bruges Group



- March 2002