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The In/Out Question: Why Britain should stay in the EU

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Should Britain quit the European Union? Or should it stay? What, indeed, would quitting mean? The hard-line eurosceptic view can be summarised in three phrases: our plight is dire; attempting to reform the EU is futile; the prospects outside are golden. My view is the opposite: our existing EU membership is valuable; we have a great chance to make it better; and all the alternatives are worse.

Indeed, it would be a historic error to pull out. Our economy would suffer if we quit. Our global influence would also be diminished.

The UK now accounts for less than 1 per cent of the world's population and less than 3 per cent of global income (GDP). Each year that goes by, these numbers shrink a little. We will find it increasingly hard to get our voice heard on topics that affect our prosperity and well-being if we go it alone.

Of course, there are problems. Just to list a few: the EU's Common Agricultural Policy (CAP) is a waste of money that keeps food prices higher than they would otherwise be; its regional policy splurges money on unnecessary motorways; the EU often meddles in things that are best left to nation states – such as the hours people are permitted to work and how curvy cucumbers are allowed to be; the European Parliament seems like a travelling circus, shuttling back and forth between Brussels and Strasbourg; and EU regulations are sometimes heavy-handed.

There is also a lot that is good within the EU. First and foremost is the single market, which gives British business access to the entire EU with its 500 million consumers. Free trade is one of the most powerful ways of boosting wealth. We would be foolish to compromise our access to this market.

Contrary to popular belief, EU membership doesn't cost us much, either. Our annual budget contribution, after taking account of money transferred back to the UK, is £8.3bn. That's around half a per cent of our GDP, or £130 per person.

When the Confederation of British Industry surveyed its members in 2013, it found overwhelming support for Britain to stay in the EU among both big and small businesses: 78 per cent wanted to stay versus only 10 per cent wanting to quit. Three-quarters thought leaving would have a negative impact on foreign investment in the UK.

At the moment, when we negotiate with America, China or Japan, we are doing so as part of the world's largest trade bloc, which accounts for nearly 20 per cent of world GDP. Washington, Beijing and Tokyo have to take Brussels seriously as a trade partner. If we were on our own, the balance of power would be quite different. The US economy is seven times as big as ours, the Chinese is five times as big, and Japan's is twice our size.

It is telling what a Chinese government-controlled newspaper, the Global Times, said about Britain when David Cameron visited the country in 2013: "The Cameron administration should acknowledge that the UK is not a big power in the eyes of the Chinese. It is just an old European country apt for travel and study."

The single market is based on what are known as the "four freedoms". These were contained in the Treaty of Rome that set up the forerunner to the EU in 1958: the free movement of goods, services, capital and people. This is one of the most important charters for freedom the world has ever seen.

In Britain, there is little controversy over the first three freedoms. But the free movement of people is the subject of heated debate. Indeed, a desire to keep foreigners out of Britain is the main reason why the electorate may want to quit the EU entirely.

Immigration is undoubtedly an emotive topic. But allowing free movement of people within the EU has been good for our economy. It has also enriched our culture and given our own citizens more opportunities to work, study and retire across the Channel. Hundreds of thousands of our citizens work in other EU countries; hundreds of thousands more have retired to sunnier climates around the Mediterranean. There are one million Brits living in Spain, 330,000 living in France, and 65,000 in Cyprus. There are also 330,000 in Ireland.

If we left the EU, it is not at all clear what would happen to our citizens living and working abroad. In judging the merits of EU membership, we should look at the future, not just the present. In particular, can we make it more competitive and less centralised? The crisis in the eurozone and rising euroscepticism throughout the EU mean we are well placed to do this.