

‘Europe’ doesn’t work

**A discussion of the three-million-jobs-at-risk lie
and related matters**

[1st draft of a pamphlet to be published by the Freedom Association]

Executive summary of the key points

The three-million-jobs-at risk lie

Supporters of greater EU integration, such as the deputy prime minister, Nicholas Clegg, have claimed repeatedly – on the basis of a 1999 report from the National Institute of Economic and Social Research – that at least three million jobs would be at risk if the UK withdrew from the EU. (The Institute’s director, Martin Weale, repudiated that claim and described it as ‘pure Goebbels’.) The claim rests on a misunderstanding. **Three million British people are involved in exporting products to the EU, but their jobs depend on the continuation of *trade*, not on continued EU membership. Outside the EU Britain – like any other country in the world – would be able to sell goods and services to EU member states.** Millions of jobs in China ‘depend on exports to the EU’, but no one has suggested that China must become an EU member. The three-million-jobs-at-risk lie is ‘Euro-centrism gone mad’. (See page 10 for further discussion.)

Other main points

- **The UK’s participation in ‘the European construction’ (i.e., ‘the Common Market’ from 1973 to 1993 and the European Union since then) has *reduced* employment.** If the UK had remained a fully independent nation, employment would now be higher than it is.
- The main reasons for the job destruction are two-fold - restrictive EU employment and labour market regulations, and the opening of the UK labour market to workers from poorer EU countries, particularly since 2004. (See pages 12 and 17 on regulation and Chapter 3 on immigration.)
- OECD data shows that last year **the proportion of working-age people in employment was 63.8% in the Eurozone compared with 70.0% in the UK and over 72% in the main Commonwealth high-income countries.** (See page 12.)
- EU labour markets are highly inefficient compared with those of other high-income countries, mainly because of excessive regulation.
- If the UK were to become more like the Eurozone, because of yet more regulation and ‘harmonization’ with the Eurozone average, **1.8 million jobs would be destroyed.**
- In the first 20 years of Common Market membership (i.e., the 20 years to 1993), **the number of men in employment in the UK fell by almost two million.** (See pages 14 and 15.)
- In the Great Recession **employment in our country of UK-born people fell by 800,000, whereas employment of foreign-born people rose by 400,000.** (See page 19.) About half of the increase in foreign-born employment was of immigrant workers from Eastern Europe, allowed in because of our EU membership.

Introduction

This pamphlet is to a large extent a response to a lie or, at any rate, a factoid. For any reader new to the word ‘factoid’, I recommend the Wikipedia description. ‘A factoid is a questionable or spurious (unverified, false, or fabricated) statement presented as a fact, but with no veracity...The word is defined by the *Compact Oxford English Dictionary* as "an item of unreliable information that is repeated so often that it becomes accepted as fact".’

The lie or factoid in question arose from a 1999 report by the National Institute of Economic and Social Research on the costs and benefits of EU membership to the UK. The National Institute’s remarks on employment read as follows,

Detailed estimates from input-output tables suggest that up to 3.2 million UK jobs are now associated directly with exports of goods and services to the EU countries. This has given rise to popular concern that some of these jobs might be at risk if Britain were to leave the Union. Opponents of membership on the other hand argue that many of the benefits flowing from the increasingly integrated European Economic Area might still be available even if the UK were to withdraw, particularly since the Uruguay Round Agreement [under World Trade Organization auspices] has imposed significant limits on the trade barriers that the EU can place on non-members. In conjunction with the potential gains from withdrawing from the Common Agricultural Policy and no longer paying net fiscal contributions to the EU, there is a case that withdrawal from the EU might actually offer net economic benefits.

This is balanced and sensible. Indeed, as anyone can see, only three sentences from the 3.2 million figure the possibility is entertained that withdrawal from the EU ‘might...offer net economic benefits’. However, apologists for the EU puffed up the 3.2 million number in the National Institute’s work into an ambitious and far-reaching claim. This is that ‘three million (or sometimes three-and-a-half million) British jobs depend on EU membership’. The Britain in Europe campaign group, launched in 1999 as a cross-party effort by Tony Blair, Gordon Brown, Kenneth Clarke, Michael Heseltine and Charles Kennedy, is usually cited as the principal culprit in the distortion of the National Institute analysis. The institute’s then director, Martin Weale, was so angry at the twisting of words by Britain in Europe that he described its behaviour as ‘pure Goebbels’.

Pure Goebbels it may be, but that has not stopped Europhile politicians parroting the figure and the allegation (‘three million jobs at risk if we leave the EU’) on many occasions. In this pamphlet I have focused on a BBC interview with Nick Clegg, deputy prime minister in the current coalition government, in October 2011. However, I could have referred to another statement from Clegg as recently as 10th January 2013. According to a story in *The Daily Telegraph* of 11th January, Clegg said ‘to reporters in Westminster’ that ‘

When you have one in 10 jobs in this country, 3 million people whose jobs are dependent on our position as a leading member of the world’s biggest borderless single market, you play with that status at your peril; they are jobs at stake, livelihoods...

This was apparently intended as a warning shot across the bow of the British ship of state under prime minister, David Cameron, as he prepared a major speech on the future relationship between Britain and Europe.

So *The Daily Telegraph*, which is less Europeanist than most of the high-brow media, reported uncritically the three-million-jobs-at-risk claim more than a decade after it had been repudiated in the most vigorous terms by the original source! The lie has indeed become a factoid. Associated with the lie/factoid, with no empirical basis whatsoever, is the media stereotype that ‘more European integration means more jobs’. This stereotype has evolved from statements issued by the Whitehall machine and their credibility is heavily reliant on their official provenance.

The task of this pamphlet is to check the facts and logic of both the Clegg argument and the Whitehall statements, and to examine an assortment of falsehoods and nonsense which has accompanied them. The truth turns out to be very different from the official lies/factoids. The process of European integration has in fact destroyed a large numbers of jobs in our country. This message needs to be spread widely, as part of the larger case for keeping Britain outside the European super-state that is now emerging. Only if we retain our national independence can the British remain a free people in the 21st century.

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The pamphlet combines three pieces of work, two recent articles in the Freedom Association's magazine *Freedom Today* and a chapter from my September 2012 study for the UK Independence Party, *How much does the European Union cost Britain?* I hope it is nevertheless reasonably integrated. I have no illusions that it is the last word on the subject. For example, I have not conducted any meaningful analysis of each of the several employment directives imposed on Britain by the EU. However, we can be confident – not least because of the long and determined opposition to them by the last Conservative government (i.e., the one that lost power in 1997) and the Confederation of British Industry – that such efforts as the Social Charter, the Working Time Directive, the Part-Time Work Directive and the Directive on Temporary Agency Work have reduced employment in Britain.

Although millions of words have been written on these matters, in an important respect the vocabulary has not settled down. Terms like 'Europhile', 'Europhobe' and 'Euroseptic' have wide currency, but their meanings are often as problematic as the subjects to which they relate. In this pamphlet I have used the term 'Europeanist' to denote a person in favour, without any serious qualification, of the integration of EU member states towards 'ever closer union' and an eventual United States of Europe (or a United States of the Eurozone, which looks a great deal more plausible). I am pretty sure that Clegg is a Europeanist in this sense, as are Tony Blair, Kenneth Clarke, Michael Heseltine and Peter Mandelson; I am also certain that the overwhelming majority of British people are not Europeanist; they do not want their country swallowed up in a new European federal union.

Let me emphasize that – in choosing the word 'Europeanist' for the purpose of exposition – I am not trying to be anti-European at all. I enjoy visiting European nations, and want Britain outside the EU to establish friendly and cooperative political ties with EU member states. Further, in my view this friendliness towards our neighbours should be accompanied by as close an approximation to free trade in goods and services as possible. (If only the EU did not support such monstrosities as the Common Agricultural Policy!) My long-run ideal is highly outward-looking and might even be characterised as 'liberal internationalism'. I believe that the citizens of any country, including Britain, should be able to transact business as easily with the citizens of other countries as they do with citizens of their own country. That is a goal worth seeking. By contrast, the process of integration under EU auspices has always worked through the opacity and deception that were part of Monnet's original plan. This process has become anti-democratic, dysfunctional and unattractive.

The title needs an explanation. I chose *'Europe' doesn't work* rather than *The EU doesn't work* or *The European Union doesn't work*, simply because of how the words flow when spoken. If the reader will excuse the alliteration, 'the EU' is not particularly euphonious. But I have put 'Europe' in quotation marks to say that I mean 'Europe' in the sense of modern Europe in thrall to the

European Commission, the European Court of Justice and so on. I am of course ‘a European’, in that I live in a nation that is European by geography, and share a European culture and background with millions of other people on this continent. But I detest the idea of being ‘a European’ in the sense of ‘a citizen of the United States of Europe’, subject to the Commission, Court of Justice and the rest.

I welcome criticisms of the pamphlet. (Please send them to timcongdon@btconnect.com. I cannot guarantee that I will reply to all of them.) Politicians like Clegg, Cameron, Blair, Brown and so on have traded for too long on sound-bites and spin. The quality of the national debate has been impoverished by the need to limit every statement to a minute or so, in order to meet the assumed attention span of a television audience. This pamphlet is written in the hope that present and future debates on the UK’s relationship with the EU will respect official statistics and documents, facts and figures, and logic and reasoning.

Professor Tim Congdon CBE

Chairman, the Freedom Association

16th January 2013

1. The ‘isolation’ fallacy: and the related ‘three million jobs at risk’ lie

Flabby thinking is a characteristic of the Europeanism of the Whitehall and Westminster policy-making establishment. Unfortunately, the government line has to be reported in the newspapers and on television, and officialdom can to a degree manage the national debate. It is therefore vital that supporters of British independence refute such arguments as the policy-making establishment does present. A salient Europeanist contention is that three million (or sometimes three-and-a-half million) jobs would be at risk if the UK were to leave the EU. To quote from Nick Clegg, leader of the Liberal Democrats, in an interview on BBC Radio Four on 31st October 2011,

There are three million of our fellow citizens, men and women, in this country whose jobs rely directly on our participation and role and place in what is after all the world's largest borderless single market with 500 million consumers right on our doorstep... isolation costs jobs, costs growth, costs people's livelihood.

This claim makes sense – or at any rate gives the appearance of making sense – because of its appeal to geography. The British Isles may be islands, but a map of the world shows them to be adjacent to and in that sense ‘to belong’ to the continent of Europe. Further, since the UK is part of Europe geographically, must not our country also be part of Europe politically and economically, and hence a full participant in the current drive towards European integration? As clearly stated in the Treaty of Rome back in 1957, the goal of that integrationist drive is ‘ever closer union’. Does it not then follow that the continued employment of three million of our fellow citizens is related to the UK’s involvement in the unification process?

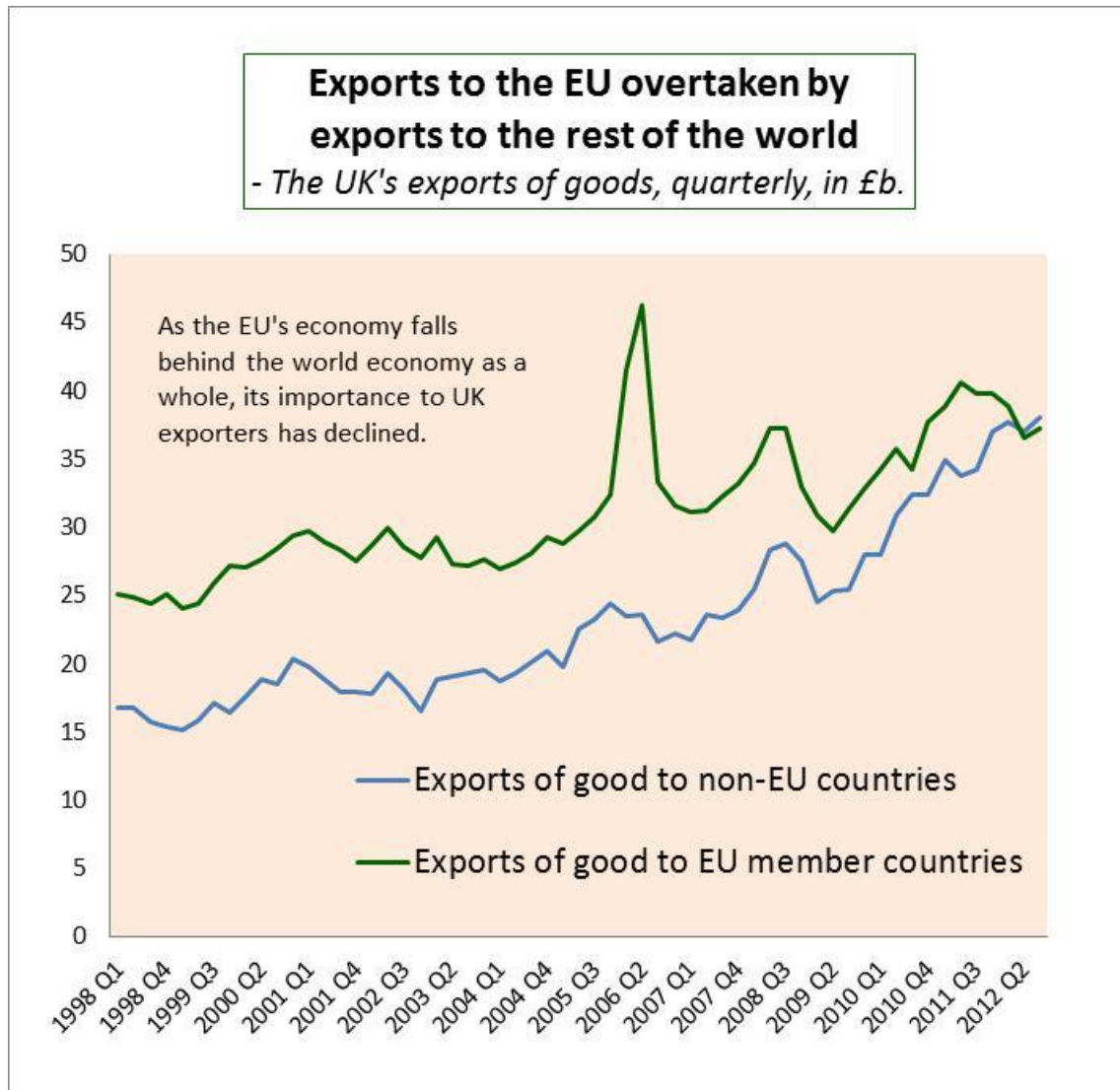
As the next few pages will show, this appeal to geography is a misunderstanding. The flow of phrases has a superficial plausibility, but words are being used mischievously and key features of the interaction between nations in the modern world have been overlooked. We need first to ask, ‘where does the three million figure come from?’. Roughly speaking, 30 million people are in employment in the UK, while exports of goods amount to some 20 per cent of our national income. About half of these exports are directed to other EU nations. On the face of it, six million jobs ‘rely on exports’ in total and three million on exports to the EU by itself, and about a tenth of British employment therefore ‘depends on the EU’. However, the notion of ‘dependence’ is being stretched too far. There are two obvious and compelling reasons for dismissing the Clegg ‘isolation costs jobs’ proposition.

Big exports to non-EU countries, without political union

The first point arises – simply and directly – from the logic of Clegg’s own statement. He says that three million jobs ‘rely directly on our participation...in [the] single market’, where ‘participation in the single market’ is understood to require our membership of the EU and its institutions. But – please note – the EU is the destination *for only half our exports*. By implication, the UK’s remaining exports are to the rest of the world *and also generate three million jobs*. But we have not had to enter a special political structure, with the goal of ‘ever closer union’, in order to trade with, for example, Brazil or China. We have not had to abandon our political independence to Brazil or China or indeed to the entire non-EU world in order to sell our products to them.

If three million of our citizens can sell goods to Asia, America and so on without any surrender of national sovereignty, why can three million of our citizens sell goods to the rest of Europe only if we belong to the EU and give up the right to govern ourselves? Clegg seems to believe that our nation’s subjection to a foreign political elite and bureaucracy is a condition of trading with the

other countries in Europe. But no such condition applies to our trading, of an equal size and growing much more rapidly, with the rest of the world. (See the chart below.) We have not had to become the 51st state of the United States of America in order to sell almost £40 billion a year to it. (The £40 billion – let it be noted – is more than we sell to either Germany or France, our largest trading partners in the EU.) What, please, is the rationale for the apparent difference between international trade in the EU and international trade more generally? Can the Europeanists please enlighten us?



The truth is that we can have open and vibrant trading links with the rest of Europe whether we are in the EU or not. Of course, the EU is to some extent a protectionist *bloc*, particularly as regards international trade in agricultural products. Notoriously, the Common Agricultural Policy restricts the import of food from outside the EU and has led in the past to the export of European farm produce at beneath production cost. Outside the EU, the UK's farming sector would have greater difficulty with the European market than at present, while food manufacturing companies might need to have a special regime to balance the various interests. (If British food manufacturing companies could buy their inputs of grain, meat, sugar and so on at the world price rather than the higher EU price, they would be highly competitive in EU markets. Our European neighbours would therefore try to find ways to limit imports from our food manufacturing industries, as well as from

our farmers.) But the partial protectionism of the EU must not be allowed to frighten us. Economists have long argued that unilateral free trade is in the national interest, regardless of the protectionist follies of foreign countries. Whatever the obstacles that might face UK farmers and food manufacturing companies in the EU market after our exit, departure from the EU would benefit British consumers by ending the iniquities of the CAP. This is one case where the consumer interest must come ahead of the producer interest.¹

Close trading links with non-EU nations

The second line of argument follows quickly from the first. The UK trades, freely and happily, with scores of countries in Asia, America and so on that do not belong to the EU. Also, as a matter of fact, Germany, France, Italy and other EU states trade, freely and happily, with scores of countries in Asia, America and so on that do not belong to the EU. Clegg is wrong to assume that political unification between nations, as in the EU, diminishes the scope for outside nations to trade with the inside members of the union. That is not how the modern world works. The EU is a big market for dozens of countries that do not belong to it; it would be a big market for the UK if we too did not belong to it. Once we had left the EU and rejected government from Brussels, the jobs associated with selling into the EU would remain the jobs associated with selling into the EU. Such jobs ‘depend on’ *trade* with the EU; they do not ‘depend on’ *EU membership* as such.

China may be cited as an illustration here. In 2011 the EU was China’s largest export market. In both 2011 and 2012 China exported over \$300 billion of products to it. These sales were of great importance to the Chinese economy, which in 2012 had a gross domestic product of just under \$7,500 billion. Since exports to the EU were (on these numbers) a bit more than 4 per cent of China’s national output and since China’s labour force totals about 800 million people, it is clear that over 30 million jobs in China ‘depend on the EU’. These 30 million people ‘depend on’, or ‘rely on’, the European market, in just the same way that three million people in the UK ‘depend on’, or ‘rely on’, the European market. But China is not a member state of the EU and it has no plans to apply for such membership. Further, it is not subject to the rules of ‘the Single Market’, its government does not have to obey the edicts of the European Court of Justice and it does not allow the European Commission to fine its businesses for breaches of EU competition law. China is a sovereign and independent nation that wants a strong trading relationship with the EU. If it left the EU, the UK too could be a sovereign and independent nation that wants a strong trading relationship with the EU.

Membership of the EU is not essential to a trading relationship of the desired kind. Indeed, the EU has recently set about reaching a free trade agreement with Japan.² The agreement with Japan follows earlier such agreements with Mexico and Israel. None of these three is an EU member. Japan, Mexico and Israel are independent, sovereign and self-respecting nations. Let us again be emphasized what this means. Their companies are not subject to Brussels’ directives and regulations, their courts are not subordinate to the European Court of Justice, their taxpayers are not obliged to fork out for regional development in Lithuania, Slovenia and so on, and they are not affected by the many other drawbacks of EU membership. If the UK were to leave the EU, the EU would – almost certainly – seek a free trade agreement with us, not least because the UK is a far more important market for European exports than any of Japan, Mexico and Israel. But – assuming

¹ The Paris-based Organization of Economic Cooperation and Development has published several estimates of the cost of the CAP. One of these estimates suggested that in the early 1990s the cost amounted to £1,000 per UK household, which would have been about 4 per cent of UK national output at the time.

² Europa press release ‘EU-Japan Free Trade Agreement: Commissioner De Gucht welcomes Member States’ green light to start negotiations’ (Brussels: European Commission), 29th November 2012.

that we have a free trade agreement with the EU – both our imports from the rest of the EU *and our exports to them* would be unchanged. The three million jobs would continue just as before.

The Europeanists might protest that, if we left the EU, we would have no guarantee that a free trade agreement could be negotiated. In these pessimists' view the other member states would discriminate against us, keeping out our goods and punishing our investments. This is most improbable. International relations are reciprocal, and European nations want to be on good terms with us, just as we want to be on good terms with them. The obtrusive fact here is the UK is a massive importer from the rest of the EU, such a massive importer indeed that we run a large deficit on intra-EU trade. If they tried to keep out our goods and punish us, they would suffer more if we retaliated by keeping out their goods and punishing them.³ They would end up the losers.

A beggar-my-neighbour trade war between the UK and the EU is most unlikely, however. We should avoid talking in such downbeat and negative terms. Two facts need to be underlined. First, it must be remembered that the continent of Europe does include nations that are outside the EU, notably Switzerland and Norway (and Turkey if it is regarded as European). These nations have close and friendly commercial ties with the EU. Outside the EU the UK will have equally close and friendly commercial ties with the EU. Over the years the UK will import hundreds of billions of pounds of goods and services from the rest of the existing EU membership, whether the UK is a member of the EU or not. Similarly, over the years the rest of the existing EU membership will import hundreds of billions of pounds of goods and services from the UK, whether the UK is a member of the EU or not. Membership of the EU is *not* a precondition of trade with its member states.

Secondly, outside the EU the UK may not – quickly and easily – negotiate a FTA with the remaining EU nations. There may even be a long period in which trade occurs entirely according to World Trading Organization rules, with no shared special understanding between the UK and the EU. But would that really be so bad? It has been shown in this chapter that over 30 million Chinese jobs 'depend on' the EU market, but China is neither a member of the EU nor a partner in a formal FTA. Huge volumes of exports and imports go back and forth between non-EU nations and EU nations. There would be nothing particularly exceptional or remarkable in the UK's trading relationship with the EU becoming like that which it has with the world's 160 or so non-EU nations.

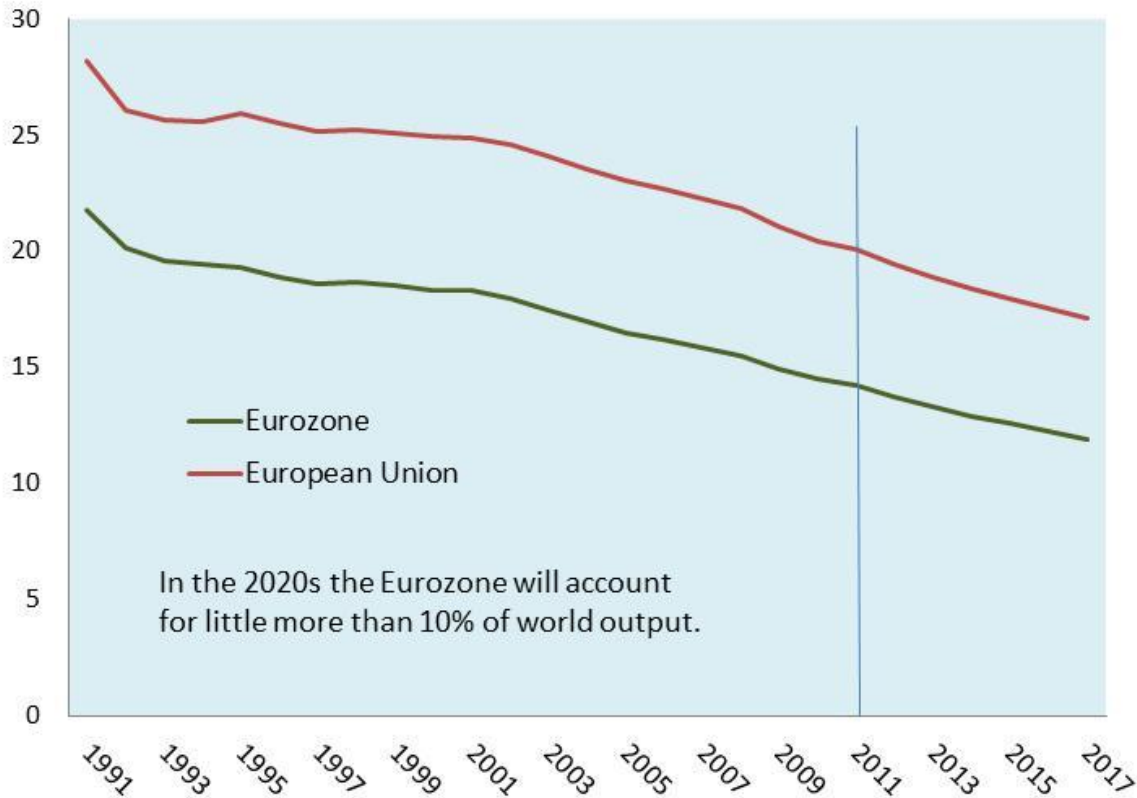
Three million jobs not threatened by 'isolation'

In short, the UK's exports to the rest of Europe will flourish if and when we leave the EU. They will generate three million jobs regardless of our geopolitical status (or non-status) relative to the EU institutions. The UK will be a major exporter whether it is free, independent and self-respecting or an EU member state subject to a Brussels bureaucracy that has begun to treat it as a satrapy. Nick Clegg has totally misunderstood the basics of international economic relations in the early 21st century. The multilateral institutions established at the end of the Second World War – notably the General Agreement on Tariffs and Trade (and now the World Trade Organization) and the International Monetary Fund – have enabled every nation to enjoy equitable trade and financial relations with every other nation.

³ See the author's pamphlet *How much does the European Union cost Britain?* (UK Independence Party, 2012), pp. 52 – 3 for the importance of the UK's trade deficit with the EU '26' (i.e., the EU without the UK) to the UK's negotiating position.

Europe's diminishing importance

- Chart shows Eurozone and EU GDP as % share of world total, in purchasing-power parity terms.
Data from 2011 projected. Source: IMF.



That principle applies, no matter how small a nation may be, and regardless of its apparent isolation and vulnerability. But outside the EU the UK would not be 'isolated'. To talk in such terms is preposterous. If Clegg were right that nations outside the EU are by that fact alone 'isolated', then the USA, China, India, Australia and Canada are all isolated. Indeed, we can press this line of thought further. Since the USA, China, India and so on did not join the European Economic Community at its founding in 1957 and have eschewed subsequent participation in 'the European construction', the Clegg thesis implies that they have been isolated, alone in the world, for almost 60 years! This is Euro-centrism gone mad. If such supposed 'isolation' were truly a handicap in international trade and finance, we might expect the USA, China and so on by now to be marginalized, impoverished and backward. But that is not so. On the contrary, in the last decade they have enjoyed far more rapid economic growth than the EU. That growth is one reason that they have also seen large increases in employment over that period, whereas employment in some EU countries has fallen.

The EU is in long-term decline

The Europeanists are stuck in a time warp. They think that the world today is much as it was in the 1960s, an exceptional decade when the nations of the then Common Market achieved strong economic growth and represented an increasingly important market for the UK. The dynamism of the European economy 50 years ago reflected its drive towards market liberalization, whereas such nations as China and Russia had crippled themselves by inward-looking protectionism based on communist ideology. The UK's external trade was also badly hit by a wave of protectionism in nations that had once been part of its empire, as they tried to define and establish full independence from the 'home country'.⁴

That is no longer the world in which we live. The 1960s are now history. Two big long-run trends really matter here. First, international trade and finance are being liberalized globally. Communism has collapsed and resentments of British imperialism lie in the past. We need to think in terms of the world market and not to become obsessed with Europe, which in this context is just part of the story. The world has seven continents and Europe is only one of them. Further, we must not allow ourselves to be intimidated by the possibility that most European nations forge a single federal state on a par with the USA. Yes, the nations of the Eurozone are talking about a 'banking union' and increased fiscal coordination, and the talks may culminate in a genuine United States of Europe (or at any rate a genuine United States of the Eurozone). But 'the United States of Europe/Eurozone' would be just another nation; it would not be the whole world. If the USE does emerge, we in Britain would have no more need to kowtow towards it than we do to the USA or China.

Second, and perhaps more fundamentally, the importance of Europe and the Eurozone in global trade and output have been sliding. Moreover, they will continue to fall for the foreseeable future because of deeply-entrenched demographic patterns. The chart above shows the shares of the EU and the Eurozone in world output over the last 30 years, plus the IMF's projection until 2017. It may be true that at present about three million people in Britain are in jobs tied to exports to the EU. But it is very likely that the number of people whose jobs are linked to the EU economy in this way will drop in coming decades. That weakens the argument for a whole-hearted UK commitment to EU membership.

In the 1960s and even in the 1970s the Europeanists could use strong European economic growth to persuade people of the virtues of Common Market membership. Nowadays, by contrast, the notion that EU membership is an automatic passport to prosperity and jobs is at variance with the facts. We may take Italy as an example. Although it has been involved in the European project from the early days of the integration project in the 1950s, and although it decided to make the euro its currency from the outset of monetary union in the early 1990s, it has suffered stagnation of output and a fall in living standards so far in the 21st century. Its national output in 2012 was unchanged from a decade earlier, while output per head had tumbled by 7 per cent. Being unreservedly 'Europeanist' in its policies for two generations has not prevented Italy suffering from a prolonged economic *malaise*.

⁴ Geoffrey Owen *From Empire to Europe* (London: HarperCollins, 1999), *passim*. Protectionism of this sort emerged in countries like Australia and New Zealand, with a high proportion of British settlers; it was not found only in, for example, India and Pakistan, where large British commercial interests had not been associated with significant settler representation. See pp. 60 – 61 and p. 186 of Owen's book for more detail.

Employment ratios in high-income nations

Table shows proportion of people in 15-64 age group that are in employment.
Figures relate to the second quarter of 2012 and come from the OECD database.

	%
Switzerland	79.3
Norway	75.9
Australia	72.5
New Zealand	72.4
Canada	72.3
United Kingdom	70.0
Japan	70.5
USA	67.1
European Union	64.2
Eurozone	63.8

The employment ratio in the UK was 70.0% in the middle of last year, compared with 63.8% in the Eurozone. About 30 million people are employed in the UK. If we were 'harmonized' with the Eurozone, about 6% of UK jobs - meaning jobs for about 1.8 million people - would go.

Source: OECD (The interpretation in the box is the author's.)

More 'Europe' means fewer jobs

In his October 2011 BBC radio interview Clegg equated EU membership with exports and jobs 'dependent on' exports. But the whole performance was nonsense, because – as we have seen in this chapter – trade takes place on an enormous scale between sovereign and independent nations. Nations do not have to pool sovereignty and give up independence in order for their citizens to export and import. People in China and Brazil, and in Japan and Ecuador, and in Germany and the UK, and in Saudi Arabia and Kenya, can buy and sell products between themselves without their nations entering a special political structure in which they abandon their ability to govern themselves. Nevertheless, a media stereotype has been fabricated, in which a link of some sort is thought to hold between 'more Europe' (meaning 'more EU integration') and 'more jobs'. Is it true that the EU has impressively high levels of job availability and creation? The relevant data have been prepared by the Paris-based Organization of Economic Cooperation and Development and can be easily checked.

The table above sets out the important facts. The media stereotype turns out to be baloney. In reality, by international standards the average EU member state has a low proportion of its working-age population actually in employment. The proportion of working-age people actually in work is far higher in the two most significant non-EU European nations (Norway and Switzerland) and the three main advanced-economy Commonwealth countries apart from the UK (Australia, Canada and New Zealand) than it is in the EU or the Eurozone. Indeed, the proportion of working-age people actually in work in the UK remains well above that in the Eurozone. If the UK and Eurozone employment patterns were indeed harmonized at the Eurozone level (i.e., so that we had the same proportion of working-age people in work), 1.8 million British jobs would go. On this basis, more 'Europe' means fewer jobs, not more.

Does Clegg want the end of Britain as a nation?

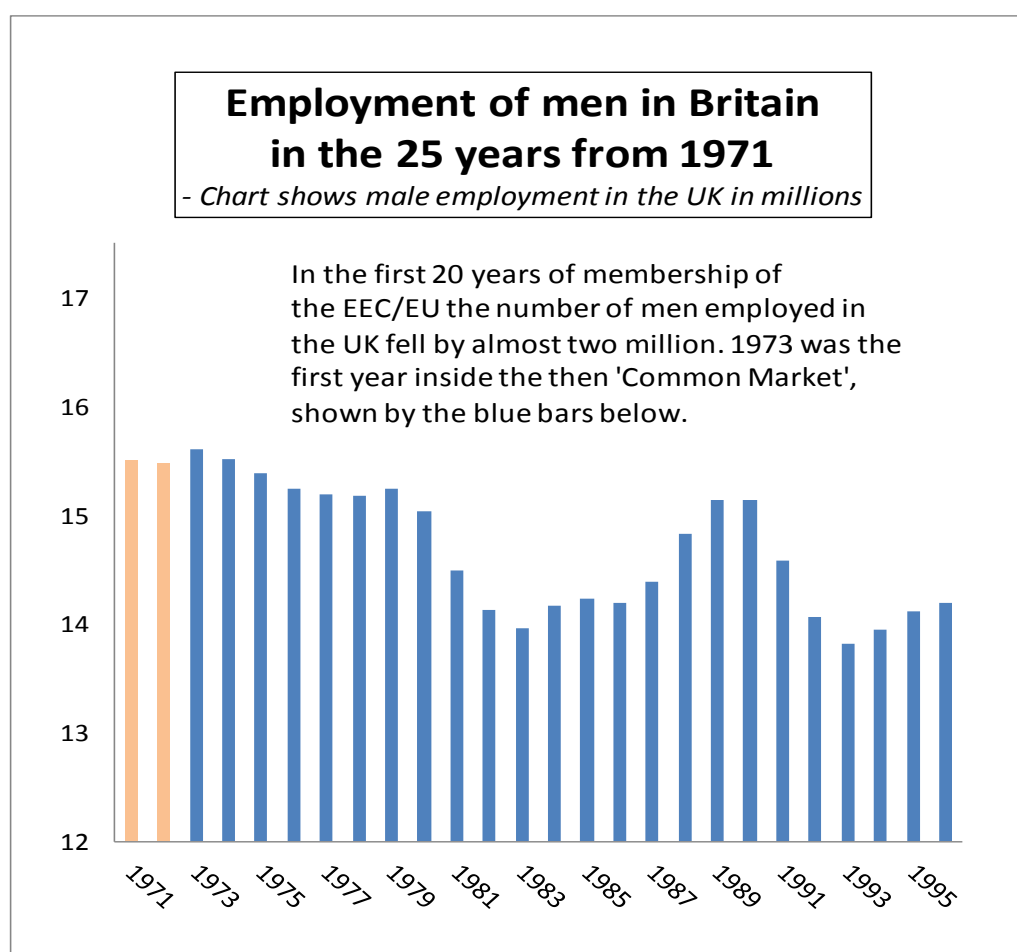
The difficult challenge for Clegg is to ask him 'do you want to see the end of Britain as an independent nation?'. The awkward supplementary questions for him, and indeed the whole Whitehall-Westminster policy-making establishment, are 'do you really want your country to be increasingly bossed around by an alien bureaucracy operating from a foreign capital or to be free and independent like the 160 countries in the world that do not belong to the EU?' and 'do you believe that, once it is outside, the UK cannot be just as successful in exporting to the EU as those 160 countries?'.

From the standpoint of heavyweight economic analysis, Clegg's position is untenable. The notion that the UK would be 'isolated' outside the EU is a silly blunder that comes from a hurried, naïve and unthinking glance at an atlas. If the UK is to be deemed 'isolated' on that basis, then most of the world is also 'isolated'. The proposition is plainly daft. By leaving the EU the UK would merely be putting itself in the same position relative to the EU as the great majority of the world's nations. Non-membership of the EU is a perfectly comfortable state of affairs for them, and it would be a perfectly comfortable state of affairs for us. We would cease to be like the 27 nations (including us) that belong to the EU; we would instead have the same position in international affairs of the 160 or so other nations that do not belong to the EU. Big deal.

Of course Clegg may favour continued EU membership because, deep down, he wants Britain to surrender its independence and to become one state in a United States of Europe. In other words, he does want the end of Britain as an independent nation. That would be fair enough, in the sense that he is entitled to his opinion. But he ought to be open about the motives behind his views. He must stop waffling about three million jobs allegedly at risk from 'isolation'. No jobs would be at risk from the UK's recovery of its full independence. On the contrary, the restoration of independence would mean that the UK again had the ability to lower taxes, lighten the regulatory burden and to pass employment-friendly legislation geared to our own national priorities. The recovery of full independence would allow positive changes in labour market policy, leading to the creation of more jobs. By contrast, over the last 40 years of ever-increasing interference in our nation by the EU's bureaucracy, harmful directives and regulations from Brussels have destroyed jobs. Some of the evidence for this argument has been set out in the current chapter, but the message will emerge even more convincingly in the next chapter.

2. The facts about UK jobs since ‘joining the Common Market’ in 1973

George Orwell concluded one of his most famous essays with the observation, ‘Political language...is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind.’⁵ Even so, one would hope that the British government does not deliberately set out to mislead on the European question. Or does it merely not know what it is talking about? Consider its statement in answer to a recent petition calling for a referendum on European Union membership. To quote, the government believes that EU membership is ‘in the national interest’ because the EU is ‘central’ to three desiderata, ‘how we create jobs, expand trade and protect our interests around the world’.⁶ In other words, not only is the creation of jobs in Britain said to be attributable to our participation in the European project, but the claimed creation of jobs is put first in a trinity of supposed benefits.



⁵ George Orwell ‘Politics and the English language’, pp. 156 – 70, in Sonia Orwell and Ian Angus (eds.) *The Collected Essays, Journalism and Letters of George Orwell*, vol. IV, *In Front of Your Nose 1945 – 50* (Harmondsworth: Penguin Books, 1968), with the quotation from p. 170.

⁶ The full statement, in response to a petition renewing the call for a referendum on EU membership a year after the House of Commons debate on 24th October 2011, was as follows, ‘The Government believes that membership of the EU is in the national interest of the UK. It is central to how we create jobs, expand trade and protect our interests around the world. The Government’s priority is dealing with the crisis in the Eurozone and making sure that the Single Market, which is one of the greatest forces for prosperity the continent has ever known and of immense benefit to this country, is not damaged.’ The statement – which was given on 25th October 2012 – was the responsibility of the Foreign and Commonwealth Office.

Evidently, officialdom believes that our EU membership has in the past been associated with substantial and easily measured job creation. The next few pages, which will often appeal to data prepared by the British government and its agencies, will show that this is not the case. Bluntly, the civil servants who prepared the statement cannot have bothered to check the relevant data. The discussion will be based on official statistics on employment in Britain since we joined the then European Economic Community (or 'Common Market') in 1973. (Remember that the EEC became the European Union in 1993, but the EU is correctly understood as a continuation in a more ambitious form of the primarily economic Common Market. 1973 may therefore be seen as the start of the UK's involvement in the long-term 'European construction'.)

The first decade of EEC membership

At the start of 1973 employment was 24.9 million. If Common Market membership were positive for jobs, the employment total ought to have been higher five and ten years later. What do the official figures show? In the first quarter of 1978 employment was lower, although not by much, a mere 40,000 or so. But by the first quarter of 1983 it had dropped to under 23.7 million. So the first full decade of Common Market membership saw a decline in employment – and, in that sense, a destruction of jobs – of over one million. On this basis the assertion that EEC/EU membership created jobs is false.

Of course a more careful analysis is needed to establish the underlying causes of changes in employment. No one could sensibly deny that many variables in addition to the effects of Common Market membership were at work. According to the government's statement ('how we create jobs, expand trade...'), one of the advantages the EU is meant to confer on our country is trade expansion. This implies that, in the official mind, the supposed and much-vaunted creation of jobs is to be explained by a boost to the growth rate of exports. Accordingly officialdom might argue that the 1.2 million fall in UK employment in the first decade of Common Market membership should be blamed on a host of malign other influences, while EU-related export dynamism by itself was good for jobs.

We have then to check whether exports were particularly buoyant in the ten years from 1973. Estimates for the UK's exports of goods and services are prepared as part of national income accounting. They show that in the ten years from 1963 the average annual growth rate of the UK's exports of goods and services in volume terms was 5.5 per cent, whereas in the ten years that followed accession to the EEC it was 3.9 per cent. Trade expansion was therefore weaker *after* we joined the Common Market than *before*. So a key plank in the official platform for EU membership falls away. The government cannot say that particularly strong export growth from 1973 ought to have led to job creation, because – quite simply – export growth was not particularly strong.

And what about the first 20 years?

Closer inspection of the figures further undermines the government position. A well-known pattern over the last 40 years is that more women have joined the workforce, reflecting such deeply-entrenched social forces as the fall in family sizes (because of birth control) and the use of labour-saving devices in the home (dishwashers, microwave ovens, high-quality frozen and prepared foods, and so on). Female employment in the UK ought to have risen strongly over the almost four decades of EEC/EU membership, regardless of that membership.

It follows that male employment is a better guide to the success or failure of the nation's economic and labour market policies, including its participation in the European project. As it happens, the numbers do show that male employment has done worse than total employment in the relevant period. In 1973 the UK had 15.6 million men in work. A decade later the figure had fallen to 14.0 million and 20 years later (i.e., in 1993, when the EEC was relabelled the EU) it was down to 13.8 million. (See the chart above.) Twenty years of Common Market membership had been accompanied by a decline in male employment of almost two million. Where, please, is the evidence that belonging to the EEC/EU was good for jobs in those years – the first two decades of EEC/EU membership – when the effect ought to have been clearest?

Rising foreign-born employment in the Great Moderation and after

This is not to deny that over an extended period, the period of the so-called 'Great Moderation', benign macroeconomic conditions were associated in Britain with strong employment growth. In the 15 years to the first quarter of 2008 employment climbed, steadily and with hardly any interruption, from 25.3 million to 29.5 million. However, remains necessary to delve into the statistical detail to identify whether this was genuinely to our 'national interest', to quote again from the government statement. The phrase 'national interest' begs numerous questions, but a reasonable interpretation is that it relates to the interests of 'the British people', where people are British by birth, residence and citizenship. By implication, the 'national interest' does not embrace the interests of people who do not meet these all of three criteria (i.e., of birth, residence and citizenship).

A remarkable point emerges from the official data. Since 1997 these data have broken down UK-born people in employment from the foreign-born. At the beginning of that year 1.9 million were foreign-born out of the employment total of 26.4 million. After the Labour Party under Tony Blair had won the 1997 general election, it relaxed immigration restrictions by various changes to administrative rules. It did so without any parliamentary debate or even any public announcement.⁷ Further, when the EU expanded in 2004 by incorporating eight formerly communist east European countries, it allowed free movement of labour from them into the UK. The results have been large inflows of workers from both within and outside the EU, and a dramatic rise in foreign-born employment. At the end of last year foreign-born employment had soared to 4.1 million, an increase of 115 per cent compared with the start of the New Labour government. By contrast, UK-born employment had increased only 2 per cent, from 24.5 million to 25.0 million. Moreover, these years saw a continuation of the earlier trend towards greater female participation. As a result, the number of UK-born men in employment has declined by several hundred thousand in the 15 years since the start of the Blair premiership. Our membership of the EU, and our consequent inability to control labour market regulation or the influx of EU workers across our borders, must take much of the blame for these developments. (The developments are reviewed in more detail in the third and final chapter.)

⁷ Tom Whitehead 'Labour wanted mass immigration', *The Daily Telegraph*, 23rd October 2009. To quote, 'The huge increases in migrants over the last decade were partly due to a politically motivated attempt by ministers to radically change the country and "rub the Right's nose in diversity", according to Andrew Neather, a former adviser to Tony Blair, Jack Straw and David Blunkett. He said Labour's relaxation of controls was a deliberate plan to "open up the UK to mass migration", but that ministers were nervous and reluctant to discuss such a move publicly for fear it would alienate its "core working class vote".'

The EEC/EU has destroyed British jobs

To summarize, significant declines in employment – and hence large-scale job destruction – characterized the first two decades of the UK’s membership of the Common Market. Since then the number of people at work in the UK has risen, but the employment gains have been disproportionately to the benefit of people born outside Britain. When an allowance is made for the deep-seated social trend towards higher female participation in the workforce, the 40 years of EEC/EU membership have done nothing for employment in our country. Indeed, the number of UK-born men in employment is lower today than in 1972, despite a substantial rise in the UK-born male population of working age. The costly and burdensome *acquis communautaire*, the body of EU law that has proliferated anti-employment directives and regulations, must be largely responsible for this setback. The first chapter showed that in international comparisons the EU has a low ratio of people of working age actually in employment, a fact which supports the claim that the *acquis communautaire* is bad for employment.

The overall verdict is clear. EU membership has destroyed jobs, and done nothing to boost the productive efficiency and export competitiveness of our economy. From an employment perspective, EU membership has been strongly against our national interest. The phrase ‘economical with the truth’ entered popular usage after it was adopted by the Cabinet Secretary Robert Armstrong during the *Spycatcher* trial in 1986; it was a coinage of the British civil service to characterize civil servants’ production of documents that were a conscious attempt to deceive. The British government’s reply to the latest referendum petition is similarly ‘economical with the truth’, and must be condemned as misleading or even dishonest.⁸ The sorry conclusion has to be that the British government machine cannot put together analyses and statements that respect the message from official statistics compiled by its own agencies. Perhaps it would be better if in the public debate on European issues the British government – as distinct from the current gaggle of politicians ‘in power’ – either said nothing at all or was bound by statute to maintain a position of complete neutrality.⁹

⁸ According to Wikipedia, the phrase goes back to Burke. To quote, ‘Falsehood and delusion are allowed in no case whatever: but, as in the exercise of all the virtues, there is an economy of truth. It is a sort of temperance, by which a man speaks truth with measure that he may speak it the longer.’ But British politicians and civil servants have been deluded about the EU and the delusions have led them to utter undoubted falsehoods. Christopher Booker and Richard North have written two good books on the mendacity of British officialdom on EU matters, *The Mad Officials* (London: Constable, 1994) and *The Great Deception* (London: Continuum, 2003).

⁹ The trouble in this area is that an official statement has a bogus authority, merely because of its provenance. There is no question that in the debate on accession to the Common Market the then governments knew that the subject was of huge long-run significance to the UK as a nation. They understood that official contributions to debate ought therefore to be objective and impartial. Nevertheless, the official machine was misused for partisan purposes. See Booker and North *The Great Deception*, p. 171.

3. The facts about UK jobs since the EU's expansion eastwards in 2004

The topic surveyed in this chapter could not have been foreseen when Britain joined the Common Market 40 years ago, because at that stage hardly anyone envisaged large-scale inward migration from the rest of the EEC/EU. But in the last few years inward migration particularly from Eastern Europe has involved hundreds of thousands of people, restricting the availability of jobs to the UK-born. This development has therefore hurt the citizens of our country and been costly to us. While precise calculations of the costs are difficult, it is clear that a harm has been inflicted on 'the British people', in the sense of people who are UK-born as well as enjoying citizenship or long-term British residence.

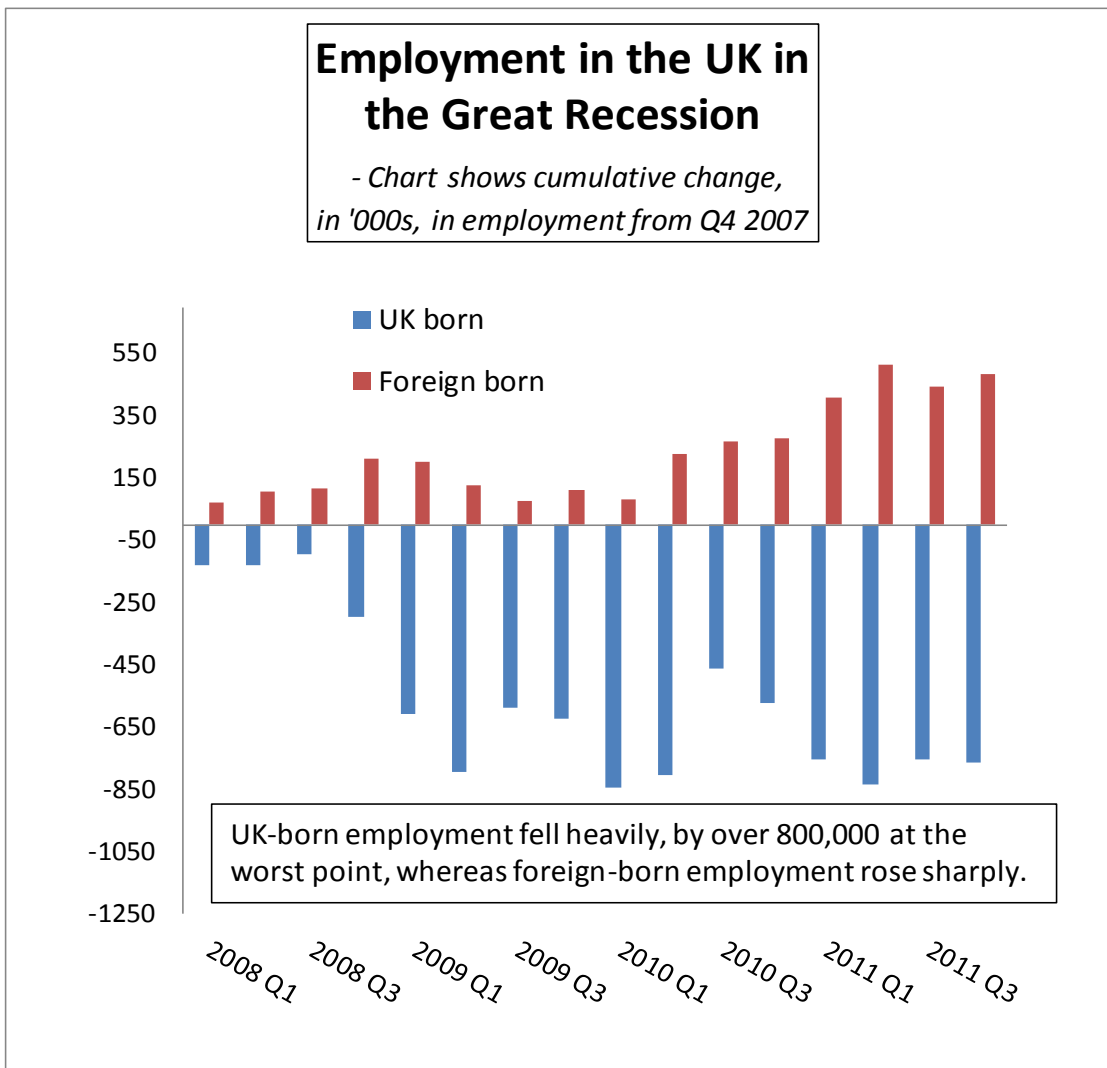
Blair opens UK labour market

The downfall of communism in the late 1980s and early 1990s was one of the most welcome developments in modern European history. It was welcome not least because it confirmed the superiority of the market economies of Western Europe, with their respect for the rule of law and private property, over the planned and largely state-owned economies of the former Soviet bloc. Once they were freed from Moscow's clutches most of the countries in the former Soviet bloc wanted to join the EU. Various entry criteria were specified in the 1990s and these took a number of years to meet, but eight central and Eastern European countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia) were able to join the EU on 1st May 2004. This was the largest single enlargement in terms of people, and number of countries, in the history of the EEC/EU. (Note that Cyprus and Malta joined at the same time, but they were of course not from the former Soviet bloc and are ignored in the rest of the chapter.)

Income levels in the 'EU8' (as they became known) were appreciably below those in Western Europe. In 2004 UK income per head, at over \$36,000 in terms of current price \$s, was more than five times higher than in Poland or Lithuania. The freedom of movement of people is one of the 'four freedoms' of the EU's single market. But, if the EU8 had been granted such freedom on their accession to the EU, the income disparities would almost certainly have led to large movements of workers to the richer EU member states. Most of the EU's older member states therefore introduced a seven-year transition period, in which they limited inward migration from the EU8. Exceptionally, the UK under the leadership of prime minister, Tony Blair, decided not to follow this course. Instead people would be free to move from the EU8 to the UK as soon as the EU8 belonged to the EU. From 1st May 2004, potentially millions of working-age people were free to move from the EU8 to the UK (and indeed Ireland, since people can move freely between the UK and the Republic of Ireland).

The British government expected only a modest influx of new workers. In practice immigration from the EU8 was on an extensive scale, with major effects on the UK labour market. Official data show that in spring 2004 64,000 people born in the EU8 were employed in the UK, about double the level of five years earlier, but still only 0.2 per cent of total UK employment. Between March 2004 and the end of 2007, a period of relatively buoyant economic conditions and strong demand for labour, the number rose from 64,000 to 487,000. So within less than four years the importance of EU8 workers had increased sharply enough for them to account for 1.7 per cent of total UK employment. The growth of employment in this period for UK-born workers was only a little more than 100,000, a mere quarter of the surge of over 400,000 in employment of EU8-born workers.

From 2007 the UK economy's performance deteriorated markedly. By late 2008 grave weaknesses in the international banking system became evident, and a major downturn in demand and employment began. The worst phase of the ensuing Great Recession was in the opening months of 2009, when tens of thousands of jobs were disappearing every week. The labour market in the UK was then dominated by UK-born workers, as it still is today, although to a lesser extent. At the end of 2007 total employment was just under 29.5 million, split between UK-born of 25.9 million (87.7 per cent of the total) and foreign-born of 3.6 million (12.3 per cent).



On the whole the foreign-born workers had generally been in their jobs for a shorter period than the UK-born, while in many cases they occupied temporary positions or had only a half-hearted commitment to the UK.¹⁰ A reasonable surmise might have been that a fall in the demand for

¹⁰ Official data show that in the year to September 2011 696,00 people of Indian birth and 614,000 people of Polish birth were estimated to be resident in the UK, and these were the two most common countries of birth (apart of course from the UK). They also show that in the same period the 654,000 Polish nationals, 341,000 nationals of the Republic of Ireland and 330,000 Indian nationals were estimated to be resident in the UK. Clearly, birth status and nationality did not coincide, and nearly all of the people of Polish birth resident (and usually working) in the UK regarded themselves as Polish, which was not true of those of Indian origin.

labour would cause higher job losses for the foreign-born than the UK-born.¹¹ That surmise would, in the event, turn out to be completely wrong. In the Great Recession UK-born employment dropped heavily, whereas foreign-born employment has risen and employment of people from the EU8 climbed substantially. The figures until the end of 2011 are set out in the chart below. In 2012 employment of both British- and foreign-born people increased.

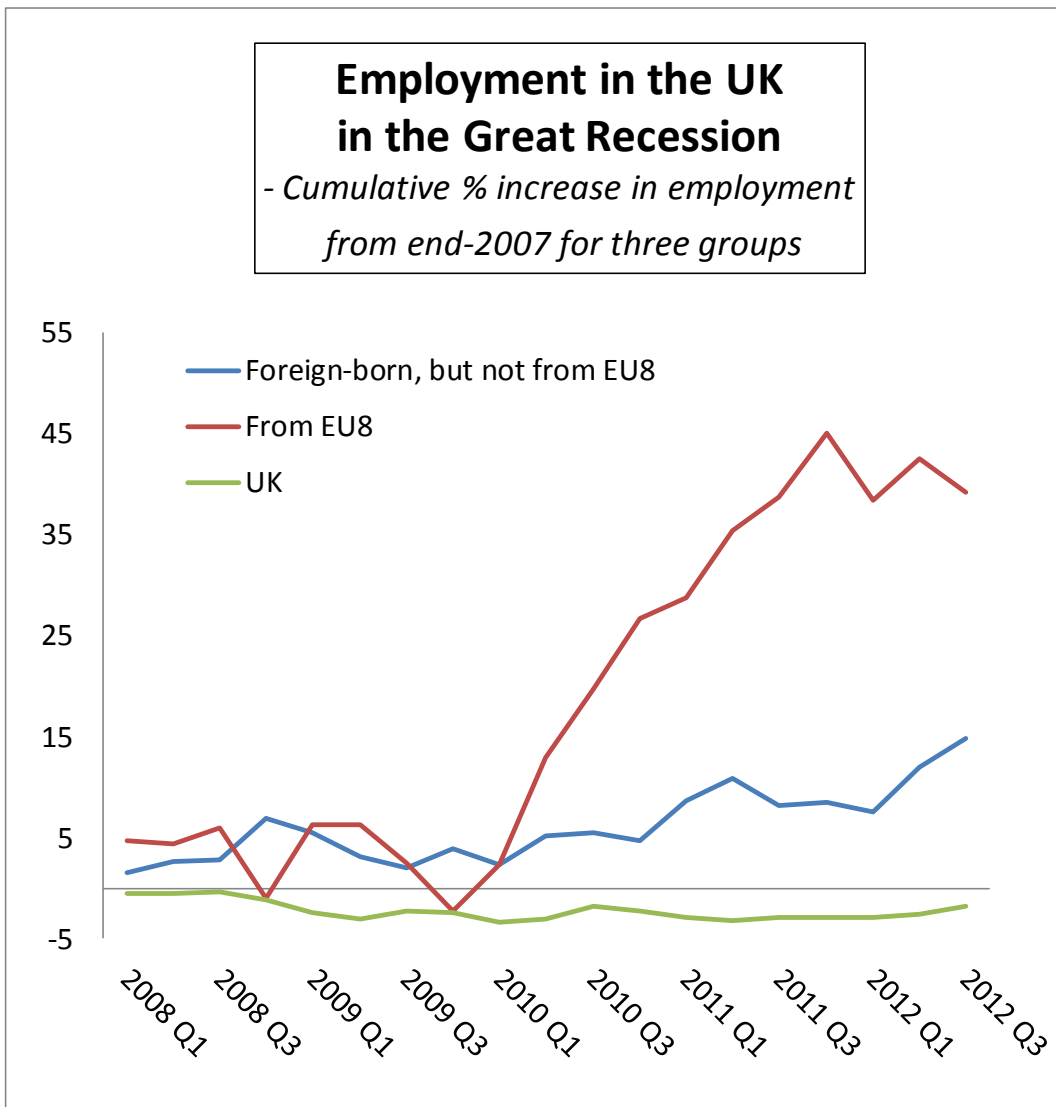
UK-born people *did* lose jobs

The fall in UK-born employment was concentrated in the year to mid-2009 and amounted to about 800,000 people, about 3 per cent of the UK-born people in jobs at the end of 2007. After mid-2009 the number of UK-born people at work has fluctuated from time to time, but the underlying trend has apparently been for stability. In reality labour market conditions have remained tough in the last four years. Many British people have left full-time employment, while part-time employment and self-employment have expanded. By contrast, foreign-born people have made continuing inroads into the UK job market. The chart above relates to changes in the level of employment, in terms of thousands. It shows that employment of both people born in the EU8 and people born in the rest of the world (i.e., in neither the UK nor the EU8) has increased by about 200,000 in the Great Recession (i.e., by about 400,000 for the two foreign-born groups altogether). The chart below gives the percentage change in employment relative to the end-2007 figure. The result is an altogether more dramatic picture, because the number of Eastern European people in Britain in late 2007 was still quite low and the employment surge was from a small base. Employment of EU8-born people soared by 45 per cent in the four years to end-2011. In short, in the Great Recession the number of jobs occupied by the UK-born slumped by 800,000 in a year and stayed down, whereas the number of jobs occupied by the EU8-born increased by 200,000 and increased by about 45 per cent.

Does this constitute *prima facie* evidence that people of British birth have lost jobs because of the influx of working-age men and women from the EU8, because – in other words – of our EU membership? The UK labour market has undoubtedly become more difficult and hostile for UK-born people in the last few years. There must be a strong presumption that jobs are harder to find not just because of the Great Recession, but also because a large number of immigrants, many of them from Eastern Europe, are competing for the few positions available. Admittedly, a strong presumption is not definite proof. But one further set of numbers should clarify the matter. These numbers, prepared by the Office for National Statistics, ought to be enough to persuade most people that over the last decade immigration from the EU has reduced job prospects for people who are not just British by residence, but British by citizenship *and birth*.

The analysis can run in terms of the proportion of the resident working-age population that is actually in UK employment for three groups, the UK-born, those born in the EU14 (i.e., existing members of the EU before the 2004 enlargement) and those born in EU8. In other words, it shows what we might term ‘employment ratios’ for these groups. Until the 2004 enlargement, UK-resident people born in the EU8 had an employment ratio *beneath* that of both the UK-born and those born in long-standing EU member states.

¹¹ See Will Somerville and Madeleine Sumption *Immigration into the UK: the recession and beyond* (London: Migration Policy Institute, 2009), p. 18, with the suggestion that, ‘Immigrants are likely to be hit hardest by the recession for several reasons, in particular, they are over-represented in low-skilled occupations where job losses will be substantial.’



Their propensity to seek employment then changed radically. In the four years from the first quarter 2004 the employment ratio of the EU8-born group soared from 61.9 per cent to 82.6 per cent. So in those years UK-resident people born in the EU8 had an employment ratio well *above* that of both the UK-born and those born in the EU14. The greater part of this increase occurred in a spectacular leap in late 2004, just as the UK labour market was opened up workers from Eastern Europe by the EU8's accession to the EU. The obvious interpretation is that these workers were keen to take advantage of the much higher wages offered in the UK and sought work in our country. Further, when the Great Recession hit and the number of job opportunities declined, the immigrants did take jobs from the British-born. In this sense EU membership *did* destroy UK jobs.¹²

Some academic research is also consistent with the claim that immigration hurt the job prospects of UK-born people, particularly the young. Youth unemployment has been appreciably higher over the last ten years than in the 1980s. As noted by Petrongolo and van Reenen in a study for the

¹² A common objection to this sort of argument is that it exemplifies the so-called 'lump of labour fallacy', originally exposed by the great Victorian economists, John Stuart Mill. The lump of labour fallacy is that the quantity of work is fixed, so that extra work carried by one group of workers entails an identical reduction in the work carried out by another group of workers. However, it is not being proposed in the text here that immigrant workers have displaced indigenous workers on a one-to-one basis. The point is that some displacement has occurred and, to that extent, British-born people are worse-off.

London School of Economics' Centre for Economic Performance, since 'the rise in youth unemployment dates back to 2004, the year of the EU's enlargement to take in eight central and eastern European countries... it would be natural to think that the increase in youth unemployment is related to stronger competition from immigrant labour'. When a regression was estimated between youth unemployment and the immigration across UK regions over time, evidence showed that 'a one percentage point increase in the proportion of foreign-born in the working-age population is associated with an increase in youth unemployment of 0.43 percentage points'.¹³

Official endorsement, sort of

The conclusion just drawn is highly contentious, not least because it challenges the 'cosmopolitan' or 'internationalist' outlook of many key opinion-formers.¹⁴ However, the notion that immigration could reduce UK-born employment did receive official endorsement in January 2012 in a report prepared by Professor David Metcalf, the chairman of the Migration Advisory Committee, which is sponsored by the UK Border Agency. The MAC report claimed that employment of 160,000 more British people would have been possible in the 2005 – 10 period if no migrants *from outside the EU* had come to the UK. Asked directly if there would have been this number of extra jobs if immigration from outside the EU had been stopped, Metcalf answered, 'yes, that would be a reasonable way of putting it'.¹⁵

The puzzle here is the restriction of the MAC analysis to immigration from outside the EU. If immigration *from outside the EU* can reduce employment for British citizens, why cannot immigration *from within the EU* have the same effect? Common sense would suggest that the employment-reducing effect of immigration ought to apply regardless of the source country. The argument might be made that immigration from outside the EU was generally of lower-wage workers than, say, EU8 immigration. However, that in fact was not true. Non-EU immigration was partly from such countries as the USA, Canada and Australia with much higher living standards than the EU8. Indeed, an analysis prepared inside the government machine showed that workers from the EU8 countries tended to be in low-wage employment to a far greater extent than the UK-born. To quote, 'Examination of the occupations of workers born in EU14 countries show that they are predominantly employed in "Professional occupations" (23.3 per cent), "Associate professional and technical" (17.6 per cent) and "Management and senior officials" (14.3 per cent). These categories account for 55.3 per cent of EU14-born workers. The same occupations account for 44.2 per cent of UK-born workers and 46.6 per cent of other non-UK-born workers, but only 14.5 per cent of EU8-born workers. EU 8-born workers are predominately employed in "Elementary occupations" (37.5 per cent).'¹⁶

¹³ Barbara Petrongolo and John van Reenen 'Youth unemployment', *Centrepiece* (London: Centre for Economic Performance), summer 2011 issue, pp. 2 – 5. The quotations are from p. 3. The authors of this piece tried to retract their conclusion by saying that it depended on the inclusion of London in the sample. But why should London be excluded? They refer to another paper *in 2005* by David Card in *The Economic Journal*. But *in 2005* no data whatsoever could have been available about the medium-run effects of opening-up of the UK labour market to EU8 immigration.

¹⁴ See David Held *Cosmopolitanism* (London: Polity, 2010) for an example of this sort of thinking. 'Cosmopolitanism' is defined on p. x as elaborating 'a concern with the equal moral status of each and every human being and creates a bedrock of interest in what it is that human beings have in common, independently of their particular familial, ethical, national and religious affiliations'. Whether Britain exists primarily for the benefit of the British – meaning people of British birth, citizenship and residence – then becomes far from clear.

¹⁵ '160,000 jobs "lost to migration"', article in *The Daily Express*, 10th January 2012.

¹⁶ Jessica Coleman 'Employment of foreign workers, 2007 – 09', ONS occasional paper (London and Newport: Office for National Statistics, 2010), p. 7.

The MAC analysis said that the 160,000 jobs lost due to immigration reflected ‘700,000’ extra working-age migrants in the 2005 – 10 period. In fact, official data for the period from the final quarter of 2004 to the first quarter of 2011 show an increase in *non-EU* immigrant workers of 652,000 and of *EU immigrant workers* of 588,000. If the ‘700,000’ non-EU immigrant workers are supposed to have destroyed 160,000 jobs for the UK-born, then the 588,000 EU immigrant workers destroyed about 135,000 jobs for the UK-born. No doubt the government could find spokesmen to deny that its research effort had implied any adverse effect on UK employment attributable to the post-2004 influx from Eastern Europe. But the discussion in this chapter has been carefully argued and meticulously sourced, and its logic is impeccable.

Immigration from the EU did destroy UK jobs

Inspection of the official data identified two points. First, since 2004 immigration from the EU8 has been on an unprecedented and remarkable scale. Secondly, these immigrants have, to an exceptional extent, taken up employment in the UK. (As we have just seen, their ‘employment ratio’ soared in 2004 and 2005, and since then has been well above that for the UK-born or the other foreign-born groups.) The post-2004 influx has been the result of Blair’s decision in 2003 not to impose the seven-year transition period favoured by other long-standing EU members, but the influx can be seen as a consequence of EU membership. While the UK remains a member of the EU, it cannot restrict immigration from other EU member states because the free movement of people is one of the single market’s ‘four freedoms’. The UK’s membership of the EU has destroyed British jobs and, while we remain inside, it will continue to do so.¹⁷

¹⁷ This chapter has not discussed the employment-reducing effect of a range of employment directives and regulations. Almost certainly EU legislation has cut employment by hundreds of thousands relative to the position that the UK would be in if it controlled employment legislation itself, but the subject was implicit in the second chapter with its data on the low employment ratio of Eurozone countries. The total employment-reducing effect of EU membership – both the lost jobs from inward migration and the lost jobs from misguided EU legislation – must run into the hundreds of thousands and may even exceed one million (i.e., about 3% of total UK employment). There is a lot more to say.