



# Should we stay or should we go?

**With less than a week until the EU Referendum, Managing Director at Kingsbridge Insurance Brokers, Richard Bell comments on both sides of the argument for remain, or leave.**

I am looking forward to the referendum next week, not because I have any political allegiance either way but because it will bring a conclusion to a rumbling debate that has affected political and economic policy in the UK for the last 40 years.

The main reason I will be pleased is, it will remove the uncertainty that exists right now which is putting even more pressure on the economic recovery. The business leaders I have spoken to over the last 12 months have indicated that it has delayed some of their investment decisions.

Business likes to be able to scan the macro environmental factors that will affect their operations and often use a strategic planning tool called PEST analysis. This looks at Political, Economic, Social and Technological factors to help evaluate different permutations that will impact their company in the territory they operate in.

For me its like going to your GP, you need to understand your symptoms, in order to progress the best treatment plan to bring you back to full strength. The recent political argument feel like, sitting in the waiting room, not getting an appointment or having a health check or taking the correct medical advice.

*Ultimately, democracy will have to determine the outcome!*

I have put together some of the information that each side of the debate is using to support their position. It's a topic that seems to be splitting views across the country. The main arguments seem to come back to the key issues around sovereignty and control.

## BRExit

## BRemain

### Economics

- Leaving the EU would result in an immediate cost saving, as the country would no longer contribute to the EU budget. Last year, Britain paid in £13bn, but it also received £4.5bn worth of spending, says Full Fact "so the UK's net contribution was £8.5bn".
- What's harder to determine is whether the financial advantages of EU membership, such as free trade and inward investment outweigh the upfront costs.

- The International Monetary Fund cut forecasts for the UK's gross-domestic-product growth in 2016 and has warned of severe implications for the UK economy should there be a Brexit.
- A top official at the Organisation for Economic Cooperation and Development also said the effects of Britain leaving the EU would be akin to a "tax" on British citizens.

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## Trade

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- Britain risks losing some of that negotiating power by leaving the EU, but it would be free to establish its own trade agreements.
  - Ukip leader Nigel Farage believes Britain could follow the lead of Norway, which has access to the single market but is not bound by EU laws on areas such as agriculture, justice and home affairs.
  - "If Britain were to join the Norwegian club," says The Economist, "it would remain bound by virtually all EU regulations, including the working-time directive and almost everything dreamed up in Brussels in future." And it would no longer have any influence on what those regulations said.
  - The economic arguments for an exit mirror these, with the important addition of Britain's EU budget contributions. It is perfectly possible to imagine a prosperous future for the UK outside the EU, even if no special trade deal were done. As it happens, because trade between the UK and EU is so important – for both sides – there is highly likely to be a deal which gives the UK special access to EU markets.
  - The EU is a single market in which no tariffs are imposed on imports and exports between member states. "More than 50 per cent of our exports go to EU countries," says Sky News, "and our membership allows us to have a say over how trading rules are drawn up."
  - Britain also benefits from trade deals between the EU and other world powers. "The EU is currently negotiating with the US to create the world's biggest free trade area," says the BBC, "something that will be highly beneficial to British business."
  - Fears that car-makers could scale back or even end production in the UK and vehicles could no longer be exported tax-free to Europe were underlined by BMW's decision to remind its UK employees at Rolls-Royce and Mini of the "significant benefit" EU membership confers. Likewise, Business for New Europe says tax revenues would drop if companies that do large amounts of business with Europe – particularly banks – moved their headquarters back into the EU.
  - The EU buys over 50 per cent of UK exports (54 per cent of goods, 40 per cent of services).  
Over 300,000 British companies and 74 per cent of British exporters operate in other EU markets.  
American and Asian EU firms build factories in Britain because it is in the single market.
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## Employment

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| <ul style="list-style-type: none"><li>• Equal pay for men and women is enshrined in EU law, as are bans on discrimination by age, race or sexual orientation.</li><li>• This benefits Britain and British people who live in other EU countries.</li><li>• Membership to the EU enables us to access the EU with relatively minimal VISA issues.</li></ul> | <ul style="list-style-type: none"><li>• Pro-EU campaigners have suggested that three million jobs could be lost if Britain goes it alone. However, while "figures from the early 2000s suggest around three million jobs are linked to trade with the European Union," says Full Fact, "they don't say they are dependent on the UK being an EU member."</li><li>• If trade and investment fell post-Brexit, then some of these jobs would be lost – but if they rose, then new jobs would be created.</li><li>• Free movement of people across the EU also opens up job opportunities for British workers seeking to work elsewhere in Europe.</li></ul> |
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## Legislation

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- Eurosceptics argue that the vast majority of small and medium sized firms do not trade with the EU but are restricted by a huge regulatory burden imposed from abroad.
- Many Eurosceptics see the European community regime as wholly undemocratic, since the unelected European Commission has the capacity of proposing laws that will supersede national legislation would they pass.
- Probably the greatest benefit of Britain being outside the EU would be the freedom to rescind EU laws and regulations. Some estimates put the benefits at several per cent of GDP. Mind you, quantifying the costs of regulation is notoriously difficult, and we cannot know how far the UK would go down the deregulatory route if it had the freedom to do so. Indeed, a Labour government would surely take a different path.
- Whether other EU countries would offer such generous terms is one of the big unknowns of the debate. Pro-exit campaigners argue that it would be in the interests of other European countries to re-establish free trade, but their opponents suggest that the EU will want to make life hard for Britain in order to discourage further breakaways.
- France has said recently that there would be "consequences" for Britain if it left the EU.
- A study by the think-tank Open Europe, which wants to see the EU radically reformed, found that the worst-case "Brexit" scenario is that the UK economy loses 2.2 per cent of its total GDP by 2030 (by comparison, the recession of 2008-09 knocked about 6 per cent off UK GDP).

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## Immigration

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- Under EU law, Britain cannot prevent anyone from another member state coming to live in the country – while Britons benefit from an equivalent right to live and work anywhere else in the EU. The result has been a huge increase in immigration into Britain, particularly from eastern and southern Europe.
- Nigel Farage says immigration should be cut dramatically, and that leaving the EU is the only way to "regain control of our borders".
- Other pro-Brexit campaigners would not necessarily reduce immigration, but say that it should be up to the British Government to set the rules.
- According to the Office for National Statistics, there are 942,000 eastern Europeans, Romanians and Bulgarians working in the UK, along with 791,000 western Europeans – and 2.93m workers from outside the EU. China and India are the biggest source of foreign workers in the UK.
- Inners say that, while the recent pace of immigration has led to some difficulties with housing and service provision, the net effect has been overwhelmingly positive.

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## World Standing

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- For Outers, leaving the EU will allow Britain to re-establish itself as a truly independent nation with connections to the rest of the world.
  - Brexit would bring some clear-cut advantages, says The Economist. The UK "would regain control over fishing rights around its coast", for example. But it concludes that the most likely outcome is that Britain would find itself "a scratchy outsider with somewhat limited access to the single market, almost no influence and few friends".
  - To Inners, Brexit would result in the country giving up its influence in Europe, turning back the clock and retreating from the global power networks of the 21st century.
  - Britain would remain a member of Nato and the UN, but it may be regarded as a less useful partner by its key ally, the US.
  - The American government fears that the "EU referendum is a dangerous gamble that could unravel with disastrous consequences for the entire continent", says The Guardian.
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## Security

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- Work and Pensions Secretary Iain Duncan Smith, who has come out in favour of Brexit, says we are leaving the "door open" to terrorist attacks by remaining in the EU. "This open border does not allow us to check and control people," he says.
  - Colonel Richard Kemp, writing in The Times, says these "critical bilateral relationships" would persist regardless of membership, and that it is "absurd" to suggest that the EU would put its own citizens, or the UK's, at greater risk by reducing cooperation in the event of Brexit.
  - David Cameron has made national security one of his key arguments for a remain vote. In a May campaign speech, refencing the protection of UK citizens the Prime Minster said "...the EU is one of the tools that helps us do these things, like our membership of other international bodies like Nato or the UN Security Council.
  - Former MI6 boss Sir John Sawers told the BBC that the UK would be shut out of decisions on the "crucial" issue of data sharing; "The reason we would be less safe [if the UK voted to leave], is that we would be unable to take part in the decisions that frame the sharing of data, which is a crucial part of counter-terrorism and counter-cyber work that we do these days, and we would lose the abilities of thing like the European Arrest Warrant."  
He said the UK leaving would also threaten wider European stability, saying: "We are only secure because the wider Europe is secure, pulling out will make it more dangerous."
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Ultimately it comes down to the key issue of Sovereignty. I can see benefits to both sides of the argument and ultimately the UK needs to take a clear view of its long term goals and ambitions.

The European vision was originally born following a period of major instability in the world. The nations across Europe needed to re-establish political democracy, militarily harmony, economic and cultural stability after many years of conflict.

Many things have improved and closer integration has taken place. The world changes constantly and we have to evolve and work closely together whatever the outcome of the referendum. Ultimately you have to make up your own mind, but, like golf's Ryder cup we happily become European when we are engaged and interested in the topic. Its also nice to occasionally beat the USA!

I would really like to hear your view so click the link to take our short survey and let us know.

Take the survey now.



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