Demolishing the Three Million Jobs myth

Tim Congdon on the fallacy of one argument often made to support our EU membership

Intellectual flabbiness is a depressing characteristic of the Europeanism of the Whitehall and Westminster policy-making establishment. Politicians and civil servants put out low-grade analyses to justify the UK’s continued membership of the European Union, and fail to back them up with facts and figures. Unfortunately, they have ready access to the media and to a degree can manage the public debate. It is therefore of the first importance that supporters of British independence refute such arguments as the policy-making establishment does present. Perhaps the most familiar claim is that three 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 last year,

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 300 million consumers right on our doorstep... isolation costs jobs, costs growth, costs people’s livelihood.

This claim has a superficial plausibility, but it is invalid and must be refuted.

Where does the three million figure come from? Roughly speaking, 30 million people are in employment in the UK. Meanwhile exports of goods amount to some 20% of our national income, with about half of these going to Europe. On the face of it, six million jobs “rely on exports” in total and three million on exports to the EU by itself. However, appearances are deceptive. In this and a subsequent article I will set out two logical reasons for dismissing the Clegg proposition, and then offering evidence that the UK’s association with “the European construction” has actually destroyed jobs. (The article in the current issue of Freedom Today criticizes Clegg’s logic and the article in the next issue will give the evidence on EU-related job losses.)

The first point arises – very simply – from 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 abandon our political independence to the rest of the world, to the nations that do not belong to the EU, in order to sell goods to them.

If three million of our citizens can sell goods to Asia, America and so on without any surrender of national sovereignty, why cannot three million of our citizens sell goods to the rest of Europe only if we belong to the EU and surrender 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. What is the rationale for the apparent difference between international trade in the EU and international trade more generally?

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.

Indeed, the EU has recently concluded a free trade agreement with Japan. 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. 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 iniquities of EU membership. If the UK were to leave the EU, the EU would – almost certainly – want 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 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.

Some people 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 too is nonsense. 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 salient 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. They would end up the losers.

This is most unlikely, however, and we should avoid talking in such negative terms. 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.

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 geopoliti-