

UNISON remainEU

The EU and the economy

On 23 June the people of the UK will take part in a referendum that will determine whether or not we remain in or leave the European Union (EU).

UNISON has weighed up the evidence and arguments and concluded that to leave would put the economy at significant risk (other fact sheets in this series highlight the implications of leaving the EU for workers rights, public services and the NHS.)

This is not to suggest that UNISON is an uncritical supporter of the EU. Far from it. But, in addition to supporting the remain position on the grounds that to leave would put the economy, public services and our rights at work at risk, UNISON also believes that a more socially just world economy is best secured through working alongside sister unions within the EU.

What are the risks to the economy of the UK leaving the EU?

Our membership of the EU secures jobs, investment and growth that generate the money the government spends on public services like schools, hospitals and the police. More than half our trade (over £220billion a year) is with the countries of the EU.

Leaving the EU will remove the unique access we have to the single market trading area – with no guarantee about the future terms of trade that UK businesses would be subject to. UK car manufacturers who export approximately £11.9 billion of cars to the EU every year could suddenly face the same 10% tariff on their exports as their counterparts in the US and Japan, making them less competitive. If companies can't take advantage of the single market that membership of the EU provides their exports will fall – as will their profit and the number of jobs they can support.

If we vote to leave the EU the Treasury has estimated the average loss to each household will be £4,300 a year. But the losses go further than just our own pockets. The poorest regions of the UK will lose access to the EU Structural Funds which created more than 50,000 jobs between 2007 and 2013. Structural Fund budgets are often accessed by local councils and the UK will receive £9.5billion between 2014 and 2020 via this route. We will also lose access to other forms of funding including the European Investment Bank which has funded important UK projects, including £280million for research at the Rolls Royce facility in Derby, £235million for new trains for the East Coast Mainline and £350million for the construction of new social housing across the UK.

Outside of the direct relationship with the EU, the Bank of England and the IMF have warned of the shock that the uncertainty about the UK's future will deliver to the UK economy. This will lead to market instability, lower investment, higher inflation and increased interest rates – which in turn will impact on house prices, savings accounts and pension funds.

UNISON members know first hand the damage that the government's austerity economics have done to our public services, our wages and our jobs. Our members have had six years of cuts and hundreds of thousands of public sector workers have paid a heavy price by losing their jobs. Brexit would only make matters worse for hard working people by returning us to recession and prolonging the pain of austerity.

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Why Brexit supporters are wrong about the benefits of leaving for the economy

- UKIP's finance spokesman says "If we stay in the EU, the City will be under siege... The City of London will be defenceless in the face of more and more regulation"
UNISON members know that it was light regulation and a failure to have international controls on the finance sector that led to the 2008 global financial crisis and allowed the kind of tax evasion that we saw exposed in the Panama Papers.
- The Vote Leave campaign says "The Bank of England has made clear that there are bigger risks to the economy than the EU referendum".
UNISON members know that other global events will impact on the economy – but that's no reason to take the huge gamble with our economy that a vote for Brexit will be.
- Those supporting Brexit often say the cost of leaving will be balanced out by the cut in EU red tape
UNISON members are smart enough to know that any financial gains from cuts to red tape may also come with weaker consumer protection, fewer safeguards against environmental damage or an increase in criminality and corruption. Even in the best-case scenario presented by main Leave campaigns (staying in the European Economic Area – like Norway) we will still have to comply with EU regulations on things like product quality and import/export rules.

Key facts

- Over three million jobs are linked to our membership of the EU – people's livelihoods will be threatened if we leave. The Treasury estimates that by 2018 over half a million jobs could be lost as a result of a vote for Brexit – at the very worst this could be over 800,000 jobs.
- Official figures show that each household would be around £4,300 worse off each year if we left the EU.
- The Treasury predicts that house prices will go down by between 10% and 18% in the two years following a vote for the UK to leave the EU – while wages will fall by between 2.8% and 4%.
- About half of the UK's export trade is with EU countries – more than £220billion. If we leave the EU and still want to trade there we will still have to follow the rules, we just won't have a say over the rules!
- Lower tax receipts could mean the government has to borrow between £24billion and £39billion a year in 2018 to keep public spending at current levels.
- The AA has estimated that leaving the EU could see the cost of petrol rising by almost 19p a litre – that would be almost £500 a year in the cost of filling a tank.

Get involved in UNISON's Remain Campaign

- UNISON activists and members have a vital role to play in the campaign. Find out more from the campaign web pages <https://www.unison.org.uk/our-campaigns/eu-referendum-23-june/>
- Talk with your branch about what you can do to highlight the risks to public services, workers rights, the economy and the NHS if the UK leaves the EU.