



PRESS RELEASE: Economists for Free Trade

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Immediate

**Anti-Brexit MPs threaten to rob us of price cuts
and £80 billion boost to economy,
say top economists**

Britain will throw away a massive £80 billion boost to its economy if Remain-backing MPs succeed in parliamentary moves tomorrow (Tuesday) designed to water down or derail Brexit, according to top economists.

In a new report, they say that a “Clean Brexit”, in which the UK escapes the tariff and trade restrictions imposed by membership of the EU customs union, would deliver a huge shot in the arm for the domestic economy.

This is because the UK would immediately be able to negotiate free trade agreements with the rest of the world. In fact, the economists go even further, saying that in practice a FTA with the US, the world’s biggest economy, would deliver most of the gains that would flow from a raft of FTAs across the globe.

They say that a UK-US deal would mimic the effects of worldwide unilateral free trade for two key reasons:

* The US economy is so vast (seven times that of the UK) that it produces almost everything the UK might want to import.

* US prices for food and manufactured goods are among the most competitive in the world.

The report, published by Economists for Free Trade, calculates that the immediate boost to the UK would amount to 4 per cent of GDP – or a huge £80 billion spread over 15 years. On top of that, UK consumers would see an across the board cut in prices of 10 per cent as tariffs imposed by membership of the EU customs union are dismantled.

Professor Patrick Minford, lead author of the EFT report, said: “MPs like Yvette Cooper and Dominic Grieve plotting to neuter or destroy Brexit should take a crash course in basic economics. They should realise that the effect of Britain quitting the EU customs union and quickly striking a FTA with the US would be a huge double bonus for our economy.

“First, it would lift national output by 4 per cent or £80 billion and second it would slash prices of food and manufactured goods by around 10 per cent – a massive gain for hard-pressed consumers.

“We should think of the US economy as a giant supermarket, a kind of global Walmart, which we are currently barred from entering. But once we are out of the protectionist EU customs union, as a nation we would be allowed to go shopping at this giant Walmart. And, based on our research, we will find that prices are much lower.

“For instance, on a like for like basis, prices of US-made non electrical machinery are about 30 per cent lower than those of EU equivalents and 25 per cent lower for electrical machinery. They are also significantly lower than the same goods made in South Korea.

“As for food, the US is responsible for 10 per cent of total world food exports and these sell at world prices – much lower than the prices charged behind the walls of the EU customs union. If British consumers could buy food at US prices, their weekly shopping basket would be around 10 per cent cheaper

“And because the US economy is so big, there is no reason to suppose it could not cope with supplying a surge in demand from UK businesses and consumers.

“Another benefit is that a UK-US FTA would put pressure on the EU to do a similar deal with Washington. It would also encourage EU firms to relocate to the UK so that they would have tariff-free access to the US market, which they do not have at present.

“Of course, there would also be gains from a FTA for UK firms selling goods and services into the US market. UK manufacturers would see their products becoming cheaper and more competitive in the US and displacing imports from the EU, which has no trade deal with the US. Service sector firms, such as finance, banking and insurance, would also gain from easier access to the US market.

“It is pity that so many of our Parliamentarians have a blinkered, parochial attitude to world trade and little understanding of the gains that flow from tearing down tariff walls and other barriers.”

In the report, Professor Patrick Minford, chairman of EFT, explains: "Suppose we give the US full tariff-free access to our food and manufactures markets. The US, as a very large economy, some seven times our size, can easily provide all our import demands in all these markets.

“Therefore, the US price will be the dominant supply price for UK consumers, and home producers will have to match this price at home. To the extent that US prices are the same as world prices, the gains we make are equal to the gains we would have made by doing a whole raft of FTAs with world producers so that our consumers access world prices – i.e approximately the full gains we would make from unilateral free trade.”

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