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Should we stay or go now?



In his column **Professor Frank Peck** of the University of Cumbria's Centre for Regional Economic Development explains the latest economic data.
This month: decision time on the EU Referendum

This issue of *in-Cumbria* would hardly be complete without reference to the EU referendum on June 23. The electorate faces a decision that is likely to have profound implications for the UK.

There is agreement on some points, perhaps. Both sides accept that the UK is a net contributor to EU finances though figures cited vary depending on how this is calculated. The Treasury estimates that, in 2015, the UK contributed £17.8bn though this is reduced to £12.9bn allowing for the UK rebate.

Some of the EU Budget, however, is used to support the UK economy through expenditure on regional policy. In the context of Cumbria, this means structural funds pay for development projects related to skills, innovation and infrastructure.

Infrastructure projects receiving support usually have signage saying they have been "part-funded through the European Regional Development Fund". The European Social Fund addresses issues in disadvantaged communities and the priorities for development in rural areas.

These funding streams are set to continue through to 2020. Cumbria has a European Structural and Investment Plan Strategy that sets out how the county intends to use more than £87m to support objectives including business innovation, technological development and business start-ups. Cumbria will also receive inflows of funds to support agriculture through farm payments, which accounted for around 26 per cent of the EU Budget in 2015. Even so, the UK remains a net contributor – estimated by the Office for Budget Responsibility at around £8.5bn in 2015.

The harder question concerns what the UK receives in return. It is salutary to note how the same information can be used to say different things. Here are examples.

'Cumbria has a European Structural and Investment Plan Strategy that sets out how the county intends to use more than £87m to support objectives including business innovation'



- The UK has major trading relationships with the rest of Europe - in 2015, the UK exported £233bn of goods and services to other member states. The UK, therefore, needs to remain in the EU to continue to benefit from these export markets. But equally, the UK is a major market for producers in the EU. Goods and services imported from the EU were worth £291bn in 2015. So won't our European partners be very keen to negotiate a positive trade deal in the event of Brexit?

- The UK's trade with Non-EU Countries has grown rapidly from £163bn in 2005 to £288bn in 2015. So does this mean that leaving the EU will enable the UK greater freedom to focus on these trade links? It will give the UK an opportunity to trade with much bigger and growing populations in China and India, unconstrained by EU rules and agreements. But hasn't this growth occurred precisely because we are part of a strong Europe that has negotiated terms on a more preferential basis than the UK might be able to secure alone?

These examples illustrate the problem for voters. The same information can be used to support opposing arguments.

The authors of a recent House of Commons Briefing Paper (No 06091) draw this conclusion: "There is no definitive study of the economic impact of the UK's EU membership or the costs and benefits of withdrawal. Framing the aggregate impact in terms of a single number or even irrefutably demonstrating that the net effects are positive or negative, is a formidably difficult task."

Shifting to the local level, it has been argued that staying in the EU could be good news for some larger businesses in Cumbria.

But what is good for companies is not necessarily good for the county. Large companies operating across the EU can, for instance, service the whole of the EU from a single location, which can threaten local units.

In many ways, the "remain" or "leave" decision depends as much on instinct as on interpretation of evidence. Whether we believe that the economic, social, cultural, political and environmental futures we aspire to are likely to be better served by being in or out. We will shortly have an answer to this question. [tc](#)

Professor Frank Peck is Research Director at the Centre for Regional Economic Development at the University of Cumbria Business School in Carlisle