Media Release

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"Staying in the single market would be tying ourselves to the Euro's corpse"

Retaining a share in the cost of saving the euro from its inevitable decline will be the price Britain has to pay if it chooses to stay in the EU's single market, is the dark warning by the author of a new paper that reviews the unmitigated failure of the EU's chief political project over the last seventeen years.

'*The Euro currency cul-de-sac'* written by Bob Lyddon, a City banking expert, and published by Global Britain, explains how the Euro has gone badly wrong, often achieving the exact opposite of what was intended by its designers and causing high levels of joblessness and horrific youth unemployment.

Lyddon concludes that saving the euro requires all EU economic and regulatory policy to shore it up and that if the UK stayed in the single market the UK Government, British businesses and taxpayers would be dragged down with the cost and burden of restrictions on trade and any bale-outs that followed.

Commenting on the report Brian Monteith, a director of Global Britain, said:

> "The euro has almost been forgotten about as it is commonly thought that by voting for Brexit we have escaped its clutches, but we risk walking back into the grip of this zombie currency if we try to stay in the single market.
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> "The EU's economic and regulatory policies aim to help the euro survive. If the UK remains in the Single Market British business will share the cost of saving the euro by taking on the same regulatory burdens as Eurozone member states – but with no say in their design.
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> "It is vital the UK leaves the single market to reduce its exposure to the euro and end the underwriting of potential euro debt liabilities by the British taxpayer. Leaving the EU only to go back into the Single Market is pointless and could prove worse than being a full member."

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Commenting on his report Bob Lyddon said:

"The UK would be tying itself to a corpse if it seeks to join the Single Market. We have not escaped the liabilities and damaging effect of the Euro yet and we must do so before we are pulled down with it.

"Measured against its goals the euro has been a disaster for all but Germany and the Benelux countries that were previously linked to the Deutschmark. The poorer nations have in effect funded – through colossal debt – their purchase of German goods. When the credit runs out, as it inevitably must for the countries that cannot repay it, yet another crisis will be reached. At that point the UK could still be liable if we remain in the Single Market.

"The euro has failed on many of its own objectives with a trade-off for weaker economies being the surrender of control over public debt levels, interest rates and currency values, their economies de-industrialised, increasing debts to European institutions, and thus to Germany – and a complete absence of policy levers to pull in response.

"The euro has now reached an impasse. Designed to deliver price stability it has achieved that only when averaged across its member states, in reality some economies such as Slovakia, are suffering deflation and many are enduring catastrophic levels of youth unemployment – reaching 43% in Spain and Greece. The European Central bank does not see these outcomes as a problem and is content to carry on regardless of the personal suffering and social disharmony the euro is causing."

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Editors' notes:

1. *"The Euro currency cul-de-sac – Seventeen years of broken promises and now a dead end"* is the second of a new series of essays entitled The Brexit Papers, raising detailed questions about the UK-EU relationship that could effect the Brexit negotiations. A soft copy is attached.

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The paper's Executive summary states:

2. The euro was established in 1999: all 27 other EU Member States are either in it, committed to join it, or pursuing policies in exact alignment with it.
3. For this reason all EU policy initiatives, regulations and directives in the economic and monetary spheres – and many in other spheres as well – are dedicated to defending the euro.
4. The UK is out-of-step, pursuing divergent economic policies while having EU initiatives, regulations and directives imposed upon it: this position was untenable. What will we be missing out on?
5. The euro's principal aim is price stability, with a wave in the direction of full employment and balanced economic growth.
6. Prices have indeed stabilised: after rising to the highest common denominator they have stagnated, and Eurozone inflation is currently at least 1% lower than the European Central Bank target of not more than 2%, and in some countries (Slovakia and Greece) inflation is below 0% i.e. a damaging deflation.
7. GDP growth is even lower than inflation in a number of Eurozone countries (Germany, France, Italy, Finland & Portugal) – they are in recession in real terms, and there is no hint of "balanced economic growth".
8. What about "full employment"? Unemployment exceeds 10% in many Eurozone countries, and youth unemployment is catastrophic (43% in Spain and Greece).
9. The Eurozone Member States have surrendered the policy tools to address these issues to the Eurozone authorities, but they in turn see no need use them: from their viewpoint the Eurozone *as a whole* is performing quite adequately compared to the USA, Japan and China.
10. At the micro level the euro has failed to deliver on almost all its objectives for Eurozone citizens and small businesses.
11. Many Eurozone countries are de-industrialising as the UK has.
12. The Eurozone has a crass internal trade imbalance, and Germany can continue to export for as long as either the European authorities enable further credit for the importer countries – *which is being arranged through financial mechanisms of which the UK is a guarantor* – or private finance deals continue to be available e.g. for new German cars in the UK.
13. Having driven up the Euro cul-de-sac European authorities have nothing to offer but more of the same, which has been failing since the euro's launch.
14. Painful as it might be for the UK to withdraw from the EU Single Market in the short term (although the EU is by no means a single market anyway), there is no certainty that even current levels of demand for UK goods and services within that market will persist, and we would have to swallow further medicines from the European authorities aimed at the Eurozone and irrelevant to our situation in the UK.