



CENTRE FOR WESTMINSTER CONSTITUENCY ANALYSIS

Impact of No Deal Brexit

Executive Statement N° 2

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Early next year, Parliament — watched by the entire nation — must make Britain's most momentous choice for generations.

For their 'meaningful vote' each MP must now assess what's best both for their constituents and for the country. Only "fools and fanatics" will reject the best economic evidence available.

To assist MPs with their decision, the UKTPO (UK Trade Policy Observatory — <https://blogs.sussex.ac.uk/uktpo/>) has now published Britain's first constituency-by-constituency analysis of the impact of a No Deal Brexit (see Note below). This looks at job loss based on residence, i.e. where workers live, whether they work in the constituency or commute to another.

The results remain clear: an orderly No Deal Brexit (return to WTO terms for all trade) would be catastrophic in the medium-term.

For the whole of Great Britain (i.e. UK excluding Northern Ireland) the impact of a No Deal Brexit would be a shock equivalent to the loss of around 750,000 jobs. Residents in all the 632 constituencies would lose jobs. More than two-thirds (416) of constituencies would lose 1,000 or more work-places.

Added to today's total of 1.38 million unemployed (UK including Northern Ireland), these No Deal Brexit job losses would cause unemployment to rise by 54% to 2.13 million, increasing the unemployment rate from 4.1% to 6.3%.

Compared to claimants of Jobseekers Allowance (JSA — statistics available at constituency-level), the total 750,000 No Deal Brexit job losses dwarf the total JSA claimants in Great Britain, which currently stands at around 470,000. Eighty-one per cent of constituencies (510 out of 632) would suffer residence-based job losses greater than their total existing JSA claimants. **These out-of-work constituents are all potential voters, endangering fragile electoral majorities.**

And the UKTPO's analysis does not even take into account the lasting economic & business impact of the many months of immediate disruption caused by a chaotic No Deal Brexit.

We (the CWCA — Centre for Westminster Constituency Analysis) strongly recommend that this detailed economic analysis is now reinforced by a constituency-by-constituency census of local businesses — enterprises sector-by-sector, together with the specific production, supply and service facilities located in each constituency, or its neighbours.

This local business mapping needs to be complemented by a profound bottom-up understanding of the fragile social fabric of each constituency. Social services and the NHS, already at breaking-point, will be overwhelmed by the additional demand of the jobless victims of a No Deal Brexit.

We urge MPs at least to participate in, and best-of-all 'take ownership' of, this modern 'Domesday Book' of Britain. **MPs who fail to grasp these vital parameters of their constituency will have failed their constituents and their country, and thus deserve defeat at the next election.**

The CWCA is a private (civil society) initiative whose aim is to create a permanent fact-based and politically neutral hub for parliamentarians and policy makers concerning the constituency-level impact of policy choices based on a detailed understanding generated through economic, business and social research. The Centre will rely both on analysis published independently by leading non-partisan academic and other sources, such as UKTPO, and on specific research it will commission. For further information on CWCA, please email contact@centreforwestminsterconstituencyanalysis.org.



Note

The **UKTPO (UK Trade Policy Observatory)**, a partnership between the University of Sussex and Chatham House, is an independent expert group that: 1) initiates, comments on and analyses trade policy proposals for the UK; and 2) trains British policy makers, negotiators and other interested parties through tailored training packages. Created in June 2016, the UKTPO is committed to engaging with a wide variety of stakeholders to ensure that the UK's international trading environment is reconstructed in a manner that benefits all in Britain and is fair to Britain, the EU and the world.

The UKTPO is today the largest group of academics working on international trade in the UK. Its team of specialists is directed by Professor L. Alan Winters, Former Director, Development Research Group, World Bank; Chief Economist, Department for International Development; Editor, World Trade Review; and Professor of Economics, University of Sussex.

The Observatory is now conducting Britain's first major academic study of the economic impact at constituency-level of trade policy choices. Its [Briefing Paper 26](#), published on 20 November, provides the initial results of its modelling of how a No Deal Brexit would affect individual constituencies in terms of work-place (job) losses, and in terms of residents' job losses (taking into account commuting) in the 34 constituencies of Hampshire & Sussex (chosen as a first sample). This residence-based analysis has now been extended across the full 632 constituencies in Great Britain.

The underlying modelling estimates the medium to long-term effects (three to eight years) of the introduction of new frictions on trade between the UK and the EU27 principally, but not only, in terms of tariffs and non-tariff barriers. It is based on long-established broadly-sampled ONS employment statistics at constituency-level (the annual BRES — Business Register and Employment Survey), and on academic papers from the LSE ([Dhingra et al.](#)) and the UKTPO ([Briefing Paper 16](#)).

Three essential assumptions must be highlighted. The UKTPO's estimates do not take into account: 1. the damaging effects of immediate disruption caused by a chaotic No Deal Brexit; 2. the positive impact of possible non-EU compensating trade deals (given the distance, the economic orders of magnitude, the trade policy and the sectoral composition of alternative trading partners mean that such positive impact is likely to be marginal); and 3. the efficiency differential between enterprises in a given UK sector whose unique features and competitive advantages make them more or less able to withstand negative shocks — local factors may thus make constituency outturns different from UKTPO's averages, but this difference needs to be argued by those who have the necessary detailed knowledge.

Further work at constituency-level is required in four respects to complement these valuable results: 1. despite the exceptional complexity in approximating its effects, the damage from immediate disruption must be estimated on the basis of a consensual analytical framework; 2. the second- and third-round impacts (in particular the multiplier effect and supply-chain disruptions) must be explored; 3. the capacity of individual firms in each constituency and sector to mitigate or accelerate the negative effects of a No Deal Brexit must be assessed, while preserving the necessary confidentiality in this respect; finally, 4. DEFRA should be encouraged to provide agricultural employment at constituency-level — at present ONS does not provide this data.

For further information on UKTPO's No Deal Brexit analysis, see <https://blogs.sussex.ac.uk/uktpo/2018/12/10/the-vulnerability-of-different-parliamentary-constituencies-to-brexiteconomic-shocks/> or email uktpo@sussex.ac.uk.

NB: Given the political nature of most debate on Brexit, it is emphasised on behalf of the UKTPO that the principles governing its preparation and publication of its Briefing Papers are neutrality and impartiality both in party political terms and concerning the broader trade options available to the UK. The UKTPO thus avoids engaging in any political debate, although it accepts that rational conclusions may be drawn from its analysis of the probable impacts of specific trade choices, and that such rational conclusions may lead in turn to policy decisions.