

City better off out of Europe, say Brexit economists

Jim Armitage

THE City would flourish outside the European Union, unshackled by the constant drift towards regulation from Brussels, according to a paper due to be published this week by the so-called Gang of Eight of leading Brexiteer economists.

Economists led by Margaret Thatcher's former adviser Patrick Minford are publishing a paper on Thursday aimed at countering the Treasury's pro-EU research pamphlet last week.

The team, including Gerard Lyons – economic adviser to Boris Johnson and Roger Bootle of Capital Economics – are frustrated by the Vote Leave campaign's failure to tackle the Government's economic arguments.

The Evening Standard has seen Lyons' paper on the impact on the City, which suggests the regulatory environment for UK financial services will only get worse if the UK stays in the EU. It cites the EU's bank bonus tax, the financial transactions tax and the ban on short-selling as examples

of how "the UK has witnessed a declining ability to influence the regulatory environment for the financial sector". Although there was a "concerted political effort" in the EU to allow euro-clearing – administering euro-denominated trades – to continue in London last year, "remaining in the EU does not resolve the issue".

"It is likely that the eurozone will centralise further, ensuring that the European Court of Justice will have to decide again in the future on areas of contention," the paper says.

"At the time of the sterling-euro debate, the fear was that if the UK did not join the euro, then London would lose out to one of its perceived rivals of Amsterdam, Frankfurt or Paris. It is now hard to imagine any of these being seen seriously as a rival to the City."

Global finance had concentrated ever more on London, New York, Singapore and Hong Kong. London banks may suffer from losing their rights to trade anywhere in the EU but the effect was over-exaggerated.

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