

# London and Europe

BORIS Johnson's report this week on London's economy and British EU membership ratchets up the pressure on David Cameron as he continues his battle for European reform. The report by the Mayor's economics adviser Gerard Lyons says that London's best hope for continued prosperity is a reformed EU, with new safeguards for the interests of the City and non-eurozone countries. Yet it also concludes that leaving the EU would be a better economic option than staying in an unreformed Europe.

There will be debate over these figures. But there is little doubt that, in the short term, London would probably continue to prosper outside the EU, given its strength as an international financial centre. The fortunes of the rest of the UK are a different matter: EU withdrawal would be likely to accelerate the divide between the capital and the provinces. Big business remains firmly against withdrawal. Yet this is as much about politics as economics. With his report, the Mayor winks to the Tory party's Eurosceptics, throwing down a gauntlet to the PM to take a harder line on Europe and signalling his own position as a potential leadership contender. Whatever the business case, the pressure is now on Mr Cameron.