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British Influence and Prosperity Depend on Staying in the EU

I opposed joining the single currency for the same reasons that I now support remaining in Europe.

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In the coming months, Britain will make a momentous decision: whether to stay in the European Union or leave and go it alone. The outcome will have a long and lasting impact, on the jobs and living standards of British citizens, on the fortunes of many global companies, and on the U.K.'s influence across the world.

Similar concerns were at play more than a decade ago when the U.K. decided to stay out of the single European currency. Not adopting the euro was the right decision then. Staying in the EU would be the right decision today.

To the outsider the referendum must seem like madness. With the global economy in a perilous state, why choose such an inauspicious time to put Britain's most important trading relationship up in the air? The reality is that Prime Minister David Cameron never wanted this referendum; I joined him in the House of Commons voting against such a move only five years ago. But he was forced to change his mind to shore up his right-wing base—successfully as it turned out—before last year's election.

There are two central issues at work in this matter. The first is the woeful failure of the European single currency, alongside Britain's refusal in 2003 to join it, which accentuated the divide between Britain and the Continent. As the eurozone lurches from crisis to crisis, many British voters understandably—but wrongly—think Britain would be better off leaving the EU entirely.

But there is a second, bigger problem. Originally, the European project was conceived as a means to ensure security and prosperity in Western Europe, a nonaggression pact and a free-trade economic area.

Two things have changed. First, the EU has been transformed from a small club to a Continent-wide economic partnership. And free trade in goods and capital has been matched by the free movement of labor on a scale totally unanticipated by the EU's founding fathers.

In Britain, the scale of migration by East European workers seeking jobs across the English Channel has been the biggest driver of anti-EU sentiment by far. And the current refugee chaos is pouring fuel on that fire.

Mr. Cameron recently has been bargaining to renegotiate aspects of Britain's membership, aiming to use the concessions to bolster his campaign for staying in. While he has achieved the helpful goal of limiting benefits paid to migrant workers, Europe's leaders have shown no interest in revisiting the rules on free movement of labor. But I believe it is just a matter of time before they do.

If Europe does not eventually agree to restore borders and impose controls on economic migration, the

initiative will pass to populist forces on the far left and right whose aims are not to manage globalization fairly, but to exploit prejudice and rig markets in favor of homegrown producers.

Those necessary EU changes will not come quickly enough for Britain's referendum, but that is all the more reason why Britain must retain its influence in Europe to fight and win these arguments in the years to come.

Which brings me back to Britain's original decision not to join the euro.

Twenty years ago, just before Tony Blair's government took office, I was struck by how often the "influence" argument was put to me by American colleagues. Yes, they said, the single currency is a risky project—but surely Britain would be better able to influence it from the inside than by staying out.

I agreed with them that protecting Britain's influence was paramount, but I reached the opposite conclusion about the euro. I believed that Britain's influence depended ultimately on its economic prosperity, and that if joining the single currency crippled that prosperity, British influence would wither away as well.

That was why I spent the next seven years working hard to ensure we stayed out.

By contrast, in the current debate on Britain's EU membership, that same trade-off between having a seat at the table and risking economic prosperity doesn't exist. In fact, the reverse is true.

Leaving the EU would both weaken Britain's voice on the big global issues and damage the nation's economy. With half of U.K. trade tied up in Europe, and many U.S. and Asian multinationals currently basing their European headquarters in London, walking away now would cost us investment, jobs and income, as well as influence.

So unlike the decision to stay out of the euro, we would both be worse off economically and marginalized politically if we choose to leave the EU. The ability of the British government to help reform the world economy, tackle security threats, promote good corporate behavior, and manage globalization and migration fairly would be set back at just the time we need a strong U.K. voice on all those matters. That's why Britain must stay in.

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