

The CBI have this morning released another report (attached) on the implications of Brexit compiled by PwC.

It is worth noting as background to the CBI's claims that:

- The CBI advocated joining the Euro,
- The CBI advocated joining the ERM,
- The CBI has received £183k from the EU and spends c.900k to 1m lobbying the Commission. ([Link to EU transparency register](#))
- The CBI's last (heavily criticised) report claimed a [£3,000 loss](#) per household on Brexit.

The main reported claims from the report are:

- Brexit would lead to 950,000 job losses by 2020,
- Brexit would lead to a £100bn loss to the economy, and
- Household incomes could be between £2,100 and £3,700 lower.

These statistics are not fully born out by the report itself.

950,000 jobs are not 'lost'

These is no forecast of jobs lost in the report, they are a forecast of the number of jobs in the UK in 2020 and 2030 under Brexit senarios compared to a business/migration as usual senario.

The report judges its findings against a 'business as usual' senario in which the UK workforce of 30.3m today rises to 34.4m in 2030.

In 2030 they argue there will be between 350,000 and 600,000 fewer jobs in the UK economy compared to 'business as usual' based on two Brexit senarios.

They also argue that labour supply will be between 0.7% and 1.4% lower – this equates to between 212,000 and 424,000 EU fewer migrants in the labour force. Therefore the jobs 'lost' are not lost the are new jobs not created for EU migrants.

Extract from the report:

In the short-term, our results suggest that employment levels fall by 1.7% and 2.9% relative to the counterfactual in 2020. Over the longer-term, total UK employment (the number of people employed) in 2030 could be between around 350,000 and 600,000 lower in our two exit scenarios relative to remaining in the EU. This equates to a reduction of around 1% to 1.8% in total projected UK employment in 2030 in these two exit scenarios relative to remaining in the EU, in large

part due to lower inward migration of workers.

The £100bn figure is a future hypothetical 'loss' based on a smaller population:

The report claims a GDP loss of between £55bn - 100bn by 2020, reduced to between £25-£65bn by 2030. The GDP loss is a hypothetical one compared to the 'business as usual case'. By 2030 Table 5.2 shows that 1% out of the 1.2% loss in hypothetical GDP gains is due to lower migration. The remaining 0.1% GDP loss in 2030 relates to 'uncertainty'.

Each household would be £2,100 and £3,700 lower

The figure per household attempts to model the hypothetical drop in GDP against a hypothetical 0.4% drop in population (this is very different to the 0.7-1.4% contraction in labour supply they used for their other calculations). It is difficult to understand why the 0.4% drop used for population change in this calculation is very different to the labour supply % or how the figure was calculated but it is very convenient the mid point is very close to the £3,000 they used previously!

Extract:

We have attempted to estimate how these impacts could translate into an impact per UK household (see Table 5.3). When expressed in 2015 values (i.e. based on 2015 GDP), the GDP impact per household is around £2,100 in 2020 under the FTA scenario and £3,700 under the WTO scenario relative to the counterfactual. These estimates are calculated using our GDP per capita impacts, but making an adjustment for the average number of people per household in the UK. By 2030, however, estimated GDP losses per household are around £600-£1,800 at 2015 values.

Overall assumption:

The overall assumption on GDP is a larger short term drop caused by uncertainty and a smaller long term drop in hypothetical GDP, compared to a migration as usual scenario.

Extract:

Figure 2.1: FTA scenario results – percentage difference from the level of real UK GDP in the counterfactual

