The single market – not as wonderful as we thought

The Bertelsmann Foundation has just published a report to mark twenty years of the single market and interesting reading it makes. It found that, between 1992 and 2012, Germany's GDP increased by €37.1bn per year as a result of its membership of the EU's single market – equivalent to €450 per inhabitant. By contrast, UK GDP only benefited by an additional €1bn per year, equivalent to €10 (or just over £8.50) per inhabitant.

Denmark has benefitted even more than Germany. Its GDP increased by €500 per inhabitant per year. However, Southern European nations have not done so well. The per capita figures for Italy, Spain, Greece and Portugal are €80, €70, €70 and €20 respectively. It is unsurprising that these countries have fared badly relative to Germany. Tied to the single currency, their exports to Germany have become progressively more expensive while Germany has been able to grow its exports across the Eurozone after making significant gains in productivity a decade or so ago.

However, even Greece and Portugal, hamstrung by a currency that has not worked in their favour, have gained more from the Single Market than our country. As the debate about EU membership hots up, one of the concerns frequently expressed by figures from the business world is that it would be a calamity to be excluded from the Single Market. It has been taken as read that any trading arrangement with the EU for a newly-independent UK should include access to the Single Market and there is no question that this remains the cases. However, the size of the benefit to the UK economy has not proved nearly as significant as we were led to believe.