**The European Union is keeping Africa poor**

It’s time for some uncomfortable truths. First off:

**Brexit is happening.**

You can see from my 2016 blog post (LINK) that, for all its shortcomings, I believe that the UK would be better off remaining in the European Union (EU). Well, I lost the argument. The people spoke, if not decisively then statistically significantly, in favour of leaving the EU.

The UK is leaving the EU to go it alone. There are many choices to be made, none more so than in the area of trade and protectionism. On trade, ironically, almost all the media focus has been on Britain’s desperate attempt to achieve favourable trade terms with the EU…trade terms it would have had access to if it wasn’t leaving…D’oh!

But I don’t want to talk about UK-EU trade. If we’re leaving the EU, then let’s have some fun pointing out all the ways the EU sucks. We have the opportunity, so let’s make ourselves a nice, new country that works for Brits and works for the world. Trade isn’t just about being able to import from the EU without trade barriers, nor about being able to export our JCBs, computer games or professional services around the world, although both are obviously important. How we handle imports from beyond Europe and how we use public funds to “pick winners”, i.e. support and subsidise select home-grown industries, affects both UK citizens and people around the world.

What am I getting at?

**Trade barriers and protectionism in developed countries are keeping the global south poor.**

The EU currently enforces trade barriers and subsidises industries within the bloc in more ways than I could hope to cover, so I’ve picked two that are interlinked:

**The EU subsidises European farming such that poorer nations can’t compete.**

A cynical might say the EU’s primary role is to subsidise farmers. A surprising 38% of the EU budget went on direct farming subsidies (~30%) or “rural development”\* (~8%) in the 2015 budget (https://fullfact.org/economy/eu-budget-how-much-does-bureaucracy-cost/). Back in the 1980s the figures were as high as 70%, with food in such oversupply that it was, probably apocryphally, piled up in “food mountains” or collected into “wine lakes”. It’s worth pointing out that if the EU didn’t collect and distribute farm subsidies, it’s likely that each state would pursue some similar policy at a national level. Hence the name “Common Agricultural Policy”, or CAP: a subsidy policy harmonised across the EU bloc so that no one country is subsidising *more* that the others.

It’s amazing how little it was talked about in the run up to the Brexit referendum. The CAP takes money from ordinary EU taxpayers and gives it to some of the richest people on the continent, i.e. landowning farmers, to inflate the prices of their produce. It may well be the most regressive tax in Europe.

Although I disagree with the logic, some argue that we subsidise farmers to ensure food security should there be some global war or depression. Others say the subsidies are vital for the ongoing viability of rural communities. Considering that only around 2% of the total value-added by the rural economy in the UK comes from agriculture, and that agriculture contributes around 1.1% of UK GDP [2], this doesn’t make sense to me. On the contrary, I believe that farmland freed up by an end to subsidies would create huge opportunities for outdoor tourism, nature preservation and house building would more than make for any losses to GDP. But that is another story.

If only the problems stopped with hurting the wallets of us EU taxpayers.

**\*** Rural development are projects funded by the EU to ensure the continued viability of rural communities. For instance, the EU may pay for a new road to link up rural communities.

Since poor people are concentrated in rural areas and are typically engaged in agriculture, as will be discussed in more detail in Chapter 2, agricultural growth and rural economic growth will be particularly important for poverty reduction. [1]

[1] URL: <http://documents.worldbank.org/curated/en/726971467989468997/pdf/97607-REPLACEMENT-The-Role-of-Trade-in-Ending-Poverty.pdf>

[2] <http://researchbriefings.files.parliament.uk/documents/LLN-2016-0020/LLN-2016-0020.pdf>