CIO | VIEW
Chart of the Week
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DWS
Marketing Material

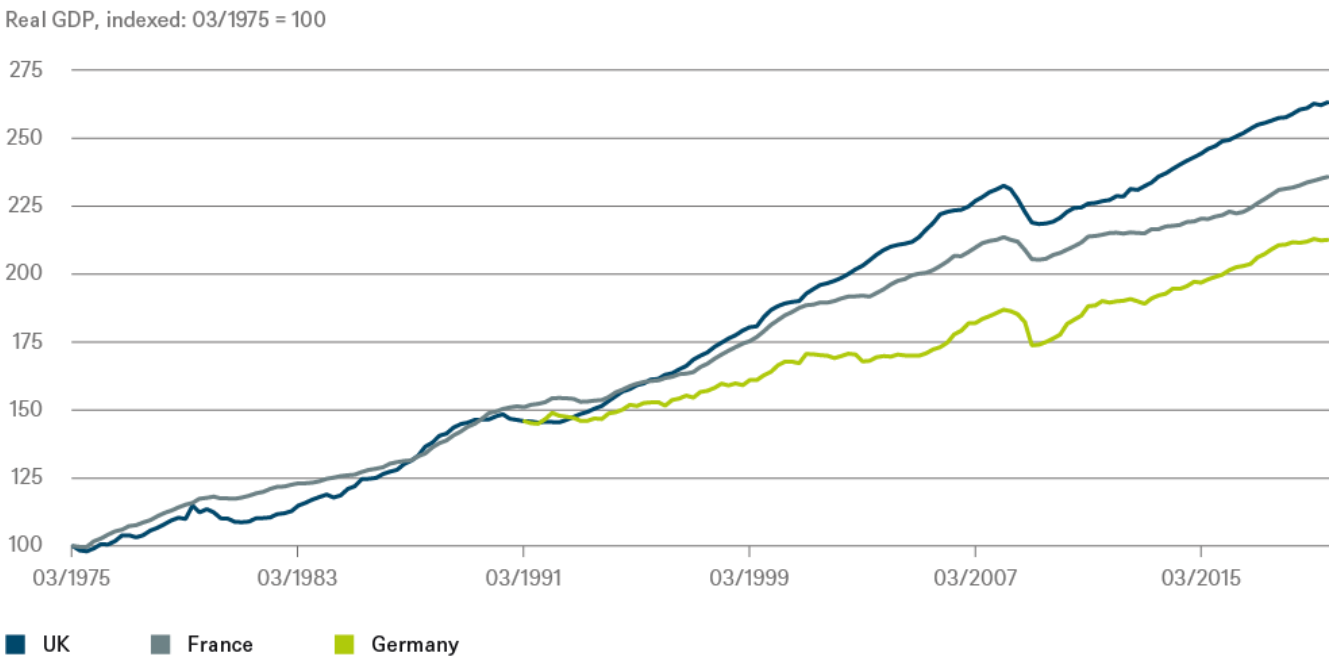
SAYING GOODBYE TO THE UNITED KINGDOM

Looking back, the UK has done quite well out of EU membership. From an economic perspective, Brussels has a lot to thank British policymakers for.

Starting tomorrow, February 1, 2020, the United Kingdom (UK) will no longer be a member of the European Union (EU). More than 40 years after joining, majority of UK voters have decided that their countries' future shall no longer be part of the project once known as European Economic Community (EEC). Or rather, majority of voters in England and Wales did. Their peers in Scotland and Northern Ireland were inclined to remain. Whether the UK will actually stay united after Brexit is one of the many political questions only time will answer.

Things are a little easier when you look at UK's economic performance during its four decades of EU and EEC membership. In today's "Chart of the Week," we look at the development of gross domestic product (GDP), the most widely accepted measure for the economic well-being of a nation. After struggling in the 1970s, the United Kingdom fared remarkably well economically, as our chart demonstrates. Once the supply-side reforms of the 1980s took effect, the UK managed to catch up with France, and race ahead from the 1990s onward. A comparison with Germany is somewhat tricky due to re-unification. However, taking unified Germany as a reference reveals an even more impressive UK outperformance.

The British didn't keep the secret of their success to themselves, and we don't mean increasing debt. On a European level, the UK kept pushing for a market-oriented, supply-side friendly economic policy. From an economic perspective, Brussels has a lot to thank British policymakers for in the years leading up to Brexit, not least the EU's single market. Fortunately, we are not yet saying farewell to our British friends in terms that matter. Until the end of 2020 and potentially beyond, the UK will effectively still be part of the single market. As a political topic, Brexit could yet keep us busy for many months to come.



Sources: Eurostat, DWS Investment GmbH as of 1/28/20

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Source: DWS Investment GmbH

GLOSSARY

Brexit is a combination of the words "Britain" and "Exit" and describes the exit of the United Kingdom of the European Union.

The European Economic Community (EEC), founded in 1957, was the predecessor of the European Community (EC) and therefore the European Union: Its purpose was to promote economic and political integration within its members, for example through a common customs policy

The European Union (EU) is a political and economic union of 28 member states located primarily in Europe.

The gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

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