Abstract

One of the decisive elements for the Brexit referendum was the great regional inequality in the UK, the biggest among the G7 economies. In this thesis, we study whether spatial inequality increased due to Brexit. We successfully pioneer a Synthetic Control Method using Lasso to estimate the Brexit impact. Our results are consistent on the national level with other scholars, achieving a mild 2% drop in the real output in 2019 and a stunning 14% fall in 2020. At the regional level, our results hint bigger losses for London and Scottish regions than for rural areas. Thus, in contradiction to other studies, we show that Brexit could decrease spatial inequality.