

The Telegraph

Now the vote is over, let's move on with six steps to a bright future



[MATTHEW LYNN](#)

28 JUNE 2016 • 7:42AM

Okay, can everyone stop whingeing? The CBI can pack away its warnings about economic meltdown, Nissan can stop telling everyone it will stop making cars in Sunderland, and FTSE chief executives can stop telling us all about how investment and trade will freeze up.

Most of the business community opposed leaving the European Union. But the decision has now been taken. The important task now is surely to make the best of that and plotting a course for the country's future.

What should the business community be asking for from that? There are six key demands it should make - stop obsessing about the European market, join other trade blocs, lift some burdensome taxes, deregulate, build new infrastructure to reassure the world we are open for trade and keep immigration high. All of those will do more to secure the economy than arguing the vote.

Big business could not have made its position on the referendum any clearer. It wrote letters to the Financial Times. It donated money to the StrongerIn campaign. It lent one of its own - Stuart Rose - to head up the Remain campaign. It sent its troops loyally over the top in the service of Project Fear, making ever more hysterical warnings about the consequences for jobs and prosperity if we were bonkers enough to leave the EU. And the result? Remain lost.

Either people didn't listen, didn't believe them, or decided they didn't care - or some mixture of all three. Whatever the reason, Britain is now on the way out. The task for business is to start shaping the best Brexit possible.

It is easy to see what a messy, bad Brexit looks like. The UK gets shut out of a huge market. Inward investment gets put on hold amid months of uncertainty. The trade deficit starts to blow out, the pound keeps sinking, and joblessness rises as the economy tanks. But what does a good Brexit look like? Here are six key demands business should make of new prime minister as he or she negotiates with Brussels, Berlin and Paris.

First, don't obsess about access to the Europe market. In the first instance, Britain should go for the Norwegian model, with full access to the single market, in return for accepting most of its rules, and paying a more modest financial contribution to Brussels. But if Angela Merkel and François Hollande want to be difficult about that, then forget it. Our trade with the EU has been sinking like a stone for the last decade - down from 55pc of our exports to 44pc over the last 10 years. The very worst that can happen is the EU imposes tariffs of roughly 4pc on our goods. But since the pound has just devalued by around 8pc, companies exporting to Europe can easily absorb that and still cut prices. The most important move is to get the new trading arrangement sorted quickly and to start focusing on the rest of the world.

Two, let's prepare our application to join other trade blocs. We are on the North Atlantic, so there is no reason we shouldn't join the United States, Canada and Mexico in Nafta (its combined GDP is \$3 trillion more than the EU, by the way). There is no reason why the rules shouldn't be tweaked to allow us to join the new Trans Pacific Partnership as well. Switzerland has signed a free trade agreement with China, and why shouldn't we - surprise, surprise, but Swiss exports to that country have quadrupled in a decade. The sooner we build alternatives to the EU market and forge our own trade agreements with economies that are growing far faster, the quicker the world will be convinced Brexit doesn't matter much.

Thirdly, push through a wave of deregulation. The Left will hate it, but Britain's economic future is now clear. We will be a free-wheeling offshore state that acts as a bridge between Europe and the rest of the world. Think Singapore, except bigger and with worse weather.

We should scrap EU-mandated labour market regulations and social protections as fast as possible. There is no reason why we should accept European limits on how many hours people do in the office - so long as we have a minimum wage in place, which we do, then it is up to every individual how long a shift he or she wants to put in. Issues such as parental leave can be freely agreed between companies and staff. Employers who want to hire lots of young women, the best educated, most skilled part of the workforce, will be generous; others less so. But business can decide for itself.

Fourthly, drop specific taxes. The City faces a huge challenge in adjusting to Brexit. There is no point denying that a lot of mainstream corporate business will start to move to Frankfurt. One move that would help it a lot would be scrapping the bank levy - it is currently forecast to bring in more than £900m a year, cash the industry could use to get it through a difficult period. Next, we should scrap energy taxes and rules that have made power more than twice as expensive in Europe as it is in the United States. That will help the manufacturing industry as it battles with the potential loss of some orders from Europe. The more help we can give to specific sectors of the economy, the faster it will recover.

Fifthly, upgrade our infrastructure. The cost of government borrowing has dropped to record lows and the Bank of England may need to print more money to stimulate the economy. We should relax on austerity and spend some money on better transport links and rebuilding roads, water and power systems. A flash new London airport would make

us far more open to the world than anything the EU has done in the last decade - and send out a great signal that the UK was still open to international business.

Finally, keep immigration at high levels. Many people who voted for Brexit wanted it to come down, but that is a debate for another day. Right now business is structured around a constant flow of new workers and although it can change that by improving productivity and using more robots, it can't be done quickly.

For the first five years, the Government should aim to keep net migration around the 300,000 mark every year, even if it wants to change the mix to allow in more Canadians and Indians and fewer East Europeans.

For all the hysteria and scaremongering, the British economy will be just fine outside the EU. But it will depend on adopting the right policies right away - and those six would be a great place to start.