

My five-point plan for Theresa May that can make hard Brexit a success



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Theresa May is set to deliver a major speech on Brexit CREDIT: JAMES GOURLEY/REX/SHUTTERSTOCK

When the Prime Minister rises to give a speech of great importance on Tuesday, it will be a week since the Leader of the Opposition gave a spectacular demonstration of how not to do it.

Last Tuesday Jeremy Corbyn managed to deliver a speech on immigration in which he contradicted his own remarks as announced by his office the previous day. Adding to the chaos, he inserted a new thought he had just come up with on a maximum earnings limit, which in turn he abandoned by Wednesday. Small wonder that Labour MPs are leaving to run museums and nuclear power plants.

By contrast, as she gives a long-awaited speech on Brexit, Theresa May will not utter a syllable out of place. Every sentence will have been pored over for days and will be exactly delivered as planned. I have watched her answer questions in the

Commons for hours at a stretch without her revealing a single thought or fact she did not intend to.

It is fair to expect, therefore, that her speech will be in line with what she has indicated before and [what is logically unavoidable](#): that once we are leaving the EU we are also leaving the single market. Staying fully in the single market would mean being unable to control immigration from the EU, being subject to the European Court of Justice and accepting every rule and regulation devised by Brussels without being there to influence them.

That's why many people who voted Remain, like me – and the PM herself – think the idea of a “soft” Brexit has never been a serious option.

The false choice between “soft” and “hard” options, that too many people got into their heads, has done serious damage to the value of the pound, since every time the Prime Minister indicates what is thought of as a “hard” Brexit [foreign exchange traders sell the pound](#), even though she has never indicated anything else.

While it is sometimes argued we should be relaxed about this, I think this view is mistaken. A fall in sterling to this extent – about 20 per cent since June – will hurt our economy with higher inflation and squeezed living standards more than it helps us with higher exports. And that in turn could hit the Government's popularity just when it most needs public support in the difficult exit negotiations.

So after she has sat down from delivering her carefully worded and crisply delivered text, the PM and the whole country need an equally determined and consistent approach to showing those markets and the world that we know what to do next. Bold statements from Donald Trump [about a US-UK trade deal](#) are welcome but don't help us much yet when no one knows how long that would take and whether it would ever be ratified.



The Port of Felixstowe CREDIT: BLOOMBERG

Philip Hammond has rightly warned the EU that “we will do whatever we have to do”. So, in addition to pursuing trade agreements around the globe, what could we actually do, to convince the world that we have good enough plans for them to start buying pounds?

Here are five ideas:

1. Establish Free Ports. My very talented successor as MP for Richmond, Yorkshire, Rishi Sunak, has pointed out how Free Ports could bring a major boost to the economy, manufacturing and the north. This would allow goods to be imported, manufactured and re-exported without any duties or taxes because they would not officially enter the UK. The jobs created could run into tens of thousands, and the merchandise handled into hundreds of billions of pounds.
2. Give tax incentives to key global industries. Special tax relief for the film industry has been a huge success: major new studios have been built in Britain, over 200 films a year are being made here and we have 260,000 jobs thriving on the back of them. Every £1 of tax relief is meant to bring £12 back into the economy. We could give similar carefully targeted incentives to other creative, [scientific and high-technology businesses](#), helping aerospace, biotechnology and others to see the UK as especially attractive.
3. Make Britain a pioneering centre of lifelong learning. Artificial intelligence could make half of all current jobs obsolete within the next 15 years. People are going to need new skills throughout their lives, and with our strong universities we could blaze the trail in providing this. It would mean creating a new culture of studying, with businesses changing the way they train employees, a vast expansion of online courses, and maybe vouchers or tax credits for individuals. We are going to have to do this anyway, so let's lead the world before someone else does.
4. Build on the three points above by being the unashamed home of talent. This means redefining how we count migrants – sorry about this bit, Prime Minister – so that we don't [exclude brainy foreign students who want to come to our universities](#) and pay for the privilege of doing so. By all means count them, but show them as a separate category and relax about them coming and going: many of them will develop a deep affinity for this country they will retain throughout the whole of a high-achieving life.
5. Make clear interest rates are going slowly up, not further down. This, of course, needs the cooperation and leadership of the Bank of England. I have argued before that interest rates have been at rock-bottom for too long. Now, predictably, the Bank says the biggest threats to the economy are ballooning household debt and the falling pound – both made worse by the widespread belief that our interest rates won't go up. It's high time to disabuse consumers and markets of that impression, before they get hooked on it any further.

Of course, there are many other things we are doing, such as improving infrastructure and lifting the incomes of low earners, which we have to keep doing.

But if, on top of a strong economic performance in 2016, we showed we were ready with these kinds of additional ideas, a lot of doubting people around the world would start to bet the other way on Britain. With three years before an election, and an Opposition that can't stick to the same thought for even 24 hours, Theresa May has the chance to follow a tough speech on Brexit with policies that could make a success of it.