## The debate about Britain's future is already settled. There will be an Open Brexit — because we have no other choice.

Six months ago, <u>ConservativeHome wrote</u> that Britain must make a collective decision about what kind of country it wants to be post-Brexit, and that there are two different roads it can take.

"The first is what might be called Open Britain. Its starting point would be that our economy needs to be as open as possible if it is to flourish after Brexit. Business taxes would be slashed. So would regulation — including much of that social and employment law that Conservatives for so long itched to get back from Brussels. We would become a kind of Panama for money from overseas. Trade deals would be framed simply to get the best deal possible for exporters; those steel imports from China, say, would flow into Britain. All this sounds like a Thatcherite vision for our economy, but it does not necessarily imply a passive state. Government could be active in the sense of going for big infrastructure decisions more determinedly than has usually been the case. More runways would be tacked on to Heathrow and Gatwick; airports outside the south-east would be expanded. Migration would be relatively high.

London and the South-East would be likely to gain most from such a strategy, at least in the short-term. The losers from imports and high immigration would mostly be concentrated elsewhere — in the Leave-voting North and Midlands among the "ordinary working people" who plumped for Brexit.

Which leads us to the second option. It begins with the conviction that government cannot let down these voters, without whom Leave's referendum victory would not have happened. Social and employment law would be preserved in aspic. Migration would be low. Trade deals would not be signed if they would let those steel imports come pouring in — which suggests that few would be signed at all. Public services policy would stress more spending rather than reform. Taxes would in consequence be higher than they would otherwise have been. Investment from abroad would be seen through a national security lens only. This would be a Closed Britain. It is difficult to square this vision of the future with the vigorous construction of new airports or nuclear power stations. We would be more likely to put such decisions off and opt for lower growth."

The release of the Great Repeal Bill White Paper has stirred a mass of speculation about legal consequences (such as whether the executive is entitled to use so many Henry VIII clauses) and political tactics (such as whether the Scottish Parliament could block the Bill's effects in Scotland by refusing legislative consent).

But it has also reheated the questions that we asked last autumn. For example, the *Daily Telegraph* has chosen this week to launch a campaign "to promise a bonfire of EU red tape in its 2020 manifesto". The effect of a Bill whose intention is to keep EU law in the short-term has been to unleash competing views of what Britain should look like in the medium and long.

Parts of this debate are clearly pertinent. For example, the future of British farming post-Brexit is a real unknown. As Richard Ali put it recently on this site: "do we want a New Zealand model of little or no support or a Norwegian model of high levels of support designed to keep farmers on the land? What sort of countryside do we want to see, and who should pay?" It may well be that Britain's urban areas are unwilling to fork out for its rural ones — nearly all of which are currently represented by Conservative MPs — but the question is a genuinely unresolved one, at least for the moment.

None the less, there is a temptation to exaggerate the scale and sweep of the choice. As we put it last autumn, a Closed Britain "is ultimately unsustainable — and, in political terms, not consistent with where the Conservative Party has pitched its tent in modern times". Britain has a strong bias towards free trade, powered by our need to export goods. This basic disposition is not going to change post-Brexit. It could be that a Far Left government somehow wins office in 2020, and immediately begins to throw up tariff barriers and subsidise loss-making businesses.

But raising that possibility only reinforces how impossible such a posture would be to sustain. Britain needs businesses to come and invest, to create jobs and wealth. This is always true, and especially post-Brexit. Theresa May has got the message. The months following her Party Conference speech last autumn, which was perceived by parts of business as too inclined to bash it, saw a rhetorical and practical rowing-back. For example, Downing Street has quietly buried its original plan to compel companies to represent workers on boards. The Industrial Straetgy has turned out to be an exercise in consultation.

Burning questions remain. Can Britain deliver social justice for its younger people, so many of whom are currently locked out of home ownership? As Russia flexes its muscles, are we prepared to devote a higher proportion of spending to defence? Will we make a necessary shift that from an over-expanded higher education sector — <a href="mailto:see Graeme Archer's column below today">see Graeme Archer's column below today</a> — to our under-developed vocational and training one? Are politicians prepared to wean us off the quantitative easing that has shafted saving? Above all, can the country live within its means and end the structural deficit?

Obviously, Brexit will have a scarcely-underestimable impact on the answers to all these. But so does the last Conservative Manifesto, with its protection for richer older retired people (the pensions triple lock; NHS ring-fencing). Ditto the unwillingness of Tory backbenchers to reduce the rate of growth of public spending. Revolts under David Cameron killed plans for disability benefit and tax credit reform. An uprising under May stifled Philip Hammond's plan to change National Insurance Contributions. The point here is not whether any or all of these plans were right or wrong. It is

that the Commons isn't currently up for the scale of the challenge.

It is true that Ministers should embrace Brexit as the great challenge which Britain must meet, and tell a story about its plans will rise to it — something that the Chancellor failed to do in the Budget. It should also start planning now: last autumn, we said that he should begin to consult on the post-Brexit regulatory regime. But the Government has limited room for manouevre between now and 2020. Much of the Conservative plan for Britain's journey must thus be reserved for the 2020 manifesto.

This places a big responsibility on George Freeman, who heads Downing Street's Policy Board, and Number Ten's Policy Unit, led by John Godfrey. But while the pace of the journey is debatable, the destination is not. We are heading for an Open Brexit — not because politicians and voters will always opt for one, but because it is the only option in the modern world for survival, let alone jobs and prosperity.