

## A vision for a post-Brexit economy

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The move of [McDonald's HQ to the UK](#) suggests the limit of the government's ambition for Brexit. It looks increasingly likely that their plan is to turn the UK into a tax haven. And that means the only people likely to benefit from their vision for Brexit are the best off and those working in banking, accountancy and law firms: what Prem Sikka has for a long time called the Pinstripe Mafia.

I have made my position on Brexit clear: I think it a straightforward mistake for this country. Since, however, I have little way of preventing Brexit happening now the fair question I have asked myself is what I would expect of any politician on this issue.

This needs to be set in the context of what the UK really needs right now. I know we could all come up with a long list of what that might be, but a focus on priorities is key when deciding on this issue. In that case I suggest there are three priorities.

The first is new investment in infrastructure. I [published data yesterday](#) showing how bad the UK is on this: we have been up to 7% of GDP short of investment compared with international averages for maybe 20 years. This is no trifling sum: in the current year it amounts to a shortfall of about £125 billion. This is a sum that would be transformational in terms of the UK economy.

Second, we are short of secure employment with prospects. Of course people want good pay as well. I am well aware of that. But security and skills are essential parts of the platform on which good pay is built, and I'll go for the foundations of prosperity first.

Third, we need to build strong economic relationships based on sustainable foundations. Our trade deficit is a real issue, unlike our government deficit, which is just a matter of book-keeping.

I accept when saying these things we also need strong public services, education, health care, and much more. I ignore them here because that would be the case Brexit or not.

How then are these three core requirements that can build a post-Brexit UK to be

delivered? In answering I am assuming the UK will have a hard Brexit: the end to the free movement of people that appears to be the UK's only negotiating red line guarantees that in my opinion. We will be beyond EU rules in that case.

The opportunities are more plentiful than the demands. First, the requirement for QE disappears if we are not in the EU. We can simply fund any government deficit by the Bank of England making direct loans to the Treasury if it wishes. The first opportunity Brexit provides is to abandon the deficit paranoia which is implicitly required by EU membership.

Second, when out of the EU the UK government will be allowed to have an interventionist industrial policy and so support essential new industries for this country by direct intervention from a National Investment Bank that will, I am quite sure, have no problem selling its bonds. The interventions have to build on strengths. We do have some. Biotech is one. Fintech may be another. And we are seemingly quite good in some technology areas. We could be a world beater on sustainability. And let's not forget services: our universities are getting cheaper after Brexit and we should be understanding that they are both major employers and exporters for this country. I'm not pretending I know all the answers here: I am suggesting that they exist.

Third, we need to get on with our next industrial revolution. This is the transformation to a sustainable basis for living. The payback on investment in sustainable energy is incredibly high: the industry could create jobs in every UK constituency and durable jobs for vast numbers who want them.

Fourth, we have to replace EU labour rights with better UK labour rights. The failure of globalisation to deliver has been the result of the emasculation of trade unions and the resulting loss of reward to working people. So in post-Brexit Britain trade union rights have to be reinforced.

Fifth, in point Brexit Britain we have to get banking right. Firstly, we have to recognise that banking as most people think of it is a service which makes almost no money for banks right now. So we need to sort out a national banking system which exposes the state to little risk to ensure that this essential public service exists quite apart from financial speculation. And if that requires a national (or a series of regional banks) to achieve the goal, so be it. If other banks then complain, again so be it: EU competition law will not apply. Next we have to realise that most of the rest of banking is about making money from home loans. This is the job for a revitalised building society sector: only savings with them should qualify for savings tax reliefs post Brexit. And third, all the rest that banks do is peripheral, often rigged and of little identifiable benefit to society at large unlike, say, the insurance sector. Of course banks that do not engage with publicly deposited funds can engage in these markets if they wish, but not without the risk falling wholly on their shareholders. The state and depositors should not in post-Brexit Britain subsidise speculation. And last, I have no problem with selling financial services, but make it ones worth selling. Advice, insurance and efficient

market support is fine: let's find ways to delive them without risk.

Sixth, we need housing. Let's undertake one of the reforms I have long suggested: one quarter of all funds invested in pension funds each year should be directed towards public investment in return for the tax relief pension fund saving enjoys. This would deliver £20 billion a year for house building and provide the chosen investment in property most seem to desire for their old age.

Seventh, let's clean up our economy. Let's close the tax gap and rid the UK of its rotten secret companies. Then honest small business will have the basis on which it can compete fairly. It hasn't got it now. Nothing might do more good for both UK business and the public finances at the same time. And if we have to employ more public servants to achieve this goal, good! What's wrong with doing the right thing for British business, which is what this would be?

Eighth, let's keep our doors open for the workforce we need. I accept that a policy of bias in employment, so that it would be necessary to try to recruit UK workers before migrant employees may be appropriate in some areas. But let's be wholly realistic that we need the skills many people bring to the UK right now and we cannot build the economy we want without them.

And last, on this list? Let's unashamedly admit we will subsidise British business if we need to do so to build the future opportunities we need. It is what we did in the past. It is how technological change is protected to ensure it can get onto its own two feet.

These are things Brexit could do, but no one talks about them. Why not? Why has no one got a positive image of the post-Brexit UK economy? I am sure my suggestions are incomplete and could be improved. But for heaven's sake, let's have the debate whether we want Brexit or not. Ir is likely to happen. Failing to plan for it would be another disaster for the left.