

Global meets Local

How to solve the paradox of Brexit

The last issue of the Spectator before the EU referendum proclaimed that Britain should go 'Out, and into the world', suggesting that, free from the prison of the EU and its stultifying bureaucracy, opportunities abound through greater participation in the global economy. This has been the first line of defence for many a brexiteer, suggesting that by partnering up with mainly non-EU economies in a plethora of new free trade deals, we were getting closer to the real action in global commerce.

There is plenty of truth in this but how does it match up to the expectations of a Brexit voter who feels left behind by globalisation and let down by the establishment for whom this has always been a clarion call? Let's not forget that the last government ditched the slogan 'winning the global race' because it didn't resonate with any voters beyond the C-suite.

This is the paradox of the Brexit vote – the disconnect between what it will likely entail for our economic strategy and the needs and wants of the voters who backed it. However it needn't be, provided the Government's response is both global and local.

First, Global. Leading Brexiteers are right to talk up the opportunities that may yet come our way in global commerce and the inception of a government department dedicated to international trade is totemic in this respect.

In terms of economic opportunity for Britain, we must ask ourselves this: where is the action going to be in this globalised world? Using demography as a guide suggests that a significant recalibration is in order. Europe has 738 million people and yet Africa has 1.2 billion. By 2050 the UN projects Africa will have nearly 4 times as many people as Europe. Do we have an economic strategy to match? Similarly, Asia has 6 times as many people as Europe but do we spend as much time and effort developing trade links there as we do obsessing about our terms of access to the EU's Single Market?

The common misperception is that these parts of the world are for international development - aid, not trade. This is wrong and getting more wrong by the day. There are already more middle class people in Asia than there are people in the EU according to EY. Over the next decade, three billion more will be added to the middle class, almost exclusively from the emerging world.

Like the USA, we have begun our own 'pivot to Asia' and emerging markets but we need to do more. The Department for International Trade must centre on a reinvented and professionalised UKTI, working closely with our Department for International Development to start this realignment: building one-to-one relationships with the most promising and fastest growing nations and in time, signing free trade agreements with them. By 2050, today's trade patterns will be arcane. We need to make sure Britain is in the vanguard of this new global trade paradigm.

Second, local. How do we match this aggressively globalist, almost mercantile approach against voters who want less globalisation, who want to stop the world from turning and get

off? We must be honest with them that turning back the tide and bringing back jobs for life in the industries of yesterday is never going to happen. Instead we must connect them to our emergent global economic strategy through a new approach to education and skills.

Despite the talk of immigration impacting local labour markets, the evidence suggests that it is actually technology that has a bigger impact. The Bank of England has estimated that up to 15 million jobs in our economy are currently at risk of automation. This has nothing to do with immigration or the EU. Technology, automation and connectivity changes everything, all the time – eroding hard lines between the state of education and working life, and ensuring it will not just be people working in ‘old’ industries who face redundancy. It will be all of us, if we do not adjust our attitude to education.

We need to do this because whilst technology threatens some jobs in certain sectors and industries, it also adds jobs in other sectors. It is then a question of whether are education and skills policy is up to this strategic challenge.

By even traditional standards – as a means to equip our children with the skills and knowledge to participate productively in society, and at a higher level, to foster engaged and fulfilled individuals – our education system is in crisis. Suffering, for decades, the whiplash of competing ideologies, systems and visions; radically inconsistent in its delivery; and with long-term advantage more deeply entrenched than ever before in private schooling – British education, once so prized, is quickly losing its place in the world. From this deflated position, education must now bear new weight as the platform from which every demographic must approach this brave new world.

In a society that seeks true social mobility for all its citizens, education cannot exist simply for our children and our graduates. It must become an accessible, ongoing and inclusive system of learning that readies every demographic for a productive and creative life. When jobs are added in new sectors, we need skills and training provision that will help those working in sectors that are shedding jobs to move.

So it is about more than equipping our young people to participate in the economy of the future. It’s about equipping all of our citizens to do so. If people have access to better paying jobs, then immigration will likely fall down the political agenda. Facing up to technological challenges presented by the global economy should be where we begin.

So just as our global economic strategy gets a new ministry, resource and political capital, our local skills strategy must receive the same treatment. The Prime Minister recently told the G20 that we must look after those left behind by globalisation. Since Brexit implies re-entering the global race with even greater enthusiasm, we have to do a much better job in ensuring that our citizens back home can participate and reap its benefits. Otherwise in terms of a backlash against the establishment, history will simply keep repeating itself.