



## Britain's First Post-Brexit PM Theresa May Will Be Tested

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Theresa May is Britain's new prime minister. Should we "Keep Calm and Carry On" or hit the panic button?

The initial reaction from markets and the British political establishment has been a collective sigh of relief. Markets and institutions value certainty of political leadership and they reacted positively when May became PM. May triumphed when the other candidate for the premiership, the relatively unknown Andrea Leadsom, pulled out of the race on Monday.

Under May's leadership, Britain will undergo its most significant period of change since World War II.

So what can we expect of May, up until now the UK's longest serving Home Secretary of the modern era?

No-nonsense, loyal and tough are words used to describe her by supporters. Cold, aloof, a

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micromanager and risk-averse say her detractors.

May is clearly resilient and hard working. She survived six years at the helm of the notoriously tricky Home Office (immigration) portfolio, which had been a career death spiral for many predecessors. She developed a reputation for toughness on counter terrorism and countering violent extremism.

May earned her stripes with the public for her tough stance against hate preachers in the UK, personally negotiating an extradition agreement with the Jordanian government to rid the UK of Osama bin Laden's deputy in Europe, Abu Qatada.

But she failed in her promise to limit immigration to the UK; there was nothing she could do about EU migration to the UK under the EU's freedom of movement requirement. In 2015, 270,000 EU migrants decided to call the UK home. Given border control was such a galvanising issue in the Brexit referendum, May will need to deliver a much better result for the UK in its exit negotiations with the EU.

Efforts to compare May with Britain's only other female prime minister, Margaret Thatcher, may be misplaced. Gender aside, May and Thatcher are on opposite ends of the Tory ideological spectrum. Thatcher's New Right championed free markets and the aggressive pursuit of British interests, while May is a Tory moderniser or One Nation Conservative. In 2002 May called for the Conservative Party to distance itself from its Thatcher-era reputation as the "nasty party". Rather, May, like former PM David Cameron, favours compassionate conservatism, social justice and consensus-building.

Early indications are that May will be less free market and more interventionist than Cameron's government. She has called for caps on executive salaries and the appointment of employee representatives on company boards. Those policies play into a populist anti-big business agenda and presumably are designed to set May up for the General Election in 2020. But they will terrify those voted Leave to free Britain of the EU's anti-competitive, red tape-heavy and big government agenda.

Critically, May did not support the Leave campaign in last month's referendum. She was a Remainer, although not vocal enough to rule herself out of the prime ministership. In her campaign pitch for the leadership, however, May was unequivocal about her commitment to Brexit. She needed to do that to be a credible candidate.

But her former position on Brexit does beg the question: will the 17.4 million Britons who voted for Brexit have confidence in a leader who didn't support their side?

Key to May's success will be healing the internal rifts in the Conservative Party. That means including prominent Brexit campaigners like Boris Johnson in her Cabinet. Those who supported Brexit will expect nothing less, as many are devastated by Johnson's failed attempt to secure the top job.



An important appointment will be the minister responsible for the Brexit negotiations. Again, Brexit supporters will expect a Leave campaigner to get the job: surely only someone who deeply believes in Brexit should spearhead these negotiations.

It will be critical for May to have a clear plan for what sort of relationship Britain wants with the EU, and the rest of the world, before invoking Article 50 and starting the two-year countdown for the exit negotiations. That includes what sort of trade relationship Britain will seek with the EU, including the nature of its access to the single market, especially in the services area which forms the bedrock of the UK economy.

May's government must also prioritise fast-tracking trade deals with the United States, Australia and the Asian powerhouses such as China.

A sticking point for May will surely be immigration. The referendum result made clear that Britons want to decide who comes to their country and the circumstances in which they come. May cannot countenance completely free migration from EU countries to the UK as it would be a betrayal of the British public.

Working all this out will take time and patience and every bit of negotiating nous in the face of the strong urge among many in the EU to punish Britain for leaving. That is a childish approach as common sense would dictate that EU leaders should seek the best deal for the bloc, rather than carry out petty vendettas.

But it's a real risk when one considers the EU's leadership of ideologues lacks the accountability and democratic sensitivities that one expects of Western leadership. And that's another reason the UK will be better off Out.

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