

Rt Hon Lord Frost addresses Margaret Thatcher Conference on Trade

22 November 2021

This afternoon the Rt Hon Lord Frost addressed the Centre for Policy Studies' Margaret Thatcher Conference on Trade at the Guildhall. He gave the closing keynote at 18.20. Transcript below (check against delivery).

Ladies and gentlemen.

Thanks to Robert Colville and the Centre for Policy Studies for putting on such an intellectually rich conference giving us so much food for thought - and thanks for allowing me the distinct honour of wrapping it up. You are absolutely right to bring the focus back to trade policy - it has huge potential to make our country more prosperous still.

I will say more about that in a moment, but first of all for me personally it's a change to be invited to talk about something different to the NI Protocol - though equally I have to say that that issue is, as you would expect, my top priority. Indeed when we discuss trade in this country we must not forget that our most urgent and pressing problem, an issue of the highest national interest, is to make sure we can trade freely within our own country. I don't think that's too much to ask and that's where we need to get to - one way or the other.

Leaving the European Union changes many things for this country, but perhaps none more immediately and visibly than the UK's ability to fully control its international trade policy.

For the first time in almost five decades, the UK is once again fully in control of its external tariffs, how goods and services come into the UK, which countries we choose to strike bilateral deals with, and how we wish to engage in multilateral fora around the world. No more sitting silently behind the EU nameplate - instead a chance to really influence discussions in our own interests.

My friend Anne-Marie Trevelyan has said much already about the progress we are already making on these issues - in our own tariff regime, at the WTO, and of course in our own FTA programme. I won't repeat that.

What I do want to underline is that none of that progress would have been possible if we had done what many wanted and gone with a different form of Brexit, one that kept us more closely in the EU's orbit. Our policy on all these matters would have remained subcontracted to a remote organisation, many stages removed from our citizens, with even less democratic oversight than when we were a member state.

As far as I can tell, many people - though no one here, of course - would like to inch us back to that situation over time. That can't be right.

It can't be right because trade policy affects many things of direct concern to everyone in this country.

The breadth of choice and cost of goods available to the public. The ability of entrepreneurs to grow their businesses by expanding into new markets. The debate around producer vs consumer interests at home. The balance of openness and protectionism.

It is right that such hugely significant questions of national economic policy are subject to proper public debate and democratically accountable decisions.

Already this is beginning to happen.

For the first time for many years we have proper debate about trade issues. Whether it is which countries we seek deeper trade relations with, tariffs on steel, the balance between cheaper food for Brits and protecting our own farmers - for 50 years we couldn't make these decisions for ourselves.

Now we can. And to make the best decisions we need the fullest and free-est possible debate. I believe that free debate is a good thing. It forces everyone to test their arguments and I strongly believe it means the best ideas win.

That's why I am a bit of a free speech zealot - on every subject not just trade. We need to make sure that the room for testing ideas and for free debate is properly protected - whether it is on trade policy, economic policy, or indeed the right policy to manage the consequences of covid-19. I worry about some of the constraints in practice about what can now be said in the public arena. Free speech is the best guarantor of democracy and we restrict it at our peril.

Keeping this room for debate is central to how we manage the kind of country we want to be after Brexit. It goes to the heart of both the new policy freedoms we now have outside the EU, and the question of democracy - the most fundamental cornerstone of Brexit.

We are now in a different position to EU Member States. Trade policy is only one of the things which EU member states can no longer change by elections. Most also cannot change their fiscal policy, industrial policy, competition policy, energy policy - and so on. In the Euro you cannot change monetary policy either. They have made that choice and it is for them to make.

Personally I can't help believing that the high levels of churn in political parties and leaders in EU countries, the fraying of party structures, and the rise of genuinely populist and anti-system parties are not in some way connected to this inability to change many things through elections.

That is why I am glad we have taken a different road in the UK. Our elections now matter. Everything can change as a result of them. That means politicians have to compete in the marketplace of ideas. We have to persuade people that free markets and free institutions are the best way forward. If we can't - we lose. That's why engaging in that battle of ideas, with organisations like the CPS at the forefront, is so crucial.

And that is all the more important because we are on our own now. Our destiny is in our own hands and we have to step up and compete at a global level. It is no longer good enough to be the most attractive economy in the EU.

We face global competition and we have to benchmark ourselves against the whole of the world. That is a big challenge - for government as well as the private sector.

And that is why I have the job I have - trying to ensure there is consistency between what's required by our agreement with the EU, by our FTAs with other countries, and by the programme of domestic reforms that our new freedoms make possible.

My job is to drive change within government, to push policy in the right direction and to overcome the forces of entropy, of laziness, of vested interest.

What Brexit means for the future is dependent on whether we can seize these opportunities. Whether we can liberalise, free up, create competition on our own market, create the conditions for innovation and productivity growth.

So I can't share the views of those who think we can treat the private sector as just a convenient way of keeping the public sector running. It isn't just a source of taxes. Nor is it a bunch of people who will inevitably do bad things unless the Government keeps a very close eye on them.

We can't carry on as we were before and if after Brexit all we do is import the European social model we will not succeed.

We have not successfully rolled back the frontiers of the European Union from Britain with Brexit, only to import that European model after all this time.

So we need to reform fast, and those reforms are going to involve doing things differently from the EU. If we stick to EU models, but behind our own tariff wall and with a smaller market, we obviously won't succeed.

That is why I talk so often about divergence - not for the sake of it, but because it is a national necessity.

This project has already begun - though I would be the first to admit there is a lot more to do.

We are liberalising the growth areas of the future to open them up to greater innovation - in data reform, gene editing, transport, medical licensing and devices, Artificial Intelligence, and more.

We are making changes to the nuts and bolts of many of the core frameworks underpinning the economy to make them less bureaucratic and more dynamic than the EU regimes we have now left - state aid and procurement being prime examples.

We are phasing in our new domestic agriculture regime, while our immigration system has been reformed to give us much greater control over who comes into the UK and facilitate the shift to a high-wage, high-skill economy.

And we are conducting a systematic review of all the Retained EU Law which we have inherited, laws which never received proper democratic scrutiny before being implemented in the UK, and looking at ways to reform and change it so we can put ourselves on the best possible basis to meet the competition.

This is only the beginning. We must keep challenging ourselves. It is all too easy to get captured by the interest groups and the lobbies. We don't have time for that. The world is not standing still. No-one owes us a living. Earning one is now fully in our own hands.

The formula for success as a country is well known. Low taxes - I agree with the Chancellor, as he said in his Budget speech, our goal must be to reduce taxes.

Light-touch and proportionate regulation, whatever our policy objectives.

Free trade - of course - simultaneously increasing consumer choice while reducing consumer costs. Ensuring competition stops complacency - keeping our economy fit and responsive to innovation and progress abroad.

And personal freedom and responsibility. Unavoidably, we have had a lot of state direction and control during the pandemic. That cannot and must not last for ever, and I am glad that it is not. I am very happy that free Britain, or at least merry England, is probably now the free-est country in the world as regards covid restrictions. No mask rules, no vaccine passports, and long may it remain so.

Ladies and gentlemen, Baroness Thatcher, after whom this conference is named, famously said in 1984 that she had come to office "with the deliberate intention to change Britain from a dependent to a self-reliant society.... to a do-it-yourself nation, a get-up-and-go Britain."

She succeeded. And, if at times recently we might have seemed to have lost that spirit, Brexit is bringing it back. The amazing response of the private sector to keep things going during the pandemic shows it is still there. A determination to face problems and overcome them. To innovate and find new solutions. To ensure that we continue creating wealth, driving growth and ensuring the best for everyone in this country. That is the spirit that will ensure this country succeeds - and I will work to ensure that it does.

Thank you very much.

[Via Centre for Policy Studies email press release]