

Paper: <https://www.hks.harvard.edu/centers/mrcbg/publications/awp/awp160>

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With Britain now at a post-Brexit crossroads, how can the UK government turn Global Britain from a political slogan to an economic policy reality? In their latest paper on post-Brexit Britain, the authors identify five areas of choices for the UK government: trade, regulation, migration, “leveling up” and the UK’s global narrative. This webinar includes comments from Ed Balls, Sajid Javid, Camilla Cavendish and Sir Paul Tucker.

John Haigh:

Welcome, everybody. I am John Haigh. I am the co-director of the Mossavar-Rahmani Center for Business and Government. We are incredibly fortunate today. We have an all-star cast of former Senior Fellows from the Mossavar-Rahmani Center for Business and Government. And I mean, I got to tell you, it is an all-star cast.

John Haigh:

What I like about it, in particular, is that it's basically pretty bipartisan, in terms of the backgrounds of the people that are here. We've got Camilla Cavendish, Sajid Javid, Paul Tucker, and Ed Balls will help us moderate.

John Haigh:

It's just a truly all-star cast. I'm feeling like we're porting the British government over to the Mossavar-Rahmani Center, and if we could only do something similar for the United States, we might all be in better shape.

John Haigh:

But with that, I really want to turn it over. The topic today is Finding Global Britain: From Political Slogan to Hard Economic Choices.

John Haigh:

We're doing this in conjunction with the British Caucus, so I want to turn it over to Barnaby, just to give a few opening comments, and then we'll get to Ed Balls, to help really run the show on this. So thank you all for coming, by the way.

Barnaby Lynch:

Hi, everyone. Good afternoon, good evening. My name is Barnaby. I'm the co-chair of the British and Irish Caucus at Harvard.

Barnaby Lynch:

We're very excited to be able to introduce this, I think, the fifth in the series of these wonderful events. We really do have a great panel time. We're very excited to see everyone speak.

Barnaby Lynch:

I'd like to just introduce Ed Balls. Ed Balls is one of the co-authors of the paper. He's one of our panel event discussioners tonight.

Barnaby Lynch:

Ed was also a former chancellor, as many of you will know, in the UK, as well as actually being my local MP, up in West Yorkshire for 10 years, as I grew up. So it's a pleasure to introduce Ed, and the rest of the panel. Over to you, Ed.

John Haigh:

Ed, you're on mute.

Ed Balls:

I apologize for that. Thank you so much, indeed, John. Thank you to Barnaby. Thank you to everybody for coming along.

Ed Balls:

First correction of the evening, a former Shadow Chancellor, Barnaby. Unlike Sajid, never actually a former chancellor, but there we are. There's a memoir in there somewhere, but thank you, too, and all of you for coming along.

Ed Balls:

This is actually the second paper we've done in this series, looking at how Brexit and its aftermath will shape British economic policy. The last one of things we looked at, the issue of the prospects for a UK-US free trade agreement, which we discussed almost a year ago, beginning of February.

Ed Balls:

It was the weekend after the US had gone, or Harvard had gone, into international lockdown, and I was unable to travel over. Everybody else was in a conference room in the Kennedy School, and I came onto this thing called Zoom, to do discussing it, but which I had never, ever done before, and it's very strange, but it seems a very, very long time ago, that passing of 12 months.

Ed Balls:

Here we are now on that, Zoom. We're going to be doing a discussion in three parts. First of all, we're going to do a presentation of this sixth paper, Finding Global Britain. I'm hoping that Sechi's going to put the first side up now. Then we're going to have a discussion.

Ed Balls:

As John said, we have three discussions. We have a former head of the Downing Street policy unit, Camilla Cavendish. We have a Former Chancellor of the Exchequer, Sajid Javid, and a former deputy governor of the Bank of England, Paul Tucker, who all can give us different perspectives on these issues as we go forward.

Ed Balls:

Then we're going to open it up to discussion, and the Q&A function on your screens will be where you can ask questions, and we'll respond to those questions. And then we'll end by 7:30.

Ed Balls:

The paper, just to introduce my coauthors, who'll be here for the evening, Nyasha Weinberg, Jessica Redmond, Sechi Kailasa, Tomasso Cariati. Nyasha is a graduate MPP of the Kennedy School. Jess, Sechi and Tomassa are still on the programs for MPP or MPA, MBA? MPA. We've been working on this paper over the last few weeks.

Ed Balls:

Title of the paper, Sechi, next slide, is, Finding Global Britain: Political Slogan to Hard Economic Policy Choices. The thing which has motivated us here is thinking about how, the aftermath of Brexit, but also, the agreeing of the EU deal just at the turn of the year, how that now opens up the prospects for British economic policy, going forward.

Ed Balls:

The former Prime Minister, Theresa May declared, a few years back, that "Brexit will now make a truly global Britain possible." As Britain takes over the presidency this year, the G7, and also the COP26 talks, Boris Johnson Tweeted at the start of the year, "This will be a hugely important year for Global Britain."

Ed Balls:

The question we aren't going to ask in this presentation is, "What is this Global Britain? What does it actually consist of, and what are the choices, which face the country?" Next slide.

Ed Balls:

I think, quite often, there's a caricature of the debate about global Britain. On the one hand, a rather optimistic, almost hubristic view, that finally, free from the shackles of the European Union, Britain can bestride the global stage, and return to [crosstalk 00:06:08] dominance, a return to Britain based upon our Imperial Commonwealth past, at last restored. Or, on the other hand, not the Imperial Britain, but the Britain Diminished view, the idea that Britain leaving the European Union, post-Brexit, is now a hugely diminished power, lacking clout, lacking influence.

Ed Balls:

What we're going to argue in this paper is that actually there is a middle way between the hubris or the pessimism of these two kind of extreme views. We're quite used to the idea in Britain, at the moment, that the extremes define the debate, extremes of optimism about Brexit, or the pessimism of [inaudible 00:06:59].

Ed Balls:

But the question is, what is this Global Britain? And what choices does it face for the future of our country?

Jessica Redmond:

And just as Ed was saying, where can we locate Global Britain between these twin poles of imperial Britain, and Britain diminished? One of the first things we came across in our research was that, actually, there's a lot of debates about whether Global Britain has any substance behind it at all.

Jessica Redmond:

The Foreign Affairs Committee explored the government's ambitions and objectives for Global Britain in 2018, and came away with this rather sad conclusion. "The only thing that is clear about Global Britain is that it is unclear what it means, what it stands for, or how its success should be measured."

Jessica Redmond:

In fact, perception of Global Britain as a substanceless PR campaign has become quite widespread, as encapsulated here by this Tweet by Hugo Rifkind, the Times sketch writer, who says, "Big relief to hear Priti Patel on the radio, explaining that Britain is at the forefront of Global Britain. Imagine how embarrassing it would be if it was somewhere else. France, maybe. Awful."

Jessica Redmond:

To find out what Global Britain could mean, in terms of a series of economic policy choices, we have conducted a series of interviews with representatives from business, academia, and those of the halls of policymaking in government within the UK. We also spoke to senior policymakers in the EU, as well as from countries such as Australia, Singapore, and Canada, we felt would be able to provide particular insight into the UK situation as a mid-sized power navigating the new global economic world outside a large trading bloc.

Jessica Redmond:

Our first clear finding, from our research, was that leaving the EU doesn't have to mean that the UK is consigned to economic and political destitution. UK remains one of the largest economies in the world. As this chart on the left hand side shows, it remains the world's second largest service exporter.

Jessica Redmond:

It also ranks highly internationally, in terms of its business environment, and institutional context, and benefits from structurally strong positions in a variety of international organizations and fora, as well as holding good reputation for its civil service and diplomats. And this was encapsulated by two quotes from some of our interviewees.

Jessica Redmond:

We've got Kevin Ellis, from PWC UK. "The UK has every opportunity to strengthen its position as a dynamic and trusted place for business." A senior Bank of England official commented that, "The UK machine is good at operating an international fora, and remains pretty powerful. We have good ideas and good networks."

Jessica Redmond:

It's unlikely that this position is going to disappear overnight just as a result of leaving the EU. But at the same time, it could be eroded over time without a sensible strategy in place. However, despite that, a second finding was that suggestions to the effect that the UK could return to the days of sovereign trade and political dominance globally, that it had experienced in the past, were equally unbounded.

Jessica Redmond:

The world has changed significantly since the 1800s, and even since the UK joined the EU. Previous trade dominance in the world was a function of the UK's position as a colonial imperialist empire, and also its early adoption of the industrial revolution. Instead, even just over the last few decades, the global economy now represents a very different distribution of power, [inaudible 00:10:25] productivity.

Jessica Redmond:

Countries seeking to enter into trade deals, especially if they're seeking trade deals and services, often now have to accept a degree of integration with other economies, which often means sacrificing some sovereignty. A clear finding from this was that the UK was never going to be able to completely pivot away from Europe. The EU is always going to be an extremely important trade partner for the UK.

Jessica Redmond:

That is capsulated by two quotes we have on the slide here, firstly, by Thomas Sampson, from the LSE. "The UK is too small a country, both economically and militarily, to try and take the kind of role of the US, China, India, or the EU."

Jessica Redmond:

Andy Burwell, from CBI. "If the UK wants to shape the future global environment, it can only do so through alliances and collective action. Linking foreign policy to trade sounds very colonial."

Jessica Redmond:

Having rejected these two extremes, where can we find global Britain? Our interview suggested that the following elements could make up the core of a Global Britain policy agenda.

Jessica Redmond:

Firstly, trades policy, global rules or regulation, migration policy, domestic leveling up policy, that aims to target inequality within the UK, and that all of those different policies need to factor into a compelling narrative, about exactly what kind of country the UK is going to be outside the EU.

Jessica Redmond:

Now, moving on to the first area that we identified, trade policy, our interviewees throughout the following challenges for the UK. Firstly, whether the UK should prioritize multilateral, bilateral or plurilateral trade deals, whether UK trade behavior should be collaborative, conciliatory or adversarial, and then, also, how trade goals or trade outcomes should be prioritized against other domestic outcomes.

Jessica Redmond:

Our findings from these interviews were as such. Reviving multilateral trade is a difficult long-term challenge, but bilateral deals are too narrow to offer a significant upside benefit.

Jessica Redmond:

Plurilateral deals have more immediate potential, particularly in services, and can be stepping stones towards multilateralism. The EU and the US might be reluctant to engage in a new push from service sector liberalization, but the UK should keep the door open for them to join.

Jessica Redmond:

An adversarial approach with the EU is not in the UK's interest. The new trading relationships must not alienate our most significant trading partner. Then finally, trading relations which deliver domestic outcomes and greater equality should be prioritized. And an example of a policy that would achieve that was greater support for SMEs.

Jessica Redmond:

Some quotes from our interviewees that backup these conclusions are from a senior UK treasury official. "Nobody is particularly optimistic about multilateral trade, or reviving the WTO. People will talk about it, but there is no real sense that it will happen quickly."

Jessica Redmond:

David Wright, a former EU Commission official. "I see nothing wrong with building out from coalitions of the willing. But global trade cannot operate without a global dispute settlement mechanism."

Jessica Redmond:

A senior UK government official. "Things won't move forward on the multilateral front, so the implication's to do things bilaterally or plurilaterally. I can imagine a plurilateral initiative in services."

Jessica Redmond:

A Brussels-based Foreign Office official told us that, "The EU will be watching UK attempts to build more Pacific-facing relationships like a hawk." Then, finally, Rosa Crawford, from the TUC. "If the UK strikes future trade deals that lock in the highest standards through effective enforcement mechanisms, we could set the precedent for global trade."

Jessica Redmond:

Our international interviewees also provided the following insights into the UK's situation. Firstly, Wayne Swan, former Australian Finance Minister, told us that, "When looking at trade strategies at this minute, it's a pretty murky world. It's fair to say that there is much to learn about how to operate in a less friendly world."

Jessica Redmond:

Tharman Shanmugaratnam, Senior Minister of Singapore, told us, "If multilateralism isn't possible, a second best approach is to find a way towards it. The UK's aim to join CPTPP is a very good example. The US may join too, de facto creating something close to multilateralism."

Jessica Redmond:

And then, finally, Mark Carney, former Canadian G7 Sherpa, and former Governor of the Bank of England, told us that, "Canada, Singapore and Switzerland will be persuadable on services. The UK should convince the US that services liberalization is the way to get decent surplus with China." Now going to hand it over to my fellow co-author, Sechi.

Sechi Kailasa:

Thanks, Jess. Our second building block was around the area of global rules of the game. The three questions we addressed in our paper were the following.

Sechi Kailasa:

What is the UK's post-Brexit regulatory philosophy? On which global issues should the UK take leadership position? Finally, why should the UK diverge or remain within the EU regulatory orbit? The conclusions that we got through in our interviews with the following.

Sechi Kailasa:

The UK is too small to impose its regulatory approach on the world, and it's too large to simply be a rule taker. Brokerage and innovation offer an alternative. The UK's expertise, experience, and international standing in financial services, climate change technology and global taxation are areas for brokerage.

Sechi Kailasa:

The G7 presidency demands UK leadership on COVID recovery, technology, and multilateral tax reform. COP will be a second big test of Global Britain. As one of the largest donors to COVAX, a leader in the vaccination race, and with its world-leading side life sciences sector, the UK can drive post-pandemic resilience.

Sechi Kailasa:

Finally, regulatory divergence from the EU is going to be challenging, but leading or brokering regulatory reform requires risk-taking. In financial services, there are opportunities, but in data privacy, the risk of antagonizing the EU may be too great.

Sechi Kailasa:

Some of the quotes we got from our interviews of the following. Senior Downing Street official. "We're bigger than Singapore and Canada, and more confident as a global player than Japan. Between the US and EU, we must be smart and nimble."

Sechi Kailasa:

Tony Danker, CBI. "Britain needs a leapfrog strategy, using its regulatory freedoms to get to a world of 2030 faster, rather than simply thinking how to show Brussels this has all been worth it."

Sechi Kailasa:

Senior Bank of England official. "If you can show that something works in a fairly chunky mid-sized economy that's globally integrated, that's powerful."

Sechi Kailasa:

Finally, Simon Usherwood, University of Surrey. "In practice, like it or not, we will have to broadly follow EU rules."

Sechi Kailasa:

Senior European Commission official. "There are certainly some areas where the UK leads. And I can see that you might wish to be at the forefront of international processes."

Sechi Kailasa:

Tharman Shanmugaratnam. "One of the opportunities for bilateral and plurilateral deals is freeing up the digital economy and digital connectivity."

Sechi Kailasa:

Mark Carney. "There's a period of time where there may be some issues, such as data privacy. You can't do without the EU. I'd advocate others to lead on services liberalization, so it doesn't look like a direct UK confrontation with the EU."

Sechi Kailasa:

Maria Demertzis. "When the political dust settles, then we will realize, we will realize that the UK, regulation-wise, is a lot closer to the EU than it thinks."

Sechi Kailasa:

Our third building block was around migration. And the questions we addressed in our paper here were, what kinds of migration does the UK need? What should the UK's approach to migration be? And what is the Global Britain story around migration?

Sechi Kailasa:

The conclusions we got to were, ending free movement with the EU doesn't mean closing borders. Indeed, the government actually accepts the need for high skilled labor. Migration policy also requires choices on how Global Britain responds to shortages of low-skilled and seasonal workers, supports higher education, and faces up to Britain's aging population.

Sechi Kailasa:

To sustain support for migration, the government must persuade the public that there is effective and fair control over immigration. The narrative on managing migration will shape how Britain is seen by potential or remaining migrants, and domestic voters.

Sechi Kailasa:

Some of the quotes from our interviews are the following. Senior Downing Street official. "Our points based immigration system is deliberately designed to make it easier for high-skilled immigrants to come in, and more difficult for low-skilled."

Sechi Kailasa:

Sajid Javid. "Lower unskilled migration will be good, because it will force businesses to increase productivity of a more limited, more expensive workforce."

Sechi Kailasa:

Jonathan Portes. "Sectors like hospitality will either shrink, because of COVID-19, in which case, migration doesn't matter, or their recovery will be inhibited, because the migration system won't fill vacancies. The indications are this government won't back down, just because businesses suffer."

Sechi Kailasa:

Senior Bank of England official. "'Free movement' as a slogan was disastrous, as people felt like there was no control. By changing the rhetoric to 'grip and control,' similar to Australia, the UK can set quite an open migration policy, while letting people feel it is under control."

Sechi Kailasa:

Jo Johnson. "Even if we've still got net migration of 300,000 a year plus, that doesn't matter anymore, because we're in control."

Sechi Kailasa:

Some of the quotes from our international interviews are the following. Mark Carney. "Effective inward immigration policy has been demand driven in the UK. It's a totally different culture in Canada, where immigration is really welcome."

Sechi Kailasa:

Tharman. "Good immigration policy might be aligned to maximizing and protecting jobs. In Singapore, this means being very liberal at the top and bottom of incomes, and a little tighter in the middle, but that might not be the right formula for the UK."

Sechi Kailasa:

Wayne Swan. "We've managed to avoid the full scale revolt against migration that has been seen elsewhere. The implication of the points system is that we have chosen the people who come in."

Sechi Kailasa:

Maria Demertzis. "The UK was always effective at getting immigration at all ends of the skills distribution to meet its shortages, and from all corners of the world. The EU is a big supplier of labor, a flow that will undoubtedly be disturbed in the short run."

Sechi Kailasa:

Our fourth building block was around a leveling up agenda. The questions we addressed in our paper were the following. What is the Global Britain strategy for promoting growth and leveling up? Should Britain level up through freer trade, or through more controls on trade? And finally, what example can the UK show the world about managing globalization?

Sechi Kailasa:

The conclusions we found were, delivering fairer domestic outcomes, both regionally, and between cities and towns, is vital for global Britain. Our interviewees rejected simply undercutting international competition, and instead, advocated investing in innovation, skills, infrastructure, and trade adjustment assistance.

Sechi Kailasa:

The UK must replace European policies on state aid and agricultural policy, and find a new constitutional system to sustain the union. Other countries will be watching closely. The economic and political divides that global Britain must tackle a common to many countries.

Sechi Kailasa:

Some of the quotes are the following. Senior Downing Street official. "The only way that the UK can square its free trading, market-based approach, is to be quite a lot less free market when it comes to regional growth."

Sechi Kailasa:

Tom Riordan. "London cannot survive on its own. The UK cannot be just about the capital. The reason London can be what it is, is because of the other parts of Britain."

Sechi Kailasa:

Sajid Javid. "There's nothing wrong with shifting jobs from an area of high employment, to an area of low employment, to improve equity across the country."

Sechi Kailasa:

David Wright. "It looks like the Scots are going to go, and Northern Ireland may also decide to leave. You can't play a Global Britain role while the whole country is disintegrating."

Sechi Kailasa:

And from our international interviews, Rem Korteweg. "Global Britain has to first clear the pretty high bar of not becoming Global England."

Sechi Kailasa:

Mark Carney. "We should build thresholds up to a certain size for SMEs to achieve distributed globalization. Through this, the UK can also keep sovereignty in terms of rules, hygiene, and financial stability."

Sechi Kailasa:

Tharman. "Global Britain must enable growth in incomes in the middle. This has to be about constant investment in human capital and inclusive growth. You need to properly regenerate areas, across the board, to avoid a Brexit-type perception of who is gaining and who is losing."

Sechi Kailasa:

Maria Demertzis. "The issue of inequality is ..."

PART 1 OF 4 ENDS [00:23:04]

Sechi Kailasa:

Maria Demertriz, "The issue of inequality is crucial. Growth needs to be sustainable. And if it's not equitable, it's not sustainable." I'm going to pass it back to Jess for the final building book.

Jessica Redmond:

Thank you [inaudible 00:23:14]. So our final building book was the narrative that surrounds all of these policy decisions. And the two challenges that we addressed in our paper were, firstly, why does the narrative matter? And secondly, what can other countries teach Britain? Our conclusions were that this year, Britain will begin to develop its narrative through its response to COVID-19, and the G7 and then the vaccine rollout, through climate policy at COP, and through its decisions on migration and levelling

up. Our international interviews advised the Global Britain narrative, needs to be outward looking collaborative, not adversarial, humble, not arrogant, and consistent between its international and domestic audiences. Our UK interviews, stress that hubris and pessimism risk undermining the Global Britain narrative. And that global person must show the public and the world, it is addressing internal divides within the UK.

Jessica Redmond:

A Brussel-Based Foreign Office Official told us that "Global Britain has been around for a long time. It doesn't communicate terribly well. We simply state that we want global reach. As a consequence, it seems hubristic rather than that we merit global reach through hard work." Tom Riordan, "The message cannot be an imperial vision anymore. The way other countries do it such as New Zealand and Canada, is largely being an outside player in collaboration with other countries." And a Senior Treasury Official told us, "There has been a lot of hubris in British politics in recent years. Whatever the shenanigans in Parliament, the Treasury successfully presented itself as a sensible player internationally, but this won't last forever."

Jessica Redmond:

Wayne Swan, "If the UK did a roadshow about returning to a world of Commonwealth trading relationships to launch Global Britain, that would be spectacularly unsuccessful, and in itself harmful." The Senior European Commission Official, it's difficult to perceive anyone trusting a version of the UK as a leader or a broker, when it has just abandoned its opportunity to do brokerage in the deepest international agreement, the EU. And Mark Carney, "You need to let the big blocs get the glory. That's easy if you're Canada, you're just glad to be at the table. That's much harder for the UK, which used to be an Empire and world power. You can use to be tactical, and appropriately humble." And now I'm going to pass it back to Ed to close us out.

Ed Balls:

So we end with these questions. And with, I think an understanding that we are in the foothills of defining what Global Britain is actually going to be the combination of exhaustion after Brexit and the negotiation, of the Brexit deal and COVID means that there's not been a huge amount of looking forward yet certainly on the [inaudible 00:26:24] policy. And yet we have the G7 presidency this year, or we have the cult talks coming up. There's a tendency for those on the Brexit side you just assume, the answers to these questions are straightforward. And that is where the [inaudible 00:26:38] comes from. I think on the other side, a tendency to want to dismiss Global Britain, but of course that's very bad politics for Keir Starmer and the Labor Party.

Ed Balls:

The question is, what kind of Global Britain will we now have on trade? What direction will we take, Britain first bilateralism, building on the EU relationship, new plurilateral alliances, or multilateralism? On regulation, competitive deregulation, or trying to broker through leadership, new global agreements? On migration clamping down on unskilled migration, or trying to build a new consensus, for fair and effective managed migration? On levelling up, is there a strategy? And can it save the union? On narrative, is there a vision of Global Britain that can be sold, to both the British public and the world, which doesn't fall into the hubris trap that our international, people we spoke to, are willing to solve?

Ed Balls:

So those are the questions, and that's the beginning of this debate this evening. And we have... as I said, if I distinguished group of people to respond and shape their view of what global Britain can and should be and how the UK, not particularly the UK government, but also the opposition can navigate their way through this in the next months and years. As I said, we're going to hear from Paul Tucker, former Deputy Governor of the bank of England, a Senior Research fellow at the Mussel Romani center, from Sajid Javid Former Chancellor, and a Senior Fellow. But first of all, former Downing street policy chief, also a Senior Fellow Camilla Cavendish. So Camilla, first of all, over to you,

Camilla Cavendish:

Thanks Ed, tell everybody. So, there's a lot of interesting stuff in this paper, and I'm sure we'll get to all of it, but I'll, I'll try and pick off a few parts if I can. I mean, I perhaps I'll start where you ended, which is with narrative. And I guess I'm never convinced as to whether there is a narrative you can really sell, but I totally agree with the points in the paper that whatever the narrative is, the attitude has to be humble and it has to be outward looking. And I think it's really about tone. So even if we don't have a full story that we can put everything underneath it the tone, it seems to me as vital. And the last four years, Britain has been unbelievably inward looking. I mean, the debate in Britain has been extraordinarily insular. And I think a lot of our international partners have just looked on in amazement really.

Camilla Cavendish:

And it's left us, [inaudible 00:29:15] alluding to... it's left us, I fear not very well prepared for the post-Brexit world because there's been an awful lot of [inaudible 00:29:22] to learn mentality, which has not actually taken on the realities of some of what you've just spoken about. And clearly if Britain can join the CPTPP, that would be a very good example of where those kinds of alliances are going to be vital. But, but I think a lot of the message from government has continued to be that somehow, Britain is going to go it alone, which is simply not true. And there's been an awful lot of sort of jingoism. And when we've had it at the vaccines were actually having failed on almost every aspect of the Corona crisis Britains done quite well on vaccines, and unfortunately one or two cabinet ministers have managed to turn that into a sort of horrendously jingoistic claims about our brilliance.

Camilla Cavendish:

Now, when I was thinking about that, I was thinking well, who are the faces of Global Britain actually, because it's not just the story you tell, but it's who is going to be telling the story. So I think one of the issues for the current government is it does not have, enough people around the cabinet table, who have the kind of credibility, the outward looking views and the experience, that we actually need to sell Global Britain am afraid. I think if this government can get past the Brexit moment, it ought to be reshuffling the cabinet in a very different way and bringing in, I mean, I would personally bring in people from all sorts of different political parties, because I think we are on a sort of almost national emergency situation where we can kind of need to get it right for the next few years. Now that won't actually happen, but I do think it's worth just thinking about who are the faces of global Britain.

Camilla Cavendish:

COP26, has a very nice minister running it called Alex Sharma, but again, he's not a known quantity in the world. Mark Carney is, and he's a great asset to that plan, but again, I think the prime minister probably wants to start thinking about, co-opting a few kind of bigger names into this picture. So one point I wanted to make was about services. I think very early on in the presentation, you talked about

Britain as a powerhouse of services. Now, again, this point has been lost in so much of the major and political debate. For four years most of our debate in Britain has been about goods.

Camilla Cavendish:

I think the lack of understanding and the political class... and I mean, I'm a journalist myself and I admit, and I think also in the media, of the reality of a service's economy, and what it needs to flourish, is really surprising and quite alarming. And there needs to be quite a lot of work done really fast. I think on fully educating the political class about what that means. London is currently... the city of London, I think Brexit has offered us probably only two out of 40 areas, where they wanted market access. I mean, they're being very, very slow on the city of London. We are losing out even on sort of tech IPOs to Asia in the U.S. so positioning ourselves as we should do as a financial services, global financial services hub, is challenging. I know Jonathan Hill is doing a review, which, which could be very useful, but I think, again, I'm not convinced that the current government is really focused on this.

Camilla Cavendish:

I think there's a backdrop to lesson [inaudible 00:32:32] may correct me, but I think there's a backdrop drop which is that there's a view, in Downing street that big business voted to remain in the referendum. And they really don't want to engage in big business very much, and they're very, very focused on SMEs, which is good, but if you had that quote in there from PWC, about the great prospects for global wrecking, I mean, those are the kind of people the government needs to find, perhaps a better way of dealing with. I'll just make three more points if I can. Migration, again, I thought very interesting in the paper, in principle, obviously a global Britain should be using the best and brightest from all over the world and making them a really big offer to come here and contribute. And some of that will happen.

Camilla Cavendish:

In practice though, I'm not as confident as I think Joe Johnson, was in his quote. He said, "We can have 300,000 people coming here because we've got control." I think there will still be a residual Brexit effect of people wanting to see evidence of control through lower numbers. And I think that's going to be really quite difficult as welfare keys lengthened in the recession, I think there will be some flashpoints there. Despite the fact that the NHS, everybody in Britain can now see that the NHS relies heavily, heavily on EU labor and people from all over the world. And there's a great public sympathy for that, but I do think that we have to tread a bit carefully on migration control and not being perhaps as optimistic as the paper was, but there are two areas where I think, Britain could and should take a leadership position. One is science, where [inaudible 00:34:21] there whole series of questions about post pandemic resilience. We have lead in vaccines, we have a really good life sciences base. I mean, other countries like Singapore have been trying to poach that base for many, many years.

Camilla Cavendish:

They haven't succeeded, reinforcing that base, attracting those scientists, building the infrastructure, building the Oxford, Cambridge triangle. All of those things I think will be vital. And I suspect that donating vaccines to developing countries and doing a huge push for that will be very, very important. And the last one is obviously climate where I think the government has a 10 point plan, which I think is just too broad and not focused enough. But in fact, we do have some real strengths in climate technology with wind, and we're building a whole lot of offshore wind, and there's quite a lot of potential for electronics, but again, it's really... some of your charts just reminded me of the fact that

this is a government which has gone through Brexit, which has gone through COVID, and has an enormously ambitious domestic policy agenda release. It is trying to work out policies in almost every area. So I think that part of Global Britain is going to be about making some tough choices and actually slipping down some of those policies. And I'll leave it there Ed.

Ed Balls:

[inaudible 00:35:35] that was perfect start for us. Just to remind people that if you've got questions, which will come through after [inaudible 00:35:45] do put them in the Q and A. We're going to go to 7:30. I know not all of our panelists can stay all the way to the end. Thank you. Oh, that was excellent Camilla. Over to former Chancellor, Sajid Javid.

Sajid Javid:

Thank you very much, Ed. And thanks to you and your team for doing this work and the fresh thinking that you're providing on this really, really important issue and for inviting me. But first, can I just begin by saying that yes, the UK has left the EU and that's partly what prompted this research and this paper rightly so, but it's important, I think to emphasize also the UK has not left the world stage. The UK is still a leading member of the G7, the G20, NATO, the Commonwealth, the P5 power, a newly independent member of the WTO, it's a capable military power, the second biggest spender in the NATO, a nuclear power and has huge soft power assets around the world, with its aid budget even with the recent cut, it was announced as the second largest aid budget of any country in the world, its culture around the world, its language, the list goes on. But despite the UK leaving the EU, and of course that was a huge divorce and a huge moment, and it prompts thinking about the future, the UK still very much on the world stage.

Sajid Javid:

This next thing I wanted to say, just to link in with one of your first slides, was that, when that debate was going on in the UK about the EU and then the referendum was going on. The fear was that there were two sort of visions. And I think you widely touched on them. One was that, if you can... I've sort of always refer to as those people that are sort of inward-looking and they're sort of harking back to some Britain that probably never really existed in any case, but they're sort of saying that Britain should be more inward-looking, let's pull up the Drawbridge and let's disengage from the world, but there was also... and I think that group of people maybe represented more by UKIP that part in its leadership, was very different to what hopefully has prevailed and what I strongly support.

Sajid Javid:

And I think what was coming through with most of the sort of commentary that you had from the people that you interviewed, is that actually it's about Britain being outward looking, remaining outward looking, if anything, becoming even more, open and engaging with the world. It's one of the things that's made Britain a success, a both economically, culturally, and in so many ways for many decades and the success of governments, but that vision I think is shared by most parliamentarians, most people around Westminster. Yes, there are still some people around, and I think there are minority that are hoping even now against hope that somehow Britain rejoins the EU, that's not going to happen. And I think most people have accepted that we've moved on, but that doesn't mean Britain's going to disengage, but we will still be open to talent, investment. To trade around the world.

Sajid Javid:

Then touching on three or four of the main things that you mentioned at first on trade, my own view is, and I think this is how it started, this is how it will stay, that yes despite the pressures of the pandemic, on countries to become more resilient in certain areas, I think there is no trade-off. I think sometimes people present this as some kind of trade off between natural resilience and being open to trade. And I don't think there's necessarily any trade-off there, and the UK already having signed the trade agreement with the EU, has signed all more already 60 other trade deals. Yes, they are continuations. There's not an increase in our sort of trade relationships from where we were before, but it set the direction. And I do think that in terms of bilateral trade deals, the biggest prize would be a U.S. trade deal.

Sajid Javid:

I think that's going to steer, despite the change in the U.S. Presidency, I think there're other things that are priorities, understandably, especially with the pandemic and climate change and things, but that remains something that UK will continue to pursue. And I think what was mentioned about and probably [inaudible 00:39:59] trade deals in particular, the CPTPP, the fact that the UK has formally begun negotiations to try and see to that. It was a long, long way to go, but I think it sets the direction of travel where the UK would want to be. On regulation, I think it was well put earlier when one of your researchers had said that Britain is perhaps too small in itself to set the global rules, but also is too large to be a global rule taker.

Sajid Javid:

And I do absolutely see a big role for the UK in terms of being let's call it that broker, that the conciliator, and I think we are already going to see much of that this year, when we get to November and the COP26 with the work I know [inaudible 00:40:45] and others are already working on, including with the U.S. Administration, many others on when it comes to climate change, there's going to be new rules that are going to be required. Now that Biden is president and not Trump, you're going to have real proper engagement with the U.S. on that, which means you'll get proper engagement for the Chinese, which means that the UK is in a fantastic role to really have a landmark climate change agreement. Also the WTO, UK now being a full independent member, I think one of your quotes, I think was it from [inaudible 00:41:17] about the importance of services in the UK, trying to take a leadership role on that.

Sajid Javid:

The WTO that's the big gap that's existed in global trade. It's a big challenge, but again, I think the UK has got every reason to try and show leadership on that. And then the other, in my opening remarks thing I definitely want to touch on was on migration. A lot has been said on migration in your presentation, Camilla made some excellent remarks as well. And I absolutely see the UK being open, remaining open, to talent from across the world. Yes, it doesn't mean it's going to happen by having the freedom of movement arrangements that we had before, it's going to be this already instituted now, early days, but instituted plan of let's call it an Australian style Canadian style, your points-based system. Yes, it will focus more on high skills, but already from what we've seen, is I think two or three really clear demonstrations where the UK is going with that.

Sajid Javid:

And I'll contrast that actually my own time as a foreman home secretary, which for your listeners, that meant that I was overseeing the UK immigration and border policy amongst other things. And I have to... I think that in that cabinet, when Theresa May was the Prime Minister, I think she was the only one

in her own cabinet that actually believed in the policy of let's get immigration down to tens of thousands. I don't think there was any other member of the British cabinet at the time actually thought that was a viable or indeed a sensible policy for the UK government. And I certainly did not as home secretary and what it was much more about, I think the whole debate on immigration was around control, as others have said in some people sending in research, but the other side of that control and something that hasn't been mentioned thus far was the importance, of what I call integration as well.

Sajid Javid:

And I did a lot of work on that in one of my other roles, as the Local Government and Community's secretary, we did a commissioner landmark independent study by a fantastic woman called Louis Casey, on integration in the UK. And what really comes through when I looked at it from that perspective, as well as then immigration policy, is the perception that for many British people, the vast majority, it's not so much about the numbers. It's much more about control and integration, but the people who come to Britain, that settle in Britain, respect Britain's broadly put British values. And some of the changes that I've made and that have continued around English language tests, for example, before you become a citizen, even sort of British values, British history tests, things that sort of identify your desire to become British.

Sajid Javid:

And I think that's really important. And I think that will pick up over time, but that is an important part of the debate on immigration, less about numbers, more about control, and the people who come to set forth, actually respect Britain. I mean, for example, in the study that I did on integration, it found that there were almost a million people out of a total population of 60 million, or there were a million people that were living in Britain, British citizens, almost all of them, and they did not speak English. And there are people that lived in Britain, tens of thousands of them for 30, 40 years and did not speak English. And I think that was a real issue when it comes to the whole debate about migration and talent.

Sajid Javid:

And then finally, just the migration, I would mention examples of British, direction of travel, on this in proof of what I've said, is look at the decisions that have already been made by the government, on the students, turning over some of the rules that came in years ago under the coalition government, and saying that actually foreign students that come to Britain can stay on, beyond their study for at least a couple of years, science visas, cultural visas, but most of all, look at the decision on Hong Kong nationals, with what's going in Hong Kong for Britain to turn around, a few months ago, and to say any Hong Kong citizen that is a holder of a British overseas passport, British National Overseas Citizen, BNO as its called. They can all come to the UK and settle here permanently. If they want to, they can work, and study here, and live here, and bring their dependence. That's potentially up to 4 million people. Now, of course, 4 million won't come, but the point is that Britain's as a...

PART 2 OF 4 ENDS [00:46:04]

Sajid Javid:

Will come, but the point is that Britain has opened its hands and said, "Come and join us. If you're in trouble, come and Britain won't let you down." And I think that's a really good sign of what global Britain will be.

Ed Balls:

Thank you very much, indeed. I've got a question I want to ask you, but I'm going to have to come back to there in a minute. Thank you. Over to our third discussant, Paul Tucker, who as it happens, is a research fellow at the [Inaudible 00:46:28] it distinguishes him from everybody else.

Paul Tucker:

It's good to see you all. Thank you very much, everybody for joining. And if you want to ask Sajid a question now, before you forget ... That would be fine [crosstalk 00:46:42].

Ed Balls:

No no, not at all.

Paul Tucker:

All right, all right. So it's been very interesting listening to the three of you. The only thing that distinguishes me from everybody else that's spoken is that I was an unelected official, rather than elected or serving an elected official. So I start from thinking, so this is the payback period for Brexit, is maybe kind of 20, 25 years before we can really see the kind of effects it will have, and to reap the opportunities that it provides. And so the first thing we'll say is that, that's of course much longer than the life of any elected government. And so setting a medium term policy rather than being driven around with a series of short term policies, is going to be very important. And I suspect rather difficult.

Paul Tucker:

The second thing in the same vein, is that Britain embarks on this, during a really remarkable period in the world. Remarkable for two reasons, first of all, geopolitical change on a scale that we haven't seen since the second World War, and of a nature that we haven't seen for over two centuries, because it is the new rising state has a very different system and the ideology of government.

Paul Tucker:

So that's a massive, massive part of the context that will complicate everything and has already. The other is that the world has been experiencing incredibly low productivity growth, and that makes all public policy much harder. And I should come on to that in particular, when we reach leveling out. I won't say very much about narrative [inaudible 00:48:44], except the thing about narrative, which is really about explaining policy to different audiences, is that you have to have the policy and then explain it. The policy has to lead the narrative, rather than the narrative leading the policy. And that actually will be quite, given what I said about law and horizons versus short-term experience, that actually will be quite difficult for politicians to achieve.

Paul Tucker:

So on the headings that you and Jessica and [inaudible 00:49:14] said, "pray". So this is going to be bruising. I mean, and that's not because Brexit's about idea or because we're not a great country. It's just going to be bruising because trade negotiations favor the big. So some trade negotiations are going to be easier than others, but the ones we really care about are going to be very difficult. If we ever enter into trade negotiation seriously with U.S, I think we will find it quite extraordinarily bruising. And we'll discover the names of all sorts of people in the house and districts that turn out to matter, because they hold the veto vote in the house. The Pacific thing, I agree with what everyone has said about that. It will

be good to join, partly because I think that such trade agreements are probably the future of international trade and indeed of foreign policy, but also as a way of trying to build alliances in other parts of the world.

Paul Tucker:

I don't have a prediction around this. I think it would be a very interesting thing to see how difficult or easy that is. I wouldn't expect them to make it easy. Not because of any points about the UK or Britain, but because as they manage their very important emerging trading bloc, they need to kind of send signals to others who may want to join. All of this of course, has been affected by the US dropping out of the scheme, which probably the greatest US foreign policy mistake for a very, very long time.

Paul Tucker:

Human capital. I mean, the thing that's going to drive trade is the human capital, and the efficiency of the economy of Britain, not the particular trade deals. We need an education system at every level where this just needs to be in a different league from what we achieve, except at the very, very top. And I really do defer to others on this. I think it must be incredibly hard for leading politicians to talk honestly to the British public about, and I'm deliberately going to put it in code, about the human capital in Britain, and what needs to be done to improve it. There's a positive story to be told related to leveling up, of course, but one needs to be open about starting point.

Paul Tucker:

The other thing I would say on trade, is I think it will be painful in the short run, but I think much better policy will be made over the medium to long run, if the government does publish evaluations of all the trade deals that it's reached. I mean, the areas of policy that I was involved in were immensely helped, immeasurably almost helped, by external scrutiny and research.

Paul Tucker:

So let me say something about regulation. The term so far is we're not going to be a regulatory superpower in the way that probably ... Probably the EU is the world's regulatory superpower. But the thing about regulation in all fields, is that to be really good at it, you have to be a magnet, so that people from around the world phone up and say, "Could I come and see you and talk about what the, I mean, you people that are just doing such a good job on X and Y". And I say that partly because I think it's immensely important. And partly because I don't think many of our regulators are very good at it at all, by international standards, let alone, relative to any absolute level.

Paul Tucker:

And frankly, I don't think there are good enough people in them. And I think that structure, which is kind of an inheritance from mute public management, that we have these kinds of boards with a single CEO, rather than commissions of policymakers, actually damages the quality of lots of our regulators. And I think we've already seen that paraded before us, and we will see it again and again, until we fix that.

Paul Tucker:

Meanwhile, one specific thing is, my goodness does that competition regulatory authority need to be absolutely world class, as a competition authority, which is separate from being a body that does consumer protection rather well. Remember that the elite part of Brussels is the competition bit, and remember that even the [stigma 00:54:04] center, the globe center of anti-trust analysis would probably

think the commission was the lead in the world. So we need to aim very high for that. We need to be very ambitious about that.

Paul Tucker:

I could say that something about the city later, but I won't.

Paul Tucker:

Now, immigration. You all know much more about this than me. What I'm struck when you didn't all do this, but if the presentation talks about, "We want high skill people rather than low skill people," I mean you all know this, but I mean the [inaudible 00:54:40] policy often bumps in to where the boundary is. What about medium skilled people? What's policy on medium skill people? Where is that line going to be drawn? And separately, does high skilled mean paid a lot? I mean, I think a load of jobs in finance aren't high skilled at all, frankly, they just happen to be paid at a lot, because there are problems in the labor market in that part of the economy. What we want is high skilled in the sense that actually the annuity value over the long term is very high, which certainly includes scientists.

Paul Tucker:

On leveling out. Oh, my God, I'm a man who was once a boy from outside Wolverhampton and I feel very strongly about what's happened in our country. It's much harder with zero productivity growth. In a world with very low productivity growth, every single policy is distributional. There is a loser for every winner, in a world with zero productivity growth. It is politically impossible, frankly, to navigate successfully.

Paul Tucker:

If I had a dream, it would be that I could wake up in 50 to a hundred years time and discover that the only world-class universities in the UK, weren't part of greater London, but actually were in the North and with a huge spin-off creating ... And that's the... if one travels around America, the declining steel towns which had strong universities have survived. The declining steel towns without strong universities have not.

Paul Tucker:

I was surprised when, I think it was Jessica that presented this, but, State Aid was included in something about leveling up policy. And my response is, "Oh God, if you think you're going to level up by tweaking subsidies here or there ...", Actually, the public choice people have got this broadly right. That will get so distorted towards marginal constituencies and other favors that have to be done in the rough and tumble of politics.

Paul Tucker:

I think the bigger thing though is, Britain needs to decide what it's broad framework policy is. Is it going to be, to use kind of language that will be familiar in the Kennedy school, is it kind of going to be, autho-liberal? Like Germany? Or is it going to be the embedded liberalism of John Ruggie and people like that? I don't really know, and haven't known for a while, what vision for the economy fits with a vision for society.

Paul Tucker:

Which is different. Where an account of that has to talk about the structure of the economy, and how resources are allocated. It doesn't talk about who we'd like to make better off, because of course, we'd like to make the poor better off. You've seen it that I've hardly talked about global Britain at all, because I think global Britain will be an outcome. And actually the way to do it is to attend to all the problems. Many I'm afraid. Some of them very deep, in British society. And I think the real upside from Brexit, is that it has made it possible to talk about things that should remain buried for far too long.

Ed Balls:

Thank you, Paul. We have a question from Anas, which is actually about financial services. Could you elaborate on prospects for financial services, especially in the light of recent news, the city has lost its top spot in Europe and EU reluctance to give equivalent. I think that's a question for you, but I'm going to add that to another question, we talked a lot to very senior people in the century of governments in the bank, and I think that they believe the UK can be effective in international regulatory conversation and even broaching new deals. If it's done in a careful, alliance building, brokering, manner. A bit like the words from Mark Carney have weighted thumb at about being effective, but humble at the same time. Do you think that's possible politically? Do you think it's possible for the UK post Brexit, to be humble and alliance building? And what do you think that's going to mean for the future of financial services?

Paul Tucker:

Who are you asking Ed?

Ed Balls:

You.

Paul Tucker:

Oh, on the narrow question about the city, I always say the same thing, and I think it's because I was taught to think this, by people like Eddie George and George Blunden. Sound finance, honest finance, open finance, be patient. Don't be driven by, "Oh we'll drop standards here, and we'll drop standards there." Light touch regulation was just about the most stupid phase of British regulatory policy and finance I can remember. I mean most of the cities, you have to do all of those things and then just wait for other people to make mistakes, and not lose your nerve during periods when they don't. And I'm going to put this very obliquely, I think it's very important not to sound scratchy, not to sound kind of angry, but sound reasonably positive. I think there are some things actually, could be done where people around the world go, "Oh wow, they're really serious about this." Of course, all of those were around stability.

Paul Tucker:

I mean, the one thing, this is true of the West generally, but one thing that the UK cannot possibly afford is any kind of wholesale or retail financial crisis whatsoever. But these are all ... Everything I say will be about long time horizons that are difficult for politicians to adopt. In terms of what you say about participating in international meetings. And, Of course it's possible to do all of those things. I mean, I don't really understand the bit about humility, because when you go to international meetings, there are all these people from other countries that are really, really good, and know things that you don't know, and say really interesting things. And for whom ... Actually even sometimes when they're not so good, you can pick up ideas [inaudible 01:01:29] "My goodness, we haven't used that." So you kind of have to be eclectic, not in broadcast mode.

Paul Tucker:

And most certainly, build alliances. For real, not just for show, but for real. When it's costless to support a small or medium sized country, and no one else is bothering, do so. I once supported a very large country that was being beaten up by everybody. And I couldn't figure out for a long time, why was that such senior people in that country were quite keen on me, and actually it turned out I was the only person in the room years before that had said, "No, I think they're right." It doesn't cost anything to do that.

Ed Balls:

Thank you, Paul. Thank you. Thank you. Camilla had to leave. We knew she had to leave at seven. She knows a quick question for her, Baroness Cavendish is in [inaudible 01:02:42]. The ideal face for global Britain in the current government. Have to say, you could say the same thing about Sajid such as well. Would you be a good face for global Britain in the current government Sajid? But more importantly, how do you win the migration argument [inaudible 01:03:05] earlier, particularly? How do you go about it?

Sajid Javid:

You're talking about when I talked ... When I was head of secretary and what I referred to earlier?

Ed Balls:

When you talked earlier about how Britain doesn't need to be closed.

Sajid Javid:

I talked to other members of the cabinet a lot, including those that took more of an interest in migration, because their portfolios, for example, the then chancellor and others ... The business secretary, and built a coalition of interests let's call it, in the cabinet and, and made it clear to then Prime Minister, that there wasn't enough support for what she was setting out. And then basically I became incredibly stubborn, just on that issue.

Ed Balls:

Yeah. I think the other question I want to ask you, because you're the only currently elected politician on the panel. If you were Keir Starmer at the moment, how would you be addressing the challenge of post-Brexit Britain? How would you think about a political Britain?

Sajid Javid:

Well, I think the issues that Keir Starmer's Labor Party's going to have to address is come to settle policy, and a lot of these big issues. It's not clear what the trade policy, and now that he's accepted, rightly so, that Britain has left the EU and that's that, and we've got to move forward, what is the Labor policy on trade policies? And clearly there's questions, and some have already come up in this discussion about the current government, how much it might pursue certain trade deals and things. But I think it's clearer and more coherent where Keir Starmer is. Also the issue of talent migration, what is the view? I think now, especially in the Boris Johnson, it's much more clearer, the agendas being set, there's widespread support throughout the government and the members of the governing party for that.

Sajid Javid:

But again, on these issues of both migration numbers, and also the issues of integration and things where does the Labour Party stand on that? And then regulation, again, there's no sort of clear policy other than sticking with the regulations that were inherited from the EU, but no sense of a direction on that. So I just think there's a lot more questions than there are answers, and it would therefore just not be credible at the moment. I think for Keir Starmer to sort of set out to say, we believe in global Britain and these are the reasons why.

Ed Balls:

Yeah, I think that for me, the politics of this is that if you are Keir Starmer, you can't really afford not to be for Britain, and you can't really afford not to be global. So the one thing you don't want to do is be against global Britain. And the polarized nature of our debate, it's very easy for people who voted for May to say global Britain is just a, kind of a 19th century hubris, or it's Boris Johnson's agenda to define themselves against it. It's very easy for us to keep re fighting the referendum, but the reality is, we're out now, and we are going to be chairing the G7 [inaudible 01:06:55].

Ed Balls:

We do need to be global Britain, but doesn't the debate now have to become, what kind of global Britain are we going to be? It's not global Britain, yes or no? Is it a global Britain which is more multilateral or alliance building? Is it one which is more kind of humble or arrogant? Is it one which seeks to broaden the alliances with the stable [inaudible 01:07:19]? One which tries to win the answer for sensible managed migration. I mean there is a choice of, in a way that the advantage of what Paul said, you hardly mentioned global Britain, is as undefined. But that's an opportunity. Because there is actually, within the conservative party, a debate about what global Britain is going to be, and a debate across the aisle in the House of Commons now, about different conceptions of global Britain.

Ed Balls:

And if I was Kier Starmer, I would be locating myself on that ground and talking about good versus global Britain versus bad, or a more progressive version or a more internationalist version. At the moment, it feels as though your position risks leaving that territory to the government. And that's politically quite risky.

Sajid Javid:

Yeah. No, I agree with that. And I think one of the reasons for that is that amongst the conservative members of parliament, as we know the majority parliament, there is not a single conservative MP that thinks we should relive the referendum and go through it all over again. Not a single one. They all accept that we should leave, and we left and that's that. Whereas within the Labour Party, there is still a, it's a minority probably, but there's still a group of quite influential people, that if you said to them tomorrow, should we have another referendum? They'd jump at the chance.

Ed Balls:

So we're looking to open this up to questions, other than a very odd [inaudible 01:08:56], we asked one of the questions. And in fact, two of them, there was a question maybe the only other ones so far on this.

PART 3 OF 4 ENDS [01:09:04]

Ed Balls:

And that is in fact two of them. There was a question, maybe the only other one so far on this screen, is from [Jed 01:09:05] who wants to ask Paul whether he agrees with the characterization of the UK's positions, the financial deregularization has been vastly too permissive? I'm not sure exactly what he's getting at there, but I don't, whether you want to try and try to answer that, Paul?

Paul Tucker:

I don't know whether that means backward looking or forward looking? I think some opportunities have been missed to underpinning the resilience of the financial system, partly because the UK and others have managed to be in the shadow of Washington in recent years. I think the Yellen treasury will change that somewhat. I think one has to make a big distinction between deregulation that goes to the kind of resilience of the system, which I think would be crazy, and deregulation which might make the system more dynamic, might increase risks to investors. And I see those as essentially political issues and different parties at different times have different views on that. And most societies don't really know where the optimal level of regulation is and it swings around and everyone shouts all about it, but that's actually because there isn't a deeply right policy.

Paul Tucker:

Whereas I think on the resilience side, it is different. It's just a really big mistake to have financial crises. Nothing good has ever come out of a big financial crisis as the world has been learning. The other thing I would say if I may, is that I started off by mentioning geopolitics and very low productivity growth. The other thing that will make a difference to this nationally and the perceptions of our nation is what happens in Scotland and in Northern Ireland and in the island of Ireland. And I wouldn't presume... offer a view on that, but I think it's quite important that we acknowledge that that is going to be very important.

Paul Tucker:

The other thing I would say... That's a kind of shortish horizon thing. The policies in the late fifties and the late sixties, this is particularly true in the Conservative Party, the people around Harold Macmillan, they changed their views or adapted their views partly because growth was below that of the continent for a while.

Paul Tucker:

The most interesting thing, although I think it's the medium-to-long one that matters... There's going to be minute scrutiny over the next three or four years of: Is our growth above or below that of the main economies on the continent? And whichever way that goes, that's going to blow back into domestic politics and therefore it will blow back into domestic policy. And the reason I say that is that's more likely to have bad effects, cause unforced errors if you like, if there isn't a clear sense of what kind of economy we want and how we want that fit with society. And I don't hear that from either of the two main parties and actually haven't for a very long time.

Ed Balls:

I think I'm going to get Jess to come on and ask her. I think she's got a question to the two of you or the three of us. If anybody else wants to ask questions, do post them on the Q&A, we've got a little bit more time. Jess?

Jessica Redmond:

Thanks Ed. I want to ask all three of you. One of the motivating parts of this paper is the fact that the UK is going to be president of the G7 this year, as well as leading the conference here as well. And I'd love to hear your thoughts on how the UK [inaudible 01:13:21] could be a launch pad for Global Britain and how they could seize this opportunity?

Ed Balls:

Sajid, do you want to go first?

Sajid Javid:

Thank you, Jess. First of all, as you suggest, there are huge opportunities for the UK this year. The opportunities in any [inaudible 00:01:13:46] being head of the G7. In particular because of the pandemic, and so much else that is going on after the Trump years and his rejection of multilateralism and stuff. I think the fact that the UK is doing this when you've got a new presidency, a multilateralist sitting in the White House, just basically some civility back in the White House, that helps, and it means that you can get a lot more done. Also, obviously we've had previous COPs but this could turn out to be the most consequential since Paris because I think it's fair to say that the world's interests collectively in climate change and combating it has only increased in the last few years.

Sajid Javid:

At the G7 itself, I would think top of the agenda for the whole G7 but with the UK leading discussions will be response to the pandemic, especially in terms of what can the G7 richer world do to help the poorer countries? All members of the G7, now that Trump has gone, are members of the COVAX Alliance and that's a good start, but there's a lot more to do. Linked with the pandemic is the importance of global economic recovery and having coordination, particularly around fiscal policy and actually probably around monetary policy with some of the leading central banks, is a good thing. And if one country see a fiscally stimulating and others not, the risks of leakage and things, that's always becomes an issue on international stage, I think it's an opportunity to cooperate.

Sajid Javid:

And then another thing I just mention that is not really linked to the pandemic, but it's just been a growing issue, thinking back to my Home Secretary days, is the issue of hostile states. Protecting liberal democracy around the world, something that is not just an issue in the usual suspects, China, Russia, and places, but look at what's just happened in the US. And I think the importance of protecting democracy, freedom of speech, around the world is as important to Biden as it is to Prime Minister Johnson. And I think that will be big on the agenda and linked to that also fighting corruption and financial transparency, where the UK has shown a lot of leadership in anti-money laundering, financial transparency. And I think there's interest in that from other G7 countries as well.

Sajid Javid:

Finally, just to [finish 01:16:16] on COP itself, this could be a really, really consequential COP because again, with the US now properly engaging... It was no secret, Trump was not going to turn up to the original COP and nor was anyone from the US. That's what they pretty much made clear. Now the change, which has been a good outcome from a climate change perspective, means you've really got a chance to reach a good agreement. And with the China commitment to net zero, I think that the big

countries and big blocs around the world, the EU, the UK, China, and the US have a real opportunity to lead on this issue now.

Ed Balls:

Paul?

Paul Tucker:

First of all, I agree with I think everything Sajid just said. So at a kind of more mundane level: make everyone feel welcome, be well organized, be a good Chair. Don't try and drive a wedge between the way it's presented in the British newspapers and the way it will be reported in other newspapers. And I say that because actually Whitehall and, frankly, ministers are really poor at this, even though they know that British newspapers are read elsewhere around the world and reported by investors, they can't stop themselves. And there's been some of that in the past 10 days, frankly, just a few groans in newly powerful people and, you know, just don't do it. Don't try to lead too much or appear to lead too much. It's a moment for Britain to come across as actually yes, responsible citizens. Be swept up in the post-Trump world of grownups.

Paul Tucker:

It's something where actually unusually the mise-en-scène is going to matter a lot. There'll be lots of photos around the world and pictures and so on. It will matter of course that there are important elections next year in Germany, in France and the mid-term elections in the United States. And some of the people around the table will already be very focused on that.

Paul Tucker:

On fiscal-monetary, I will say something substantive about that. It's hard to know what government policy is or could be at this stage, but the signals that come out of government about the mix of fiscal and monetary are, I would say, rather different from what's coming out of Washington, but more importantly, rather different from what just about every top expert in the world would focus on at the moment which is: rely less on monetary because it's more or less exhausted and somewhat more on fiscal. But my point actually is the substantive choice and G7 setting will matter less than understanding what our position is, and being able to explain it, in a world where at finance minister level and at a Prime Minister level, since the last two weeks, there are now people who know absolutely what they're doing. Sometimes that's the case and sometimes it's not, but that will affect the dynamics of the meeting quite a lot.

Paul Tucker:

But the main thing... want people to go home saying, "Well, they ran that well, that's not what I expected. That was a really pleasant surprise. Actually, these are people I can do some business with when it's in our mutual interest." Because that would not be a widely held view around at the moment. And these are hard-nosed people, all incredibly successful in their own particular countries.

Ed Balls:

We are as always getting a rush of really good questions towards the end. And there's a one from [Amar 01:20:17] to Sajid re leveling up. The question: "Has the COVID pandemic ended the small-government, low-tax, austerity form of Conservatism?" And I think related to that, "If on the leveling up agenda, if

things don't start to improve, at what point does that start to become a political problem? Will that crystallize politically this Parliament or is Paul right that this is a much longer term process?"

Sajid Javid:

Thanks [Amar 01:20:52]. First of all, the first part of your question, "Has it ended the small-government, low-tax, austerity, Conservatism?" I know what you mean, it's not exactly how I would describe it. But the government's response when the pandemic started to say... Rishi Sunak the Chancellor said that he will spend whatever it takes, that was the right reaction. The pandemic for all countries was pretty much... well, certainly we haven't seen anything like that in our lifetimes. And in terms of fiscal support the coordination with the Bank of England on monetary support, broadly that's a necessary action in supporting companies, individuals, livelihoods. And clearly that's led to a huge deficit, almost 20% of GDP, but that is something that's manageable.

Sajid Javid:

If what you're getting at is: does that mean that it's a long-term change that, somehow, the government will keep running massive deficits and not trying to live within its means? Of course it doesn't. This is what you do in an emergency. This was an emergency. It's not over yet. One day it will be over. With the way the vaccine's going, hopefully that's a lot sooner rather than later. And at some point, but gradually, ever so gradually, you'd start coming back to a point where you need to be a country that is living within its means, that's managing taxpayers' money well, and having lower taxes rather than higher taxes where you can afford that.

Sajid Javid:

In terms of the leveling up part of the question Ed that you referred to... Clearly, the pandemic has meant that a lot of things that you would have done to start leveling up as it were in terms of infrastructure investments and changes in skills and things like that has not had the priority It would have deserved because rightly the government's been absolutely focused on the public health crisis. That said, I think that a lot of work has been done in the background. There certainly was in the Treasury already on infrastructure plans, on transport plans and also on skills. I only pick those because I think those things, the physical capital and human capital side, are going to be absolutely critical. And I think that a lot of that can be put into action quickly. It will take time, but there are some things that I think can be done in the next two or three years and show some real results before the next general election.

Ed Balls:

Great. We've got just a few minutes left. Two final good questions we're going to put together. One is we haven't spoken about the emotional aspect of being bullish about Global Britain. Is there a case to be made that a strong, positive, slightly nationalistic narrative is what the country needs altogether? And then from [inaudible 01:23:49]: "We've seen smaller countries than the UK carve out a niche and a brand. Australia as a plucky country taking on China, standing up to bullying from China. Israel as a tech startup. In a non-jargony sentence, what should the UK brand be known for?"

Ed Balls:

I'll go first to give you two a little bit of time to think. I think it's right emotionally. I think the one thing we can't afford to be against at the moment is Global Britain: outward facing, engaging with the world, even as we manage leveling up. And even as we manage our migration system, we have to be seen to be outward-looking, confident.

Ed Balls:

Actually the vaccine gives us a huge opportunity here. But then in terms of that sentence, I think we need to be the global broker in problem-solving. Paul said: good at chairing meetings, bringing things together. We are the people who "ha-ha" did better on the vaccine. We're the people who can help the world and those countries who need it more and find it harder on their own to get the vaccines. It's a huge opportunity for us having the G7 and COP this year. I think we need to try to find a way in which we can be the convener, the problem solver, the broker, the people who bring things together. The people who set out to try and revive the WTO, to make G7 coordination work, G20 coordination work better when it comes to reviving global growth in the next couple of years. The brokering nation, the people who can bring others together, that's what I'd like us to be known for. So Sajid and Paul: optimistic, do we need to be bullish and what's our [sentence 01:25:39]?

Sajid Javid:

Okay. If I could begin if Paul [inaudible 01:25:48] Yes, I mean, look, you've got to be optimistic, but you've got to be realistic. But I think there's a lot to be optimistic about. We've talked about much of it today, about the UK's role, the role it's playing, the role it can play. And I think there is a role in that optimism for being a bit patriotic about your country and being proud. But patriotic in a way that is not to exclude anyone else or other people's views, but in a way that you can be proud of what's been achieved. But also how the UK, your country's, playing a role to try and solve some of the world's biggest, most knottiest, challenging problems. In terms of a brand: open, welcoming, and a country, a Britain, that will play its full role in helping to solve the immense challenges the globe faces.

Ed Balls:

Thank you, Sajid. Paul?

Paul Tucker:

That sounds right. The first thing I would say is, if we're going to talk about Global Britain, it's tremendously important not to do it in a nationalistic way for the internal reasons that Sajid has emphasized. And also the external reasons as well: what the rest of the world will hear will be nationalism rather than openness. So the kind of words matter. Ed, you talked, and Jessica says she talked about hubris. Actually, it's kind of being more bombastic at times, hasn't quite been as good as hubris. Don't sound bombastic. The serious people in other capitals would be...and there's no need to do that. But certainly sound optimistic.

Paul Tucker:

The second thing I would say, though... the question which I read was about "Shouldn't we have some slogans?" I think that regular people are much more focused on results than they are on slogans. Watching politics for 30-odd years when I was an unelected official, that's what I thought and sitting on the sidelines over the past year, I think that's what the pandemic has shown. Government regarded as broadly incompetent for a long time then does really well on the vaccine and actually the polls swing. And many members of the public are driven by results. Is the government of the day doing a tolerably competent job?

Paul Tucker:

Now on that, I think that our state capacity has decayed over the past 25 years also. And I think that if we're to stand up and succeed, we will have to take that seriously, frankly. And I think there is even an

unwillingness in many quarters to confront the reality of that decay over the past quarter of a century. Which can be fixed, but it involves amongst other things making working in Whitehall or in other parts of government as an unelected person rather than like you two guys as famous elected figures... It means unelected officials, not central bankers, having much higher social status again so that they are prepared... so that many more able people really want to do that and spend their life doing that. I think we have decayed in that respect and it's something that needs to be fixed just as some of our institutions need to be fixed as well.

Ed Balls:

Thank you very much indeed Paul on that. An important, slightly somber, note, a very important note. Thank you. We've heard from three senior research fellows at the Center this evening, from Paul Tucker, from Sajid Javid and from Camilla Cavendish. You've heard from me and two of my co-authors Jessica and Sechi. Two others, Nyasha and Tommaso, have been with us, but not spoken, but we've all been working on this paper together. So thank you to all of them. Thank you to our discussants. Thank you to everybody who's joined in. I hope you thought this was an interesting beginning of a debate about what Global Britain is going to mean as we start to come to terms with post-Brexit post-EU UK. Thank you to everybody. I'm going to hand back to John to close the evening. I hope that was interesting for you, John?

John Haigh:

It was extremely interesting. And I just want to say, first of all, thanks to all the panelists. I thought that was just terrific. And the paper provides a good starting point for the discussion. Thanks to Ed and the team that did the research on it. I must confess that the last couple of questions were really intriguing. I'm looking forward to Britain as a global broker, honest broker, with at the same time a slightly nationalistic narrative. How those balance against one another is an interesting proposition and one which I think Paul was alluding to in his comments. But I do think...

Ed Balls:

I think you're suggesting, John, that the US in the last three or four years didn't do that so well?

John Haigh:

I would not hold the US at the moment up for the last four years of anything in positive way, but that's my own personal bias on the topic. But I think it's terrific, and I think it's a terrific start to a discussion. And I just want to say thanks to everybody and thanks to everybody that's participated, but also the people that are listening in. Again, a terrific topic, an important topic. So thank you all. And good luck.

Paul Tucker:

And we'll do it physically when we can. [crosstalk 01:31:47]

Ed Balls:

Thank you all. Thank you, John.

Sajid Javid:

Thank you [inaudible 01:31:49]

PART 4 OF 4 ENDS [01:31:49]