AM: Dr Fox, why are you still in the Cabinet?
LF: Because I think that those of us who voted to leave the European Union need to have our voice heard throughout the negotiations. I actually don’t accept the premise of the question, because if you look at Andrea Leadsom, one of the most prominent of the Leave campaigners in the Cabinet, Penny Mordaunt, Chris Grayling –
AM: You can’t put more than three in a cartoon. Anyway, you have stayed in the Cabinet, and I’m particularly interested in what you think about a common market or a common trading area on goods. Because you said just a week before the Chequers compromise that you couldn’t accept that because it would involve a foreign court and foreign judges, and that is exactly what the Chequers compromise does, and you have swallowed it and stayed inside the tent. Again, why?
LF: Well, the offer we made to the European Union is designed to do two things. Number one, maximise the UK’s access to our European market, particularly on goods, which is the biggest element of our trade with the EU, unlike our trade elsewhere, where it’s mostly equally in services. But at the same time not trying our hands in wider opportunities. Now, the question arises, if we have a common rule book does that diminish our attractiveness as a potential partner in a trade agreement. Now, on paper you might argue –
AM: It certainly means that you come under the common law of the European Court.

LF: Well it means that we would be negotiating with them but ultimately the rules as being applied would be applied by the UK parliament. The question that is – and the point I was making
AM: But it means foreign judges interfering in our economy.

LF: Well we don’t – we’d don’t accept that. We think there should be a mechanism for us to be able to determine any dispute that exists. That’s part of what we’re discussing with the European Union at the present time, but does it make sense to do it on goods to this extent? Well I think that you can argue that it’s reasonable. If it only is involving those elements required to create a frictionless border. And let me give you a real world example. So I was in Tokyo a few weeks ago and Prime Minister Abe thought that the discussion was important enough for him to break his holiday to come and have that discussion. And Japanese investors were making it very clear that they thought this was a huge step forward because this would safeguard the big investments that Japanese companies have made in car making for example in the UK.

AM: Panasonic’s gone already of course.

LF: No, ten jobs from Panasonic went from the headquarters so I wouldn’t believe everything you read on the front page of the FT. So – but what our investors are saying is how can we get the best that allows Britain to maintain access to that European market but still allows Britain, in the case of Japan, to be able to consider a wider trading involvement.

AM: But as David Davis quite properly said, this is not an agreement, this is a proposal from the British side at this stage which then has to go into negotiation. And sure as eggs is eggs there will be further compromises demanded from Britain and they will include things like the Irish backstop in particular, but also potentially more influence of the European Court. As a long time Brexiteer yourself could you swallow further compromises?
LF: Well, as a Unionist I can’t swallow anything that changes the relationship between Northern Ireland and the United Kingdom and as a Brexiteer I want to make sure we get control over our money and our borders as well which is why I can’t accept the Nick Boles EEA arguments for example. What I think we’ve got a slight danger of doing here is of taking an over Britishcentric view of our negotiation with the European Union. Elements of the EU, the Commission for example have said very clearly that they regard what Britain’s proposing as countering some of the institutional red lines that exist in the EU. They will find that this challenges their orthodoxy in many ways. The Germans have complained about the splitting goods and services, again for example, so I think that we have to understand this is a negotiation and it doesn’t help the government’s position –

AM: And in negotiation both sides are going to give some. So we’re going to give further compromises on all of this?

LF: Well we have already set out what we think is a reasonable position for the United Kingdom to have in our future trading relationship with Europe. Now the position that we’re in is we’re waiting for the European Union to come back to us with their view which we will get in October. Now if they think that what we proposed goes too far for Europe, if they think that we are proposing things that damage their institutional red lines for example, it’s up to them to come back to us with proposals that they think are workable including for Northern Ireland and Ireland.

AM: But lots of your former close colleagues and friends, people like David Davis, are utterly unpersuaded by this. And there is something which has been called by the papers, the ‘chuck Chequers campaign. It’s got Lynton Crosby and many other senior Tory figures, Boris Johnson involved in it in different ways. What’s your message to them?
LF: Well, first of all on the wider issue there’s a lot of talk about the leadership of the Conservative Party. Changing the leader doesn’t change the parliamentary arithmetic and that is part of the problem we have at the present time.

AM: Nothing works.

LF: We don’t have – well actually it might Andrew because you would end up with the same arithmetic but possibly more resentment. That doesn’t really take us forward. And David and I who agree on almost everything just take a slight more nuanced view on the Chequers proposal. David said this morning on your programme that the Chequers proposal was worse than remaining in the EU. I can’t imagine many things worse than remaining in the EU, because I want us to be outside -

AM: But you may be hostage to one of them.

LM: Well, but will we get control over our borders? Yes, we will. Will we be sending lots of money to the European Union in the long term? No we won’t. I want us to get control of those things and staying – you know in that argument, which is often made that staying – that the Chequers proposal is worse than remaining in the EU, just flip it round the other way and think if I voted to leave the European Union would I rather stay in the EU or accept the Chequers proposal? For me that’s a bit of a no brainer.

AM: Okay, let’s just return to the politics. Given what David Davis and others have said this morning it looks like the parliamentary arithmetic on any Chequers based deal which is eventually done might be very difficult for the government. If you bring a deal back to the House of Commons and you lose the key vote on that what happens next?

LF: Well, we’ll have to see what the agreement is and what MPs will have to decide –

AM: A General Election at that point?
LF: But what MPs will have to decide very close to the point of leaving the European Union will be are we going to accept the agreement, whatever that is, that the government comes to with the European Union as the basis for our future trading arrangement on the basis of treaty, or would they rather have no agreement? And I think that having that agreement is preferential, because people say we should just move straight to WTO trading terms, but if WTO trading terms were so advantageous we wouldn’t be looking for a new trade agreement with the United States that goes beyond WTO for example.

AM: You mention WTO. Let me ask you a couple more things about that. The Chancellor, Philip Hammond, has said that going on WTO rules would cost us £80 billion a year in extra borrowing for the next 15 years. Do you accept those figures? I mean they’re a guess.

LF: Well all I would say I know the OBR had to revise their GDP figures between the Budget and the spring. The idea that anyone would be able to make a reasonable guess of what our GDP would —

AM: But these are really serious prospects.

LF: And this is a serious point. Can you think back in all your time in politics where the Treasury have made predictions that were correct 15 years out? I can’t. They didn’t predict the financial crisis that happened. No one could. And so this idea that we can predict what our borrowing would be 15 years in advance is just a bit hard to swallow.

AM: So when the Chancellor says that we’d lose 7.7 per cent of GDP as the result of a no deal/WTO end game do you think that’s nonsense? Do you think that’s project fear or think he’s right?

LF: Well, these are figures that, as the Chancellor has said, are being revised. But to say what a GDP figure will be 15 years
ahead is not a predictive power that I’ve known the Treasury to have in my time in politics.

AM: Very, very simply, do you agree with the Chancellor?
LF: I don’t believe that it’s possible to have a 15-year time horizon on predictions of GDP.

AM: Now you’ve also said that we know that there are forty WTO-style agreements that have to be done by the time that we leave in order just to stand still in terms of our trading relationships. We have to replicate the EU agreements. Now, you have said that all of those will be ready to go one second past midnight on March the 29th next year. Do you still stand by that?
LF: That remains our aim. Of course a lot of countries are waiting to see exactly what that relationship will be with the European Union. But not one of those countries has said to us that they don’t want to get a trade agreement with the UK. Here’s another thing that we seem to forget in the UK. We are the world’s fifth biggest economy, we are an enormous market for countries to want to sell into and invest in. And they want to have that open relationship with the United Kingdom.

AM: I can hear that you want to do this, what I’m not clear about is whether this is actually possible. To get all of those things ready for the minute we leave.
LF: It’s possible, but it’s always ultimately dependent on both parties agreeing.

AM: You have been a Brexiteer for most of your career. Arron Banks has been a Conservative for most of his political life; he now wants to rejoin the party. Would you personally be happy to see Arron Banks back in the Conservative Party?
LF: I’m happy to see people in the Conservative Party who believe what we believe, who believe in the basis of a meritocracy.
AM: Specifically Arron Banks?
LF: Well, that’s up to individuals. Are they willing to believe what we believe? If they do they’re welcome. The Conservative Party is a broad church. If we get back people who voted UKIP before, who believe that having successfully delivered Brexit the Conservative Party is the best party to govern Britain they’re welcome in the Conservative Party.

AM: You’d welcome him?
LF: There’s a very big difference between those who’ve left the Conservative Party and have no constituency and are coming back and sort of entryism of the bitter, unpleasant, bullying sort that we’ve seen in the Labour Party.

AM: But Arron Banks himself you’d be pleased to see him back?
LF: I don’t comment on any one individual. But people who believe that we believe are welcome in the Conservative Party. (ends)