AM: President Trump’s administration is still livid about the government’s decision to stick with the Chinese company Huawei, for Britain’s 5G network. The Americans think we must and we should change course. So does my next guest, the former Brexit Secretary David Davis. Welcome, Mr Davis.

DD: Morning.

AM: Let me start by doing something slightly unusual which is to read back to you your own words in this morning’s papers. You say: “Allowing the Chinese firm Huawei to provide parts of our new national telecoms network is the worst intelligence decision since MI6’s recruitment of Kim Philby.” Which was a bad one. And you go on to say: “Anybody who could interfere in our 5G networks can cause mayhem. Seizing control of say, dams, air traffic control and electricity generators. Or they could paralyse the internet bringing the nation to a halt. The damage could range from traffic jams to mass fatalities.” That is very, very strong language. You’ve gone a bit you’ve gone a bit over the top, haven’t you?

DD: No. It’s – I’m afraid it’s exactly accurate. I mean it’s not just my view, I looked around the world, I couldn’t – one of my colleagues described the decision earlier this week as ‘incomprehensible’ and I agree with that. It’s difficult to understand why the government has done this. Because if you look not just the Americans, the Americans are cross with us, but so are the Australians. Now the Australians, right next to China effectively, 40% of their exports go there and yet they have said no to Huawei from a year ago. Why? Because when they went through the operation what their secret service did was say, what if we had these powers? What if we had this access what could we
do? And the answer was enormous amounts of damage. And how could we be stopped? And the answer was they couldn’t be. Now-

AM: So in effect what you’re saying is we’re handing the country over to China.

DD: We’re handing the keys to large parts of the country over China. 5G in the future is going to be everything. It’s going to be from traffic light controls to your medical records. From your telephone and your video, right through to the operation of the infrastructures, water and electricity. Now that is going to be completely throughout our society.

AM: What the government says is they have done three really substantial things. They’ve limited Huawei’s access to 35% of the network, they have cut Huawei out of any access to militarily or structurally sensitive places like power stations and military bases and they are not allowing it to supply kit to any sensitive parts of the network. They think they have looked at this really hard and done the things that are necessary to keep Huawei out of the really bad stuff. Why do you think they’re wrong? I mean you know, they are the experts after all.

DD: Partly because the other experts, the NSA which is much bigger than GCHQ and the Australians who are on a par with GCHQ don’t agree with them and they’ve done the work. So that’s one element of it. But look- look at also the other people who are near to China, how they responded. The Vietnamese, they’re building their own system.

AM: But if the British security services think it’s alright shouldn’t we trust them?

DD: No, I think they’re underestimating the size of the problem. I mean one of things they said for example is ‘oh, we’re keeping Huawei’s involvement to the edge.’ In 5G, there is no edge. You know, the brains of the system are spread throughout, it’s
distributed network. So you know it’s simply impossible to do what they’re claiming they can do.

AM: Now one of the things we do know is that the Americans are still very, very angry about this. I wonder to what extent your motivation in raising this is a fear that this is going to make it very very hard for us to get the kind of trade deal we need with the US

DD: That is almost the least important element of it. I mean the worst element, I mean China will score a success with this if what they do is fracture the 5Is. That’s the intelligence organisation of Britain, America, Canada, Australia, New Zealand because the 5I’s is the NATO of the cyber age, you know, and if they fracture that that’s really damaging. If they fracture our relationship- our intelligence relationship with America that’s really damaging. The trade issue is secondary frankly by comparison with this. It’s important but it’s secondary to this.

AM: You think very strongly - you feel very strongly about this, so do some of your colleagues, Tom Tugendhat and others inside the Conservative Party. Do you think you can put enough pressure on the Prime Minister seriously to change his mind?

DD: Well I hope so. This is a formidably important question. He’s right at the beginning, he’s in his pomp, he’s at the maximum of his power now. He won’t want in 20 years’ time historians to look back and say that was the worst decision a British Prime Minister made in however many years, so I think – this is not just a parliamentary argument, it’s a moral argument. It’s an argument about the nation’s security. There is no more important responsibility for the Prime Minister than the nation’s security. And I hope he’s watching today, I hope he reads the Daily Mail, I hope he’s paying attention. He certainly knows my views and I’ll be repeating them to him next week.

AM: Alright. Now let’s turn from that argument to another big argument in the Conservative family, if I can put it that way,
which is the government clearly want to spend a lot more money, both on infrastructure but also on day to day spending. We’re waiting for the Budget but there are lots of suggestions that taxes are going to have to rise on the better off, on property, particularly in the south east, possibly on pensions in order to pay for this. As a Conservative, what’s your reaction?

DD: Well, they’re all bad ideas. I mean not the spending, talk about that in a second, but the idea of putting on a mansion tax, of copying a Labour policy which was massively unpopular when they put it, is political madness, but it’s also economically nonsensical. Our tax burden at the moment, the total taxes of the [incomprehensible] economy are at about their third highest since the war. They’re incredibly high already, so we don’t want to be pushing it up. We certainly don’t want to put more taxes onto pensions. Do you remember the issue with the- with the surgeons and doctors who said they wouldn’t work anymore?

AM: Certainly do, in the NHS yes.

DD: Why? Because they were actually giving the state more money than they were earning. Why? Because of our wreckage of the pension system because of the taxes already on it. Increasing them further would be a disgrace: a moral disgrace and an economic farce.

AM: Because there would be a very, as it were, simple view of this which is that lots and lots of poorer voters in the Midlands and the North elected a Conservative government to help them. And if you were going to help them then you have to find the money from somewhere and the money is basically locked in the south east and in London in property prices and in much, much higher salaries. And if it’s not those sorts of people who pay, who does?

DD: There are two attacks. Number one is the question of infrastructure. Boris is very much across this. We have the lowest interest rates in history just about. This is the time when you should be investing, borrowing to invest in infrastructure. So that I think is clear. You don’t need to raise taxes for that. The second
area is the question of the deficit: whether or not it’s appropriate to have deficit. Now the high priests of austerity, the Rogoffs of the world and so on are saying that actually it’s a good time to have maybe a one percent deficit. Not five percent or whatever it is that Trump has got, the enormous numbers, but a small deficit is appropriate at this point in time. But the last point here is if you put –

AM: That maybe what the Chancellor is going for at the moment.
DD: I think it may well be and I think so long as it’s limited and it’s limited in both size and time, then it’s a wise thing to do. Because the other thing to remember, why do Tories believe in low taxes? There are two reasons. One’s a moral one, you should keep your own money, but the other one is, economically, lower taxes lead to faster growing economies. We’re at a reset moment in our politics today post Brexit. It’s now a time of grabbing opportunities. We need the growth rate to go up. You don’t do that by putting taxes up, you do that by putting taxes down.

AM: Now you mentioned just now that Boris Johnson was in your words, ‘in his pomp.’ There are lots and lots of stories about the way that Number 10 is operating, going for senior civil servants and so forth. Are you alarmed by the way Number 10 is operating as a machine?

DD: Look. I mean there are problems to solve. I don’t know whether the headlines reflect the reality. The hit list to pick the rhyming slang here. There are issues to resolve in the civil service. There is no doubt about that, it’s too much the metropolitan –

AM: Is there too much Dominic Cummings here?

DD: - but you don’t solve a piece of managerial reform with a firing squad. You know, that’s not the way to do it. You do need to resolve it. I mean right down to your jokey conversation at the end about the Prime Minister’s briefs. He’s right. I mean there are ways of making government work better, there are ways of making the Permanent Secretaries behave better, but it doesn’t involve making hit lists.
AM: And they brought in a Special Advisor who had views about eugenics, which horrified the Prime Minister when he heard them, and he immediately had to be fired again. Do you think something is – he resigned – do you think something is going seriously wrong?

DD: Well, I think what’s happening is people are not paying enough attention to the bits of the system that do work. The bits of the system that do work are the positive vetting processes and so on and if you start bypassing those you start breaking the china, and that’s what you don’t do.

AM: And is this slightly personal between you and Dominic Cummings who is very very rude about you, as you know? Lazy as a toad, thick as mince, he used words about you that I have not heard used by senior political figures about each other ever.

DD: No. I mean Cummings doesn’t like me. I know that. That’s self-evident, but frankly he’s a Special Advisor. Here today, gone tomorrow.

AM: Here today, gone tomorrow. David Davis, thanks very much indeed for talking to us.

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