

# Britain in the World: Consultation Paper 129

## Liberal Reform Response

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Liberal Reform (LR) was founded to bring together Liberal Democrat members and campaigners committed to “four-cornered freedom” – personal, political, social and economic. We aim to propose policies that are in keeping with the party’s liberal heritage and argue for free people and free trade. Through active debate, policy initiatives, and broad campaigning, we seek to foster an understanding of the party’s heritage and philosophy.

## Response:

Section 1.1.1 is good, but focuses almost exclusively on institutions which, whilst important, are only half the story. Britain's place in the world is, and will be, shaped just as much (if not more) by the activities of its citizens through, for example, commerce and travel than it will through the organised efforts of state or voluntary organisations. Liberals have always welcomed the benefits that flow from the freedom of individuals to engage in such activities, both domestically and abroad, and should continue to do so. Globalisation is ultimately both a product and enabler of greater individual freedom and the Liberal Democrats should be unequivocal about its net benefits.

*Question 1: Which of the challenges identified here do you think is the greatest challenge facing the UK?*

The breakdown, and deliberate undermining, of the rules-based, liberal, international order which has dominated global affairs since WW2 is undoubtedly the biggest threat, impacting as it does on almost all issues, from trade to humanitarian intervention, and from climate change to collective defence.

Liberal Democrats must stand in defence of that rules-based system, even where this involves uncomfortable decisions (such as on military spending), but must also do some hard thinking about how the institutions at the heart of that system are made fit for the challenges of this century.

*Question 2: Are the main challenges outlined here? What additional challenges would you prioritise?*

The key challenge missing is the slow-down or, possibly, even reversal in the trend towards greater liberalisation of the global economy, both in the actions of individual states (such as the US) engaging in greater protectionism and in the collective failure of countries to take the necessary steps to push the agenda forward, typified by the recent failures of the World Trade Organisation.

International commerce was the main reason why many of the Millennium Development Goals were met (and were met early). If the world turns away from free trade and economic liberalisation, millions of people around the world living in dire poverty will be denied the opportunity of a better life.

*Question 4: In one sentence, what should the UK's role in the world be?*

The UK should be the world's greatest promoter of liberal, democratic and internationalist values, demonstrating by example, giving its citizens the greatest possible freedom to travel and trade with people of other nations, and encouraging the same in return, whilst also promoting those objectives through active participation in global institutions to help write and enforce the rules for international cooperation and exchange.

*Question 5: What international obligations should the UK undertake beyond protecting our own national interest?*

A mere hint that the rights and benefits of peaceful liberal democracy end at the borders of the European Union or the Western world should be anathema to Liberal Democrats. Every person around the world should have the opportunity to decide his or her own destiny and be able to do so without the threat of violence. The ways in which we spread those values are manifold, but prime among them are trade, travel and engagement in international institutions. Such engagement, and the spread of those values, is meritorious in itself, but it is also plainly in the UK's national interest—that we, rather than authoritarian and illiberal countries, take a global lead in this way.

*Question 6: How should we engage with illiberal and/or undemocratic states without compromising either our liberal values or our national interest?*

To the extent that our engagement with such states is in pursuance of the objectives set out in the answer to question 5, it is unproblematic; and so such engagement should always have those objectives at their heart. We have to recognise that engagement in itself can often, in the longer term, help towards achieving those objectives. However, those states such as Russia and Iran that seek actively to undermine the rules-based order must feel the consequences of doing so. Furthermore, the UK must be willing to accept a degree of economic cost in the pursuit of wider objectives - for example in stopping the vast flows of dodgy Russian money flowing through London's financial institutions.<sup>1</sup>

*Question 7: Has the liberal international order had its day?*

Liberal Democrats must hope it has not; and if the West pursues the correct policies now, there are reasons to be hopeful. The alternatives to a liberal international order are no real international order at all or, more likely, a much less liberal international order, dominated by countries which have little regard for liberal democratic values or for individual rights.

*Question 8: Do you believe that the UK should remain a member of the EU, if so, why?*

The UK should remain a member of the EU and the people of the UK should be given the opportunity to change their mind when they see the outcome of the Brexit negotiations. However, it is imperative that the Liberal Democrats come up with policy on how the UK can prosper if we do leave.

*Question 9: If the UK leaves the EU, what kind of relationship should we seek to maintain with the EU and European nations?*

The closest possible relationship. However, the terms of such a relationship will require close scrutiny. There is little merit in having a theoretically close economic relationship if in practice it means that we keep many of the burdens of EU membership with few of the benefits.

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<sup>1</sup> For example, see: [https://www.foreign.senate.gov/imo/media/doc/Lucas\\_Testimony1.pdf](https://www.foreign.senate.gov/imo/media/doc/Lucas_Testimony1.pdf)

A bespoke deal which gives the UK an adequate level of access to the single market may yet be possible. The Liberal Democrats need to be thinking about the detail of how such a deal might work.

*Question 10: In your opinion, what is the single biggest challenge the UK will face if we leave the EU? Are there any potential advantages in leaving?*

Undoubtedly the greatest threat is to the UK's vast and highly successful service economy, which is on many levels deeply integrated with the economies of other EU member states.

There are some key advantages that leaving the EU brings, particularly in escaping the more protectionist elements of the EU such as the Common Agricultural Policy. Leaving the EU gives the UK the opportunity to demonstrate once again to the world the folly of protectionism and the benefits of trade. If the UK does leave the EU, becoming the most open economy in the world would increase the prospect of maintaining and improving living standards.

*Question 11: If we leave the EU, should the UK prioritise seeking to re-join?*

No. Given the likely upheaval of leaving and negotiating a bespoke deal, and the likely future increased integration and centralisation of the EU post-Brexit, it is highly unlikely to be an attractive option for the UK to re-join having left. Re-joining is also likely to entail having to join both the Euro and the Schengen arrangement, both of which may be unpalatable to British voters and the former, at least, to British interests.

*Question 13: Given that NATO has a defence spending target of 2% of GDP, how much should the UK spend on defence?*

The Liberal Democrats should commit to spending at least 2% of GDP on defence, calculated properly and without the arithmetical games played by the current government.

*Question 14: With the election of Donald Trump, the future of NATO appears uncertain. What should Britain's future commitment to NATO and its basis of collective security look like?*

NATO should remain the bedrock of our collective European security. Anything else would be to ignore the hard lessons learned in WW2 and, almost certainly, involve abandoning our allies on Europe's eastern border to a future of uncertainty at best, with a prospect of increasing Russian domination and possibly even annexation at worst. Donald Trump will be in office for 8 years at most and, in any event, has rowed back from his previous hostile statements. There is a deep well of commitment to NATO in the US political and military establishment and the UK should do all it can to encourage and increase that commitment.

*Question 15: With the prospect of Brexit and the uncertainty of NATO's future, what role should the UK seek to play in any future European Defence Union?*

Any such proposals have to be judged on their merits, but to the extent that they conflict with or undermine NATO, the UK's commitment should be to strengthen and defend NATO.

*Question 32: Should we maintain the traditional liberal commitment to free trade?*

Yes. Global trade is the success story of the past half century, lifting millions out of poverty and improving living standards in the developed and developing world, whilst spreading liberal values and helping to build and maintain peace. Given that, it is unthinkable that the party which first propounded the benefits of free trade would now cease to do so. On the contrary: the Liberal Democrats should be the party in British politics which expounds the benefits of true free trade and decries the protectionist instincts of Jeremy Corbyn's hard left and the Tory party's nationalist right.

We need as a party to come up with fresh and distinctive policy on trade. Much of the government's rhetoric is on bilateral deals with relatively small countries, which are unlikely to greatly assist the UK as we leave the EU. Vince Cable has written about the folly of this approach and how instead we need to be looking to revive the international, multilateral approach to trade which has been less successful in recent years.<sup>2</sup>

*Question 33: How can the UK thrive in a world in which economic protectionism is increasingly prevalent?*

By being a beacon of free trade. The reduction of tariff and non-tariff barriers to trade has of late been seen as something a country does as a quid pro quo for similar actions by another nation or trade bloc. In fact, the original goal of free trade was the unilateral removal of such barriers on the grounds that they hurt (and their removal helped) all involved. So the UK, whatever its future relationship with the EU, should once again seek to remove tariff and non-tariff barriers regardless of protectionist sentiment in other countries. In doing so we will demonstrate once again the damaging folly of protection whilst deriving the benefits of our economic openness.

*Question 34: To what extent can trade be a substitute for aid?*

This question is in reality back to front. It is primarily trade, not aid, which has succeeded in lifting millions of people around the world out of poverty, as Liberals have long known it would. So the question should be the extent to which aid can be a substitute for trade, to which the answer is - it can't. Liberal Democrats should start from the presumption of free trade: of asking how we can encourage countries and individuals to take up the mutually beneficial exercise of commerce. What aid can do is complement and support those efforts so

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<sup>2</sup> <https://politicsmeanspolitics.com/the-dangerous-obsession-with-trade-deals-9b41eeba5782#.kkj0rvn5m>

that as many people as possible around the world have the opportunity to engage in commercial activity.

*Question 35: To what extent should ethical issues be taken into consideration when seeking trade deals, e.g. exporting arms to Saudi Arabia or asking for investment in the development of green technology from state-owned Chinese businesses?*

We should recognise as a general principle that greater volumes of trade are on the whole good for our values. However, there are clearly cases where state regulation of international trade will be necessary. To the extent possible, such regulation should be undertaken internationally. Sometimes it will be necessary to suffer economic pain in order to uphold liberal principles. But there also has to be an element of realism: if Saudi Arabia is going to buy fighter jets from either (say) China or the UK, there is little merit in making inevitable the purchase from China, giving up in the process any opportunity to affect the way in which those jets are subsequently used.

*Question 36: How do we balance our economy, our democratic values, our strategic security interests, and our interest in global issues such as climate change?*

It is first necessary to recognise that the various objectives listed in the question are not (or at least don't have to be) conflicting. Economic liberalisation can and should be accompanied by moves towards greater democracy; our security interests can be strengthened through trade. The efficiencies gained through greater trade can decrease carbon emissions even as economic activity increases. It is imperative that as liberals we recognise how all of our objectives can be mutually supportive. There will, at times, inevitably be conflicts, but it is difficult in the abstract to solve these. Instead, we should be clear about our values and seek where possible to ensure that our belief in and our championing of trade benefits peace and security whilst it protects the planet and strengthens democratic values around the world.