

# Devolution, the EU and the future of the UK

At the end of the last century I wrote a book entitled *The Death of Britain?* I argued that Tony Blair's constitutional revolution would damage our democracy and undermine the UK.

I said "Labour's constitutional blueprint is nothing more than a plan for the destruction of UK democracy. It threatens splits within the Kingdom. It threatens transferring far too much out of democratic control. (to independent quangos as well as to the EU) It gives far too much ground to the federal plans on the continent. "

I always thought if we lost the pound, our independent currency, then there would be no point in pretending there was an easy rescue. If we could save the pound, which I set about campaigning to achieve, we could rescue the rest in due course.

The endless delays over Brexit have shown how Labour's devolution settlement can be used to disunite our response to the policy and seek to overturn it. The impact of devolution on our exit teems with ironies and contradictions. The Republic of Ireland and the EU are seeking to force a compromise that keeps Northern Ireland partially in the EU's orbit of their single market, worrying Unionists in Ulster about creeping EU control. Meanwhile Scotland with the SNP in a majority at Edinburgh say they want the Northern Irish arrangements for themselves. The EU must privately worry about the strength of the SNP, as the EU sides with Spain in seeking to resist an independence movement in Catalonia when there is read across from the one to the other.

The Conservative party opposed devolution in Scotland and Wales, and was on the losing side in the referendums that created it. The party has always accepted the result, did not try to delay or derail devolution going through and has faithfully pursued it ever since. If we revisit the arguments that underlay the referendum it is unfortunate that the Conservatives were right about one fundamental issue. Labour always claimed if they granted Scotland a bit of devolution and it would end the nationalist movement. Instead it ended Labour's dominance as a political force in Scotland. Conservatives argued it would give the nationalists a platform, and they would use the politics of grievance to seek to increase devolved powers, always circling the true objective of independence.

This week devolution has been yet again the subject of SNP interventions, seeking to claim that despite the transfer of more powers to the Scottish Parliament from the ones we repatriate from the EU, Scotland does not get enough power over single market matters in the UK as of course trade policy for example is a reserved matter for the Union.

Brexit has made even more obvious the unfairness of lopsided devolution to England. England voted decisively to leave but has had no voice at the table

when the devolved administrations meet Union Ministers to decide how to proceed. We need to look again at the issue of voice for England. Meanwhile both major parties in the Commons have to get better at countering the politics of grievance from the SNP, who seek to turn every debate about our future into recriminations over what Scotland is allowed to do.

I am proud of the decision of the UK Parliament to grant Scotland a referendum to settle the issue of Scottish attachment to the UK for another generation. It contrasts well with the anti democratic approach of Spain and the EU to the demands for a referendum on Catalan independence. It would be good if MPs meant what they said when they say they will implement the results of a referendum on such important matters.

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## **Taxation and the UK single market**

#### My speech during the debate on the Taxation (Post-transition Period) Bill, 15 December 2020

I rise to support what may be an amendment that we are going to vote on or may be a probing amendment from my hon. Friend the Member for Stone (Sir William Cash), because I think there has been a deliberate misunderstanding by the EU and its friends over what Brexit is about and what we need to do in order to achieve a proper Brexit. A proper Brexit is taking back control; it is recreating the sovereignty of the people of the United Kingdom through their Parliament.

My hon. Friend has a distinguished career in this place trying to rebuild that sovereignty and watching, year after year, more and more of our powers taken away by successive treaties, by successive directives and regulations, many of them automatic ones over which the UK had little or no influence, and by court judgments which, again, we had precious little ability to shape. He is right that, as we come to legislate for our new arrangements as a sovereign country from 1 January next year, we need to make quite sure that we have back under the control of people and Parliament all those powers that we need to regulate, to govern and to take wise decisions on behalf of the United Kingdom.

I am very worried about some elements of the withdrawal agreement. I was told, as we were all told, that nothing was agreed until everything was agreed, and that that meant the future relationship as well as the withdrawal agreement. The EU decided for its own convenience to sequence things and say, "You have to sign the withdrawal agreement first and then the future relationship agreement will follow." A bit of flesh was put on the bones of the future relationship in the so-called political declaration, which one would have thought there was a lot of moral pressure to go along with even if it was not as strictly legally binding as they hoped the withdrawal agreement would be. I now think there has been a lot of bad faith, because, according to both sides, the central feature of the future relationship was always going to be a free trade agreement, and where is the free trade agreement?

We now discover that the EU wishes to take all sorts of other powers away from us as the price for the free trade agreement, which we have already overpaid for in the withdrawal agreement and which one would have thought, in good faith, the EU would now grant. It is very much in its interests—even more than it is in our interests—given the huge imbalance in trade, and above all in the trade that would attract tariffs if we had no free trade agreement: the trade in food. That is really what we are talking about: are there going to be tariffs on food or not?

We, the United Kingdom, run a colossal £20 billion trade deficit with the EU on food. We have to impose pretty high tariffs on food from the rest of the world—that makes absolutely no sense where we could not grow any of it ourselves; it may have some benefit for some of our farmers some of the time—but we are not allowed to put any similar tariffs on EU-sourced produce where we could produce it ourselves. The EU system is to try to use tariffs to buttress domestic production, but it has not worked for the United Kingdom; it has worked the other way. The tariffs have been taken off in order to benefit the Dutch, Spanish, French or Irish suppliers of our market with food at zero tariffs. The EU already has rather more interest in tariff withdrawal than we do, because we could have a range of tariffs that would probably achieve the aims both of cutting food prices by having a lower average tariff and of having a bit more protection on the things that we really could make and grow for ourselves here, which we are not allowed to protect against continental products at the moment.

I therefore think that the Bill could be improved by reminding the EU that we will not be pushed around and we will not suffer too much bad faith from those original negotiations or from the withdrawal agreement itself. I think it was a very imperfect agreement. It is pretty ambiguous in places; it is imprecise in places. I have never felt that anything the Government have done, or thought of doing, was in any way illegal. Lawyers could make a perfectly good case under the withdrawal agreement treaty terms themselves, and anyway, we have the protection of my hon. Friend's section 38, which made it very clear that this Parliament's acceptance of the withdrawal agreement was conditional. Why else would anyone have put section 38 in the withdrawal agreement Act unless they were making a point?

**Sir William Cash (Stone) (Con):** Does my right hon. Friend appreciate that it was the Prime Minister who, after an eight-hour meeting I had in No. 10 that day—17 October 2019—insisted that section 38 was necessary and appropriate? If we go back to the previous Administration, just imagine where we would be when we consider the Chequers arrangements, and then imagine what it would have been like if we had not decided to vote against that dreadful withdrawal agreement in its original shape. There were provisions that needed to be rectified, and section 38 provides the mechanism that enables us to do that.

**John Redwood:** Indeed. I think my hon. Friend has confirmed that under the previous Prime Minister, when those of us who could not vote for her agreement said that we needed a sovereignty escape clause, we were told that that would not be permissible because it would not be effective implementation of the agreement; which was then reassuring to us, not liking the withdrawal agreement very much and realising that it was a provisional agreement and would be completed only were there to be a satisfactory outcome to the total range of talks. It was a totally artificial constraint that the EU invented that it had to be sequenced, when up until that point everybody had always rightly said that nothing was agreed until everything was agreed. I would like to hear from the Minister a little more explanation on the detail of the Bill. As I understand it, the Northern Ireland protocol would apply only to goods that are passing from Great Britain to Northern Ireland and then on to the Republic of Ireland, or the reverse—goods coming from the Republic to Northern Ireland and then passing on to Great Britain. Am I right in thinking that that is a very small proportion of the total trade? In what ways will the Government ensure that it is properly defined, so that we do not catch up most goods in those more elaborate procedures? The bulk of the trade will be GB to Northern Ireland and back, or Republic of Ireland to Northern Ireland and back, and it should not in any way be caught up in any of these proposals. I am not sure that we do have a de minimis way of dealing with the so-called things at risk. It is not clear how the system will work for items at risk where we agree that they are at risk—and I hope it is a UK decision about what is a risk, not some other kind of decision with EU inspectors. It would be helpful to me and the wider community interested in this debate to know how a business would proceed if it had such a good at risk, to whom it would answer, and what decisions would be made about such a good in Excise, because it sounds a rather complicated and difficult arrangement, both for the business concerned and for those who are trying to enforce. I am trying to tease out from the Minister, in pursuit of the interests of my hon. Friend the Member for Stone and myself on sovereignty, whether we are really in control if the trade has started off from GB and is going to Northern Ireland. What kind of external intervention can the EU or the Republic of Ireland engineer—how is that fair, and how will it be determined? I think that is what we are most worried about in this piece of legislation, and we would be more reassured if there were the override that my hon. Friend proposes. I should be grateful for some explanation.

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## My speech during the debate on the Taxation (Post-transition Period) Bill, 15 December 2020

**Sir John Redwood (Wokingham) (Con):** I have declared my business interests in the Register of Members' Financial Interests.

I rise to support what may be an amendment that we are going to vote on or may be a probing amendment from my hon. Friend the Member for Stone (Sir William Cash), because I think there has been a deliberate misunderstanding by the EU and its friends over what Brexit is about and what we need to do in order to achieve a proper Brexit. A proper Brexit is taking back control; it is recreating the sovereignty of the people of the United Kingdom through their Parliament.

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## What are state aids?

One of the central stumbling blocks of the negotiations between the UK and the EU is said to be the issue of state aids. The EU has this idea that they can define and enforce a so called level playing field, though it usually looks more like a playing field that has been carefully prepared for the EU Home team to have an advantage.

Some seem to think it strange this apparently technical middle order issue has got in the way. They misunderstand just what the EU thinks state aid amounts to, or how far they think the playing field turf extends. The EU has long argued that most policies have a bearing on their single market, and that many policies can therefore be a state aid. Their single market

stretches from trade policy to education and training, from employment policy to taxation, from energy to transport, from competition policy to digital policy. The market includes a heavily interventionist agricultural and fishing policy.

Their idea of state aid goes well beyond the payment of grants to businesses to help them be more competitive. It encompasses taxes, both the lower variety to boost something and the higher variety to stop something or keep it out. It includes wages and minimum wage policy, social support, route licencing, farm subsidies, product specifications and much else.

So when the EU says it needs to lock us in to prevent the UK gaining any competitive advantage from choosing better policies, it does so knowing that means wide ranging powers to limit the ability of the UK to govern itself. The EU has implied they might make some sacrifice of their requirement that the UK should accept the need to change its laws in many areas every time the EU does to avoid future undercutting. That would still leave a mighty plenitude of powers and policies where the UK would have to observe all EU law at the point of departure.

The whole point of leaving the EU is to levy our own taxes, make our own laws, and create a better background for UK business and consumers. The UK government has said it has no wish nor intent to cut employment or environmental standards, but it should be wanting to change the rules of our fishing and agricultural policies, taking down some EU taxes, and looking at ways to foster more employment at home in making and growing things. This is why it is proving so difficult to negotiate, because the EU wants far more than a Free Trade Agreement. It wants control over our competitiveness and law making.

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## [Energy paper launches consultations](#)

We waited a long time for an energy policy. The energy paper released yesterday still leaves open how we will expand capacity to allow for an industrial recovery and cut our dependence on imported electricity.

Whilst we read that new nuclear is a good answer in the press, what the paper says is

“No decision has yet been taken to proceed with Sizewell C” and the government is working on “creating an up to £385 million Advanced Nuclear fund to support the development of small modular reactors”

There is the suggestion the whole of this Parliament will be spent negotiating and planning a possible new nuclear power station with no guarantee it will be built. They also hope for modest grants to companies who might be able to commercialise smaller nuclear generation plants in due

course.

The paper suggests a doubling of electricity capacity in total, but this seems to rely on the pledge already made to take offshore wind power up to 40GW. There is no satisfactory account of what the stand by or back up power will be, given the unreliability of wind power and the clear indication there might not be new nuclear after all.

The only new policy which kicks in from 1 January 2021 is a UK Emissions trading system to replace the EU with the promise that it will be tougher, implying dearer power.

We need a greater sense of urgency and some investments soon to secure the extra capacity this country already needs. We also need better policies for cheaper power for industry, in order to win back lost market share in making and growing things. The affordability package is targetted on retail consumers alone.