

## Getting our money back

Margaret Thatcher understood the UK had a bad deal out of our EEC/EU membership. At a time when she was battling to get the public finances under control and to get value for money for UK taxpayers, she naturally expected the same of our EU contributions and budgets. She judged the public mood well. Why accept less spending at home if they were wasting so much of our money abroad?

The official government and establishment was shocked by her wish. They did the usual thing of checking with their official continental friends and gleefully reported back that there was no interest in offering the UK a better financial deal, and the UK would be the only state wanting to press the matter. To even raise it was bad taste which would “undermine our position in Europe” or would “marginalise the UK “

Margaret decided to proceed. She said she would threaten to withhold contributions if they did not take the matter seriously and make a concession. This caused even greater official consternation. They pointed out it would be completely illegal to withhold the money. It was owing under our Treaty obligations, enforced by the clear Act of Parliament making us obey the Treaty provisions. If she did so the UK would soon be found guilty by the European Court of Justice which had complete control over us all the time we were members.

She pressed on regardless. To the amazement and consternation of the official advisers the EU took her demands and possible threat seriously. They offered a generous discount on the bad terms we had before. She did not as a result have to carry out her threat to withhold the money. One woman, opposed by the whole EEC and by much of the UK establishment , saved UK taxpayers billions. It shows how will power and not making concessions is essential to a successful negotiation with the EU.

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## Negotiating with the EU

The only past UK Prime Minister to have conducted a successful UK negotiation with the EU was Margaret Thatcher. I wish the current PM every success in pursuing a Free Trade Deal and a full assertion of UK powers over borders, trade, money and laws.

All the other PMs failed to stand up to Brussels bullying or failed to engage to get the UK a better deal in the first place. Mr Heath needlessly sacrificed our fish in a last minute panic to get into the EEC, setting up a running sore about our membership. His terms over money were also feeble.

Mr Wilson attempted a renegotiation which gained practically nothing back from the EEC, but did allow him to force his very divided party into accepting the EEC after a referendum. The pro remain referendum campaign told us we were just joining a Common Market with no loss of sovereignty. Over the years instead successive governments surrendered power after power to the EU institutions, making self government impossible.

Mr Callaghan accepted the Wilson settlement. He lost the election owing to poor economic management, partly triggered by the large balance of payments deficit with the EEC created by the adoption of EEC trading rules and tariffs.

Sir John Major signed the UK up to the Maastricht Treaty which split the party and country. He did not use the big EU push for more integration to secure a less intrusive model for the UK, though he did get the important opt out from the Euro. Sir John lost the General election heavily thanks to the enormous economic damage done by the European Exchange Rate Mechanism which he forced the UK into.

Tony Blair promised a renegotiation of the Common Agricultural Policy and stupidly surrendered part of our cash rebate to get it. The Reform never materialised as wanted by the UK.

Gordon Brown did not try to get anything back for the UK.

David Cameron went in for a major renegotiation. He travelled the EU asking what they would give, and got the answer very little. He asked for very little and did not even get that. He failed for example to restore control over our benefits system. One of the many Remain lies over the years was this was a red line issue which meant we would stay in charge. His failure led directly to the referendum outcome, with many otherwise loyal Conservatives backing Leave. Mr Cameron had to resign owing to his EU policy.

Mrs May constantly gave in to pressures from the EU ,leaving her with an unacceptable set of terms for withdrawal which led directly to her exit from the job as PM.

Tomorrow I will look at how Mrs Thatcher carried out the very successful negotiation to get a substantial rebate on our onerous membership terms.

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## [My contribution to the debate on the Internal Market Bill, 16 September 2020](#)

**Sir John Redwood (Wokingham) (Con):** I rise to support clauses 46 and 47 and

to disagree with the Opposition amendments. It is a great pity that the SNP wishes to turn every debate in this House into a debate on independence when they lost the referendum, because, as a great democrat, I have only ever wanted willing volunteers in our Union. I was delighted to support a referendum to leave it to the Scottish people, and I trust their judgment—it is a pity others do not as well.

Clauses 46 and 47 take important powers to honour one of the pledges made by the Vote Leave campaign, and believed by many voters in that important referendum, that the United Kingdom Government should replace the moneys for projects and investments that would otherwise have been supplied through the European Union.

Taking this power illustrates that there is serious intent, that the Government will honour that promise of the referendum campaign, and that the United Kingdom will not lose—indeed, it will gain—as a result of changes in the arrangements for funding large projects and suitable investments.

I always thought that there were three problems with relying on the European Union to fund some of these projects. The first and biggest was that we had to send far more money to Brussels than we got back. One of the great advantages of this power is that every penny that taxpayers pay in the United Kingdom for these purposes will come straight back. There will not be a huge levy on top.

**Alan Brown (Kilmarnock and Loudoun) (SNP):** Taking away the semantics about money and all the rest of it, I am sure that the right hon. Member understands that when it comes to structural funds, the EU disburses it to managing authorities—so in Scotland, the Scottish Parliament gets the money from the EU to administer and carry out projects. Clause 46 allows the UK Government to bypass the Scottish Government completely. The EU has not forced one single infrastructure project on England, Wales or Scotland against the wishes of the sovereign Parliaments, but this measure allows the UK Government to bypass the Scottish Parliament and not to recognise the sovereign will of the Scottish people. Surely that is the problem.

**John Redwood:** I do not see any problem at all. I cannot for one moment believe that the United Kingdom Government would want to force on Scotland a project that Scottish people did not wish. Nor do I recognise this idea of the sovereign Scottish Parliament; it is completely under the power of the European Union until we have properly left. The hon. Gentleman never seems to recognise the ultimate power of the European Court of Justice and of the money-awarding procedures □that we had to go through to extract back some of the United Kingdom money that we had to send in very large quantities to the union.

**Stephen Doughty (Cardiff South and Penarth) (Lab):** Of course, the right hon. Gentleman has never supported devolution. I think he described it in his own words as “appeasement” and said that we had had too much of it. I know he would love to go back to those days when he was Secretary of State for Wales and was treating Wales like a branch office. Is it not the truth that he has never supported devolution, that he does not support it now, and that he

wants to ride roughshod over it?

**John Redwood:** No, most certainly that is not the point, and that is not my position. I am a democrat, and I have accepted completely the results of the referendums on devolution. It is quite true that I and my party were on the other side in the referendum on devolution. I believed that it would lead to a big resurgence in unsuccessful Scottish nationalism, which is exactly what it did, and I do not think that that has enriched our public life any. However, I am a democrat and I fully accept the devolution settlement. I am very happy for the devolved authorities and Parliaments to exercise their powers. I also believe that we should co-operate fully with them, and I urge my Friends on the Front Bench to do so. Of course it is as much in our interests as it is in the interests of the Scottish Parliament to define the projects that Scotland most wants and that are most necessary to promote its prosperity.

**Patricia Gibson (North Ayrshire and Arran) (SNP):** The right hon. Gentleman says he is a democrat. In view of that, does he acknowledge that the Sewel convention says that this Parliament will not normally legislate on areas or matters that are devolved to the Scottish Parliament? We also know that what is not reserved is automatically devolved, so does he think it appropriate to override the Sewel convention and threaten the powers and sovereignty of the Scottish Parliament without the consent of the Scottish Parliament, which is sovereign?

**John Redwood:** I do not accept that it does any of those things. I think we are legislating in a perfectly legal and sensible manner.

I shall go back to the remarks I wish to make as to why it is better that we pay for our own projects rather than doing so with the big discounts on our money through the European Union. The second reason for that is that some of the European schemes required the project to be a marginal one. Part of the terms of giving the money was that it was not a project we would finance for ourselves or not a core, essential project. That did not make a lot of sense. Once that is under United Kingdom control, we will obviously jointly wish to finance the best projects, and of course that will be in full consultation with the devolved Governments around the country.

The third reason that I think we will do better without European Union intrusion is the flagging of these projects. There has been deep resentment in the United Kingdom that whenever a small amount of money came from Europe into a project, it had to show the EU flag but we were not allowed to put a British flag on it to say that all the so-called EU money had actually come from United Kingdom taxpayers. Even worse, we were not even allowed to put a British flag on it to show that a larger proportion of the funding for the scheme had often come directly from the United Kingdom Government. It will be much better when we do not have to false-flag projects in the interest of misleading people about who is actually paying for something.

In this debate on the Bill generally, I know that the Opposition are still very exercised in thinking that these and other powers are illegal because they in some way violate the rules of international law set out in the EU

withdrawal agreement. State aid is part of that argument, and these are the two central clauses on state aid. I would like to say that I disagree strongly with my right hon. Friend the Northern Ireland Secretary. I do not think there is any way in which this legislation violates international law. It clearly asserts and upholds United Kingdom law, most notably the sovereignty clause in the European Union (Withdrawal) Act 2018. That Act was a compromise agreement and a halfway house. It was attached to a political agreement to complete a proper negotiation in due course over our future relationship, so it was always rather problematic; because it was like that, it was ambiguous and contradictory. There are perfectly strong clauses in the EU withdrawal agreement and the EU (Withdrawal) Act stating that it is a duty that the single market and customs union of the whole United Kingdom, which expressly includes Northern Ireland, is upheld. That is exactly what this Bill is seeking to do.

The Government and many others hope that there will be a last-minute agreement, because it is quite easy to deal with all the outstanding legal issues in a comprehensive agreement. I am a bit sceptical that that is going to happen, because I see no evidence of good faith in negotiations by the European Union, and I think that, were there to be a breakdown, there would be a second legal argument that there had not been good faith. That is another reason why there is no sense in which we are seeking to break an international agreement, let alone the law.

I am very pleased that the Government are taking crystal clear powers to provide state aid and investment in projects. I hope the Government will also, ere long, issue a very strong statement of the United Kingdom's state aid policy that should cover this and other matters. We owe it to the international community to have a strong, clear and independent state aid policy that is perfectly compliant with the World Trade Organisation rules on this matter, because we wish to be a global trader with more free trade agreements outside the European Union space. In that respect, we can probably do better than the European Union, because there have been a number of important cases where the European Union has been found to be in violation of state aid rules by the World Trade Organisation, and perhaps an independent Britain can do a bit better.

**Stephen Farry (North Down) (Alliance):** Is the right hon. Gentleman aware of the comments emerging from Speaker Pelosi and others in the United States stressing that if there is any breach of the protocol in the withdrawal agreement—a threat to the Good Friday agreement—there will be no prospect of a trade deal with the United States? Is that not the fundamental flaw in the analysis of those pursuing a hard Brexit?

**John Redwood:** I am not pursuing a hard Brexit; I am pursuing the independence of our country which was voted on all too many years ago and which this Parliament, in a previous guise, deliberately blocked, delayed and diluted. I am very proud to belong to a Parliament that is now clearly charged, yet again, by the electorate of the United Kingdom to get on with it and deliver Brexit. The hon. Gentleman should recognise that Mrs Pelosi is not the President of the United States of America. It is the President who leads the negotiating teams for trade deals, and, as I understand it, President Trump

and his International Trade Administration are very keen on a trade agreement with the United Kingdom and still negotiating on it. I suspect that the Democrats in the House of Representatives, who will have their own political reasons for what they are doing at the moment, have not quite understood just how important this Bill is for the future of the United Kingdom single market and customs union—because who would want to do a trade deal with the United Kingdom if we did not have this Bill and could not guarantee that we were pledging the whole of our market in the market opening that such a free trade agreement would require? This Bill is fundamental to any success in negotiations that we have with Japan, the United States, maybe the Transatlantic Trade and Investment Partnership in due course, and so forth.

This is a vital piece of legislation to implement the independence of our country in a true Brexit. It is an entirely legal piece of legislation that reflects important statements in the withdrawal agreement and, above all, reflects a sovereignty clause in the EU (Withdrawal) Act that some of us supported and put in with the express purpose in mind that if there was no good faith from the EU we would need to make unilateral arrangements for our future trading. It is crucial for a country that wishes to have much more positive trade relations than the EU has had with a wide range of countries outside the European Union space.

I look forward to the state aid regime and investment regime being used in the interests of the whole country, with the United Kingdom being able to spend more of its own money on its own priorities, with good guidance and advice from Scotland, Wales and Northern Ireland as we go along, but not forgetting the importance of England and the need for us to have good English projects as well. I hope that it will be twinned with an exemplar state aid policy for world trade purposes that may indeed be different from that of the European Union.

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## Growing more at home

One of the big wins from current changes should be more home grown food. There is a big opportunity for farmers as we leave the EU and as people respond to environmental and pandemic concerns.

I was therefore heartened to read of the large investment in glasshouse capacity in Norfolk and Suffolk. The combined investment could produce 12% of U.K. demand for tomatoes and sweet peppers. They will be heated by waste heat from a water plant.

It makes little sense to truck so many fruits and vegetables hundreds of miles from Spain or to ship them from Holland when we can produce them for ourselves. It was the vagaries of the CAP, subsidy and tariff policy that led to a sharp decline in U.K. market share in our own market.

I look forward to other similar announcements.

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## The public sector and derivatives

I have highlighted before Network Rail's use of derivatives. In their last annual accounts to end March 2020 they report progress with winding down foreign currency futures, as they gradually eliminate the foreign currency borrowings previous managements had taken out.

They still had in place £12.5bn of hedges, mainly for interest rates. At year end the notional loss was a gross £895 million and a net £484m.. Why does a company that is entirely owned by the taxpayer and borrows with a state guarantee need to take out derivative contracts on interest rates? Why do we rarely see them making overall profits on these activities?

The BBC too has some of these derivative contracts. They also reveal unrealised losses on their foray into this complex market at their last balance sheet date. I haven't heard BBC journalists asking questions about any of this.