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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

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Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

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House of Lords

Thursday 19 January 2017

11 am

Prayers—read by the Lord Bishop of Portsmouth.

Death of a Member: Baroness Heyhoe Flint

Announcement

11.06 am

The Lord Speaker (Lord Fowler): My Lords, I regret to inform the House of the death yesterday of the noble Baroness, Lady Heyhoe Flint. On behalf of the House, I extend our condolences to the noble Baroness's family and her friends.

Immigration: Housing Question

11.07 am

Asked by Lord Green of Deddington

To ask Her Majesty's Government what is their estimate of the number of new homes that will be required for migrants in England in each year up to 2039 on the basis of the most recent high migration variant of the population projections published by the Office for National Statistics.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, the higher migration scenario of the department's household projections shows that there are projected to be an average of 243,000 new households forming each year between 2014 and 2039. Net migration accounts for an estimated 45% of this growth. In the main scenario, there are projected to be an average of 210,000 households forming per year, of which 37% is attributable to net migration.

Lord Green of Deddington (CB): My Lords, I thank the Minister for his response. These are projections, not forecasts, but does he agree that the difference between projections can give you quite a good idea and that the other projection to look at is the one based on zero net migration? The difference between high and zero migration is 110,000 households being formed every year. That is 300 every day. To put the point slightly more dramatically, that would mean building a home every five minutes, night and day, for new arrivals until such time as we get those numbers down. I know there is a strong view in the House that there is a lot to be said for migration. All I am pointing out is that there are also costs.

Lord Bourne of Aberystwyth: My Lords, as I have indicated, just over a third of the growth in the main scenario is attributable to migration. It is a two-year cycle and we review the figures every two years. The next review will be at the end of this year, when some of the scenarios may well change because of the

impact of Brexit over the period. But the noble Lord is absolutely right about the challenge of building more houses. That is certainly true, but most of it is not to do with migration.

Lord Foulkes of Cumnock (Lab): Would the Minister not agree that, if we are going to be able to build enough houses for British people as well as migrants, we will need labour—and that most of that labour will come from the European Union?

Lord Bourne of Aberystwyth: My Lords, as I have indicated, there is a massive challenge. We are in regular contact with BEIS and the Construction Leadership Council, looking at the importance of skills in this regard. The Prime Minister has indicated that, regardless of leaving the European Union, we will still have a need for the best and the brightest in terms of work and apprenticeships. I absolutely agree with the general point that the noble Lord is making about the need for that to continue.

Baroness Maddock (LD): My Lords, people will recognise that many immigrants and refugees end up living in some of the poorest parts of our country. Can the Government tell us what steps they are taking to make sure that local councils have sufficient resources to support infrastructure in their communities, and also the special resources that people need when they are trying to acclimatise to a very different environment?

Lord Bourne of Aberystwyth: My Lords, the noble Baroness addresses a broader point. Some of that will be addressed by the Neighbourhood Planning Bill, which I know she is participating in, and some will be addressed in the housing White Paper that is expected shortly. We have of course committed money to infrastructure, which she refers to, but the Controlling Migration Fund also allows money for some of the challenges that local communities face.

Baroness Royall of Blaisdon (Lab): My Lords, does the Minister agree that there is an unfortunate perception that migrants take our social housing, as it were, whereas the majority of migrants—over 74% of them, I believe—live in the private rented sector?

Lord Bourne of Aberystwyth: My Lords, the noble Baroness brings up a valuable point. Let us be clear: migration has contributed massively to the quality and diversity of life in this country. It is certainly not true to say that immigration has led to a drain on our resources.

Lord Pearson of Rannoch (UKIP): My Lords, do the Government believe our National Health Service and our social care arrangements can survive—

Lord Foulkes of Cumnock: Without migrants?

Lord Pearson of Rannoch: My Lords, I have never denied that we need migrants; it is just that we do not want to go on letting in Bulgarian and Romanian gangsters at their will. Do the Government believe our NHS and social care can survive this sort of increase

[LORD PEARSON OF RANNOCH]
with their present funding arrangements, or do we have to consider something more radical for the longer term?

Lord Bourne of Aberystwyth: My Lords, if I may try to address the joint question asked by the noble Lords, Lord Pearson and Lord Foulkes, it is certainly the case that across broad sections of public life, certainly including the NHS, we are heavily dependent on people from the immigrant communities. There is no doubt about that. Net migration will probably fall as a result of Brexit, but it will be some time before that happens. Still, we face all sorts of challenges in seeking to address that.

Baroness Sharples (Con): Will there be enough allotments available for those who want them?

Lord Bourne of Aberystwyth: My Lords, no Question Time is complete without a question on allotments. I know my noble friend feels very strongly about this. Unfortunately, I am blindsided on the particular impact of this issue on allotments, but I will ensure that she has a detailed response and I shall copy it to the Library.

Lord Beecham (Lab): My Lords, will the Government review the contracts with organisations such as G4S relating to the housing of asylum seekers and refugees? Under the Labour Government, those contracts required more than simply housing; they required an element of support for the tenants of those organisations. That changed under the coalition Government, and that is now imposing considerable pressures on local authorities and communities because there is not that visible support which formerly existed under previous contracts.

Lord Bourne of Aberystwyth: My Lords, the noble Lord raises an important issue in relation to asylum seekers and housing and services for them. I have experienced this in going around the country and visiting particular communities. I will write to the noble Lord, if I may, on the particular point about G4S, and again I will ensure that that is copied to the Library.

Baroness Hayman (CB): My Lords, given what the Minister has said about the continuing need for migrant labour in this country and the dependence, as recognised by the Government, of our health and social services on that labour, is it not time that noble Lords stopped blaming those who are suffering from the housing shortage and actually focused on the remedies for what has been a long-standing problem in this country?

Lord Bourne of Aberystwyth (Con): My Lords, I assure the noble Baroness that I am not part of that blame culture: I do not do that and I am very committed to ensuring that we address the existing housing shortage. As she will know, we are committed to building 1 million homes in this Parliament and a recent National Audit Office report indicated that we are on target for that. As she and other noble Lords will know, there remains beyond that a massive problem to address, but we are seeking to do just that.

Baroness Altmann (Con): My Lords, my noble friend is right: there is a housing shortage, whether we focus on immigrants or first-time buyers. Can he assure the House that, in a new housebuilding programme, attention will be paid to last-time buyers as well as other groups in our ageing population?

Lord Bourne of Aberystwyth: My noble friend is absolutely right to address that issue and speaks with great experience. She may not be aware that in the Neighbourhood Planning Bill we intend to bring forward amendments to deal with that housing issue in local plans.

Housing: Lettings Fees Question

11.15 am

Asked by **Baroness Grender**

To ask Her Majesty's Government what steps they are taking to implement the ban on lettings fees announced in the 2016 Autumn Statement.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): The Government are committed to introducing legislation as soon as possible to implement the ban on letting agent fees for tenants. We will consult in March/April on the detail of the ban and will consider the views of property agencies, landlords, tenants and other stakeholders before introducing legislation. Impact assessments will follow the consultation and support the detail of banning fees to tenants.

Baroness Grender (LD): Does the Minister understand our need to see the small print, given the arguments he made against the proposal during the progress of my Private Member's Bill? Does he recognise that all fees—up-front, renewal and exit—charged to tenants need to be included in the ban for it to work?

Lord Bourne of Aberystwyth: My Lords, first, I pay tribute to the work that the noble Baroness does on this matter. With her background in Shelter, she certainly knows what she is talking about. It is important that we have detailed consultation. I am sure that she will be pleased to hear that officials were in Scotland yesterday to learn lessons from there. I have sympathy with a wide-ranging ban on fees, although we have to be careful to ensure that we get it right through the consultation. For example, if somebody loses their key, it is legitimate that they should pay the letting agent for getting a new one. But I agree with the general thrust of what she says.

Lord Beecham (Lab): My Lords, will the Minister look at some other issues affecting the private rented sector: soaring rents, a rising tide of evictions, and a great lack of security because tenancies can be terminated legally after a very short period? Is that not a matter that the Government should address?

Lord Bourne of Aberystwyth: My Lords, the noble Lord addresses wider issues. He will probably know that the DCLG working party on affordability and security has reported and we are now considering our response to it, which will cover many of the issues that he just raised.

Baroness Gardner of Parkes (Con): Are we any closer to having the draft or final regulations under the Housing and Planning Act 2016, which we wanted in the pretty early days even before we started discussing it when it was a Bill? We kept being told that we would get them and, as far as I know, we still have not.

Lord Bourne of Aberystwyth: My noble friend is perhaps aware that I have written to noble Lords, partly in response to her previous Question, giving a detailed timetable in so far as I have it on when the regulations will be brought into force, but I will circulate it to her again in case it has gone missing.

Mental Health: Children's Services

Question

11.18 am

Asked by **Lord Hunt of Kings Heath**

To ask Her Majesty's Government what is their assessment of YoungMinds' analysis published on 21 December 2016 that 64 per cent of Clinical Commissioning Groups are diverting new funding for children's mental health services to other areas.

The Parliamentary Under-Secretary of State, Department of Health (Lord O'Shaughnessy) (Con): My Lords, the Government are working with partners in the NHS and elsewhere to deliver an ambitious programme that improves access to high-quality mental health care for children and young people. This is backed by significant additional investment. NHS England's new five-year forward view for mental health dashboard shows each CCG's spend and activity on children's mental health, as part of the robust assurance processes we have put in place.

Lord Hunt of Kings Heath (Lab): My Lords, I thank the Minister for that. No one can doubt that Ministers have made all the right noises on developing mental health services for young people. The problem is in the execution. He mentioned extra money, but he will know that the promised £1 billion is simply not getting through to the front line. A recent survey by YoungMinds showed that about 50% of CCGs were simply not using the money that they had been given in their baseline budgets for mental health services for young people. With one in four young people not getting access to services and it being not until 2021 before we stop the appalling practice of young people having residential care hundreds of miles from their homes, there is grave doubt as to whether this will happen in practice. Will the Minister agree to consider ring-fencing this money to ensure that it is actually spent on young people?

Lord O'Shaughnessy: I thank the noble Lord for raising this important issue. I have looked at the YoungMinds research, and who could not agree that the money needs to get through to the front line? Its suggestion of maximising transparency is something with which we wholeheartedly agree. We do not think that ring-fencing is the right approach. It is right that we have a health service in which clinical commissioners, who know their local needs best, take decisions. As he knows, we are trying to redress an historic imbalance in both spending and parity of esteem for services. The approach that NHS England is taking about transparency is improving and working. I think that the YoungMinds research shows an improving picture year on year, although there is a lot to do. Indeed, that is confirmed by data from CCGs themselves on mental health spending, which shows an 8.4% increase year-on-year on money getting through to the front line.

Lord Laming (CB): My Lords, do the Government accept that this is a subject of immense importance? Unless we identify young children with learning difficulties and other problems to do with eating disorders and self-harm, especially in the early years in education, and act quickly and robustly to meet their needs, it will be the beginning of a downward spiral. Society will pay a high cost in terms of both what happens to the individual in the impairment of their development and the costs for society in meeting their needs in their later life.

Lord O'Shaughnessy: I could not agree more with the noble Lord. It is significant that the Prime Minister made the announcement on mental health and committed herself to a big improvement in both the amount of funding and the services offered. Part of that is making sure that schools and health work together, with every secondary school in the country being offered mental health and first-aid training, but clearly there is much more to do.

Baroness Chisholm of Owlpen (Con): My Lords, clearly prevention is better than cure. What is being done by the Department for Education and the Department of Health to work together to educate teachers—in fact all those who come into contact with people in our schools and universities—to notice when a young person might be having a mental health episode?

Lord O'Shaughnessy: The sad fact is that the prevalence of mental illness among young people, whether it is self-harm or eating disorders, is growing and there is a real problem. Schools have to play a central role along with health services in addressing it. One of the Prime Minister's announcements was a major thematic review of children and adolescent mental health services, which is being carried out by both the Care Quality Commission and Ofsted, so that is an important point about joint working. Indeed, the Green Paper that we are committed to producing will be put together by both the Department of Health and the Department for Education. That is a very important statement of intent. Clearly there is a lot of work to do to fill it with good content that will make a difference, but there is absolute determination from the PM downwards to make that happen.

Baroness Tyler of Enfield (LD): My Lords, given the frankly shocking revelation that more than half of clinical commissioning groups are diverting the new money they receive to improve children's mental health services to other priorities, will the Government commit not to sign off any sustainability and transformation plans that do not contain a clear commitment to spend every penny assigned to mental health for those purposes?

Lord O'Shaughnessy: The noble Baroness is a great campaigner on these issues, and I have huge respect for the work that she has done. The sustainability and transformation plans will obviously include these local transformation plans for mental health, and it is up to NHS England to ensure that it delivers on the many commitments we now have. Those commitments include the first ever access and waiting times for mental health, which is both access to talking therapies and access to help after psychotic incidents. We have new targets coming up for children and young people who seek help when eating disorders or other generic mental health problems are identified. There are robust targets and there is now a mental health improvement team in NHS England to make sure that those CCGs deliver what they should.

The Lord Bishop of St Albans: My Lords, this is a very serious and growing problem. Recent research has shown over the last five years that the number of hospital admissions associated with children's self-harm has grown by 93% among girls and 45% among boys. It seems extraordinary that when money is announced for mental health services it is then not spent. First, how many years will we wait until we need to ring-fence that money, because this is a really important issue? Secondly, to pick up on the previous but one question, will the Government commit to producing guidelines for schools and colleges about preventing and responding to self-harm, so that we have some practical things put in place?

Lord O'Shaughnessy: I could not agree more with those points, in the sense that money must get through to the front line. However, we have an NHS that is set up so that clinical decisions are made by clinicians rather than politicians, and that must be right, because the needs vary from area to area and different areas have different priorities. They have different historic legacies in terms of delivering their services. As for the direction that we give to schools and colleges, clearly the thematic review that the CQC and Ofsted are carrying out will provide advice on what works. We are also introducing some randomised control trials to look at interventions that work, so we have a proper evidence-based system. The commitment is to get 70,000 more young people having evidence-based treatments by 2021.

Lord Watts (Lab): My Lords, is it not clear that the present system of "hands off" is not working? People working in this service are desperate to make sure that the Government take action to ring-fence this funding so that vulnerable children are not put at risk.

Lord O'Shaughnessy: I do not think that anybody disagrees with the scale of the problem that we are dealing with, but I do not believe—and the Government do not believe—that having an NHS in which politicians can direct pots of money is the right approach. These are clinical decisions that need to be made locally. It is not true to say that there is no pressure going on—that is what NHS England is for, to make sure that CCGs are committing not just on mental health but on other health issues to spend the money and meet the targets that they are committed to meeting.

Baroness Butler-Sloss (CB): Does the Minister accept that to start looking at mental health issues in secondary school is too late? There is no doubt a shortage in terms of looking at it at primary school level, but it is extremely important. The earlier that children are looked at for their problems, the better.

Lord O'Shaughnessy: The noble and learned Baroness may know that over the past five years I have been setting up primary free schools, with an explicit focus on developing character, well-being and resilience in young people, so I could not agree with her more—it has to start early. Indeed, it does not have to start in primary; it must start in early years and, of course, it must start with parenting and giving parents the skills that they need to teach resilience in their children.

Lord Roberts of Llandudno (LD): Is the Minister aware that half the immigrant children in the Calais or Dunkirk camps were diagnosed with mental health problems? As we are supposed to accept 20,000 refugees in the next three years, is there sufficient funding and awareness of the need to add to our commitment?

Lord O'Shaughnessy: I was not aware of that fact, but it is clearly an important one and I shall write to the noble Lord with the information about what we are doing to support those children who come to this country.

Baroness McIntosh of Hudnall (Lab): My Lords, the Minister will be aware that there is an issue around identifying people in need of treatment, but there is also an issue about the sustainability of the workforce to deliver that treatment. What are the Government doing to encourage more trainee professionals, both doctors and other kinds of mental health professionals, to pursue a career in relation to mental health, which as I understand it is still fairly unpopular as a specialisation?

Lord O'Shaughnessy: That is an extremely good point. The people need to be there in order to deliver. There are two parts to the answer—first, that within the additional £1.4 billion going into children and adolescent mental health services over the course of this Parliament, about £130 million is for workforce development. Secondly, because of our reforms to workforce training, there are another 1,500 doctor training places. By removing the cap on nurse, midwife and allied health professional training, universities will be able to offer up to 10,000 more places a year for those positions.

Lord Clark of Windermere (Lab): My Lords, might I press the Minister a little further on his very last sentence, when he referred to the increased availability of nursing? I know that he is aware that there is a projected 20% drop in nurse training at this stage but, for specialist nurse training, especially mental health nurse training, the drop is even larger than 20%.

Lord O'Shaughnessy: This is something that we had the opportunity to discuss yesterday. I am aware of the concerns on this issue. The reforms are designed to take the cap off the number of places, making more places available. In the last year, something like 37,000 applicants were turned away from nursing places, which is clearly not something that we want. When there is a change in regime, clearly there may be an impact on numbers in the first year—as there have been when tuition fees have been introduced in the past—but historically that has tended to rebound.

Israel and Palestine: Paris Peace Conference

Question

11.30 am

Asked by **Lord Steel of Aikwood**

To ask Her Majesty's Government why no United Kingdom minister attended the Israel–Palestine peace conference in Paris.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, the UK welcomes France's efforts to promote peace. However, as the role of the US is so critical, we have repeatedly expressed reservations about holding a conference so close to the change of US Administration and without the attendance of the two main parties. We did not consider this the best way to make real progress. As a consequence, we decided to attend the conference as an observer, at senior official level.

Lord Steel of Aikwood (LD): Would the Minister agree that it is important to draw a clear distinction between support for the State of Israel and for the policies of the present Israeli Government? Given that the ministerial absence from this conference followed the crass repudiation of a speech by Senator John Kerry, who had done so much to support the peace efforts, will she confirm that it is still the policy of Her Majesty's Government to recognise that settlements in the West Bank are illegal and, therefore, one of the obstacles to peace?

Baroness Anelay of St Johns: My Lords, this is about more than illegal settlements, although I have made it clear from this Dispatch Box that this Government view illegal settlements as an obstacle to peace. What I affirm, against the background of what the noble Lord has raised, is that the UK's long-standing position on the Middle East peace process is clear: we continue to support a negotiated settlement leading to a safe and secure Israel living alongside a viable and sovereign

Palestinian state, based on 1967 borders, with agreed land swaps, Jerusalem as the shared capital of both states, and a just, fair and agreed settlement for refugees.

Lord Turnberg (Lab): My Lords, can I ask the Minister to speculate on what the attitude of the British Government would be if the French decided to hold a conference with 70 countries to discuss Northern Ireland but did not invite the British or Irish Governments?

Baroness Anelay of St Johns: My Lords, as I rather waspishly said, I think, in response to the noble Baroness, Lady Tonge, on Tuesday, I try not to speculate; I prefer to deal with what is. Indeed, in those 13 long, long years in opposition, I remember having my leg pulled very gently on the basis that I always wanted to know what works, and what works is having the two main parties involved in negotiations. Without the Israelis and the Palestinians coming to an agreement, there can be no lasting peace.

Lord Robathan (Con): My Lords, I commend the Government for sticking with their support for the two-state solution, which is generally accepted as the best way forward. But I invite my noble friend to speculate: without the two states of Israel and Palestine at the discussion of the two-state solution, what exactly was the conference designed to achieve?

Baroness Anelay of St Johns: My Lords, I do pay tribute to the way in which France has, under various Administrations, genuinely sought to take forward international discussions on a potential peace settlement—this was one more effort by France to do so. But unless the main protagonists are there to come to an agreement, there can be no resolution. That is the nub of the discussion today.

Lord Collins of Highbury (Lab): My Lords, in the light of the Foreign Secretary's off-the-cuff remarks, I am not at all surprised that the Government were reluctant to send him to France. However, the Minister has today and yesterday reiterated the Government's support for the two-state solution. Will she reassure the House that, when the Prime Minister visits President-elect Trump—very soon, as we hear—the issue of support for the two-state solution will be high on the agenda?

Baroness Anelay of St Johns: Indeed, as I have set out today, our position on the two-state solution has not changed. I have again listed the component parts of a lasting settlement, which I know all Members of this House want to achieve—that is, a lasting solution to a very difficult position across the Middle East and one that could be respected by all. My right honourable friend the Foreign Secretary has a wonderfully dramatic way of making a point. It certainly gets attention.

Baroness Northover (LD): My Lords, the noble Baroness rightly often emphasises the importance of international law. UNOCHA states that there have been record numbers of demolitions of Palestinian properties in 2016. Will the noble Baroness comment on that?

Baroness Anelay of St Johns: My Lords, we continuously bring to the attention of the Government of Israel the fact that we believe that moves to extend illegal settlements, but also moves to carry out demolitions, can undermine the future of peace, even if those demolitions may be in green-line Israel. It is a very sensitive matter because green-line Israel is not the same as the Occupied Palestinian Territories, but, for me, it is a matter of respecting human rights.

Lord Lamont of Lerwick (Con): Does my noble friend agree that any moves by Governments to move their embassies to Jerusalem would make the two-state solution even more difficult?

Baroness Anelay of St Johns: My Lords, we have no plans to move our embassy to Jerusalem. I hope that is in accord with my noble friend's wishes.

Lord Dykes (CB): My Lords, while respecting the Minister's earnest endeavours and being grateful to her for those, does she agree that if the Government legitimately are more critical of the Netanyahu illegal settlement policies, that encourages, and gives support to, the millions of Israeli citizens who disapprove of those settlement policies?

Baroness Anelay of St Johns: My Lords, in continuing to voice our opposition to the building of illegal settlements, we also point to other aspects of the disputes that need to be resolved. However, this is set against a wider issue because this country firmly upholds international law. My right honourable friends the Foreign Secretary and the Prime Minister have made it clear that, as global Britain going forward as we leave the European Union, we intend to maintain our position as a firm upholder of international law.

Brexit: Hate Crimes

Private Notice Question

11.37 am

Asked by Baroness Smith of Basildon

To ask Her Majesty's Government, in the light of concerns raised by the Chairman of the Equality and Human Rights Commission, what assessment has been made of the likelihood of increased hate crimes against non-UK EU nationals living in the UK, following the publication of the Supreme Court's decision on Article 50 and the capacity of relevant authorities to deal with the consequences of any such crimes.

Baroness Smith of Basildon (Lab): My Lords, I beg leave to ask a Question of which I have given private notice.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, we are working very closely with the police and community organisations to monitor any changes in hate crime levels. One of the first things that the Home Secretary did in July last year was to publish a comprehensive new hate crime action plan to drive forward work to tackle hate crime.

The Prime Minister and the Home Secretary have both said on numerous occasions that there is no place in the UK for hate crime.

11.38 am

Baroness Smith of Basildon: My Lords, I am not sure that that fully addresses my Question. All of us want to maintain good relations with our EU neighbours as we move forward on Brexit. We do not want another spike in hate crime, as we saw following the referendum, or the attacks on judges following the court decision. This week the Prime Minister said that,

"every stray word and every hyped up media report is going to make it harder for us to get the right deal for Britain".

Did the Foreign Secretary, Boris Johnson, not get the memo? Can the noble Baroness confirm whether the Prime Minister has conveyed the Government's concern to those sections of the media to which she alluded, as we all agree that such histrionic reports can only damage the interests and the reputation of the UK?

Baroness Williams of Trafford: The noble Baroness makes a very valid point in terms of the spike in hate crimes that we saw last year following the referendum on our membership of the EU. Some of the spikes in hate crime that we saw were quite unexpected, particularly as regards the Polish community. I know that the Home Secretary is today meeting consular staff from all the EU embassies. After the referendum last year and the spike in hate crime, we engaged very quickly with the ambassadors, and they now have a single point of contact. The noble Baroness is mouthing "media" to me across the Dispatch Box and I will get to that. The point she makes is very important: we all have a duty to behave in a responsible way. However, it is through society being not just tolerant but welcoming of the various communities who live in our country that we will make progress, and the media are part and parcel of that.

Lord Forsyth of Drumlean: My Lords, I congratulate my noble friend on emphasising how important it is that we all behave in a responsible way. But can she think of a single precedent of when Ministers have been asked to answer a hypothetical Question in connection with a hypothetical outcome? Is it not extraordinary that it is in order to ask a Question of this nature?

Baroness Williams of Trafford: It is hypothetical but I hope I can reassure my noble friend that the Government are prepared and have learned the lessons from some of the events we have seen in the last year. Again, to go back to the noble Baroness's Question, some of the language has been quite inflammatory, both in the media and from some members of the community following the EU referendum. I think that both as a society and as a Government, we are prepared, and we are engaged consistently and constantly with representatives of the various communities across the country.

Lord Paddick (LD): My Lords, the latest crime figures show an increase of about 200 hate crimes a week in 2015-16 compared with the previous year. There has been a 40% increase in hate crime since

2013-14. This is not a spike but a trend and police action is simply addressing the symptoms. What assessment have the Government made of the causes of these increases and do they believe, as we do, that the increase in populism and nationalism is behind these significant and worrying increases?

Baroness Williams of Trafford: My Lords, I heard various tales post-referendum about the various communities—

A noble Lord: Pre-referendum.

Baroness Williams of Trafford: I will get to the point about pre-referendum, because in fact the numbers of hate crimes reported are now down to pre-referendum levels. The reasons behind some of the hate crime were many and varied. The Polish community, for probably the first time in its history in this country, experienced in Hammersmith an unprecedented attack, and the Polish centre in Hammersmith was one of the first centres to benefit from the community demonstration project funding. As I say, the reasons that motivate people to provoke hatred against other people are many and varied, and it is generally based on certain characteristics of those people and those communities, and it has gone down to pre-referendum levels since then.

Lord Ouseley (CB): My Lords, on 24 June we were all shocked by the level of responses of hate demonstrated by the recorded and reported incidents. I declare an interest in my work as chair of Kick It Out, where we monitor—and have done for the last 23 years—hate incidents that are at the lower level of everyday abuse. There is nothing new about the level of hatred that exists within our society. We have to tackle the issue of prejudice, which we are not doing sufficiently. To blame Brexit as a cause of what we saw on 24 June and since is delusional. Quite frankly, in the context of racial abuse, you cannot blame the levels of homophobic abuse and abuse of disabled people that we are witnessing specifically on Brexit. How are we taking action to effectively tackle prejudice, which is what feeds bigotry and hatred?

Baroness Williams of Trafford: The noble Lord raises a very important point, which is that it was not Brexit per se that was the cause of this hatred but Brexit was used as an occasion to promote prejudice and hatred. The Government have done many things since 2010 to try to tackle this. I mentioned the hate crime action plan that the Home Secretary produced upon becoming Home Secretary. We have made changes to legislation that offer further protection for transgender and disabled people, and those have led to the first convictions for the offence of stirring up hatred on grounds of sexual orientation. We have also improved the police recording of hate crime. Forces now capture data on all five of the monitored hate crime strands. We have also recently launched a funding scheme to help protect places of worship from hate crime and to tackle hate crime at a local level.

Lord Blair of Boughton (CB): My Lords, does the Minister agree that drawing the line between hate crime and the protection of free speech is one of the

most difficult jobs that the police service has to do? In the event of difficulties following this judgment, will she ask the Home Secretary to support police action, perhaps slightly more quickly than the Lord Chancellor did on the last occasion?

Baroness Williams of Trafford: I agree with the noble Lord that there is a distinction. How the police operate is of course up to the police, but we certainly support them.

Lord Kinnoek (Lab): Is the Minister satisfied with the level of punishment of perpetrators of hate crime and with the provision for education of such people? Is it not clear that, unless and until those guilty of hate crime are taught a lesson in both senses of the term, they are likely to continue with their poisonous attitude?

Baroness Williams of Trafford: I am satisfied with the level of punishment. The noble Lord raises a point that was mentioned in previous Questions today—that is, education. We engage the Anne Frank Trust in going into schools, which is an incredibly important initiative. It is essential not to forget what happened in the past. We always say that it will never happen again but it does, and for children to have at the forefront of their minds man's inhumanity to man in the past helps us in the future.

Business of the House

Motion on Standing Orders

11.47 am

Moved by Earl Howe

That Standing Order 46 (*No two stages of a Bill to be taken on one day*) be dispensed with on Wednesday 25 January to enable the Commonwealth Development Corporation Bill to be taken through its remaining stages that day.

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, on behalf of my noble friend the Leader of the House, I beg to move the first Motion standing in her name on the Order Paper.

Motion agreed.

Business of the House

Timing of Debates

11.47 am

Moved by Earl Howe

That the debates on the motions in the names of Lord Clement-Jones and Lord Bruce of Bennachie set down for today shall each be limited to two and a half hours.

The Minister of State, Ministry of Defence (Earl Howe) (Con): My Lords, on behalf of my noble friend the Leader of the House, I beg to move the second Motion standing in her name on the Order Paper.

Motion agreed.

Brexit: Creative Industries

Motion to Take Note

11.48 am

Moved by **Lord Clement-Jones**

That this House takes note of the impact of Britain's planned withdrawal from the European Union on the creative industries sector.

Lord Clement-Jones (LD): My Lords, it is a privilege to introduce this debate on behalf of my noble friends but I regret the circumstances in which I am doing it.

Last July, when I took part in the two-day debate on the outcome of the European Union referendum, I talked about the implications of Brexit for the creative industries. Uncertainty about the future on the part of both government and those industries was understandable then, but the sad truth is that six months later, despite myriad representations from different parts of the industry, from the Creative Industries Council, the Creative Industries Federation, Arts Council England and many others, and even an extensive speech by the Prime Minister on Tuesday, we are still almost as much in the dark about the implications of Brexit for those industries—and whether the Government have taken on board the concerns of those industries—as we were then. Indeed, it was notable that the Prime Minister mentioned a number of sectors in her speech but not the creative industries.

Therefore, the purpose of those of us on these Benches today is to highlight in no uncertain terms the importance of these industries to our economy and our future, and the essential matters that must be safeguarded on Brexit. Lest we be accused of being miserable remoaners who cannot accept the outcome of the referendum, we also want to set out the opportunities in terms of industrial policy that the Government must grasp in order to make sure that those industries prosper in the future.

Before I go any further, I want to try to give a picture of the importance of these industries, which span such a broad range of creative endeavour. In the UK, we are a vital hub for the TV, design, games, visual effects, publishing, film, advertising, music and fashion industries. They make a contribution of over £87 billion to the UK economy, employ almost 2 million people and are growing at twice the rate of the rest of the economy. As a result, we are second in the world only to the US for cultural influence or soft power. After all, what other country has instantly recognisable characters such as Harry Potter, James Bond and Sherlock Holmes in quite the way we do? Their exports are worth £20 billion, and the fact is that Europe as a whole is the largest export market for the UK creative industries, accounting for 56% of their trade in the sector. That is not all digital or audio-visual. Europe, with 31% of the total, is the largest market for physical book exports. I could go on. However, I recommend the report from the industry members of the Creative Industries Council, and also the one from the Creative Industries Federation, which give a much better overview than I can in the time available.

The other aspect that is of key importance, but on which I will only touch today, is the relationship of this sector to the tech sector. That relationship and interdependence is becoming more and more important for Britain's future. Increasingly, tech platforms need creative content, and both sectors rely on creative skills. They are both strongly impacted by government policies on superfast broadband rollout and spectrum allocation, and, of course, by the outcome of Brexit on our telecoms sector, whose consumers have benefited so strongly from an EU-wide regulatory regime. My noble friend Lord Foster will be expanding on this. Both too are going to be strongly affected if there is a change to the way that data can flow freely between the UK and other EU countries. This comes to a head in the games industry, but concerns all creative and tech industries that distribute content or software digitally. Ensuring continuing adequacy of data protection under EU law will therefore be crucial.

It is not always easy to generalise about the creative industries, since they have many individual characteristics. However, some very strong common themes emerge from the work that the creative industries have done so far in responding to the prospect of Brexit. The first and most crucial of these is the need for access to talent. Yes, we need to accelerate the development of our skills here in the UK, and the industries have not been slow in showing how that must be done over the middle and long term by adopting what we might call a full STEAM agenda. However, the fact is that in fast-changing markets, specialist skills are in short supply. The ability for small businesses to hire skilled freelancers is vital. Freedom of movement of people with those skills is crucial; including, for instance, music artists going on tour in Europe or to festivals. This is important also when considering film, games and advertising production, or fashion and publishing here in the UK, particularly when it comes to digital skills. The Prime Minister has promised that the brightest and best can come here, but current changes to the tier 2 visa regime are going in precisely the wrong direction—so much for being truly global. So, too, it is not enough just to recognise the need to guarantee the right of those EU citizens already here to remain in the UK. That is already within the gift of the Government and should be granted immediately.

Another common theme has been about the future of intellectual property enforcement and co-operation. Although the broad principles of IP law are covered by international treaties, the shape of copyright exceptions are largely determined at European level, and so too are the enforcement levers on matters such as breach of copyright and counterfeiting. For instance, European co-operation has been of huge importance to initiatives on infringing online sites, such as Follow the Money. Will this continue? Will we continue to treat historic decisions on IP matters by the ECJ as binding? Will European trademarks no longer have protection in the UK? Will our artists continue to have the benefit of artists' resale rights? Then there is the community design right, which is so important for the fashion industry, giving much more extensive rights to designers than the UK design right. Will we preserve that?

There are many EU proposals currently afoot which will impact on our creative industries if we do not have a seat at the table to argue their corner. In that context, will the Government be publishing their response to the recent consultation on EU copyright reforms? In the same context of the creation of the EU strategy for a digital single market, will we be able, on the way out of the EU, to protect the territoriality of copyright, which is so important to the financing of our film and television productions, or take advantage of the new transparency rights for creators?

What is the Government's response to the Arts Council's suggestion of a review to see how our intellectual property can be enhanced and maintained outside the EU? Will we achieve the right result on the draft directive on online sales for our games industry? In its recent report, the BIS Select Committee said:

"The decision to leave the European Union risks undermining the United Kingdom's dominance in this policy area. We could have led on the Digital Single Market, but instead we will be having to follow".

Forty-two per cent of UK digital exports go to the EU. As the Select Committee asked itself, have the Government really started to get to grips with this? Is there any real appreciation in government about the implications of Brexit for the UK's access to the digital single market?

There are the implications of the loss of funding from Creative Europe, the European Regional Development Fund and Horizon 2020, on which my noble friend Lady Bonham-Carter will expand. All the creative industries have real issues about the prospect of lack of access to EU markets but I want in particular to highlight the issues relating to the audio-visual industry—in other words, the film and television sector—which I know the noble Lord, Lord Puttnam will be focusing on later.

The Audiovisual Media Services directive sets out the vital country of origin principle which ensures that our television channels gain access to the EU market without further regulation. As all industry commentators have said, without it there would be significant harm to the industry, especially as the principle could be extended to satellite in future. However, its continuance would have to be negotiated—it cannot simply be preserved by a great European reform Bill—otherwise I can see television channels substantially relocating in order to stay within the AVMS directive. Likewise it is vital that the AVMS directive continues to classify programmes made in countries covered by the European Convention on Transfrontier Television, not purely the European Union, as European works. How alert are the Government to that?

Convinced leavers claim that the world is full of opportunity for trade deals to be done outside the EU but as CETA, the Canadian European Trade Agreement, exemplifies, cultural exceptions are a besetting aspect of trade agreements. What assurance can the Government give about how high up the agenda our creative industries will be in any trade negotiations? These industries need the maximum possible strategic certainty in order to minimise disruption to decision-making, investment and people's jobs.

We need a commitment to action by the Government on Brexit which supports our creative industries. We need an industrial strategy for the creative industries which incorporates all the above elements. It should also include a raft of domestic action to extend the investment support through tax relief schemes—there is a good case to extend them to music—to build on the strengths of the different regions of the UK and their creative clusters, and on synergies between the creative industries and other sectors of the economy, particularly in the development of skills.

Everything I have outlined is not some special pleading but a hard-headed calculation of what is necessary for the continuing success of the UK creative industries after Brexit. They need to be able to compete in a global environment. We have competition from players operating with larger domestic markets and many up-and-coming agile competitors. Leaving the EU makes us vulnerable without robust action and negotiation, especially if the Prime Minister and Mr Davis envisage that we may leave without any deal at all or with minimal transitional arrangements. The Government need to demonstrate that they grasp these issues and are pursuing a strategy to deliver a trade agenda and an industrial strategy for the creative industries that meets the case.

I look forward to the debate. I beg to move.

12 noon

Lord Blencathra (Con): My Lords, I congratulate the noble Lord on moving this excellent and important debate. The UK creative industries are a tremendous British success story in terms of jobs created, growth, profits and exports. In 2014, the last year for which we have figures, they employed 1.8 million people, many of them in the north of England in the gaming industry. Their job creation has been running at 5% per annum. Over the last few years, their gross value added has grown by more than 4%—twice the rate of growth of the rest of the economy. That is £84 billion and more than 5% of our total economy. Their export achievement is phenomenal. It is £19 billion, with America accounting for 25% of that—our largest single market—at about £5 billion, followed by Germany and France at about £1 billion each.

The major sectors are: advertising and marketing at £13 billion; film, TV and video at £10 billion; IT software and computers at £36 billion; publishing at £10 billion; and music and performing arts at £5 billion. The UK is the third-largest gaming producer in the world after the USA and Japan. That is not going to change because of Brexit and our largest gaming export market is the USA. We apparently employ a lot of EU nationals and since they are highly skilled workers they will obviously qualify under any new type of visa regime we invent.

Of course, we also get EU funding from the Creative Europe stream, which boasts that the UK received the largest grant ever for any EU country. A lot of people have said that funding is vital for the gaming industry. So how much was the funding from Europe? It was £547,000, to be precise. But since 2014 the gaming industry has received £45 million in Treasury tax relief. So what if we leave the EU? The British Government's support is worth 82 times the EU subsidy.

[LORD BLENCATHRA]

Then, take our film industry, which is the third-largest film entertainment market in the world after the USA and China, running at about £4.8 billion. It too gets funding from Creative Europe. That amounted to £3.8 million in 2014, but Treasury funding in 2014 was £414 million, or 110 times more. How can anyone make an argument that leaving the EU would deprive the film industry of vital public subsidy? All told, taxpayer support for the creative industries and the arts runs at more than £1 billion, whereas total EU funding through Creative Europe was a mere €40 million.

None of our export markets would dry up after Brexit, whether it is IT and software, accounting for 46% of our exports, or film and TV at 24%, or architecture, or publishing. They will all thrive. Our creative industries are the most innovative and can benefit from the most freedom. They are not making cast-iron widgets based on the technology of the last century, but are in the forefront of trying out exciting new ideas at which British innovators excel.

The House does not need to take my word for it that the creative industries will thrive outside the EU. I have a document issued by the Creative Industries Council called *100 UK Creative Industry Wins in 100 days*, on building on the success of the EU referendum. I will not read out all 100 wins, but here are just a dozen that the Creative Industries Council boasts about since 23 June. Australia and New Zealand networks have confirmed that Brexit will not affect their TV orders from UK. The UK and South Africa have co-signed a production treaty. AMC has bought UVI and Odeon cinemas for £921 million. Japan's SoftBank has bought ARM for £24.3 billion. Gateshead architects have won a major contract in Mongolia. Foster Partners has won a major award in New York. Leach Design has won a contract for Kuwait National Museum. A UK firm has won a stadium project for the 2024 Los Angeles Olympics. The Chinese firm, Huawei, confirmed plans for a £1.3 billion investment in the UK. Google announced London as its European HQ. An Australian TV company chose Cardiff for its new European HQ. Dyson announced a £250 million investment in R&D in the Cotswolds. Apple is to create a spectacular UK HQ at Battersea power station. Disney has chosen Northern Ireland as a production home for TV and Salford's Media City has had a £1 billion expansion plan approved.

Those were just 12 of the 100 good news announcements up to 1 October last year, since when there has been no slowdown in our creative industries expanding, winning new orders and exporting more, especially now that the pound is down to a more sensible level against the dollar and needs to drop a bit more still if our industry is to survive and export.

Therefore, we should welcome getting out of the EU. Our creative industries do not need an EU comfort blanket. An industry producing £84 billion per annum and exporting £19 billion does not need a paltry €40 million subsidy from the EU. We are better than that, so let us drive forward, maintaining and enhancing our hugely successful creative export market and showing a fraction of the courage demonstrated by the Prime Minister in her wonderful speech on Tuesday.

12.06 pm

Lord Puttnam (Lab): My Lords, I congratulate the noble Lord, Lord Clement-Jones, on securing and introducing this timely debate and thank him for it. I declare an interest both as a former film producer and president of the Film Distributors' Association. Our screen industries, like the broader creative industries, have been among the great economic success stories of the past two decades, so it becomes imperative that we do everything in our power to minimise any harm that might arise from the Government's decision to leave the EU single market.

In the short time available, I want to offer—in profound disagreement with the previous speaker—just two examples where reassurance and help are likely to be sorely needed. My first concerns the so-called country of origin principle, which was touched on by the noble Lord, Lord Clement-Jones. It forms part of the audio-visual media services—the so-called AVMS. It sounds intimidatingly technical but in truth it is very simple and is driven by the fact that internet and satellite TV signals cross national borders. The country of origin principle allows broadcasters to transmit across the entire EU, provided they comply with the rules of the country in which they originate. It is an excellent example of the way in which sensible EU regulation can reduce red tape and not add to it. By common consent, the UK is Europe's most vibrant broadcasting hub, thanks to our attractive and successful regulatory regime.

According to the Commercial Broadcasters Association, some 1,100 television channels are based here in the UK—around three times as many as in our closest EU rival, France. Of these, up to 55% are non-domestic channels, broadcasting from the UK to other countries, meaning that international channels are key to the UK's competitive advantage as Europe's largest broadcasting centre.

Literally thousands of jobs are at stake here. A significant portion of the 12,000 people who work in the multichannel sector are employed at the European or international headquarters of media groups located here in Britain. Indeed, the number of international channels based in this country has been rising by around 17% every year.

The screen sector, supported by the regulator Ofcom, strongly believes that the country of origin principle must continue to operate in the UK after Brexit, so that media companies based here do not face new hurdles or feel compelled to move their operations to other European countries. Not only could that result in a loss of skilled jobs and of significant and hard-won investment; repercussions could be far greater than that. Needless to say, continuing as before will require the agreement of the remaining 27 member states, all of which would love to grab this asset. To retain it will not be easy and will require particularly skilful negotiation.

I want to focus on a vital but rapidly growing subsector of the screen industries, the visual effects and animation business. This relatively new sector has an annual turnover of £2.25 billion and employs in excess of 25,000 people. This all came about because in the late 1960s, a migrant named Stanley Kubrick came to London to make his film "2001: A Space

Odyssey”. There was no suitable special effects business for his purposes so he had to invent one. That film’s success attracted the makers of the first “Star Wars” film—and the rest is history.

Over the past few years, as a result of continuing investment in technology, which in turn attracted creative talent from all over the world, we have emerged as the global leaders in a rapidly growing business. In the visual effects category at last year’s Oscars, five of the six nominees, including the eventual winner, were British. We employ the very best talent from around the world, regardless of nationality, and in very large numbers. Of the total workforce in the sector, depending on their grade, between 31% and 35% are EU nationals, and a further 12% are from non-EU countries. In our largest companies, the figures are even starker, ranging between 41% and 45% from the EU alone. Even these percentages increase, topping 50%, when you focus on ultra-high-end jobs in 3D and virtual reality. Are we seriously going to jeopardise a pre-eminence that has taken 50 years to build by requiring up to half the workforce to leave? Of course we are not. So why not dissolve their insecurity and tell them how very welcome and valuable they are to our society and our economy?

Finally, before this debate, like so many others, gets swamped by economic data, here is a flat-out plea to the Minister. As well as the economics, there is a huge moral issue at stake here. Let us be clear: we, Britain, caused this rift. Europe is the injured party. In such a situation surely we should seek to retain a little of the moral high ground by clearly and unequivocally guaranteeing the right to stay to those hundreds of thousands of hard-working, taxpaying, economically active people who add so much to the vibrancy of London in particular and the nation in general. At present we appear to be subjecting them to some form of prisoner exchange programme, treating them as high-stakes bargaining chips. These are people, not chips—people who last June’s unfortunate vote suddenly made vulnerable. As the noble Lord just said, surely as a nation we are better than that. Surely we should immediately and generously embrace them in the hope that Europe will see the good sense of doing likewise, which I suggest it unquestionably will.

In her speech this week the Prime Minister said:

“We will continue to attract the brightest and the best”,

ensuring that immigration continues to bring benefits in addressing skills shortages where they exist. Here is her golden opportunity, without delay, to put her words into action. I beg the Minister, when he replies, to add his voice to what is already a clear majority of the will of this House that we make an unequivocal declaration of the right to stay and remove uncertainty from so many valuable and entirely innocent lives. This we can and must do.

12.12 pm

Lord Foster of Bath (LD): My Lords, I, too, congratulate my noble friend Lord Clement-Jones on introducing this important debate. Many years ago, I was a teacher and I very quickly became disillusioned by participating in a system based on the industrial production line model of education. I started to develop ways of catering for the needs of individual pupils, not

least to allow them to develop their own creativity. Later, as an MP and my party’s education spokesman, I wrote a book on the importance of developing creativity in education. It was not very good and is now out of print. But my passion for the need to insert the power of creativity into our education system is undimmed, and it helps explain why I am such a passionate supporter of the creative industries.

My noble friend Lord Clement-Jones and others have already highlighted the vital importance of the creative industries to our economy and our country’s future. I will not repeat all the statistics, but it is clear that the creative industries are a huge success story, punching above their weight. It is also clear that they have benefited enormously from our membership of the EU. These benefits are put at significant risk by the hard Brexit announced by the Prime Minister on Tuesday. Indeed, finding some glimmer of Brexit-related light for the creative industries is hard to come by, although I recommend, at least for a good laugh, “Brexit the Musical”, which I saw last weekend at the excellent Canal Café Theatre. Funny though it was, it intensified my worries about Brexit and Tuesday’s speech by the Prime Minister did little to allay them. It is clear that if the creative industries are so important we must, at the very least, ensure they have a voice at the top table during negotiations.

As Sir John Sorrell says, the creative industries are now,

“a key driver of wealth and global success”,

and imperilling them would, he went on,

“imperil our wider economy. That is why we need to be at the heart of the ... government’s industrial strategy and negotiating priorities in coming months”.

Yet there is scant evidence that the Government are taking the creative industries seriously. As Monday’s *Evening Standard* said, the creative industries do not get much of a look-in—they certainly did not in the Prime Minister’s speech on Tuesday. The Government have promised to push hard for trade deals with the EU on the car industry and on the pharmaceutical and financial sectors. So far, no such promises have been made for the creative sector, and the DCMS Secretary of State is not even on the Government’s main Brexit committee. This does not bode well for the creative industries.

The negotiations will have to cover many matters, not least employment and skills. The creative industries have a higher than average percentage of non-UK EU nationals working for them: 10% of the publishing workforce; 25% in visual effects for film; and as high as 30% in computer gaming. All currently benefit from being able to attract a skilled workforce from the EU, from their variety and diversity and from the collaboration that freedom of movement has enabled. Already, uncertainty over the status of EU workers and the lack of clarity around future immigration policy has made it more difficult for them to attract the talent they need since the Brexit vote. I continue to believe that the best way to resolve the uncertainty is to remain in the single market, but if the Government insist on leaving, they must explain how they will resolve the uncertainty.

[LORD FOSTER OF BATH]

As the Creative Industries Federation said after the Prime Minister's speech,

"the willingness to continue to welcome the 'brightest and best' begs the question as to how that will be interpreted in future as the UK updates its outdated immigration system".

At the very least, we must surely guarantee the status of skilled EU nationals now and in the future. The Prime Minister says that she wants to deliver this, but she must do it quickly. Contrary to the comments of the noble Lord, Lord Blencathra, uncertainty already means that some are leaving, and it is getting harder to attract new talent from other EU countries to fill vacancies and support continued expansion. The Government should follow the clear advice of the noble Lord, Lord Puttnam.

We also have to address homegrown skill shortages. The Prime Minister talked of reforming our schools to achieve this, as if schools had not seen reforms enough already. Instead, she should look at funding and at reforming the curriculum. The Government have failed to protect funding on a per-pupil basis; it is now predicted to fall by 7.5% by 2021. Despite the need for creative subjects for a wide range of careers within and beyond the creative industries, entries for GCSEs in arts and creative subjects have fallen significantly, not least since the Government failed to include them within the EBacc. The EBacc is now interpreted as a signal of what matters and what is best for young people, and creative subjects are not a priority. This is leading to a mismatch between education policy and industry requirements. We surely need to unleash the creativity of pupils. We should learn from the recent writings of the noble Lord, Lord Baker of Dorking, recognise the importance of digital skills to the creative industries and take action to tackle the huge shortage of such skills.

Some good things are happening. There are changes to the IT curriculum to introduce coding. The BBC's "Make it Digital" and micro:bit are helping people to get creative with coding, programming and digital technology. Today, on the day it launches its digital marketing strategy with Minister Matt Hancock, I especially welcome the efforts of "Do It Digital", a not-for-profit, business-facing campaign to share, signpost and celebrate all things that help small businesses get more out of digital.

However, more is needed. With 10 million adults lacking basic digital skills, it is simply not a good enough response for the Government to announce free adult basic digital skills training but then expect it to be,

"funded from the existing Adult Education Budget".

Without intervention beyond what is currently scoped, it is estimated that there will still be 7.9 million adults without basic digital skills in 2025, and surely—and I hope the Minister agrees—additional action to upskill our workforce must be taken before we introduce measures to cut the supply of skilled people from the rest of the EU.

Without action in this and many other areas raised by my noble friend Lord Clement-Jones, the creative industries post-Brexit will be in severe difficulty. Sustaining their current position will be hard enough; expecting

further growth will be unrealistic. To ensure that these issues are addressed, the creative industries must be given the priority they deserve during the negotiations and a seat at the top table.

12.20 pm

The Earl of Clancarty (CB): My Lords, I congratulate the noble Lord, Lord Clement-Jones, on introducing this important debate about a topic which is complicated because of the many different potential effects involved—and, indeed, on navigating so well through it. I will concentrate my remarks on the principle of free movement as it affects artists and performers as well as small businesses and, in particular, women, and I will end by making a more general point about the possible effect on the regions of the loss of the single market.

First, I shall mention some of the campaigns and comments made by artists before the referendum because they cast light on some of the ground rules under which the arts and creative industries to a certain extent operate and also tackle some of the Brexit statements on their own terms in a way that others at the time did not. Even if not a great deal of notice was taken then, they have resonance now.

Wolfgang Tillmans, the German fine-art photographer resident in Britain, adapted an English poem in his poster campaign by saying, "No man is an island. No country by itself", and also, "We are the European family". The Irish sculptor Eva Rothschild asked,

"why would we choose to distance ourselves from our closest neighbours and a whole community with a shared sense of history and identity?"

The British artist Michael Tierney said:

"One of the biggest and best changes since my childhood has been the ease with which you can now travel between here and countries on the continent. Why on earth would you vote to go backwards?"

Such statements directly confront the Brexit message of separation and the stated intent of "taking back control".

The quite opposite interest of artists and creatives in being open to outside influence as a significant means of progressing their work lies at the heart of the principle of cultural exchange and, indeed, has a wider implication for the development of society as a whole. The desire of artists and performers, whatever medium they work in, to travel, study and work abroad at will can be a very important element of their personal development, and the "at will" part is in some ways the most crucial aspect. These artists will often be starting out on their careers and cannot afford to go further than countries in Europe, which is already a huge adventure. Of course, it is also true that we welcome artists from abroad, who often arrive originally as students, as did Wolfgang Tillmans, who went on to win the Turner Prize. It should be remembered how much many of the arts depend on a spirit of co-operation, even though there may be rivalry, too.

In response to the Prime Minister's speech on Tuesday, the Creative Industries Federation said that,

"the willingness to continue to welcome the 'brightest and best' begs the question as to how that will be interpreted in future as the UK updates its outdated immigration system. Such judgments can be difficult to determine not least because, despite many well-paid workers in the creative sector, talent is not always commensurate with salary".

The Minister may be aware that a number of us, including the noble Lord, Lord Clement-Jones, English PEN, the Manifesto Club, the author Kamila Shamsie and I have worked closely with the Home Office over a number of years to improve the visa system in this area, in particular for artists and performers from outside the EU visiting the UK. The Home Office has actually been very helpful and understanding about our concerns, and this led to the permitted paid engagement scheme. Things have improved in certain respects, even if they are by no means perfect, as the noble Lord, Lord Clement-Jones, noted. Artists coming to the UK from within the EU were, of course, never part of the discussion, but there is a fear that our work will take a step backwards. I very much hope that this will not be the case.

These concerns are also true for larger organisations and for the feasibility of future touring by British orchestras, theatre companies and dance troupes around Europe. The Incorporated Society of Musicians reports that in one survey, over half of musicians placed maintaining free movement as their number one priority for the music profession in negotiations relating to the UK leaving the EU. Opera and ballet companies, for instance, are able to call on singers and dancers from abroad at a moment's notice to fill a gap if necessary, and of course that is true the other way round. But without the flexibility in terms of this last-minute decision-making that the single market allows, it is the arts, probably before any other sector, that will suffer the most if constraints are placed on movement. Can the Minister address these important concerns in his reply?

There are similar issues with small businesses. One particular thing that needs to be said, which I am not sure has been said yet, is how leaving the single market—if that happens—may have an inordinate effect on women, in particular those who run small businesses and also bear the brunt of juggling childcare, work and caring for elderly relatives. They may be able, just, to travel to Europe to do business, but anything over a two-hour flight throws enormous spanners in the works, both in terms of time and of cost. My wife runs a small media company. Before now she has, for example, gone to Copenhagen to work for a morning and has been able to get back in time—perhaps amazingly—for school pick-up. Of course, many women are not able even to do that, unless they are a City-based businesswoman—or indeed businessman—with 24-hour wraparound childcare. Trade with Europe cannot be replaced by trade with Australia or South America unless someone invents time travel. Shutting out interaction with our closest neighbours in favour of those further away would be an absurdity and an economic liability.

We should be immensely grateful for the significant support that the EU has given us over the years. The arts themselves in the UK are now fighting on more than one front, not least, in the regions, against local council funding cuts. This same policy of austerity, combined across every sector, was a contributing factor in the result of the referendum itself. Ultimately, for the arts and creative industries, particularly outside London, the concern will be that it will be the car industry and the financial sector which will be protected. Indeed, the Prime Minister hinted as much in her

speech. But if this happens, the effect will surely be to skew an already distorted Britain—the one so many of those who voted for Brexit were protesting against—even further against the regions.

It seems to me that when rights and freedoms are removed—and we will lose rights and freedoms, even if, ironically, that removal is self-imposed—it will be the already disadvantaged who will suffer most. If the single market is removed—which, as others have pointed out, would break a clear manifesto commitment—and the worst fears are realised, it will be the regions that will suffer; less so London, which will no doubt to an extent have the power and nous to find a way around the system.

12.28 pm

Baroness Chisholm of Owlpen (Con): My Lords, I thank the noble Lord, Lord Clement-Jones, for initiating this important debate. I will talk briefly about museums, art galleries and commercial art galleries. Some have argued that these are not part of the creative industries, but surely exhibitions that bring together installations of art, music, video and photography have to be regarded as creative.

Museums and galleries play a central part in the cultural and creative life of our country and of our cities in particular. The role of culture and creativity in the social and economic future of our cities should be recognised and supported across government. For our cities throughout the UK to be truly successful, competitive and sustainable, they must be more than just hubs of commerce. Culture and creative industries are able to attract highly paid jobs and tourism to our cities. As businesses and the workplace become increasingly flexible and mobile, culture has a vital role to play in the appeal of a city for both employers and, critically, employees.

Culture can also support regeneration and development plans, as seen in areas such as London, Manchester and Dundee. Making this a reality across the country will require all parts of both the public and private sectors to recognise the value that culture and creativity play in the cities of the future. They operate in a global marketplace for creative, cultural and research talent. We have museum curators from Europe and further afield, and many of our museum and gallery employees have studied in Europe and in other parts of the world.

The museum sector is well placed to project an image of the country that is open, progressive and positively engaged. There is a real opportunity for museums and galleries to shape global perceptions of the country and, in doing so, help to encourage inbound tourism, trade and investment, as well as supporting the retention of global business. London's unique collection of world-class museums is an essential part of its appeal to mobile and flexible global companies and employers who are choosing it as a place to work and live, against competition from other comparable global cities.

Of course there are uncertain times ahead for museums and art galleries. Leaving the EU could effectively remove the UK from the European loan circuit. The loan system as it stands has academic, social, economic

[BARONESS CHISHOLM OF OWLPEN]

and political advantages. Among many concerns are that costs will go up, and funding down. The Government must take note of the possible impact on UK museums and galleries. The laws in place at present are interrelated, and these will need to be in place when we leave to regulate such issues as the licensing and movement of cultural property, which at present is in EU law.

It is vital that museums continue to tour in Europe and bring objects, both ancient and modern, in and out of the country, enhancing the UK's reputation abroad and all that they offer to people here in the UK. Now it is more important than ever that they continue to look and reach outwards and work with organisations in Europe and beyond, cementing the partnerships that have been built up. There is no doubt that our arts, creative and cultural organisations are in demand as partners, providers and destinations. As I have said, our creative and cultural strength is one of the UK's trademarks globally.

Our departure from the EU will strip the UK of a layer of funding, but it need not mean that there should also be an end to culture collaboration. There may be uncertainty on the future of funding and free movement, but our creativity, museums and galleries remain vibrant. We are world leaders in culture and the arts. Innovative, challenging and exciting arts and culture are here to stay. They benefit the economy and attract tourists from all over the world.

The British Museum has a first-rate international programme that supports the UK's soft-power capabilities, building networks and relationships throughout the world. The museum's arm's-length status enables it to continue to engage with countries such as Russia and Iran during moments of diplomatic difficulty, maintaining people-to-people contact. The museum also regularly receives ministerial and state visits, which emphasise its importance as one of the world's leading attractions and a symbol of the UK's openness to the world. Of course not all museums can operate on that scale, but it is important that museums and the cultural sector as a whole continue to engage and build networks, through research, exhibitions and collaboration with partners around the world, including throughout Europe.

The National Museum Directors' Council stressed that EU funds provide structure and scale that individual member states cannot possibly replicate, and that private funding cannot replace public funding. Regional museums and galleries have always been under pressure and are particularly vulnerable. They need to rethink their way forward, sharing experience, expertise, resources, collections and skills. There must be collaboration with community organisations and connection with their local community. Could this be the time to consider a national strategy for museums and galleries? I would be interested to know how the Minister might feel about that.

I want to spend a couple of minutes on commercial galleries. The art market here in the UK is the second largest in the world, attracting high-spending individuals to buy and sell here, as well as setting up businesses and homes. They encourage and promote many of our artists in all areas of creativity. Commercial art galleries are small businesses and, as such, are no different from other businesses trading their wares in Europe and

further afield. I hope that the Government's industrial strategy will champion them in the same way that it does other businesses.

Anthony Browne, chairman of the British Art Market Federation, pointed out recently that all is not gloom and doom. The freer the trade, the more successful our art market can be. The Brexit vote could give London a competitive advantage over rivals in New York, Switzerland and Hong Kong. However, there is a caveat. Following Brexit, there is anxiety about freedom of movement and cross-border licensing, as well as favourable fiscal advantages to encourage a global market.

I am optimistic about the future of our museums and galleries. Let us remember that through the use of collections, public programmes and community engagement work, museums can connect diverse communities and provide safe civic spaces to help us consider and address the changing nature of our society and our relationships with the world. Exhibitions such as the British Museum's "Hajj: Journey to the Heart of Islam" and the Sikh Fortress Turban touring exhibition, or the forthcoming South Asia partnership gallery in Manchester, demonstrate how collections can be used to engage with local communities and increase levels of understanding and tolerance.

I look forward to hearing my noble friend's speech, in which I am sure there will be support for museums and galleries in this country.

12.35 pm

Baroness Rebuck (Lab): I, too, thank the noble Lord, Lord Clement-Jones, for initiating this debate, especially because I, too, heard nothing about the creative industries in the Prime Minister's speech on Tuesday. As Rohan Silva, a former No. 10 adviser turned tech entrepreneur, reminded us recently, the Government have promised that they will push hard for special trade deals with the EU on financial services, pharmaceuticals and the car industry. Construction and global banking have also been reassured that they will continue to be able to access the global talent they need. But the creative industries, this unique melange of large and small businesses encompassing, as we have heard, music, fashion, television production, software development, performing arts and gaming to books—where I declare an interest as a publisher—have been given no such reassurances.

Is that because they consist of more than a quarter of a million businesses and, despite being the fastest growing sector of our economy and the source, as we have heard, of our soft power in the world, we rarely hear of their needs, as they do not employ the lobbying rights of other industries? We need to remember that the creative industries are our calling card to the world, vital to our future growth and competitiveness, alongside their role in social inclusion, connecting communities and bringing people from all walks of life together in creative empathy, engagement and experiences.

Adele is the world's bestselling musical performer. The fashion label Burberry exports to the world. As we have heard, three of the highest grossing global film franchises of all time—Harry Potter, The Lord of the Rings and James Bond—were based on British

books, but any film also highlights acting, producing and directing talents, and all the behind-the-scenes crafts, from costumes to special effects, that make the UK such a special creative hub. This importance can also be seen both in the West End and on Broadway, where hits such as “Matilda” and “The Curious Incident of the Dog in the Night-Time” were based on British novels. The Golden Globes also highlighted our creativity, from John Le Carré’s *The Night Manager* to Claire Foy’s portrayal of the Queen.

All of those industries share four key concerns in the light of our exit from the European Union. The first, as we have heard, is access to talent and skills. The Prime Minister has said that she wants us to be a magnet for international talent, yet whether you are a touring musical festival or a start-up app developer, you will share with other creative industries a skills shortage for a variety of jobs from design engineers to animation specialists, video game programmers to skilled musicians. Having an immigration process that sets an arbitrary salary threshold ignores the challenges involved for developing artists, when their initial income is not always equal to their talent, as we heard from the noble Earl. Although I welcome the news that EU workers already living in Britain will, we hope, have the right to continue to work here, what of the needs of the creative industries after Brexit?

Publishing has a particular interest, given that more than 10% of its workforce comes from Europe, contributing to both the generation of ideas and the simple language skills needed to sell our books to the rest of the world. As we have heard, at least a quarter of the specialists in visual effects are from the EU. Similarly, the gaming industry draws more than 25% of its staff from the EU.

The diversity of the workforce helps to inspire innovation and knowledge of other consumer markets, and helps our exports. Rather than impose limits, should we not be making it easier to recruit the right people, as my noble friend Lord Puttnam has argued?

The second concern is EU funding and access to grants such as Creative Europe which, in my industry, helps fund the translation of literary works. The UK receives some of the highest European cultural investments that fuel both our creative industries and help to regenerate our cities from Glasgow to Plymouth—and Liverpool, which in 2008 increased tourism by one-third as a European capital of culture. The UK is the second highest recipient of EU research, development and innovation funding, receiving a total of £8.8bn between 2007 and 2013—£3 billion more than we put in. I ask the Minister: how will those funds be replaced?

The third concern is the regulatory framework—copyright protection, trademarks, intellectual property rights and the single digital market. Copyright is vital for the creative industries. In publishing it is the mechanism by which publishers and authors can turn their creative endeavour into financial reward. We need to retain a stable framework to ensure continued investment with digitisation opening up global markets. We need a seat at the table to influence policy, such as protecting IP from online piracy.

Finally, there are our trading relationships and co-investments. In book publishing, any tariffs will be a real disincentive to the 35% of our exports to the

EU. That we are aiming for tariff-free trade is hugely welcome but we need to ensure that there will be no non-tariff barriers too, with all the related delays and extra costs. We also need to consider the power of our audio-visual industry, as we have already heard, European creative collaborations and co-investments, and to continue to be able to qualify for European media slots at the same time as protecting territoriality of IP rights.

There is one other key issue for the creative industries, which is the central importance of the intellectual and research independence of our higher education sector. The Royal College of Art, in which I declare an interest, has been rated No. 1 in art and design in the world for two years, since the league tables were established. It sits at the heart of Albertopolis in London, flanked by Imperial College and the V&A. It launches more new businesses than any other university according to HEFCE, yet only science and innovation were mentioned in the Prime Minister’s speech, not the innovation that comes from STEAM—adding art and design to science, technology, engineering and maths. This is the space where some of the most exciting new businesses are born.

Will EU students still choose our universities if their fee structure changes or, as I heard one Minister say, will they be replaced by international students from outside the EU? I think not if our post-study work visa system remains so inflexible. The Economic and Social Research Council research centre on micro-social change reports that graduates from the EU are the highest achievers in UK universities and a tremendous resource to the workforce. What effect will a reduction of EU students have on our creative economy?

Our universities, writers, musicians, actors, producers, directors and designers all draw from a rich and diversified cultural heritage. That is how new ideas are produced that fuel our fastest growing sector. We need to be sure that the diverse needs of this sector are truly recognised and that everything possible is done to preserve and grow its vibrancy, contribution and its global impact.

12.43 pm

Lord Wigley (PC): My Lords, my first duty is to declare several interests. My wife, daughter, son, daughter-in-law and son-in-law are all involved in the creative industries in Wales. I thank the noble Lord, Lord Clement-Jones, for facilitating this debate and reiterate my unwavering commitment to European unity as a background to it.

The numbers employed in the creative industries in Wales has doubled over recent years. It is a vital part of our economy. Fears about the impact of Brexit have been well expressed by the Arts Council of Wales. The arts in Wales have a long-standing tradition of working internationally and this is particularly true of our links within Europe. They have benefited us both socially and culturally, as well as bringing very substantial European funding to support cultural activities in Wales. Over the past two decades the international arm of the Arts Council, Wales Arts International, has organised and participated in European cultural partnerships and exchanges. Any diminution of these would be a highly retrograde step.

[LORD WIGLEY]

I turn first to the question of funding. Many of the major UK orchestras, including the Welsh National Opera, are funded partly through European money. Will there be any guarantees that such important cultural ambassadors do not lose out financially as a result of Brexit? The current EU structural fund programme, over the period 2014-20, provides almost £60 million to third sector organisations in Wales, of which arts-related projects are a major component. These are focused on economically deprived communities. Creative Europe, which has already been mentioned—the EU programme that supports the cultural, creative and audio-visual sectors in Europe—is committed to investing almost €1.5 billion in creative industries between 2014 and 2020. During the first two years of the programme, it supported 230 cultural organisations and audio-visual companies in the UK, and assisted the cinema distribution of 84 UK films within other EU countries, with grants totalling £40 million. The creative industries are worth £87 billion to the UK economy and have been growing at about 9%, twice the rate of the overall economy.

The EU is Britain's largest export market, taking 57% of our creative industry exports. Over the past five years, the Arts Council has invested heavily in opening up new European markets for Welsh artists and arts organisations in a wide range of cultural activity, whose livelihoods depend on such work and whose creativity has undoubtedly benefited from opening up such new horizons. The Welsh television series "Y Gwyll", televised in English as "Hinterland", was supported by €0.5 million from the EU's media fund, which made it viable by increasing its non-recoverable finance from 57% to 67%. It has now sold to 180 countries. Without EU support, it would not have gone ahead. Creative Europe has non-EU countries such as Norway, Serbia and Iceland as fully participating nations. Can we therefore expect the Government to make a specific objective of negotiating to maintain the UK's eligibility to participate fully in Creative Europe?

I understand that until 2020 the UK will be eligible to benefit from EU programmes, including Horizon 2020, Interreg, Erasmus+, Europe for Citizens and Creative Europe. After that, we are in a whole new world, with total uncertainty. It is incumbent on the Government to make it clear at the earliest possible opportunity how they intend to maintain or replace both for the UK as a whole and specifically for the devolved nations the sources of financial support currently provided by the EU, by funding from within the UK. If the Government feel that they are honour bound to carry out the outcome of the referendum, they have to honour the pledges given to deliver that outcome—no ifs, no buts—and deliver them in full.

I now want to address some practical problems. There can be no doubt whatever that, if barriers are erected which militate against the free movement of people, and indeed of cultural equipment, such as instruments, that will represent a huge backward step for practitioners in many aspects of the arts. I remember, back at university in the early 1960s, how one summer vacation, a group of seven or eight musicians with a dozen or so instruments went on a European tour.

They had to secure in advance individual papers to allow them to work in each country, and entry documents for each of their instruments, and these had to be cleared at the borders of almost every country as they made their road journey around our continent. Heaven forbid that we go back to such a situation.

My daughter-in-law, international harpist Catrin Finch, has outlined to me her great fears at the adverse effects of Brexit on her performing colleagues. She tells me that for many musicians wishing to perform in the United States or other non-EU countries, the visa prices may be too high to make concerts worth while. There are disincentives by way of the time-consuming paperwork, which render tours impractical. If the EU was subject to similar restrictions, it would be a body-blow to artists and larger companies. Catrin also warns of the effect of Brexit on young musicians studying within Europe. At present, there are great cultural links with musical conservatoires around Europe. Many young musicians take advantage of the opportunities given to study in other countries as part of their course. This is a two-way process. Many of the students studying at the Royal Academy of Music and other colleges are from EU countries. Will such opportunities still be available after Brexit?

In its report to the Culture, Welsh Language and Communications Committee of the National Assembly last October, the Arts Council of Wales included evidence from Wales Arts International which warned of three specific dangers arising from Brexit. It was concerned about, in terms of employment, whether the UK would be able to attract and retain talent from around the world to underpin their high reputations; a reduced likelihood of bringing artists to perform in the UK; and the additional costs faced by those from the UK performing in continental Europe. There is also the general point about the cultural enrichment that comes from such mixing across our continent. People from Britain learn so much from the wonderful arts organisations right across Europe.

Many of the points which I have outlined were highlighted by the Creative Industries Federation in October. It warned of the dangers of creative organisations in the UK being unable to recruit and keep key staff, of the increased administration costs both for those wishing to perform in continental Europe and for venues wishing to use EU-based performers, and of the dangers of losing protection for original designs. In its response to the Prime Minister's statement this week, it has emphasised the need for a sector-by-sector approach, which I endorse. In that context, if the Government are hell-bent on the hardest of hard Brexits, they should aim at securing for those involved in the arts and creative industries a specific free-movement provision, which avoids all the bureaucracy, paperwork, and complexities which they may well otherwise face. This clearly must be reciprocated for those from EU countries coming to the UK.

I have not gone into the negative impact of Brexit on our universities, which is the subject of another day's debate. Needless to say, our communities and our universities will suffer a major blow, as indeed will our creative industries. There are clearly major threats to the creative sector arising from Brexit and I appeal

to the Government to take on board all the worries outlined in today's debate and to bring forward a paper outlining the way in which they hope to address these issues in the context of their Brexit negotiations.

12.51 pm

Lord Suri (Con): The noble Lord, the Liberal Democrat spokesman for the creative industries has been working hard on this issue, as has the Under-Secretary of State for Culture, Media and Sport, for which I thank them. This is an extremely important debate, because post-Brexit Britain must play to its strengths to keep the economy growing at a decent rate. The creative industries are certainly in that category—growing three times as fast as the national average and generating £10 million an hour.

On the topic of social media, I have been heartened to see that Facebook is expanding and hiring at its London headquarters, which it describes as a global hub. Also, two weeks ago, Snapchat decided to base its European headquarters here, which proves the tremendous advantage we have in this city of cutting-edge media expertise and flexible labour markets. The type of Brexit that the Prime Minister outlined on Tuesday will not sink the creative industries, but it does threaten to impair them in some ways if not managed and mitigated. One very real threat is the removal of EU funding through the MEDIA programme, which goes to studios, the Creative Europe programme, which funds theatres, and the various funds that have helped to open museums like the Imperial War Museum North.

As I have said before in this House, one of the great shames of the leave campaign was the assumption that we would have £350 million a week to spend on the NHS when so much of our contribution flows back through various avenues. The Prime Minister was clear that a hard Brexit is her aim; Ministers will have to decide where to put this cash that we would otherwise have spent on EU membership. I urge them to step up and guarantee that EU arts funding will be met in the future. The Chancellor has confirmed this until 2020, but I urge all relevant Ministers to give longer-term assurances, so that investors and firms can move forward on a stable basis and lose the fog of uncertainty that is hanging over day-to-day spending decisions.

Even if the decisions made are not what the creative industries might like to hear, there will at least be some certainty, although they should note that many production houses now view EU funding and continued access to similar public funds as part of their basic model. The sharp rise in the pound on Tuesday is clear evidence that businesses want to hear news, even if it is bad news, so they can have the stability they crave and plan for the future.

I am also concerned about immigration and free movement. The Prime Minister stated clearly in her Lancaster House speech that,

“we will get control of the number of people coming to Britain from the EU”.

That is a sensible policy given the frustration many leave voters felt about immigration, but where will it leave the creative arts? Some UK dance companies source 80% of their staff from overseas, primarily

European countries. Clamping down on soft targets such as travelling performers could cut numbers but would leave us culturally and financially poorer. I urge the Government to add more creative professions to the list of shortage professions, as these are not people whom we wish to ward off. The creative arts, along with agriculture and construction, are some of the industries most dependent on foreign labour, but creative industry workers tend to be very highly skilled and productive for the real economy. Take the current boom in West End tickets for theatre, opera and ballet following the drop in the pound. If a director has to source visas for up to 50% of their production, the cost and delay involved—as well as the possibility that they may not get the visas in any case—might drive them away. Tourists who are unable to see the shows they want to see may go to Paris or Vienna instead.

This country has always welcomed people who can plug gaps and who boost, not drain, public services. Creative professionals are the archetype of that category. I do not believe that the public voted for less cultural exchange with Europe. In her speech, the Prime Minister also said:

“Britain's history and culture is profoundly internationalist. We are a European country—and proud of our shared European heritage”.

I agree with the sentiment expressed. We should pursue an internationalist vision while maintaining our strong cultural links to Europe, or risk becoming Little Britain.

This speech may sound gloomy but there are opportunities to grasp, too. Greater cultural exchange with some nations with which we may have interacted less during our period of EU membership is a definite bonus, and a weaker pound will help promote tourism to see Britain's cultural offerings. However, the risks are significant and the industry stands to lose heavily if the wrong kind of deal is made and subsequent attitude taken. I am confident that the Government will view these issues with the importance they deserve.

12.58 pm

Baroness Benjamin (LD): My Lords I too congratulate my noble friend on securing this timely debate. I declare an interest as per the register.

I want to concentrate on the potential impact of Brexit on our talented children's and animation production sector, and why this sector should be at the heart of the Government's negotiations and post-Brexit planning. As we have heard, the creative industries overall are responsible for 8% of total UK gross value. The children's production sector has played its part in this major contribution, selling the UK brand with global successes such as “Peppa Pig”, “Art Attack”, “Horrible Histories” and many, many more.

Children's content production can be digital, interactive and delivered in some of the most creative and original styles imaginable, responding to the way children consume content in today's world. This has been made possible because children's content and animation producers have long been used to working both in Europe with European partners and beyond Europe. Both are also important export markets for the UK. Therefore, a fundamentally important issue that needs to be considered is freedom of movement. This is vital for the sector in

[BARONESS BENJAMIN]

the long term, as it allows short-term opportunities for creators to work on productions around Europe. Around 6% of jobs in the creative industries are filled by European migrants, many in the animation sector, where skills gaps are often identified and filled with European workers. Any additional burdens could harm the sector and content for the consumer, and increase costs for businesses.

The production sector in the UK has developed into a world-class sector precisely because it has been open to talent from both Europe and around the world. Importantly, this allows UK staff to learn and develop their skills with the best of global talent. There is also a case to be made for the importance of the children's production sector for training and diversity. Countless times we see young talent, on and off screen, developing their skills and forging their careers from a positive start in children's production.

All this is why the creative industries are calling for the Government to continue investment in the Creative Europe funding scheme. In its first two years, Creative Europe has provided some £40 million in grants, supporting some 230 different UK cultural and creative organisations. This funding is invaluable, particularly to children's and animation producers, who work to tight budgets, and for whom completing the funding jigsaw is always a challenge, as broadcasters hardly ever fully fund productions.

No UK PSB provides 100% funding for animation; dramas do not always receive 100% funding, relying on co-production. Usually, only specialist UK-produced programmes are fully funded. That is why there is strong agreement throughout the creative industries that the Government should continue to pay into the Creative Europe scheme, as other non-EU countries do, given the clear benefits to the sector. The sector truly welcomes the Government's recent commitment to honour funding for projects that have already been given the go-ahead. However, the production sector calls for equivalent levels of funding to support production and creative clusters around the UK if we do not continue our commitment to Creative Europe. Can the Minister say whether the Government will commit to this?

Children's and animation producers are well placed to contribute to growth in exports by building on existing relationships, especially with co-productions within Europe and beyond. However, in recent years, government export support has been inconsistent and has sometimes been removed at short notice for some countries, particularly emerging markets. Will the Minister therefore give an assurance that the Government will work more closely with independent producers and the creative industries to ensure they get the sustainable support they require to secure the best business deals?

The children's production sector is already under immense pressure, overall spend on children's programming has declined by almost half since 2002, and spending by commercial public service broadcasters has fallen by 93%. This is all cause for concern because the cultural and development value of content for children and young people is crucial for their development. It is vital that they see themselves and their lives

reflected on screen and in society. Our children's production sector tries to do just that despite all the challenges it faces. But how much more it can endure, only time will tell.

The market for producing children's programming is shrinking rapidly, while the demand for quality children's programmes remains vigorous. Therefore, the loss of the Creative Europe fund would be yet another blow and would represent a significant commercial loss to the UK, as well as being incredibly detrimental to our country's soft power. The government tax breaks given to the children's programming production sector were most welcome, but ultimately, without the market demand, they do not make the pot bigger or ensure that investment levels are sustainable. Loss of Creative Europe funding would compound the sector's struggles.

Our children did not have a vote in the referendum, nor did they have a voice in any of the Brexit negotiations. But creative content that is likely to be produced for them, to influence their imagination and thinking, their emotional, mental and inspirational well-being, is at stake here. This is why we must not let them down when we decide on plans for their future viewing, as we move forward. Remember: childhood lasts a lifetime, and children deserve high-quality content that will stay with them for ever.

1.06 pm

Lord Taylor of Warwick (Non-Aff): My Lords, I too thank the noble Lord, Lord Clement-Jones, for securing this important debate today.

What do the following British creative people: Charles Dickens, the Beatles, JK Rowling and Charlie Chaplin, all have in common? The answer is that they were all artistic failures—at least at first. Dickens left school early, had no formal education, and seemed destined for a life working in a grimy Victorian shoe factory. The Beatles were rejected by a record company, which said “We don't like your sound, and guitar music is on the way out”; JK Rowling was unemployed, divorced, and raising her daughter on social security; and Chaplin was shown the exit door by unimpressed film executives who thought his comedy was too obscure for anyone to find funny. Yet each of these artists persevered and became an iconic example of what has become great about Britain's creative industries, which are respected throughout the world.

However, to build upon this great legacy, we first need to refresh the education and training system to provide young people with the skills needed for great jobs in the creative sector. I had the privilege for five years to be the chancellor of Bournemouth University, which is a centre of excellence for business, especially film production. A number of its graduates have used their technical skills to make the “Lord of the Rings” films, which were such a visual success. But there is still a national shortage of skills in film animation and visual effects.

Secondly, Brexit provides the Government with the opportunity to create a visa system fit for the 21st century. The visa system should enable access to world-class talent to keep the British creative industries at the top. One of my daughters is a student at the London

College of Fashion, and the international students there face a steep barrier in terms of the cost and complexity of obtaining tier 2 visas to study.

There needs to be an audit of existing EU funding to the UK creative sector, to identify old streams that should be replaced by the UK Government when the EU funding ends. There must also be ongoing protection of intellectual property rights, including copyright in the new trade deals. Other issues which need to be addressed will be the increased cost and administration for British artists touring the EU, and for British venues wanting to showcase non-UK EU nationals. There is also likely to be an impact on the finances and standing of British higher education because of the possible reduction in the number of EU students and academics. There are concerns too about the loss of rights protecting original designs, which could affect trade showcases such as London Fashion Week. There is also a question mark over whether the UK will proceed with hosting the European City of Culture in 2023.

According to the British Film Institute, the film industry is worth over £6 billion per year. For 10 years I was vice-president of the British Board of Film Classification, which has jurisdiction over cinema film, videos and computer games, and I can definitely say that during those 10 years the films that I found the most creative and groundbreaking were British-origin films, such as “In The Name of The Father”, “The English Patient”, “The Remains of The Day” and of course “Chariots of Fire”, produced by David Puttnam, now the noble Lord, Lord Puttnam. Then there are British actors who have conquered Hollywood, such as Benedict Cumberbatch, Idris Elba and Anthony Hopkins. But, moving forward, there is concern about the potential loss of funding for the film industry from the EU’s Creative Europe programme.

The UK music industry’s contribution to the UK economy is about £4.1 billion. British artists from Adele and Coldplay to One Direction sell out arenas all over the world. I spent some very happy years as a presenter for BBC Radio 2 playing music, which is very much part of the fabric of daily life for millions of the station’s listeners. I remember how delighted I was when I got my first big break there as a young presenter. I was given the four o’clock slot—all right, it turned out to be 4 am, not 4 pm, but it was a start and led eventually to more prominent slots in the afternoon and evening. Recently I have enjoyed hosting music shows for a London radio station, where they refer to me warmly as “The Soul Baron”. Again, it has reminded me that the music industry has an important role to play in British business and civic life.

The UK music business derives more than half its revenue from exports—to the tune of £2.2 billion. Its future is dependent on securing favourable trade conditions with overseas markets, so I would like the Government to at least think about the following. There are currently 21 trade envoys for the UK Government but none for America, India or China, which are huge markets. Perhaps the Government could think about creating trade envoys for those very important markets. They may also like to think about revitalising the city twinning system to link creative industries across countries and continents. We need to think afresh because of the opportunities that Brexit gives us.

The Government need to continue their dialogue with the Creative Industries Council and to listen to groups such as the Creative Industries Federation, the Publishers Association, the British film industry, the British Fashion Council, UK Music, the Commercial Broadcasters Association and the Arts Council.

We are on the eve of the inauguration of a new American President. I recently had the privilege of being interviewed on Fox News in America on the topic of Brexit. America is listening to Britain and watching how we embrace this European exit. Brexit may be a bumpy ride but it will provide positive opportunities for the creative industries in the long run. As the economist John Maynard Keynes once said, the difficulty lies not so much in developing new ideas as in escaping from old ones.

1.13 pm

Lord Macdonald of Tradeston (Lab): My Lords, I too thank the noble Lord, Lord Clement-Jones, for this timely opportunity to discuss the impact of Brexit on the creative industries.

As might be anticipated in sectors such as film and television, both of which are active in production and distribution internationally, the reaction to the EU referendum result was largely negative. A poll of PACT members showed that 85% were opposed to Brexit, and 59% of the members of the Independent Film & Television Alliance said that it would be “bad for business”. Its chairman said that the impact of Brexit was likely to be “devastating for us”.

Among the professional concerns of media executives were loss of membership of the European Commission’s framework programme for support for the culture and audio-visual industries, Creative Europe, as we have heard; exclusion from EU quotas; work permit and visa problems for cast and crews; and the loss of a seat at the table where EU members decide digital single market strategies. There are many more such concerns, as we have heard in this excellent debate.

Among the immediate impacts of the Brexit vote were falls in the share prices of media companies such as ITV and the trending downwards of television advertising revenues. However, the chief executive of ITV, Adam Crozier, identified the crucial factor in these falls as the uncertainty surrounding our exit from the European Union. This week, the Prime Minister dispelled some uncertainty but, sadly, not that for the creative industries.

However, as the months have passed, more emphasis is now being given to exploring how to make the most of Brexit, as we have heard today. Our creative industries must lobby hard to maintain or even expand our pan-European links, and my remarks relate mainly to film and television. As noble Lords have said, the Creative Europe programme is open to non-member states, ranging at present from Iceland and Norway in the north to Albania and Montenegro in the south as full members. The key point is that the programme is open to non-EU members, provided that they “pay additional appropriations”.

Over its first two years, financial support for creative projects in the UK totalled €40 million. The Creative Europe Desk UK says that UK participation can

[LORD MACDONALD OF TRADESTON]
continue beyond Brexit. Given that background, it should not be too hard to negotiate arrangements that keep the UK in Creative Europe but, as the noble Lord, Lord Blencathra, said, vital though it is to many worthwhile cultural activities, in the great scheme of things the EU money involved does not add up to much in the context of rapid growth across the full range of British creative industries. Therefore, the UK Government could easily afford to fund a replacement programme if necessary.

It has been previously stated but is worth repeating that, measured by their gross value added, the creative industries account for £84 billion, or 5.2% of the UK economy. As has been argued, that should give the creative sector a potentially powerful role in shaping post-Brexit arrangements as a matter of some urgency. For instance, our creative and financial relationships with the United States go back to the beginning of film, then of television, and of course, later, to popular music, and these relationships may be stronger now than ever before. If President Trump wants an early trade deal with the UK, the creative industries should pull together their proposals and get working in collaboration with the Government, if they put their promises into practice. The DCMS Minister of State, Matt Hancock, has said that the creative industries,

“will be absolutely central to our post-Brexit future”,
and that Britain was at its best when,

“progressive and positively engaged in the world”,
adding:

“The creative industries are critical to securing that status”.

Those are encouraging words but the arguments of the noble Lord, Lord Clement-Jones, my noble friend Lord Puttnam and others demand a more detailed response very soon—perhaps this afternoon from the Minister.

We can also anticipate more detail on Brexit impacts and our options from the conclusions of the current inquiry of the Commons DCMS Committee, some of which may be positive, but at present it is not a long list. A fall in the value of the pound long term could boost the attraction of the UK as a production base. The increased cost of buying in non-British productions through the fall in the pound might even give us a marginal boost through their replacement in the schedules by domestic programming. Matt Hancock has also stated that leaving the EU would not affect existing creative sector tax reliefs. Let us hope that these can be maintained, and perhaps incentives even enhanced, after the lifting of EU restrictions on state-aid rules.

I trust that the Government will do the obvious when it comes to prioritising their sectoral strategy and see that, in giving strong support to the creative industries, they will be backing a winner.

1.18 pm

Baroness Bonham-Carter of Yarnbury (LD): My Lords, I add my thanks to my noble friend Lord Clement-Jones for the opportunity to debate this very important topic.

We are a creative nation and so far as the creative industries are concerned we are ahead of the game. As many speakers have mentioned, they are the fastest-growing sector of the economy, and, as the noble Baroness, Lady Rebuck, said, they are an essential part of promoting the UK around the world.

The Prime Minister referred in her speech to our having the most effective “soft power”—she is right. In a study commissioned by Professor Joseph Nye, who coined the phrase, the UK comes out as global leader. What the Prime Minister did not say is that this is in large part down to the creative industries; that the UK’s cultural collections, institutions, industries and media create powerful channels of communication that help to increase the UK’s profile, forge links internationally and widen our sphere of influence. My noble friend Lord Clement-Jones did say this, but I feel compelled to add to his rather pale, male list of examples of those who spread the word about the UK so that it includes Adele—I think this is her third namecheck today—Idris Elba and Paddington Bear. Supporting and protecting this vital, vibrant sector is paramount to our economy, to our country’s sense of itself and to our place in the world.

Here, I take issue with the noble Lord, Lord Blencathra. Our creative industries have massively benefited from our membership of the EU. Take the British music industry. It contributes £3.8 billion to the UK economy, and Europe is its second-largest market. Take television. The UK is the second-largest exporter of television programmes and formats in the world, and the noble Lord, Lord Puttnam, eloquently enumerated specific concerns in this area. Take the fashion industry. London is Europe’s hub for first jobs and start-ups. Alexandra Shulman, the editor of *Vogue*, who should know, has expressed concern, saying that a lot of people working in the fashion houses are not British and,

“many of our fashion students when they graduate get great jobs working abroad ... Versace, Prada, Yves Saint Laurent—they use our designers”.

Membership of the EU has meant that music and television producers and retailers can export and import freely across the continent. It has meant unrestricted access to the world’s largest trade area.

Crucially, as has been mentioned by the noble Lord, Lord Wigley, and my noble friends Lord Clement-Jones and Lord Foster, the free movement of people to work and travel across Europe without the need for visas has both facilitated and fuelled the exchange of culture, creativity and expertise, and generated commercial and artistic opportunities. Therefore, we welcome the Prime Minister’s recognition of the urgent need for a reciprocal arrangement with the EU on its nationals working in the UK and those British citizens currently employed in the EU. As the noble Lord, Lord Puttnam, so clearly stated, without the right deal on the movement of talent and skills, the creative industries will face big challenges. Will the Minister give his assurance that the Government understand that?

Creative skills do not sit easily with the traditional qualifications that the Home Office uses to evaluate visa applications. The noble Earl, Lord Clancarty, the noble Baroness, Lady Rebuck, and the noble Lord, Lord Taylor, all mentioned this. The contributions of

those with creative skills cannot be as tangibly assessed. Many creative jobs are for small and medium-sized enterprises, which do not have the resources and back-up of big businesses, yet will be competing with them for a finite number of visas. There are also specific skills gaps that will need to be recognised and addressed, including the importance of freelancers.

As my noble friend Lord Foster mentioned, the Prime Minister acknowledged in her speech the need for investment in skills. Will the Minister ensure that this will involve the inclusion of creative subjects in the school curriculum—STEAM not STEM? The success of those in the creative industries lies in the fusion of creative and technological skills, and my noble friend Lord Clement-Jones referred to the relationship between creative and tech subjects. Schools need to be encouraged to promote not science or art but the art/science crossover. The Victorians understood this. They created the Science and Art Department and invested in what was to become the V&A, in order to develop the skills needed to feed British industry. The Prime Minister said in her speech:

“A global Britain must also be a country that looks to the future. That means being one of the best places in the world for science and innovation”.

I hope she recognises what the Victorians did and that the emphasis on science and innovation in post-Brexit Britain includes innovation in the creative industries.

Then there is the matter of funding, as mentioned by the noble Baroness, Lady Chisholm, and the noble Lord, Lord Wigley. Without the right deal, the UK’s creative industries will lose EU investment—investment which, by the way, also supports the development of creative skills. Across the country, there are examples of our membership of the EU enhancing UK culture. The Creative Europe programme has been referred to. UK applicants for this funding have a success rate almost double that of the EU average, and the programme is introducing a new bank guarantee, the cultural and creative sector guarantee facility, which is worth €121 million and will underwrite bank loans to creative businesses. The European Development Fund, also much mentioned, has supported cultural projects across the UK, such as Sage Gateshead, and has been critical to the growth in film production in the regions. Four British films, nominated for a total of 11 BAFTAs this year, have received EU funding. Will the Minister assure us that where access to EU funding is lost, the Government will seek to maintain investment through UK-based schemes? This request was also made by the noble Baroness, Lady Rebeck, and my noble friend Lady Benjamin, and my noble friend Lord Clement-Jones addressed this in detail, so I will not repeat what he said.

To conclude, in her speech the Prime Minister mentioned our “new modern industrial strategy”. The noble Lord, Lord Macdonald, the noble Baroness, Lady Rebeck, my noble friend Lord Clement-Jones and many other noble Lords mentioned that the strategy does not refer to the creative industries. Can the Minister confirm that they are recognised as central to this strategy and that, since there is to be a sector-by-sector approach to Brexit, the creative industries will be regarded as a key strategic sector

with parity of esteem alongside the aerospace, finance and automotive sectors? As the Creative Industries Federation has said,

“the position of a government that prioritises controlling borders above all else to leave the single market”,

will make a,

“sector-by-sector approach to trade particularly critical ... if the creative industries are to continue to thrive”.

Finally, in a survey conducted by the CIF of its members, 96% of those who took part supported remain. The Liberal Democrats have always been champions of creators and of their industries, and we call on the Government to listen to their concerns and ensure that the creative industries are at the top table when Brexit negotiations begin. Unless the interests of the creative industries are protected, leaving the single market will be a disaster for what I believe to be a jewel in the crown of our economy and a great British success story.

1.28 pm

Baroness Jones of Whitchurch (Lab): My Lords, I am very grateful to the noble Lord, Lord Clement-Jones, for initiating this debate today. He and many other noble Lords have spoken very powerfully in what has been a very good debate about the significance of the creative industries not only to our economy going forward but to our fundamental culture and way of life, and how important they are now and will be in the future.

As noble Lords have said, the creative industries are our fastest-growing economic sector, worth around £87 billion to the economy. They support one in 10 jobs, with one in 17 people in the UK workforce directly employed in the sector—so we cannot ignore the economic significance that it brings. As the Creative Industries Federation has noted, and as my noble friend Lady Rebeck articulated very well, at an international level our creative output is known as our calling card around the globe. It means so much more than just an economic contribution. Perhaps that is why 96% of its membership supported staying in the EU.

As has been said, this is about more than just an economic trade benefit. We also lead the world in soft power and cultural influence. That is crucial but much harder to evaluate. Perhaps that is why that contribution is sometimes ignored.

It is understandable why the Brexit decision came as such a shock for a sector that has thrived on international collaboration and global mutual respect. It is to its credit that it has sought to find a positive narrative about the future of the creative sector outside the European family, which will prove a challenge to us all. However, the sector has good reason to be optimistic. Its reputation as our fastest-growing industry cannot easily be diminished. By its very nature it has some of the most imaginative and creative leaders, who are not daunted by a new challenge.

However, sadly, it is hampered by the failure of government to recognise its worth or to ensure that it has a place at the top table of the Brexit negotiations—a point that has been made a number of times today. As many noble Lords around the Chamber have said, the

[BARONESS JONES OF WHITCHURCH]

failure of the Prime Minister to mention the sector in her speech this week was very instrumental, and illustrative of the lack of understanding of the contribution it has made.

It will be interesting to see how much the creative industries figure in the modern industrial strategy, which is due to be published next week. I hope we will hear from the Minister that there will be a much stronger positioning and role for the sector in that strategy. I further hope that he will be able to give some guarantees on what sort of involvement we will have in the Brexit negotiations and discussions over the coming months, because the sector has identified some pressing and particular problems that will need to be addressed.

First, as we have heard, the sector would be particularly badly affected by constraints on freedom of movement. Estimates of the number of EU nationals in the creative industries workforce here vary from 10% to 40%. My noble friend Lord Puttnam made a compelling and passionate case as to why the Government should immediately guarantee the status of EU nationals already living and working in the UK and not treat them as a bargaining chip. We on these Benches have already called on the Government to end the damaging uncertainty for those people who have been living in, working in and contributing to our communities.

Beyond that, we need to recognise the international flow of workers and productions that underpin the success of the creative sector, as eloquently described by the noble Earl, Lord Clancarty, and others. Any tighter immigration rules and visa requirements could create an unsustainable cost and barrier, for example for UK companies touring abroad and for UK venues that regularly showcase European and international acts. They would also add complexities for those in the film and TV sectors, which have traditionally operated across borders, and could constrain people filming in Europe and European people filming in the UK.

If it is the Government's intention that we should use more home-grown creative talent to fill some of those gaps, it remains unclear why the Government have consistently downgraded the arts and creativity in the school curriculum. It is not clear that we are training the next generation to fill those gaps.

All these issues need urgent clarification and I would be grateful if the Minister could set out the process by which the new freedom of movement rules will be agreed and how the particular concerns of this sector will be factored into the new discussions and final agreement.

Secondly, a number of noble Lords highlighted the access to EU funding for the arts, which will be lost. For example, as we have heard, Britain has been a net beneficiary of the Creative Europe fund, receiving more EU creative funding than any other country bar Germany. As we heard from the noble Lord, Lord Wigley, and others, much of this money has been crucially used to fund projects outside London and has played a significant role in wider urban regeneration.

In addition, the film sector also benefits from the EU media scheme, which provided more than €10 million between 2007 and 2013 to the UK film industry.

This is being used to support the export of UK films to European cinema audiences and to support the release of European films in the UK. It is also used to subsidise the independent cinema network through the Europa Cinemas scheme. These arts projects are supported by a huge network of smaller and medium-sized creative enterprises as well. As we heard from my noble friend Lady Rebuck, this amounts to something like 250,000 businesses, many of which are small businesses.

Clearly there is an economic need to have the funding available to ensure that these activities are funded in the future. We should start with a full audit of the EU funding so that we know exactly what will need to be replaced. I hope the Minister will be able to confirm that the department is already beginning to audit exactly what is going on out there—the reach of those funds, how much is not only funded by EU funds but matched by local authority funds and so on. We need a full picture so that we know what will need to be replaced.

At the same time, there is concern about the future of the Horizon 2020 funding. The Government have quite rightly guaranteed those funds until 2020, but there is considerable concern about the longer-term future of innovative projects beyond that date. Again, I would be grateful if the Minister could clarify what guarantees the Government are able to give at this time and how he envisages those bids for funding happening in the future.

Thirdly, a number of noble Lords quite rightly raised concerns about the prospect of leaving the single market, which the Prime Minister has made clear is her intention. However, it is not so clear where the alternative markets will come from. Exports of creative services account for 9% of UK services exports. The EU is our largest trading partner for creative services, receiving more than 40% of our exports. Whatever replaces the single market, and whatever trade tariffs are agreed, it will undoubtedly raise barriers for those wanting to maintain those lucrative and collaborative links with our EU markets.

I hope the Minister will agree to work closely with organisations such as the Creative Industries Council that are exploring ways to cement the UK's status as a global hub for commercial activity beyond Brexit. I further hope that he will recognise the need to shore up our status as the EU's leading digital economy—a point made eloquently by the noble Lord, Lord Clement-Jones. We need to liaise with techUK, UK Music and others to ensure that we continue to have involvement in the EU's harmonisation of regulations around intellectual property and digital content.

Finally, a number of noble Lords raised the wider question of intellectual property rights and copyright. The EU legal regime has provided an effective and efficient framework for registration and enforcement of IP rights. Organisations such as the British Fashion Council and the Design Council have raised concerns about what will replace the EU rules to guarantee future design protection. Can the Minister confirm that the great repeal Bill will ensure that existing creative rights will be protected and enhanced?

This has been an excellent debate. Like many other debates we are due to have in the coming months, it has highlighted the complexities of the task we are about to undertake. However, this sector is thriving and robust and we have no option but to aim for the best deal possible. We can do that if we genuinely harness the creativity of those who have made this sector a success. I hope the Minister will reassure the House that the future will be based on that essential collaboration. I look forward to his response.

1.38 pm

The Parliamentary Under-Secretary of State, Department for Culture, Media and Sport (Lord Ashton of Hyde) (Con): My Lords, this has been a fascinating debate on important issues. It is also important for the kind of country that we want to be post Brexit. We therefore owe a debt of gratitude to the noble Lord, Lord Clement-Jones, for securing the debate. I am also grateful to all other noble Lords who have made thoughtful contributions about something we care about. This sector is important economically and to what we want our country to be like.

In some ways, what many noble Lords have asked me to do is difficult. I have been asked to give firm assurances on many things. The place I have to start, and I suggest all noble Lords start, is the Prime Minister's speech, which aimed to set out as far as we can some of the positions we have taken and will take. I will not stray beyond that, but I will try to outline our thinking in some of these areas. Some noble Lords will be disappointed that I will not be able to give firm guarantees on things such as funding. For example, the noble Baroness, Lady Benjamin, asked for clear commitments and assurances. The noble Baroness, Lady Bonham-Carter, was much more reasonable. She asked for only an assurance that we were thinking about some of these things. I can of course give that immediately.

It is important to state for the record, and as many others have done—for example, my noble friend Lord Blencathra and the noble Lord, Lord Macdonald—how important the creative industries are to this country. They contribute more than £87 billion—5.7% of gross value added—and produce extraordinary talent. Home-grown stars did brilliantly at the recent Golden Globe awards. Five of the world's best-selling albums in 2015 were by British artists: Adele, Coldplay, Ed Sheeran, Sam Smith, and, as the noble Lord, Lord Taylor of Warwick, reminded us, One Direction. The creative industries contributed nearly £20 billion in exports and accounted for 1.9 million jobs in 2015.

We want to ensure the best post-Brexit deal for Britain and provide certainty where we can. As I mentioned, the Prime Minister made clear in her keynote speech on Tuesday that that is what we want to do. The Government are working closely with the creative industries to understand the impact and opportunities that Brexit brings. The Culture Secretary has hosted round tables with a number of creative industry sectors, with more planned for early this year. I am grateful to the Creative Industries Council and Creative Industries Federation for their reports on Brexit, which have received close attention in my department.

The Government recognise that it is vital for the creative industries to be able to draw on the best talent and to move equipment between EU countries for film production and concert tours, for example. The noble Lord, Lord Puttnam, begged me to mention—he need not have begged; he only needed to ask, as I enjoy talking to him on this and other things—taking the moral high ground. We recognise the issue of guaranteeing the rights of EU nationals in Britain and British nationals in the EU. That is why the Prime Minister addressed it specifically in her speech. She used the words,

“as early as we can”.

We think it is right that we can offer EU nationals this certainty as long as it is reciprocated for British citizens in EU countries. I do not know about other noble Lords, but I have received emails from UK citizens living in the EU complaining that we were using them as bargaining chips. In fact, we just want parity. I accept that this is a moral matter. It is something we are taking seriously. We want to get to an equitable agreement.

As the noble Baroness, Lady Benjamin, and many other noble Lords mentioned, access to European funding, in particular the Creative Europe programme, is also important to the sector. It has provided about €40 million to UK organisations between 2014 and 2016. UK businesses can still apply for this. Furthermore, the Treasury has confirmed it will guarantee funding for structural and investment fund projects that continue after we have left. Although the UK is a net beneficiary of these funds, it represents a small percentage of overall public funding to arts and culture.

Lord Blencathra: If our net contribution to the European budget is about £9 billion, would my noble friend accept that if we wished to replace the tiddly little €40 million we could do so in a mere 35 hours-worth of our net funding?

Lord Ashton of Hyde: The figures are as my noble friend has said. The decision-making process might take a bit longer than 35 hours, but I accept the point he makes and I agree with him. There are other reasons why Creative Europe is important, apart from the pure quantum of money. Collaboration and partnership are important. But, as the Prime Minister also indicated, she is keen on collaboration. We want to encourage this as part of the negotiations.

Leaving the EU will mean greater control over funding and make regulatory decisions subject to Parliament. As I just said, the UK has a long history of partnerships and co-operation with other countries within and outside the EU. Brexit presents an opportunity to forge new partnerships. For example, the Culture Secretary recently led the largest ever UK culture and creative industries delegation to China, during which she signed a landmark TV co-production treaty. We are only the second country in the world to hold both film and television co-production treaties with China, making us very well positioned to benefit from this massive and growing market.

The UK is home to a number of leading global companies, and investment continues. Google just announced the creation of 3,000 new jobs and a new

[LORD ASHTON OF HYDE]

headquarters in London. Snap—the parent company of Snapchat, as my noble friend Lord Suri reminded us—is moving its global headquarters to London, citing British creativity as the reason.

The Government are fostering an environment where the UK's creative industries are world beating. Film tax relief, for example, supported more than £1 billion of expenditure in the UK in 2015-16. The new tax reliefs for high-end TV, video games and animation have been very successful too, with more than £417 million invested in the UK by video games companies and £947 million for TV since their introduction, supporting award-winning productions, which the noble Baroness, Lady Rebeck, mentioned, such as “The Crown” and “The Night Manager”. The reliefs have recently been extended to children's TV, theatre productions and orchestras. All such tax reliefs are established in UK legislation and fully borne by the UK Exchequer. Therefore, they will not be affected by Brexit.

We understand that access to skilled workers is important to the creative industries. Equally, we have to heed the message from the referendum about control of immigration. The Government are investing in skills to increase the talent available to our creative industries, along with creating a pipeline of future talent. Since 2013, we have made available up to £20 million in match funding to the skills investment fund, helping employers address priority skills needs in the screen sector. Over the last 18 months, this has supported more than 500 graduate placements.

By 2019, our £4 million UK Games Fund to promote regional growth in the video games sector is expected to have created more than 200 new jobs, with a GVA of more than £15 million. Our games sector is renowned for producing globally successful titles such as “Lego Dimensions”, “Batman: Arkham Knight” and the multi-BAFTA winners “Everybody's Gone to the Rapture” and “Her Story”.

In reply to the request from the noble Lord, Lord Clement-Jones, for reassurance on where the creative industries sit, and to dispel the somewhat gloomy predictions from the noble Lord, Lord Foster, I say that it is not a coincidence that the Culture Secretary sits on the industrial strategy Cabinet sub-committee. Creative industries will be an important part of the strategy. We want to hear views from across the creative industries, especially once our Green Paper has been published. It is expected later this month.

The noble Baronesses, Lady Jones and Lady Rebeck, and the noble Lords, Lord Wigley and Lord Foster, argued broadly that we were not taking the creative industries seriously enough. They asked what the position of the creative industries was in the Government's thinking. I can tell them by way of example that the Culture Secretary, Karen Bradley, said on 9 January to the Creative Industries Federation that one thing that Brexit would not change was the whole Government standing behind creative industries. She also said that creative industries would be at the heart of the industrial strategy. My noble friend Lord Suri's confidence in the Government in this regard is well placed.

The noble Lords, Lord Puttnam and Lord Clement-Jones, spoke of the importance of the country of origin principles in broadcasting. We absolutely

understand their importance to the AV sector. Our relationship with the EU market will be determined as part of our exit negotiations and I cannot give further reassurance at this stage, but we are working closely with the industry and meet it regularly. The upside, if we get this right, is the chance to expand as a truly global hub instead of an American and European hub, which we largely are at the moment. There is tremendous opportunity in that area.

The noble Lord, Lord Clement-Jones, asked about the Arts Council review of intellectual property. We are working with the Intellectual Property Office and industry to understand those impacts, and the opportunities for IP and copyright policy as a result of our exit from the EU. He asked when we would publish our response to the recent consultation on copyright. That was actually a call for evidence, but it will inform our EU negotiating position, and the industry's input on that has been very helpful.

The noble Baroness, Lady Rebeck, and the noble Lord, Lord Clement-Jones, also talked about EU copyright and sought reassurances regarding the digital single market proposals on territoriality. The Intellectual Property Office is currently analysing feedback from its call for evidence on the digital single market copyright reform, but care needs to be taken to ensure that the impact of changes is fully understood and that they do not damage incentives to invest in the creation of copyright content.

As for the digital single market measures on fair remuneration and transparency for artists, mentioned by the noble Lord, Lord Clement-Jones, we want to see creators remunerated fairly while making sure that we continue to encourage investment in new content and innovative services—that would be good for everyone. We are aware that the Commission has proposed action in this area. We have engaged with the industry on these matters and look forward to discussing them at an EU level.

The noble Lord, Lord Foster, mentioned that the department does not have a seat on the main Cabinet committee overseeing Brexit. Nevertheless—and I mentioned the industrial strategy—officials in the department regularly engage with the Department for Exiting the EU. We are certain that it is constantly aware of DCMS's priorities, reflected at all levels. We make sure that we are in touch with the creative industry sector by way of round tables, some of which are coming up at the end of this month.

There was talk, rightly, about education, the GCSE figures and the arts funding. We absolutely agree on the importance of the arts. It is true that the number of arts entries declined in 2016, but that was one year and we do not think that makes a trend. Between 2012 and 2015, the number of entries for arts subjects rose. Between 2012 and 2016, government invested more than £460 million in a diverse range of music and cultural education programmes. In November 2016, we announced a further £300 million for music and cultural education. In total, that is £685 million between 2012 and 2020. The noble Baroness, Lady Bonham-Carter, mentioned creative subjects in the curriculum. DCMS and the Department for Education are discussing the skills needs of the creative industries and the role of

creativity in learning. It is important that we have the right mix of science and arts to meet the future needs of the industry, which she mentioned.

The noble Earl, Lord Clancarty, talked about local authority funding. As I said in answer to a Question from him a few days ago, many local authorities have continued to invest in arts and culture and have responded in innovative ways. We believe that funding decisions should be made at a local level and that local authorities are best placed to decide how to prioritise their spending.

My noble friend Lady Chisholm asked about support for museums and galleries and whether there was a government strategy. As we announced in the DCMS *Culture White Paper* last year, we are conducting a museums review to gain a deeper understanding of how that sector can best be supported. On timing, the public consultation closed in October and we aim to publish our report in the summer of this year.

The noble Lord, Lord Taylor of Warwick, asked about trade envoys in the US, India and China—that is, our biggest potential trading partners. The noble Lord is quite right that, because they have the largest presence of Foreign Office, trade and British Council staff, Ministers visit those countries regularly. However, we are constantly reviewing the value to the UK of trade envoys and how they relate to British ambassadors.

I have gone through as many questions as I can. There may be others that I have not answered and I will certainly write to those noble Lords who asked them. We agree with many of the issues that have been raised. I am sorry I have been unable to give complete assurances at this stage of the Brexit negotiations, but I emphasise that we fully support the creative industries. We understand their position in the economy and in how we want this country to be seen in the world as part of our soft power. They are central to the UK economy. We are committed to strengthening our international engagement and boosting exports to, and inward investments from, EU and non-EU markets. We intend to work closely with the creative industries and make a big success of Brexit.

1.57 pm

Lord Clement-Jones: My Lords, I thank all noble Lords who have taken part in today's debate. It has been hugely well informed. There are not many people I wish to mention by name, but I want to mention particularly the newly liberated noble Baroness, Lady Chisholm, who has made a great contribution today. It is great that she will take part in future debates on the creative industries. She reminded us of the sheer breadth of the subject matter: that it includes museums, galleries, photography, architecture and the arts more broadly. I thank her and look forward to her further contributions.

I also thank the Minister. It is clear that he is in the right job, because he has created mood music today that has answered as many of the questions as I think it was possible for him to do in the circumstances, given that a great number of uncertainties have been raised by so many of us in today's debate. He was able to give us few specifics, but there were general bits of information and assurances that have been helpful.

When we look back on *Hansard*, I think that we will see that, between us, we have provided a blueprint for government on what it needs to include in our trade negotiations and in our industrial policy for the sector in the face of Brexit. I know that my noble friend Lady Bonham-Carter will shortly publish a pamphlet encapsulating many of the issues for the creative industries, which we hope government will take on board alongside those raised in today's debate.

I do not deny that the creative industries are immensely resourceful, innovative and skilled and they will take every advantage they possibly can in the face of Brexit. Despite the tough rhetoric from the Prime Minister, however, it is almost impossible to see, in the light of what we heard today about the essentials for the continuing success of the creative industries, that any negotiation will ultimately produce a better outcome than continuing membership of the EU single market—sadly. We have heard that 90% of those involved in the creative industries voted to stay in and it is no surprise that they did, in those circumstances, but 100% are now waiting anxiously to see how effective this Government can be in making sure that the sector prospers post-Brexit. On the industrial strategy, seeing will be believing. We have heard assurances about the creative industries being on the top table. We very much hope that that will be the case.

The Prime Minister has promised a parliamentary vote at the end of the negotiation process. On these Benches we believe that a referendum of the people of the United Kingdom on the terms is vital. For many of those involved in the debate today, the litmus test, whatever mechanism on approval is finally decided, will be: is there a good deal in there for the creative industries? We will be looking very intently at the impact of the finally agreed terms on the creative industries and judging the exit package accordingly.

Again, I thank the Minister and all Members of the House who have taken part in this extremely good debate.

Motion agreed.

Populism and Nationalism

Motion to Take Note

2.01 pm

Moved by Lord Bruce of Bennachie

That this House takes note of challenges to the liberal international order posed by the development of populism and nationalism around the world.

Lord Bruce of Bennachie (LD): My Lords, I am pleased to be able to move the Motion in my name. I draw the House's attention to my entry in the *Register of Lords' Interests*.

Tomorrow, President Trump will be inaugurated as the 45th President of the United States. This is something that most commentators did not expect and critics did not take seriously. Indeed, it appears that the majority of American voters did not, and do not, want it. In March, Theresa May will trigger Article 50 to begin the process of leaving the European Union—again, unexpected and not overwhelmingly supported. Because

[LORD BRUCE OF BENNACHIE]

these events were not predicted by most decision-makers, the populist and nationalist rhetoric that fuelled the campaigns were not challenged as forcefully and effectively as many of us feel they should have been.

How did we get here, and what should we do about it? It appears now to be conventional wisdom that globalisation has led to increasing complexity across society and across the world, and this has also led to inequalities of impact, even given that the world economy has grown faster as a result of globalisation. The shock of the 2008 crash has exacerbated all this. Post-war decades of sustained improvement in living standards have been followed by a period of relative stagnation for many individuals and communities. Well-paid industrial jobs have been lost and have been replaced by, in many cases, lower-skilled and lower-paid jobs. Public investment has been cut, services are under pressure, and that is leading to a sense of alienation—aggravated, I would suggest, by the conspicuous earnings and consumption of a few individuals and corporates at the top, who are beyond the reach of Governments, in some cases, being internationally footloose.

Into this ferment, populist and nationalist movements have found opportunity to exploit grievance and fuel anger. The standard analysis from them has been along these lines: “The liberal elite are out of touch. They don’t care about you”. Ironically, these words have been delivered by well-off, expensively educated groups, who have not themselves suffered as those they seek to recruit. Being dedicated to promoting anger and resentment, with a chorus of media cheerleaders behind them, it has been relatively easy to build support in the wake of complacency among those who believed that the benefits of international trade and open liberal societies were somehow self-evident. Misrepresentation of facts, contempt for experts or informed opinion, and the promoting of lies, half-truths and post-truths have gone largely unchallenged, in the belief that established wisdom would prevail.

We have seen the success of the Brexit campaign, the election of Donald Trump and the rise of populist and nationalist movements across Europe. Their success at storming the bastions of the established order has not been replicated by them in the form of any coherent analysis or forward plan. It is characterised by a series of vacuous slogans such as, “I want my country back”, and “Make America great again”, implying some vague, half-remembered and non-existent memory of a golden age. In Scotland, the SNP slogan is similar: “Help us build a better Scotland”.

Now that these movements have secured their place in decision-making, what will they do? The Brexiteers do not agree on how leaving the EU should be achieved and what form non-membership of the EU should take. I suggest that Theresa May has hijacked the referendum, claiming that it meant the end of freedom of movement and leaving the single market, when no such clarity of intent conceivably exists. More seriously, she does not appear to take account of how the other 27 members will react. She seems to think we can leave the EU without making any further contribution or being bound by any of the rules, but retaining most of the benefits. What it may mean for immigration is even

less clear. We will end free movement but continue to accept immigrants on our own terms, yet many—but by no means all—of those who voted to leave did so in the belief that we could halt or drastically reduce immigration. It is now pretty clear that that is not going to happen.

Another strand of the argument was that we could bring home the budget and spend it on the health service. Looking at the Trump agenda, we see similar manifestations. Just as leaving the EU appears to mean tearing up not just our comprehensive trade agreement within the single market but all the EU external trade deals, so US international trade agreements are to be torn up or abandoned. On the one hand, we are being lectured that the existing agreements inhibit trade, with no evidence to support that assertion; on the other hand, the new world order starts with scrapping most of the international agreements. In America, restrictions are to be put on Muslim immigrants to the USA, millions of Mexicans are to be deported and a wall is to be built at the Mexicans’ expense. The implication is a bit like a movie being reversed: the loss of jobs and investment in America’s rust belt—or the north of England, the south-west or south Wales—will simply be reversed.

How should we respond to this challenge? First, we must face down lies and misinformation and offer alternative information. We must demand explanations of policy options that can address the grievances that are highlighted. We must also examine policy options which may aggravate grievance and promote those that can offset them. We should not overreact. George Osborne’s alternative budget undermined the case for remain by being far too specific about the likely outcome of a highly uncertain situation. We should surely avoid similarly vacuous or offensive slogans such as, “Brexit means Brexit”, “We will have a red, white and blue Brexit”, or, “If you’re a citizen of the world, you’re a citizen of nowhere”. Actually, that is precisely how some global corporations choose to behave.

In Scotland during the independence referendum, we had some success in facing down the claims of the nationalists, notably their claim that Scotland could leave the UK and keep the pound. Actually, they asserted that they could keep the pound under more favourable terms than any of the regions of the remaining UK. But post-Brexit the nationalists are at it again. Having spent almost nothing on the remain campaign, leading to SNP voters delivering the largest proportion of leavers, they are now expending a great deal of taxpayers’ money on a fruitless attempt to try to secure a deal that keeps Scotland in the EU as the rest of the UK leaves. This ignores the fact that the UK single market is crucial to Scotland and that the case, conditions and timescale for Scottish accession to the EU—post an independence referendum—are exceptionally uncertain.

Put together, all these arguments amount to: “Never mind the uncertainty. Although we have no idea what future arrangements can be achieved, how long they will take and how much damage will be caused by the long-term uncertainty, we should, to quote Churchill, ‘Just keep bugging on’”. I and these Benches beg to differ. To address Britain’s future responsibly, it is

sensible to put the shape of our arrangements outside the EU to the people. Many of Britain's friends—and America's, for that matter—are concerned at where we might be heading. Are we turning in on ourselves? How will we work with allies as we dismantle many established co-operative arrangements?

Two issues which can act as litmus tests on how we face the world relate to our overseas aid programme and our membership of the European Convention on Human Rights. On the aid programme, the Government have made it clear that they will maintain their commitment to delivering 0.7% of GNI as aid. However, the Prime Minister has appointed an aid-sceptical Secretary of State and there has been a crescendo of media reporting with the objective of getting the budget cut. It is worth noting that social media and official comments coming from DfID consistently set out the positive achievements of our aid spending, but Ministers seem less willing to defend their department's record, or at least to set it straight given the partial and inaccurate information in many reports. As it is, the dramatic increase in spending on humanitarian relief in the wake of the Syrian refugee crisis and the conflict in Yemen have led to some cuts in forward development programmes, which are further hit by the fall in value of the pound and deteriorating trade balances between the UK and developing countries. These development programmes are designed to build resilience and capacity, helping countries to better serve their own citizens and, in the long run, reduce their aid dependency. If we were to cut our spending and back away from longer-term commitments, it would reinforce the image of a Britain turning in on itself and away from its long-term relationships, many of which have involved close connections for two centuries or even more.

More alarming is Theresa May's revival of her earlier ambition to take Britain out of the European Convention on Human Rights. She may seek to make an intellectual case for repatriating those rights and making the Supreme Court the final appeal. However, that would give an awful signal of a UK, which was the architect of the convention, downgrading its commitment to human rights in international law. In 2015, we celebrated the 800th anniversary of Magna Carta, Britain's gift to the foundations of political and human rights and the rule of law. The populists and nationalists whose voices are so loud now have, I suggest, at best a selective view of human rights but mostly a contemptuous one: that we should do whatever we please in whatever, at any given time, we believe to be the interests of the majority, however defined.

In four years, Americans will have the opportunity to throw out Donald Trump; by contrast, Theresa May has resolved that leaving the European Union, a highly complex process that fundamentally changes our constitution and redefines the rights of our citizens and legal residents in the UK, should be determined by a simple majority and resolved as she thinks fit. Few genuinely democratic constitutions can be changed so easily, certainly not the American one. That stance is, I suggest, profoundly undemocratic and entirely justifies the case for putting the shape of the final agreement to the people, whose motives and expectations on 23 June were clearly very mixed. What she claims to be a clean Brexit will be anything but.

We will not simply stand by if we see the Government taking free rein to pursue a strategy that we believe will leave Britain isolated and politically damaged for generations to come. We must not leave the field to the ultraconservative opponents of liberal and pluralist values. We must stand up to malicious populism and nationalism. To those hurting from the fallout of our faltering economies, we must show our determination that values of tolerance, openness and fairness can help to build vibrant and successful communities and opportunities across the whole of the United Kingdom and beyond.

It is not liberalism that has failed but the loss of liberal values, with too many financial and corporate institutions abandoning integrity and social responsibility, and political leaders tearing up the rulebook and undermining essentially liberal institutions. We should not succumb to the wreckers who are now in ascendancy. We should stand up to them and challenge them, with a reassertion of liberal values of fairness, inclusion, openness and tolerance. I beg to move.

2.15 pm

Lord Tugendhat (Con): My Lords, I thank the noble Lord, Lord Bruce, for giving us this opportunity to examine our own consciences and careers. I say that because the rise of populism and nationalism is the result of the failure of conventional politics—and all of us are of course involved in conventional politics. To the extent that populism and nationalism have become powerful in this country, it is in some measure a result of our own failures.

The words of this Motion are directed to the wrong target. It is not populism and nationalism that pose the main threat to the liberal international order. They are the symptoms rather than the disease. The way in which that order is working is provoking the resentment and hostility within many countries that poses the real danger. In his column in the *Sunday Times* last Sunday, Dominic Lawson wrote that,

“misery is a measurement of the difference between expectations and reality”,

which is a very good aphorism. Since the 2008 financial crisis, that misery index has risen to dangerous heights because the political parties and conventional politics in so many western countries have failed.

Some of the reasons for this are common to a number of countries, including this one. The handling of that financial crisis and what has happened since is obviously one. The banks were bailed out, which was absolutely necessary to prevent an economic breakdown, but no bankers have gone to jail or been held personally responsible. Meanwhile, other sectors of the economy have experienced closures and the attendant job losses, and many people have had their lives thrown into chaos. This has done much to discredit conventional politics and business leaders, and thus to fuel the rise of nationalism and populism.

Another reason common to many countries has been the handling of the combined effects of globalisation and technological advance. While some sections of society have benefited beyond the dreams of avarice, others have lost out badly—none more so than relatively unskilled men and their families. I believe that their

[LORD TUGENDHAT]

problems have not received the priority they deserve in political debate and political programmes. It is no wonder, therefore, that they turned in large numbers to Donald Trump in the United States and are turning in large numbers to UKIP in this country.

Other factors are particular to some countries and regions. For instance, the way the eurozone has functioned has had the opposite effect from the one intended. Far from bringing the people of the eurozone closer together, its workings have driven them further apart and led to a rise in nationalism in a number of countries in northern and southern Europe.

While these developments have been working through the system, conventional political parties, of which many of us in this House are members, have paid little heed to the anger boiling up around us. The most obvious example in this country is the length of time it took us to focus on the concerns surrounding immigration. We failed to explain how the country benefits from immigration and why it needs it, and to tackle the social tensions and deep-seated social fears that it created. It was a double failure: a failure to explain and a failure to act.

I shall give another example of how in this House and in another place our priorities have sometimes diverged from those of the electorate and given rise to anger. While so many government programmes that touch on the lives of ordinary people have been cut or subjected to strict spending limits, the aid programme, to which the noble Lord referred, has been privileged to a unique and unprecedented degree. It is guaranteed a share of GDP, and those who run it are legally obliged to spend up to the limit. This is absolutely the reverse of the way every other programme works. I am not against aid—I am in favour of it—but it is no wonder that privileging the aid budget in a way that no other budget is privileged causes anger and resentment among people who are not prejudiced, not lacking in compassion and not unreasonable, when they compare that with what is happening in the NHS and social welfare.

My conclusion is not that there has been an underlying shift in the standards and values of electorates across the western world. It is rather that Governments and Parliaments have in too many cases, including in this country, failed to take sufficient account of legitimate public concerns. This has left the way open for populists and nationalists, and we must all ask ourselves how much we as individuals are to blame.

2.21 pm

Lord Knight of Weymouth (Lab): My Lords, I thank the noble Lord, Lord Bruce, for his opening speech. I agree with much of what he said. I surprised myself by finding myself agreeing with the opening statement by the noble Lord, Lord Tugendhat: that a lot of this is due to our failure as politicians and as political leaders of this country. To be popular is good, even though I have worries about populism, and to challenge the elite is also good. To some extent, that is why I am proud to be a Member of this House: because we have that challenge function. However, we are living through catastrophic times—and it is not just the outcome of the referendum in this country, the outcome of the

US presidential election and the rise of the far-right across various countries in Europe. It was summed up in Michael Gove's famous statement that people have had enough of experts. Unfortunately, I think he might be right. Understanding and exploring that is part of our challenge, but it presents a catastrophic challenge for us in trying to make decisions if the expertise upon which those decisions are made is no longer given credence. I have never felt more disfranchised by politics than I do now. The only reason why I continue to be here and to be part of the political party to which I belong is that we are so well led in the House of Lords by my noble friend Lady Smith. We have an absolute absence of leadership nationally, internationally and almost everywhere I look in popular terms.

Why do I think there has been a rise in populism? To an extent, I want to turn to neuroscience, which it is relatively fashionable to do. In an episode of the BBC's "Four Thought", Katz Kiely, whom I know, talked about two natural states we have as humans. One is a reward state, which has evolved to keep communities together by making us social, collaborative, creative and able to concentrate to make good decisions. It is in our interest to be social and to work together, which is why we have that reward state. However, we also have a threat state, which evolved to escape predators. It makes us stressed, angry and resistant, and our memory and performance are impaired. We find it difficult to make good decisions in the threat state. Since threat is much more important to us because it is about surviving attack by predators, and being social is a bit more of an add-on, we are six times more likely, in terms of our neural pathways, to be in a threat state than a reward state. It appears that that is what some of our populist politicians are playing to in creating that sense of threat and division.

Much of that threat is because of people's fear of change. There is huge economic and societal change. The noble Lord, Lord Tugendhat, spoke well about the change in the nature of work, the future of work and how we are seeing these larger disparities between rich and poor. For me, the biggest failing in the international liberal order is that we have not updated and understood the failings of an economic model that came through in the 1980s and has persisted ever since. The value balance between investors, consumers, workers and society is out of sync. According to the latest Stock Exchange reports, investors are doing well. Consumers are also doing pretty well. We are getting quite a lot of free stuff digitally and we are very demanding about getting next-day delivery from Amazon, yet that is at the expense of the 1.7 million workers in the logistics sector, most of whom are being horribly exploited by the supply chain that starts at the top with us wanting instant delivery and cheaper prices. Society is struggling with climate change and health services crises, and an education system that seems to be educating creativity and genius out of people rather than universally educating them to make a good contribution. We are also seeing a commensurate increase in poverty and the income gap.

The shared society is an interesting concept, but I suspect it will go the same way as the big society. As the international order meets in Davos, I hope it will

think about how we can reinvent our business management to rebalance value across the four themes I described. We need to look at public service design and a sharing society more precisely and, most importantly, give the majority of people a sense of efficacy over the decisions that affect them; and we need to rebuild trust, which is right at the heart of the crisis we are talking about today.

2.27 pm

Lord Ashdown of Norton-sub-Hamdon (LD): My Lords, it is a privilege to follow the noble Lord, Lord Knight of Weymouth. I suppose we are very nearly West Country neighbours. History is very clear. There has never been a successfully sustained Government, a prosperous age or an age of peace that was not founded on liberal values. If we part company with those values, what inevitably follows is conflict, division and tyranny. I am particularly struck by the comparison between our age and the 1930s. Then, following a recession and a failure in politics, there was a massive collapse in confidence in the political system and the establishment. Then too, people wondered whether democracy was failing and hungered for the government of strong men. Then too, multilateralism gave way to unilateralism and, indeed, to a surge in nationalism. Then too, as we remember, free trade withered away and protectionism was on the rise. It was also an age when vulgarity always succeeded over decency and when the ugly voices were heard, listened to and followed far more than the quiet voice of reason. It was an age when many of us found it convenient to blame the ills that we were suffering from on the stranger in our midst or the foreigner over the border.

Then as well, politicians could not resist the temptation of the extravagant lie, which it was so much more easy to win support with than the carefully nuanced truth. Your Lordships will recall that the motto of age was, “If you’re going to lie, lie big and lie often”—stick it on the side of a bus, perhaps, and send it round the country. Our age bears horrible comparisons with that. I do not say we are not to blame—as the noble Lord, Lord Tugendhat, said, we are—nor do I say that this is not a rational reaction to those failures. I am interested not in who is to blame but in what to do.

One other feature of our age that compares to that one is that the people of the moderate, decent centre were fractured, broken and scattered. They never got their act together, and that gave dominance and the capacity to win to those who depended on that dangerous populism. What about those people in the middle? Hilaire Belloc had it wonderfully when he said:

“The people in between
Looked underdone and harassed,
And out of place and mean,
And horribly embarrassed”.

That is true today.

Spare a thought for a moment for the lost tribes of Labour and the Tory party. What do you do these days if you are part of that great Tory tradition of internationalism and now find yourself in a party that has completely abandoned it? What do you do if you are one of those Labour Members of Parliament who believes in the free market—not as our master but as our servant—and finds your party has explicitly rejected

it? It is extraordinary in the last year how much politics has spun away to the extremes. The Conservative Party, albeit with a politer face, now adopts a position which is indistinguishable from that of UKIP. Labour has abandoned, for the first time in its history, any attempt to occupy the moderate centre ground, in favour of what I would regard as unreconstructed 1950s-style hard socialism—the official party, if not all its members.

What are you to do if you belong with those who are left out? What are you to do if you are among those hundreds of thousands in our country who are of the moderate centre and who are as frightened and concerned as we are but do not wish to make that concern felt through a political party? The Brexit campaign, and Trump’s campaign too, gave voice to the voiceless, the disposed and the left out. But they are now well represented. Currently voiceless, left-out and unrepresented is that moderate centre—those moderate, decent people who believe in those broadly liberal values. They are the voiceless ones of our present age.

Here is a thought to finish with. I have been struck in particular that what has changed our politics these last two frightening years has not been political parties but those operating outside the political circle. It is people’s movements that have changed the destinies of countries, colonised political parties or invented new ones, and elected presidents. But why do all the people’s movements have to be about the nasty, ugly things? What about a people’s movement that will at last give voice to the moderate, decent, liberal centre in our country—which is not confined to the Liberal Democrats? We are growing and strong, and happy about that, but what about those who are beyond us? Although 2016 frightened us all with the dreadful things that happened and the rise of destructive populism, could 2017 be the year when we might at last give that moderate, centrist voice, which is so voiceless, a place to be able to change the direction of our country and a role in doing so? In so far as we in the political parties share that view, and in so far as we too are frightened about what is happening, then this is a time for us to get out of our tribes and start working together to ensure that we can help build that centrist, moderate, liberal consensus, in which the only chance lies for altering the very dangerous trajectory of our country.

2.34 pm

The Lord Bishop of Derby: My Lords, I too thank the noble Lord, Lord Bruce, for introducing this very important debate. I am not a professional politician, but I invite the House to look at the challenge and at the issues behind the case framed, very articulately, by the noble Lord.

First, I want to argue that populism is not a movement but a moment. One of the writers in the briefing for today talked about a thin ideology. It is not a detailed movement, as the noble Lord, Lord Bruce, said; it is a moment. Nietzsche, in the aptly named *The Birth of Tragedy*, talked about psychological bonding creating a headless movement—it is an expression of feeling, concern or anger, but it is headless. It is like a mood in the background and is really difficult to deal with. Just like President-elect Trump’s tweeting, it is technological

[THE LORD BISHOP OF DERBY]

chatter, but very difficult to deal with. It is a mood and not a movement. Those of us charged with a political task therefore have quite a challenge to know what we are getting hold of and how to react.

With the liberal order, there is the same issue. Although many well-organised and well-off people have benefited, the fact is that many people not only lack freedom but are now articulating the fact that they feel unfree in a so-called liberal world. Nationalism, again, is a very tricky term. Behind nationalism, when you talk about Brexit, is a whole mix of contradictory things. I want to step a little further back than the noble Lord, Lord Ashdown, and the 1930s and invite your Lordships to consider some wisdom from Thomas Hobbes. That is partly because he spent a lot of time in Derbyshire and is buried in a church that I go to, but Hobbes can help us see what the issues are, and therefore something of the challenge.

As your Lordships know, Hobbes began by saying people are essentially disunited—perhaps this is the threat element that was just mentioned. The task is to create what he called a covenant: a sense of people joining together under a sovereign. Our sovereign today is parliamentary democracy, or a liberal order. It is not just an intellectual statement that is worked out and agreed, since people will not agree the details, but a kind of psychological bond: a spiritual connection or a sense of being under the same rule of law and the same kind of frame within which life can be lived.

However, as well as recognising that we start disunited but can be assembled in a covenant, Hobbes challenges us, teaching us that once people are in a covenant, that unity will inevitably dissolve and they will go back to being different. The mistake of much of politics, it seems to me, is to assume that once people are in a covenant they have an intellectually agreed position and will just keep negotiating. Most people are not much interested in politics, except for the occasional moment when, psychologically, they bond together to shout out what might turn out to be a cry for help. I suggest that populism or nationalism is being expressed—noble Lords have given examples—through cries for help. The noble Lord, Lord Ashdown, just pointed to a way in which politicians, perhaps especially, have a responsibility to respond to that cry for help. In my language, it is a spiritual cry, a desire to be connected in a society and in communities and not to feel excluded, unfree and unrewarded.

We have to be very careful not to engage with populism and nationalism too seriously in terms of the thick ideology, because in Nietzsche's terms, they are rather headless moments. But they are signals to those of us who are guardians of the kind of covenant that can hold people together and give us a sense of belonging and working together. Our challenge is to hear the cry and to look at what the covenant is, what kind of state it is in and how we can re-present it in a way that can bond people again and give them a sense of a common life in a common place for a common purpose.

2.39 pm

Baroness Stroud (Con): My Lords, I thank the noble Lord, Lord Bruce, for calling this debate. It is impossible to do justice to this hugely important topic

in five minutes so I am going to focus on just one aspect of it, the development of populism, and ask where this threat has come from and why. If we can answer the question of why, we can go some way towards taking the steps to address the issue.

If we look up a definition of populism we will find it defined as,

“support for the concerns of ordinary people”,

or,

“the quality of appealing to, or being aimed at, ordinary people”.

Supporting and addressing the concerns of ordinary people surely has to be the desire and responsibility of every politician and leader, yet when we see the rise of populism around us we should ask ourselves how effective we have been.

Across Europe, populist parties' average share of the vote in national and European parliamentary elections has more than doubled since the 1960s, from around 5% to 13%, at the expense of centre parties. Since the 1960s populist parties' share of seats has tripled, from nearly 4% to nearly 13%. In most recent polling, Marine Le Pen's Front National party is at 26.5%, a lead of 1.5% over former Prime Minister Fillon.

Ordinary people are voting for and identifying with parties that are communicating in a way that taps into their major concerns, enabling them to feel as though they have been heard. This is a challenge to us as mainstream parties and to the liberal international order. Why are we not meeting that need? In a joint piece of work undertaken recently by the Legatum Institute and the Centre for Social Justice—I refer to my entry in the Members' register of interests—called *48:52 Healing a Divided Nation*, we looked at what some identify as populism and at what motivated some of the 52% to vote the way they did in the Brexit vote. The story of 48:52 is not just a story of the rise of populism. The decision to leave the European Union was a bold and unequivocal statement for millions of people who wanted to change the political, social and economic status quo. It was a moment in time for them, a rational choice, when those who had not felt heard by the establishment expressed their desire to take back control—control of their wages and of their public services.

As we have sought to research and analyse the underlying issues, a number of well-known themes have emerged, such as concern about immigration, a desire for sovereignty and a sense of community alienation. However, there are also some more deeply embedded themes. Whole swathes of British society are concerned about: their wages and their job security—the impact of globalisation and technological changes to the nature of employment itself; the security of their home and access to housing; and pressure on public services, particularly education and health. This is the deeper malaise that the Prime Minister identified when she made her speech on the doorstep of No.10, and which she has kept referring to ever since. In my view, these are some of the deep social issues that lie at the heart of the rise of populism. In light of this, it is perhaps no surprise that the vote disregarded the dire warnings of the establishment, including the then Prime Minister, the Leader of the Opposition, the Bank of England, the World Bank, the IMF and

President Obama. Their threats and warnings showed that the establishment understood little of the lives of the 52%.

There is one other factor at play here in the rise of populism. When those who feel that the establishment does not understand their concerns look for leadership to our great institutions, we need to be aware of what they have seen. Instead of seeing a leadership that is there to take responsibility and to serve, they have looked at the finance sector and seen the banking crisis; looked at the media and seen the hacking scandal; looked at politicians and seen the expenses scandal; and even looked at top sports men and women and seen the doping and bribery scandals. There is a challenge to the liberal order, but it is one that should lead us to address the social issues that have been highlighted by the rise of populism and to ensure that the historic institutions of this nation are led with integrity for the benefit of the many, not just the few.

2.44 pm

Lord Giddens (Lab): My Lords, I happily confess to being an expert on nothing. I guess that gives me the right to speak today.

We live in an age of unanticipated shocks. No leading economist foresaw the coming of the world financial crisis; Alan Greenspan famously went from hero to zero overnight. Few commentators gave Donald Trump much chance of getting the Republican nomination, let alone becoming President of the United States. Everyone suddenly becomes wise after the event, and then there is a kind of media-driven rush to judgment. Thus the surge of populism has been widely explained in terms of a divide between the winners and losers of globalisation. However, things are much more complex than that. I shall argue that populism in our age, of both the left and the right, is as much a creature of globalisation as it is a reaction to it.

It is a great mistake to equate globalisation, as so many do, solely with economic ties and free trade. The Prime Minister, in a speech given moments ago, used “globalisation” in precisely that way, as indeed everyone seems to, but it is not correct. Globalisation is about accelerating interdependence in all its forms. The world today is massively more interconnected than in any other era, and in a host of different ways. This is new territory for us all. The opportunities are huge but so are the risks. Climate change and the ravaging of the world’s ecosystems, for example, are just as much features of globalisation as is the spread of free markets.

The origins of the “populist explosion”, as one book calls it, are several. I will be academic about it and mention four of them here. The first, as the noble Lord, Lord Bruce, mentioned, is the continuing dislocation produced by the financial crisis, a crisis that remains unresolved in the industrial countries. Ordinary citizens have had to pick up the costs of the miscreant behaviour of financial speculators who have largely escaped unscathed. The result has been cutbacks in health services, welfare and many other areas in virtually all the industrial countries.

The second is a revolt of the dispossessed, or those who feel themselves to be so. However, this is not only about a white working class left behind by deindustrialisation, and its roots are not only economic. It includes a disproportionately large number of older people, for example. Worries about immigration are to some extent a code for wider feelings of cultural alienation in a time of endless change. I recommend to all noble Lords a book by the sociologist Arlie Hochschild called *Strangers in Their Own Land*, which applies to many people in this country who feel left behind, not economically but by the pace of change all around them, and who look for a national identity as a result. She also talks of “stay-at-home migrants”, people who are stuck but still feel outdistanced by change.

Thirdly, and crucial to it all, is the impact of the digital revolution. Its imprint is everywhere. Most populist parties are heavily organised online, yet the list goes on: “post-truth politics”, echo chambers, President Putin’s cyberwars, Mrs Clinton’s emails and Mr Trump’s tweets. The return to tradition that drives many forms of populism is certainly not tradition in its traditional form.

The fourth is sheer contingency—what you might call, “Events, dear boy, events”—which is so important both in everyday life and world history. Some 300,000 out of 139 million voters in a couple of key states settled the result of the presidential election in the US. However, once such an outcome is achieved, the world looks, and is, very different. President-elect Trump is, if I can put it this way, a complex personality whose political views have, one could say, evolved over the years. He used to be a Democrat, for example. His proposed rolling back of the US from the world stage would seem to be a lot more than purely economic. It looks like a wholesale retreat—this touches on what the noble Lord, Lord Ashdown, said—from cosmopolitan values, rights of equality and protection for the poor. Not least important, Mr Trump will promote the fossil fuel companies and says that he will scupper the Paris accords. President Xi comes to Davos and gives a speech that Hillary Clinton might have given if she had won. Can one superpower replace another, so far as global government is concerned; or, as the new Administration seem to want, can they run the world in collusion with Russia? I doubt that very much. Global governance risks being undermined at the very time we need it most and in ways stretching far beyond free trade.

2.50 pm

Lord Thomas of Gresford (LD): My Lords, there is a newspaper headline today, “Don’t mention the war”. I will do precisely that, because I lived through it. Although I was very small and did not understand its full implications, and lived in a rural community in north Wales, I still remember the thrum of bombers going over from Germany to bomb Liverpool, and I remember the aftermath of the war and the determination there was everywhere that war should not occur again.

What attracted me to the Liberal Party was Jo Grimond’s book *The Liberal Future*, and his emphasis on the importance of strengthening international

[LORD THOMAS OF GRESFORD]

institutions and supporting international law and the United Nations, which campaigned against aggressive wars and instituted a global fight against disease and poverty that recognised human rights. Those were messages that appealed to me as a young man. I had looked at Plaid Cymru, the Party of Wales, and, as, as I mentioned earlier this week, I voted for the noble Lord, Lord Elystan-Morgan, when he was a Plaid Cymru candidate in my hometown, but I quickly discovered that Plaid Cymru, as a nationalist party, was defined and defined itself by its enemy. It was not a set of values or policies: the enemy was Westminster.

The day before yesterday, when Plaid Cymru, in the National Assembly in Cardiff, considered the Wales Bill and the referred powers model under the Bill—its powers over taxation, its increased borrowing powers—the reaction of its leader was to say: “We are of the view that the very basis of the Bill is flawed. We blame the flaws in the Bill clearly on Westminster and Whitehall. We do not want to accept crumbs from the table of Westminster”. You will see nationalism, whether it is in Scotland or Wales, defined by its opposition to Westminster rather than anything else.

The enemy for UKIP and the right-wing of the Tory Party is Brussels. What is often said is the problem with Brussels is red tape—regulation imposing standards on us we do not want as a nation. What are those standards about? Generally, they cover workers’ rights, environmental controls, food standards, and matters of that sort. The nationalists in this country in UKIP and elsewhere seem to think that these are imposed on us, a yoke that we have to bear. They also oppose the European Court of Human Rights. What a great concept it was for those who devised the European convention: those who thought that, in a war-torn Europe, it will be a good idea to have a common set of principles—such as the belief in the rule of law, respect for life, the prohibition of torture, respect for family life, and a common standard of justice—and that those principles should be supported in the European Court of Human Rights.

Yet those of the right wing—of UKIP and others—say that this is all wrong: that we as British people should withdraw within our own boundaries and create our own standards, as though our standards should be different from those that appertain in Europe. The European Court of Justice, another institution which creates common law across Europe, is also attacked in the same way.

Populism—the real people against the elite—is headless, as the right reverend Prelate the Bishop of Derby said a moment ago. Being headless, it is open to demagogues. We have seen that populism is taken over by those who do not feel that they are real people themselves, in the sense that they use that expression. They do not come from the poorer parts of our community. These are people with wealth, and so on. They show contempt for experts and promote extravagant lies—as my noble friend Lord Ashdown put it—which is so against the interests of everybody in this country.

We have to fight for liberal values. We have to maintain them in the face of all the current problems and perils. I share the pessimism of the noble Lord, Lord Knight, about where we are at present.

2.56 pm

Lord Hannay of Chiswick (CB): My Lords, it is hard to credit that anyone who follows international affairs can now be in doubt that the rules-based international order, so painstakingly built up over the 70 years since the disasters of two world wars, is currently under greater challenge than it has ever been; or that the response so far of countries such as ours, which has done so much to contribute to that rules-based order, and which still regarded its maintenance as a national interest—look at last year’s security review—has been quite inadequate in the face of those challenges. The noble Lord, Lord Bruce, has done us a favour by bringing this matter forward for debate today, although effective collective action to those challenges is needed, not just debate.

Why is this situation so serious? I suggest it is because the challenges reach across such a wide area, encompassing peace and security, human rights, trade policy and climate change, to mention a few. Because the political will to face up to these challenges still seems to be ebbing rather than strengthening. The horrors of the siege of Aleppo, which is merely the most recent event in the abject failure of the international community to exercise its responsibility to protect the Syrian people, is fresh in all our minds, but the actions of President Putin to overturn the post-Cold War European order by seizing Crimea and destabilising Ukraine, are still open wounds. The trampling by Islamic State of every one of the rights in the Universal Declaration of Human Rights is an appalling reminder that those rights are not secure. Add to that the challenge of trade protectionism, which did so much in the 1930s to create the conditions for a global disaster, and the threat from nuclear proliferation, only temporarily held in check by the P5 plus one’s agreement with Iran.

That is a daunting yet incomplete list. What can be done to reverse those damaging trends? I suggest that there are four traps that we need to avoid. The first is to attribute all the damage being done to the rules-based international system to the surge in support for protest movements. That surge certainly makes finding solutions more difficult and could, if left to grow unchecked, make our predicament even worse. But we must not dismiss these large protest votes in this country and in the US last year, and perhaps elsewhere in Europe within months, as simply aberrant reactions that can be ignored. As the noble Lord, Lord Tugendhat, said, populism is as much a symptom as it is a cause. Where we can find some policy responses to the root causes of those negative protest reactions, we will really need to deploy them.

The second trap is to believe that we are engaged in some titanic struggle between nation states and multilateral organisations. The nation state is not under threat, nor is it the root of all evil, nor is it about to disappear. It is in fact an essential building block for that international co-operation which is required if we are to handle successfully all those policy areas where action by individual states is no longer adequate to the task.

The third trap is to do nothing apart from wringing our hands. Intervention in Iraq and Afghanistan may have been the misguided or inadequate but non-intervention is a policy choice too, fraught with

consequences, as we have seen in Syria. Allowing world trade liberalisation, which has brought so many millions of people out of poverty in recent years, to founder in tit-for-tat retaliation would simply lead to impoverishment and destabilisation, as it did in the 1930s.

The fourth trap is to believe in all that loose talk about living in a post-truth world. We may indeed live in a world where it is easier than before to plant plain lies on the public consciousness, but we do not live in a post-reality world, so sooner rather than later we will find current trends, if unchecked, leading to real, serious damage to our prosperity and security.

If we are to avoid these traps, we will certainly need to make a better job than we have done in the past of setting out a compelling case for the benefits of a rules-based international order. That case will need to cover the whole range of our international commitments and obligations in the UN, NATO and the World Trade Organization. It will require making common cause with other like-minded countries—often our former partners in the European Union. Where will the United States stand in all this? That is not a question that can or should be answered with confidence one day before President Trump is inaugurated. But neither systematic compliance with US policies nor systematic opposition to them would seem a sensible approach. That means we—and, above all, our Government—will face some difficult choices in the months and years ahead.

3.03 pm

Baroness Finn (Con): My Lords, I thank the noble Lord, Lord Bruce, for calling this important debate on the challenges posed to the liberal international order. I should say from the outset that I am a firm believer in that order and in a rules-based international system; indeed, I am here today because of it. My father defected from communist Czechoslovakia. He arrived in the liberal West as a refugee and went on to gain a place at Princeton University and become a professor at IMD, the international Swiss business school. It is something that I have never forgotten and for which my family will always be indebted and grateful.

No one on these Benches is likely to defend demagoguery or so-called post-truth politics. Yet it is all too easy to be lofty about populism. We should remember that none of us was elected to this Chamber by popular vote. Indeed, many of us, myself included, have never been elected by popular vote. We need to be especially careful that we avoid even a scintilla of condescension or disdain for the concerns of normal people. Most people are not prone to intolerance or prejudice and we should always challenge the demonisation of minority groups both at home and abroad.

It is too simple, however, to dismiss a politician seeking to address legitimate popular concerns as a populist. It is precisely that undertone of incomprehension, merging sometimes into contempt, that is causing damage to politics right across the West. Take, for example, Italy. Last month Matteo Renzi's failure to secure approval for a series of complex constitutional changes was widely attributed to populism, yet many

Italians had substantive and legitimate concerns about the proposals themselves. Some feared, ironically, that the very same populist politicians opposing the changes could benefit from them in the future. They worried that the proposed weakening of the upper House would give politicians such as the Five Star Movement a greater ability to change the country for the worse if they were to gain control of the lower House. Those people therefore voted alongside the Five Star Movement against the proposed changes. A vote dismissed as populist was for many the exact opposite.

There were others in the Italian referendum who may have chosen to vote with the Five Star Movement because they felt it understood, better than other politicians, Italy's contemporary problems. Italy has suffered two lost decades of growth and the danger to Italian politics has been the failure by mainstream politicians seriously to address this. All of us who are truly democrats must remember the importance for politicians of understanding the reasonable concerns of the electorate.

The noble Lord, Lord Bruce, asks us to take note of the challenges posed by nationalism as well as populism. Here, too, we must be cautious. As I said at the beginning, I believe passionately in an international order, and that order ought to be just that: international. A system of nation states, freely trading with one another under the rule of law, remains the most effective way of protecting personal rights and enriching peoples. It must surely be legitimate for those nation states to defend their own borders and define their own national narrative.

I do not believe that the damage to western politics is inevitable or irreversible. I thought the Prime Minister was right in her speech at Davos to talk about the need to respond to those who feel left behind by globalisation. She was right to address it and right to resist the siren calls to slow or reverse the open movement of talent, trade and investment that, for me, is an indispensable part of the liberal international order. At our best, this has always been the British way and I believe it will continue to be so.

3.07 pm

Lord Stone of Blackheath (Lab): As the noble Lord, Lord Bruce, suggests, across the democratic world our societies are increasingly divided, and trust in our elected representatives is alarmingly low. What is worse is that many politicians and people in the media revel in this divisiveness. Their very livelihoods depend on it and for this, cynically, they add fuel to the fire.

As long as we continue to play the same game of democracy as we know it, things will go from bad to worse. It is a system failure and it creates democratically elected authoritarians and dysfunctional coalitions. Yes, people are disillusioned. They feel that their voice no longer counts. Politics has become deeply polarised. The strong centre has evaporated. Both sides now tout their own version of us versus them; the left is often misperceived as anti-business, the right as xenophobic.

We are at serious risk of becoming a closed society, unable to embrace diversity, unable to demonstrate compassion and tolerance for difference and likely to increase exclusion. The deep divisions that we have

[LORD STONE OF BLACKHEATH]

created may lead to even greater marginalisation. Those who felt left behind before are now likely to experience an even worse version of exclusion, insularity and ethnocentricity than they ever felt.

However, there is good news. Noble Lords will know that I do not like to bemoan a situation, however bad and complex, without being able to come up with a practical solution—and here it is. New thinking has been emerging in places such as Iceland, Finland, Argentina, the Netherlands, and also here in the UK. New technologies across myriad different sectors have now made it possible for very large groups of people to interact and collaborate with each other and come up with better answers.

This phenomenon, described by Professor Klaus Schwab of the World Economic Forum in his book *The Fourth Industrial Revolution*, is a fusion of technologies that are blurring the lines between the physical, digital and biological spheres. It is the current trend of automation and data exchange technologies and it includes cyberphysical systems, the internet of things and cloud computing. With it, we could create a better future system with a new political platform that actually establishes Abraham Lincoln's ideal of,

“government of the people, for the people and by the people”.

Business, and particularly in my own field—retail—has already grasped this and is flourishing in the new milieu online and seeing the old forms of shopping in retreat. This technology, and making use of big data, are based on the notion that none of us is as smart as all of us. The crowd can be wiser and make much better decisions than any single representative or group of elected officials.

A new form of governance based on the use of this technology has been termed “crowdocracy”. It needs to be properly managed, to guide how the crowd functions, and this could be our role. Some traditionalists are frightened that this could lead to tyranny. Yes, get the conditions wrong and the crowd nearly always dumbs down and then makes some very poor choices. This should not put us off—it should spur us to modernise more speedily and expertly and use this new technology.

Politicians, unlike business, have failed to grasp the enormity of the benefit of this fourth industrial revolution. If we use this technology correctly and access diversity of knowledge and opinion, ensuring that people are in possession of accurate information, we would foster independence of thought and collaboration, decentralise power, and integrate the collective input into coherent crowd-sourced solutions. We could harness the wisdom of the crowd for the good of the many, not just the few. In this way we would stop privileging a small section of society and marginalising others; we would stop making things worse by creating divisive 48%:52% splits, as the noble Baroness, Lady Stroud, mentioned; and instead we would develop the ability to make wise decisions that are in the best interests of all of us, regardless of political persuasion, and not just some.

This is not a fanciful utopia. I have already witnessed and been involved in testing this approach here in the UK, and there are strong indications that it is working.

We could lead the world in the modernisation of democracy. We have a historic opportunity to transform ourselves from cynical and suspicious spectators and to all become genuine participants and actors in the governance of our community and of society at large.

I have placed in the Library several copies of the book *Crowdocracy*, written on this phenomenon by Dr Alan Watkins and Iman Stratenus. It is an interesting and enlightening read and would enable noble Lords to appreciate the potential of this idea. It will require genuine, thoughtful leadership, deep compassion and real courage to test, but together we could modernise our democracy and build a new form of governance for the greater good of all of us. Perhaps the Minister and those interested would be willing to meet experts in this field to examine the possibilities for tackling the challenges signalled by the noble Lord, Lord Bruce, in bringing this debate to your Lordships' House.

3.11 pm

The Lord Bishop of Leeds: My Lords, I am grateful for the opportunity to have a debate like this, which allows us to identify some of the more philosophical dynamics at play in contemporary political developments. The excellent Library note for this debate makes it clear that language matters, and that definition of terms is not incidental. Populism is clearly more than a movement of people who listen only to the facts that support the prejudices that they have already nurtured, but it can exploit assertive language in such a way as to obscure truth. This is what I wish to focus on here. Whereas others will discuss the importance of a rules-based international order, I want to say something about language in a post-truth or post-factual world, and pose a couple of questions about the assumptions we make regarding history.

The United Kingdom, as illustrated by the unfortunate reference of the Foreign Secretary yesterday, has defined itself by its share in the defeat of fascism in the 20th century. But have we moved on? If we assume that our domestic order has been defined for ever by a past victory, we should not be surprised when our complacency finds itself undermined by events that are not trapped in that same narrative. Democracy and the rule of law are not natural and immutable givens, but are goals for which we must struggle in each generation. This is why the narratives that guide our self-understanding as a nation among nations on a very small planet in a very large universe matter so much. It is why the UK seeing itself through the lens of a long-gone empire is so facile. It is why seeing Germany simply through the lens of Adolf Hitler is ridiculous. It is why illusions of power are dangerous when they shape language and rhetoric that are heard differently by other audiences. We need new narratives for the contemporary world—narratives of hope rooted in an authentic anthropology that takes seriously the destructive elements of human nature, or what used to be known as “sin”.

Western liberalism has become complacent about its own self-evident superiority. It is arguable that the proper balance between individual rights and concerns for the common good has not been established. I would argue that this complacency has contributed to the sense of alienation and detachment being seen in what

is being called political populism. Progress is not inevitable; it is not true that things can only get better; human rights cannot be assumed to be self-evidently right. Battles for peace, order and social cohesion are not won once and for ever. The tendency to entropy is powerful and finds it easier to pull down rather than build up.

The sorts of populism we see now are destructive precisely because they evidently collude in destruction without a compelling vision for what should be constructed. Hence, we have seen a referendum campaign fuelled by lies, misrepresentation and an easy readiness to abuse language. Who are the elites—especially when they are being condemned or ridiculed by public school and Oxbridge-educated journalist-politicians who command six-figure incomes above and beyond their basic salary, and who will, whatever the outcome of Brexit, not suffer greatly? Why does it not matter that promises can be made in a referendum campaign that simply get dismissed within hours of that campaign ending? Can liberal order survive the corruption of language and the reduction of truth or fact to mere political convenience or expediency? It is not a game.

Tomorrow sees the inauguration of a US President for whom truth is a commodity to be traded. Direct contradiction of what is proven fact is loudly asserted without shame or embarrassment. I make no comment or judgment about his ability to govern the United States or contribute intelligently and wisely to the establishment of a just international order; I simply observe that the corruption of language and truth is in itself dangerous for everyone.

This debate is about the challenges to the liberal international order posed by the development of populism and nationalism around the world. The liberal international order is not a natural given or an inevitable right. It begs as many questions of inherent legitimacy, for example, as it addresses. Populism and nationalism are not new phenomena, and their development is a constant in societies that feel uncertain or have lost the security found in a clear sense of common or mutual identity. The particular danger of today's developments around the world is that instability is far easier to create than stability; that order is fragile and chaos a tempting attraction; that the spectre haunting Europe and the world has little to do with "what the people—whoever they are—want" and much to do with how they can be manipulated into thinking that what they are told they want is in fact what is good for them. The anti-elitist anti-establishmentarians are perpetrating a fraud in their elitist and self-promoting rhetorics. But they will not be the people to pay the price.

I suspect that the order of the past is being challenged by the threat or promise of a new order. It is essential that we articulate a compelling vision for an order that serves the common good, shapes a good society and resists the claims of a post-truth rhetoric which tells us that lying is acceptable as a means to an end.

3.17 pm

Lord Risby (Con): My Lords, I congratulate the noble Lord, Lord Bruce, on introducing this most timely debate. In industrialised societies, we are seeing the rise of political movements that are challenging liberal values and the consensus that has existed for decades. Two major countries continue single-mindedly

to expand their interests—namely, Russia and China—which unnerves their neighbours. In some countries, religion is being used to further sustain the control and popularity of governing regimes. At the WEF meeting this week in Davos, it is precisely these themes which are sources of discussion and concern. The rise of nationalism and protectionism challenge existing multilateral co-operation and institutions, which is particularly difficult for countries which have led enhanced international co-operation and agreement.

I say this because, however critical and concerned we may be about these themes, it seems to me that we need to delve into some of the actual reasons for this in Europe and the United States in particular. After the Second World War, a remarkable level of social cohesion developed in many western societies. In the United States, manufacturing grew apace and living standards improved markedly across economic divides, irrespective of education or skills levels. In areas described today as the rust belt, there were jobs for all. In France, there is now nostalgia for the 30 glorious years of economic and social advance in the same period. Despite frequent industrial disturbances here, a former Prime Minister said that we had,

"never had it so good".

I believe that much of this sense of alienation today arises from the embers of the financial crash of 2008. Some Governments had concluded that, in the prosperous preceding years, fiscal caution could be de-emphasised or even abandoned. With the resulting high budgetary deficits, traditional Keynesian responses to the crash were extremely difficult to pursue. Instead, central banks pursued a policy of very low interest rates; this in turn led to high asset inflation, the beneficiaries being those who could borrow money and participate often in property booms. Many citizens felt that those in the financial sector who had recklessly contributed to the financial crash escaped any real censure. Technology changes added to the concerns of those who felt separated from economic recovery, particularly in the United States, so that the very underpinnings of social cohesion began to fracture. High-end pay became in some instances wholly disconnected from successful performance. All this made for a combustible cocktail.

Institutional structures further aggravated this. If we look at Europe, at Laeken there was a serious discussion about how European citizens could feel a greater sense of ownership of the European Union and its institutions. In what would eventually emerge, even the most enthusiastic Europhile would accept that the promised sense of ownership was simply never restored. For example, no transitional arrangements were made here for citizens of the new accession countries and the assurances given were that the numbers coming here would be minimal. I happen to have supported the remain cause in the referendum last year but now, all over Europe, there is anxiety about the consequences of globalisation in practice, unrestricted free movement of labour, migratory flows that are in part simply economic, and human rights legislation that can overturn national responses. Much of the manifestation of the resulting populism and nationalism challenges the very democratic values that we all cherish, but we need to take care that the legal and institutional structures that we have constructed to enshrine these

[LORD RISBY]

long-fought-for values do not in themselves appear inflexible, unresponsive or intolerant of people's genuine concerns. The remain campaign focused on the economy—usually the basis for electoral success—but this was rejected by people feeling that their identity was being challenged by forces over which they had no control.

If we look down the track at the effect of artificial intelligence, for example, this will further challenge populism, because populism offers a false hope. The change of technology is likely to disappoint those who have supported it. We look at what is happening in France with Marine Le Pen offering protectionism as a solution to high French unemployment—a similar situation is being echoed in the United States. Mercifully, we do not have extreme left or right-wing political movements in this country. We remain a remarkably liberal and open society, but we have to guard against the undermining of this. To do so, we must not permit those liberal values to morph into illiberality, which is to turn a blind eye to negative social attitudes and practices while intolerantly closing down debate and open discussion that impacts the lives of our citizens, leading to their alienation. We in this country are fortunate to be able to resist protectionism and illiberality. It is part of our role in this Chamber to ensure that those values are continued and cherished.

3.23 pm

Lord Anderson of Swansea (Lab): My Lords, we all unite against the excesses of populism and nationalism, but there are some positive features in both. Populism in particular is a “boo” word, but does it have to be? Some claim that liberal elites use the word to devalue the views of the majority—examples are of course the response to the victories of Trump and Brexit. I ask myself: if I were an unemployed car worker in Detroit and heard, or thought I heard, myself described by Mrs Clinton as a “deplorable”, how would I respond to that? Would I not seek an opportunity to kick back in anger and take back control?

Clearly, power should be shared more equitably, and colleagues have set out the problems. I noticed in yesterday's *Financial Times* that Martin Wolf wrote:

“Those who did well out of globalisation ... paid ... little attention to those who did not”.

That is a challenge for us all and, as I look at the Bishops' Bench, I think of the other aspect of the “preferential option for the poor”.

Clearly, every politician has to listen—to some extent even dictators, even if they respond with bread and circuses—but there are dangers in this populism. In his *Democracy in America*, de Tocqueville described the “tyranny of the majority”, with waves of popular emotion preventing consistent policies—a danger now facilitated by social media. JL Talmon, in *The Origins of Totalitarian Democracy*, charted how the concept of the general will morphed into democratic centralism, Stalinism and, perhaps now alas, into Putinism.

Obviously, populism is a serious challenge to traditional forms of governance. It is relatively easy to describe but very difficult to counter. Today's manifestations in

our continent are seen most in central and eastern Europe and extend eastwards to the Turkey of Erdogan. In Hungary, Prime Minister Orbán aims to create what he calls an “illiberal democracy”, and anything his party Fidesz can do, Poland's Law and Justice Party can do as well. A populist almost won the Austrian presidential election. In 2017, there will be a series of elections in the Netherlands, Germany and France; clearly, the populists will do well, but they will be excluded from any resulting coalitions, which will increase their sense of alienation and that there is an establishment conspiracy against them. There appears everywhere to be a search for identity, a sense that the fault lies with the system, and a search for scapegoats—particularly immigrants, the alien in our midst.

How can we counter the adverse effects of populism? This question was tackled in the *Global Risks Report 2017*, published last month by the World Economic Forum. It highlighted the struggle against disinformation in social networks and the need to invent a new inclusive globalisation. On 6 January, *Le Monde*, in a very French way, asked the views of six intellectuals. Most concentrated on immigration, but Professor Tony Travers stressed that politicians should be honest with their electorates and refrain from raising false expectations. Tackling the phenomenon of populism needs some institutional means, such as the rule of law and empowerment of civil society, but there could be a Maginot line complex unless one also recognises that underlining this must be a prevailing spirit of democracy.

Finally, perhaps one of the lessons of Brexit is that we must confront what, alas, is the liberal illusion that reason will ultimately and necessarily prevail if the facts and evidence are placed before the citizens. This must now be seen in the context of Trump's post-truth, for example, on climate change, and Gove's “Put not your trust in experts”. Pascal had it right: “The heart”—or should I say the gut—“has its reasons, which reason does not understand”. The crowd has come to town and knows what it wants to hear, true or not.

However difficult, we need to prevent a triumph of unreason; if not, the enemies of liberal society will surely prevail. A good start would be to accept our personal failure and our responsibility to press for pragmatism and combat false claims. But elites must abandon any sense of moral superiority over their citizens. I repeat the ending of the noble Lord, Lord Bruce, in his plea for fairness, inclusiveness, openness and tolerance.

3.29 pm

Lord Watson of Richmond (LD): My Lords, four decades ago when we joined what was then the European Economic Community, I was working for the BBC and was asked to script and present a life story of Jean Monnet—“the father of Europe”, as he was then called. I got to know him pretty well. I found him not to be an ideological man but a rather optimistic pragmatist. His consistent theme, however—the right reverend Prelate the Bishop will note this; it is rather like Hobbes—was that he believed deeply that it was not natural for men or nations to unite, and that it would happen only under enormous pressure of necessity.

For him, the enormous pressure of necessity that he had experienced in his own lifetime were the two world wars. He drew on that experience to argue his case and he was in many ways very successful.

I have spent a good deal of time over the last two years working on a history of Winston Churchill in 1946, and in particular the two great speeches he made during that year after he had lost office and when he was quite seriously depressed. The first was at Fulton, Missouri—the so-called “Iron Curtain” speech—and, six months later in Zurich, the “Europe arise!” speech. In both cases, rather similar to the Monnet experience, he was driven by a sense that unity and a degree of interdependence were essential not just as a theoretical ideal but in order to deal with overwhelming necessity. In the Fulton speech, he argued that the huge Russian preponderance in Europe and the malign intentions of Joseph Stalin necessitated an unprecedented degree of unity between the United Kingdom, the British Commonwealth, as it then was, and the United States, and that this had to provide a deterrent to Soviet power. He was remarkably successful in that argument, although it was hugely controversial at the time and he was attacked by a great number of people in the United States, including the whole of the Roosevelt family.

Six months later he made the second speech in Zurich. Again, he was driven by this sense of necessity—that unity had to occur because the alternatives were so grim. In particular, faced with the destruction and exhaustion of Europe, he believed that France and Germany had to be reconciled and that those two countries had to take the lead in building what he called a kind of United States of Europe. That first speech in effect triggered a process which led to the Berlin airlift, and certainly greatly facilitated it, and eventually to NATO. The second one was enormously important in enabling the Americans to make the generous initiative of the Marshall Plan and, later on, Jean Monnet with the Coal and Steel Community.

I have said that both those speeches ignited fury and intense opposition—the second one particularly from General de Gaulle. But after decades the habit of interdependence has sort of taken hold. It has also been taken for granted—and this is the cause of its great vulnerability. For today, this habit of interdependence has been, and is being, challenged as we have not seen in decades. As many noble Lords have observed, tomorrow Donald Trump will become President Trump. His intention and direction are towards deals that will, and can, erode the post-war international liberal order—for example, a deal to be forced on Mexico to build a wall and perhaps a deal with Russia that could destabilise the Baltic and erode NATO’s credibility. Whatever Brexit means, it must mean Britain opting out of the project to unite Europe. It will fundamentally challenge the assumption and aspiration of ever-greater unity, breaking a habit and direction of interdependence.

So what can follow from all this? First, division between competing national interests. Two weeks ago, the *New Yorker* magazine defined very accurately and rather intellectually what Trumpism was all about. It stated that he is about,

“secure borders, economic nationalism, interests-based foreign policy”—

the elements that, taken together, can corrode and erode and eventually destroy a liberal international order.

The second thing that follows is suspicion, distrust and a growing belligerence of language—and language is important. You have only to look at Boris Johnson’s latest verbal folly to understand the perils of inadequate control over language. But it is not just Boris Johnson; we should look at the headlines which sought to encapsulate the Prime Minister’s speech on Tuesday. I shall read out a few of them. The *Times* stated:

“May to EU: give us a fair deal or you’ll be crushed”.

The *Telegraph* stated:

“No deal is better than a bad deal”.

The *Daily Mirror* stated:

“Give us a deal ... or we’ll walk”.

The *Daily Mail* referred to,

“an ultimatum to Brussels”.

The *Daily Express* stated:

“Deal or no deal ... ‘We will leave’”.

The headlines are, of course, more belligerent, and their tonality sharper, than the words used by the Prime Minister. She was much more careful and was feeling and calling for a degree of understanding. But I feel that we have had a warning from what has happened this week and we must take careful note of it.

The third thing that can follow, therefore, is illusion and miscalculation. Let us take just one key example—the outcome on transitional arrangements for the City. Mark Boleat, the policy chairman of the City of London Corporation, said last week that if Britain leaves the EU with no deal, it will still be possible for London to retain its centrality in financial services. He added:

“But this will not just happen. It will require political and business leadership on a scale we have not seen in this country”.

I remind the House that Winston Churchill said in 1946 that we needed to learn the “bitter dear-bought experience” of two world wars and not throw it away. We are in danger now of casting away these lessons of bitter dear-bought experience. If we do so, we will rue it.

3.37 pm

Lord Sheikh (Con): My Lords, 2016 has not been kind to liberalism. Across the globe, populism and nationalism have taken the reins. In this regard I would like to cite a few examples. In the Philippines, we have a leader who endorses extrajudicial killings. In Myanmar, members of the Rohingya community who are Muslims have been subjected to brutal violence and many have been killed. In Hungary, we have a leader who sees the refugee crisis as nothing more than an opportunity to further his own popularity. There is now a right-wing populist Government in Poland.

In 2017, we will see further challenges from populism and nationalism. In the Dutch general election, the anti-immigrant party is leading the polls. Its leader, Geert Wilders, has openly said that he wants to ban

[LORD SHEIKH]

the Holy Koran. In the French presidential election, Marine Le Pen is widely expected to be one of the two candidates to reach the final round of the election in May. She and her National Front party have put forward anti-immigration and anti-Islam policies.

Tomorrow will be the inauguration of the United States President. During the campaign, Donald Trump has undoubtedly prospered by inciting populist ideas. Unfortunately, he made some unsavoury remarks about the Muslims. Notwithstanding this, I am pleased to see that the President-elect has stepped back from the brash tone of the campaign trail. I hope that much of what he said was rhetoric and that he will not put it into practice.

As someone who strongly values our democracy, I believe in freedom of the press. We must, however, take more care. The news media has become increasingly fixated with attention-grabbing, outrageous headlines that sell at the expense of accurate reporting. It is commonplace for the news media to use descriptive terms such as “Islam” or “Muslims” when referring to criminals or any form of terrorism. Indeed, the regular association of Islam with crime and terror is a critical ingredient in spreading Islamophobia. Islam is a religion of peace. My religion forbids suicide bombings or acts of terrorism. It is written in the Holy Koran that,

“whoever kills a soul ... it is as if he had slain mankind entirely. And whoever saves one—it is as if he had saved mankind entirely”.

A person who commits an act of terrorism should be referred to as a terrorist without reference to his or her religion. In regard to criminal acts, certain sections of the media have associated sex grooming with Islam. Any crime of such a nature has nothing to do with Islam, which does not permit or encourage any such horrible acts, just as there is nothing in Christian values or indigenous British culture that would condone the abuses revealed in the Jimmy Savile or Rolf Harris scandals or other similar scandals.

Any xenophobia simply serves to validate populist prejudices. I am a patriotic British Muslim, and I am very proud of the fact that there are more than 1,500 mosques in this country, among other institutions of worship—a true testament to Britain’s openness, tolerance and acceptance. I am patron of five different organisations, both Muslim and non-Muslim, which promote interfaith dialogue, but I am no exception: 82% of British citizens socialise at least monthly with people from different ethnic or religious backgrounds. This is a record that Britain should be proud of.

Across the globe, populists will continue to gain traction by exploiting anxieties about cultural identities, and there will be great challenges this year to the liberal international order to come. However, the best bastion of populism and nationalism is not to pander to it but to offer a versatile and robust defence of ethnic diversity. I have no doubt that the British generosity of spirit and openness will persist through these turbulent times, and as a proud British Muslim, this is the message that I hope will be received in your Lordships’ House and elsewhere.

3.43 pm

Lord Blencathra (Con): My Lords, I congratulate the noble Lord on his timing: tomorrow, under the populist President Trump, we will see American power renewed and reasserted, while this week the Davos elites are holding a wake at the death of their globalisation dream. I entirely support the rules-based international order as enunciated by the noble Lord, Lord Hannay, but that is a million miles away from international liberalism, which I do not support.

Never have I more enjoyed reading the left-wing press—I read them all, every day—with its agonising articles, in the *Independent*, the *Guardian*, the *New York Times*, the *Washington Post* and the *New Statesman*, all complaining about the rise of populism. I have them all here. These articles are in four contradictory groups. First, there is absolute outrage that the right has commandeered populism, which has been, ought to be and is the sole preserve of the left; secondly, there is anguish that their enlightened socialism/liberalism has not been understood by the ignorant masses, such as white van man and redneck man; thirdly, populism must be completely denounced now that Brexit and Trump have won; and fourthly—but only in the *Guardian*, the *Independent* and the *New Statesman*—“How can we turn Jeremy Corbyn into a left-wing populist to capture the populist vote?”. I kid you not—I have the articles here.

Populism and populist leaders were to be applauded so long as they were all extreme left, such as Castro, Chavez, Fernandez de Kirchner and Evo Morales. However, as soon as the people in the US and England supported Trump and Brexit, the whole left, elitist, liberal establishment decided that populism is a bad thing and the very devil incarnate. In an article in the *New Statesman* entitled, “The Strange Death of Liberal Politics”, the left-wing writer John Gray writes:

“As it is being used today, ‘populism’ is a term of abuse applied by establishment thinkers to people whose lives they have not troubled to understand. A revolt of the masses is under way ... the ordinary men and women at whom they like to sneer”.

International liberalism is easily identified by looking at its principal proponents, such as those regular Davos attendees, just denounced by the Prime Minister this morning. It says something about the Davos elite when the keynote speaker defending globalisation is that paragon of democratic and human rights—the President of China. It is people like Juncker, with his notorious saying,

“If it’s a Yes, we will say ‘On we go’, and if it’s a No, we will say ‘we continue’”,

or President Obama, interfering in our referendum vote telling us to vote yes, and then the preposterous John Kerry saying that Trump should not have commented on internal German politics. To paraphrase the late, great Willie Whitelaw, he wanders the world “stirring up apathy”.

Tomorrow, we will be rid of the most useless American President I have ever seen in my entire lifetime, whose only legacy is rhetoric. He has withdrawn America from the world stage and left a disastrous vacuum that has been filled by Putin and China. He withdrew troops prematurely from Iraq and allowed ISIL to flourish. He laid down “red lines” on the use of gas in

Syria, but did nothing to enforce them when they were breached. He turned a blind eye to Russian hacking for seven years and nine months but suddenly became concerned about it after Hillary lost the election. But never mind, he has his place in history: the next time I visit the United States, I will be able to use the transgender toilets.

I quote President Obama because I consider him to be a perfect example of the liberal international order which is now being routed around the world. But among all the articles I have read in the last two months, crying about the death of international socialism, the odd bit of truth and self-awareness creeps in. Mr Timothy Garton Ash, writing in the *Guardian* on 13 October, says:

“Liberal internationalists have to own up: we left too many people behind”.

The BBC home affairs editor, writing on 23 December about his visit to Port Talbot, said that people,

“did not think anyone was listening to them. They felt powerless and ignored ... people all over Britain were desperate for a democratic system that gave them some semblance of control over their destiny, in a globalised and interconnected world where decisions often seem to be made by anonymous elites a long way away”.

I say to the noble Lord that there is no challenge to the current international order because I think that its time is over and it is finished.

No one can accuse the Labour Party of not being democratic. I would never dream of doing that, because it is democratic. The *Independent* of 20 December reported:

“The Labour Party is ‘ramping up’ preparations to relaunch Jeremy Corbyn as a left wing populist”.

It continues that senior party officials believe that his, “unpolished authenticity could gather support from the same anti-establishment sentiment that has heralded the popularity of ... Donald Trump and Nigel Farage”.

So there you have it: populism is a wicked and evil thing if it is a right-wing President Trump but a great thing if it is a socialist Corbyn. Nobody can do hypocrisy better than the left liberal elites.

3.48 pm

Baroness Northover (LD): My Lords, I too pay tribute to my noble friend Lord Bruce for setting down this debate and for opening it so effectively. There have been many thought-provoking contributions from noble Lords. In fact, they mostly seem to speak with one voice, and I expect that the Minister, upbeat though she no doubt will be, will share many of the concerns. That is at least something.

We are all acutely aware of the challenges facing us—the United Kingdom, Europe and the world. As a long-ago historian, I never subscribed to the notion that history was coming to a full stop in the late 1990s and that the liberal international order was duly spreading everywhere—a very ahistorical notion. Of course, the historians Trevelyan and Macaulay seemed to believe that history was just a story of progress, and you can see why: 19th-century improvements in living standards, more prosperity, more education and the franchise widening seemed to confirm that. For more people life was no longer nasty, brutal and short, at least in industrialising countries.

But then you have the 1930s and 1940s, with absolutely devastating destruction and appalling genocide. As the right reverend Prelate the Bishop of Leeds passionately pointed out, progress is not inevitable—a liberal internationalist order is not a given. The populist movements of the 1930s followed the terrible economic depression of the 1920s and 1930s, as my noble friend Lord Ashdown pointed out. Noble Lords will have to read his upcoming book to have that spelled out in greater detail.

So surely we should not be surprised that the banking crash of 2008-09 and the ensuing deep recession resulted in political and social shocks, especially as, as the noble Lords, Lord Tugendhat and Lord Risby, pointed out, those who were seen to be the cause were never held to account. If we see the rate and scale of change globally, we should not be surprised if social and political consequences result, as the noble Lord, Lord Giddens, pointed out.

However, there is clear agreement here that, whatever criticisms people may have of the UN, the EU or other international institutions, it has to be welcome that such transnational bodies were set up. The growth of international law—and international humanitarian law, in particular—since the Second World War and in reaction to it, as my noble friend Lord Thomas outlined, is surely to be hugely welcomed. Again, I agree with the right reverend Prelate the Bishop of Leeds that it is not a given that these should have developed. They are part of a liberal international order that is rules-based and global, and where there is an understanding of universal rights, freedoms and responsibilities. Here, we would generally agree that it matters to all of us that a civil war in Syria is causing immense suffering. That is why it is seen as a rebuff to that international understanding when Donald Trump describes those admitted by Germany not as refugees but as “illegals”.

The United Kingdom Government’s national security strategy of 2015 speaks of a “rules-based international order” which has,

“enabled economic integration and security cooperation to expand”.

The erosion of this, it argues, makes it,

“harder to build consensus and tackle global threats”.

That is clearly true.

There surely can be no doubt, as the noble Lord, Lord O’Neill of Gatley, rightly argues, that globalisation has brought great benefits. Half the world’s population has been pulled out of extreme poverty—the aim of the millennium development goals. The aim of the sustainable development goals is to eradicate extreme poverty by 2030 and to leave no one behind. That is precisely why our commitment to the 0.7% target for aid internationally is vital.

Most children are in education, fewer mothers die in childbirth, more people have access to sanitation and fewer die in hunger. All that is progress. But what is also clear is that there are huge inequalities between the rich and the poor. Those children who have been through school expect a better life but often cannot get jobs; global businesses are adept at moving from jurisdiction to jurisdiction, not paying taxes that contribute to the development of the countries in which they derive their income; and the noble Lord, Lord Giddens, perceptively speaks of the cultural alienation of endless

[BARONESS NORTHOVER]

change. But is this a reason to pull up the drawbridge and become little Englanders or little Americans? In this Chamber, we all, except perhaps for one, clearly believe not. We share the view that this is an argument for greater global co-operation while addressing these deep-seated changes, as argued by the noble Lords, Lord Hannay, Lord Giddens and Lord Anderson, and the noble Baroness, Lady Stroud.

So where will our energies go? In the United Kingdom, we will be embroiled now for years in pulling out of the EU. We were always semi-detached, never recognising the EU for what it was—a project for peace, on a continent that has seen war in Bosnia, Northern Ireland and Cyprus in our very recent memory, not just the major wars of the 20th century, to which my noble friends Lord Thomas and Lord Watson referred. Strengthening economic ties made war less likely. Our press endlessly blamed the EU, and our politicians connived at that. No defence was made, and political leaders so often failed to take the leading role in Europe that our size and economy enabled. We were the triumvirate, with France and Germany—what a wasted opportunity.

It is therefore not surprising that people voted as they did. For me, what was amazing was the outpouring after the referendum from those who did get the EU, especially young people. Those who voted leave said overwhelmingly that they would not wish to take a financial hit from doing so, and of course they were told that they would not. If and when they do, what then for populism in the United Kingdom? The expectation would be that people would move further to the right or left. That is a very worrying prospect. With all our energies consumed by these protracted negotiations, how will we address that?

In the US, as Trump stands on the cusp of inauguration, what there? Trump is not consistent, except in being super-sensitive to slights and seeking immediate answers to long-standing problems. BMW will have a supertax on its cars if it makes them in Mexico, so how will Germany respond? What happens if US actions mean that Mexico's economy implodes? Will the wall keep the Mexicans out? Forget Gove and Trump making a good and beneficial deal for the UK; it is more likely to be beneficial to the US—to its farmers, its businesses and its financial services. We would be negotiating from a place of weakness and smaller size. Even without Trump, the US has long had a tendency to protectionism. What of China, if the US decides on this road? What happens to its economy? Will the Chinese leadership sit by as protectionist policies are put in place? That is unlikely. How ironic to see the Chinese apparently taking the lead on an open global system.

There are so many challenges that need global co-operation; turning inwards cannot be an answer. Nationalism makes us less safe. We cannot hope to tackle global challenges alone, whether it is climate change, terrorism or the 60 million refugees worldwide—the scapegoats of the far right. The noble Baroness, Lady Finn, reminds us that we are not so far removed from those refugees. We weaken ourselves by pulling out of the EU, the biggest and strongest bloc in the world, in which we had disproportionate influence.

There are already signs that we are desperately looking to the US, even at this moment in its history. But we are not equal partners, as we are in the EU. Read the Chilcot report on Iraq if you doubt that.

Our task has to be to get across that it is in the national interest to work together with other nations and, as my noble friend Lord Ashdown points out, with each other across this nation. Otherwise, nationalism and populism will take us into very dangerous and dark territory indeed. As my noble friend Lord Bruce rightly put it, we need to fight for a country, a region and a world where fairness, openness, inclusion and tolerance predominate.

3.58 pm

Lord Collins of Highbury (Lab): My Lords, I too thank the noble Lord for initiating this debate. In thinking about the subject, I wondered exactly what direction the debate would go in. From what we have heard today, it has gone in all directions. That is the point about the subject we are dealing with and its associated language.

In considering the challenges posed by populism and nationalism, I want to emphasise, like both right reverend Prelates, that the ingredients of a thriving democracy are not limited to political parties. I say that because of the importance of civil society—I include the Church in that, and in particular trade unions—in our democratic life.

The noble Lord, Lord Hennessy, once said to me that politics in the second half of the 20th century can be summed up as liberal capitalism versus social democracy. The electorate voted for bits of each and Whitehall sorted out the how. That sums up our recent period of history.

Today we are faced with politics and societies which are radically different from those which existed at the beginning of the last century. Citizens today are substantially less likely to be a member of a political party than they were even three decades ago. While the Labour Party has the largest membership of any social democratic party in Europe, and despite its huge recent growth, its numbers are substantially lower than in the past. It is not only political parties suffering falling participation and declining membership; trade unions have seen a loss of members over the past 30 years. In 1979, 13.2 million people were trade unionists in the UK. Today it is approximately 7 million.

It is a global trend and, as union membership has declined, union mergers have taken place—I have taken my part in some of those—and become common across Europe and the US. Although the TUC in Britain represents more than 5.8 million workers in 51 unions, 3.8 million are in just four unions. There is a similar trend in the German TUC.

The culture of unions speaking with one voice—an important aspect of solidarity—has left many in traditional sectors of the economy feeling unrepresented. Their voice and their interests have not been heard.

The reduced membership of traditional representative institutions such as political parties and trade unions—a trend far from unique to Britain—is clearly bound up with major social and economic changes which have taken place over the past three or four decades, as many have said in this debate. The contraction of

heavy industry and manufacturing has encouraged a growth in the financial and service sectors. More people are entering higher education than in the past and, of course, women are more prominent in the workplace. All these changes have helped to radically reshape traditional social identities and patterns of working and living, and these have in turn altered political participation and allegiance.

Added to this has been the growth of new forms of social media, which has revolutionised the way people and groups interact and organise, a process that has contributed to the fragmentation and redefinition of political engagement. Across Europe, people are less tribal about politics and less trusting of traditional institutions and elected representatives. Younger people, in particular, are less inclined to vote or become members of political parties. Many today have an a la carte approach to politics, feeling more comfortable supporting organisations on an issue-by-issue basis rather than by committing to membership of a political party with its broader policy platform.

That trend should not necessarily be seen as entirely negative. The fact that pressure groups and campaigning charities can flourish in the 21st century is evidence that there remains an interest and concern for civic life. It is not apathy but the way we deal with people's concerns that really matters. However, single-issue groups cannot perform the critical function of integrating various interests into a general political programme, and then campaigning to win majority support for it, which is the task of a political party—a task that the changing nature of political participation has made more difficult than ever.

The realisation that society is changing and that people are engaging in politics differently from in the past is one of the biggest challenges. In the UK we have seen a long-term trend of declining vote share for the two main parties and lower voter turnout. Turnout at elections has fallen from historical highs. General election turnout reached its peak in 1950. Then, we had 83.9% of people voting. In 2001 it had fallen to 59.4%, and although turnout has slightly increased in elections held since then, in 2015, as we all know, it was 66.1%, which is well below the historical average.

Of course, 2015 saw the election of a Conservative Government, with 330 seats, with 36.9% of the popular vote, giving them a working majority of 12. In 1964, Harold Wilson and the Labour Party achieved 317 seats with a 44.1% share of the vote. As we have heard, in 2015 we saw UKIP come third with 12.6%, but only one seat. The Greens won their highest ever share of the vote with 3.8%, but only one seat. Of course, the Liberal Democrats had their worst result since they were founded and held just eight of their previous 57 seats. Devolution and the rise of nationalist parties, in particular the surge of the SNP, have made it virtually impossible for the two major parties to achieve an overall majority.

As we heard in the debate, apart from those longer-term trends, the global financial crisis has brought not only economic dislocation and disruption, but an even greater challenge to the established political parties in most of Europe. The fight over the centre ground has been replaced by populist rhetoric from both ends of

the political spectrum—from the left, Greece's Syriza and Spain's Podemos; from the right, our own UKIP and France's National Front.

All centre parties have struggled to respond to the forces of globalisation but, as my noble friend Lord Knight said, the answer lies in a social and economic reform agenda that is both achievable and perceived to be so—an agenda that faces up to and addresses the inequalities in our society, both here and abroad. It is, as we have heard, also about restoring trust in politics. I believe we all have a responsibility to address the questions I pose; I address them not simply to the Minister. All parties have this responsibility. What has been done to clean up politics, including taking big money out of the system? How do we modernise and improve voter engagement through our political parties? What do we do to overcome the apparent gap between activists and voters—a gap that appears to be widening every day?

On interpretation of words, Nick Clegg wrote an amazing piece in the *London Evening Standard* saying: "Blaming liberalism for the world's political turmoil is just too easy". He argues that the "rush to condemn liberalism" was evidenced by Theresa May declaring herself against "laissez-faire liberalism", and John McDonnell attacking the "neo-liberal straitjacket". Liberally swinging between small "l" and big "L", Nick Clegg reduced a debate on political economy to one about the Liberal Democrats. We have had a bit of that today, to be honest. He pointed to others in Europe, in particular targeting his partners in the coalition Government, for the crisis in confidence in politics and the political class. However, no mention was made of his singing apology for promising one thing and doing another. That is what trust is about: being committed to delivering for the people you seek to represent.

Of course, we have seen our biggest attack on civil society through the coalition Government attacking trade unions. The biggest breach was attacking legal aid and access to justice. These attacks have continued in relation to civil society, with the attacks on trade union political funds.

If we do not develop and deliver credible alternatives to economic, employment and social challenges, the risk is that voters across Europe will abandon mainstream politics altogether for the ugly populism of the ultra-right.

4.10 pm

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns) (Con): My Lords, I join in the congratulations offered to the noble Lord, Lord Bruce, on giving the House this opportunity to discuss and reflect on these extremely important issues. It is also a special day simply because it is the last Thursday of Liberal Democrat debates this Session. A fitting way to conclude is to reflect on these issues. I shall seek to echo that mood of reflection and rhetorical questioning that we have heard from around the House today.

The liberal international order, also called the rules-based international order, describes the system brought into being by the United States, the UK and other allies and partners in response to the horrors of the

[BARONESS ANELAY OF ST JOHNS]

Second World War. I was born after the Second World War, but my father fought in it. I grew up in that atmosphere of recognising how we had to work together to avoid such a horror ever occurring again.

At its core, it is a system defined by economic openness; democracy and the rule of law; respect for human rights; and rules-based relations between states. It has become formalised over time through multilateral organisations such as the UN, the World Trade Organization, the World Bank and the web of international conventions, laws, agreements and norms which shape and regulate relations between nation states. This multilateral architecture has been underpinned by the economic and military power of the United States and its security alliances, including NATO, which together cover some 50 countries around our world. The democratic, rules-based international model was further strengthened by the collapse of the Soviet Union, its ideology and its client states.

Not all countries are democracies, but all countries which have signed up to the UN charter have committed to a set of binding principles on human rights, rule of law, peaceful resolution of disputes and collective action to solve problems. Multilateral institutions and democratic values are now central to discussions of good governance.

Since the Second World War, this system of laws, institutions, norms and values has helped us all to promote an exceptional period of economic growth and democratic transition across the world. It has lifted hundreds of millions of people out of poverty and spread political and economic freedoms.

The increasingly deep integration of trade, investment, people and information—otherwise described as globalisation—has been a particular feature of global growth during the past 25 years. The global economy has more than doubled in size since 1989. In 1981, almost half the world's population lived in extreme poverty—I reflected on this as the noble Baroness, Lady Northover, was speaking. Today, that figure is less than one in 10. She was right to draw attention to the improvements that have been made and must continue to be made.

This economic transformation has been accompanied by extraordinary political change. In the past 30 years, the number of democracies has doubled. Working together, countries have improved the lives of many people around the world—from tackling human rights abuses, most recently on issues such as sexual violence and modern slavery, to prosecuting war crimes and genocide and finding solutions to global threats such as climate change.

The noble Baroness, Lady Northover, reminded us that, not long ago, some were suggesting that we had reached “the end of history”. As she made clear, that was a somewhat dramatic way of saying that the liberal international order looked set to remain unchallenged. It is now clear that this was complacent; the noble Baroness was right. Today, as many noble Lords have indicated, there are more challenges to the rules-based order and more concerns about the merits of this model than for many years.

The rise of China has led some to argue that economic development does not need, or automatically lead to, democracy. The gradual historic shift of economic power from developed to emerging economies has led others to question whether the current institutional architecture is still fit for purpose, and whether the new, emerging economies that have reaped the benefits of openness are now committed to shouldering some of the responsibilities of leadership. All this comes at a time when the continuing impact of the 2008 financial crisis has undermined the faith of electorates, not just in the competence of Governments but in the benefits of open economies. Free trade is stagnating. Protectionism is on the increase.

Alongside these economic changes, the world today feels more dangerous and more volatile. Political freedoms are under threat in some of our newer democracies and independent nation states. A nationalist rhetoric which seeks to blame others has resurfaced. The noble Lord, Lord Hannay, reminded us very clearly of some of the threats we face. For the first time since the Second World War, one European country—Russia—has forcibly annexed the territory of another. Russia continues to undermine the sovereignty of Ukraine, in contravention of its obligations. Russia is also supporting, in President Assad of Syria, a leader who has waged a brutal war against his people.

In the wider Middle East and across parts of Africa and south Asia, the nation state itself is under threat from violent, ruthless, non-state actors such as Daesh and al-Qaeda. These groups have an entirely different vision of a future world order, coupled with a determination to use terror globally to achieve their aims. Global conflict, most notably in the Middle East and Africa, has led to more than 60 million people being displaced from their homes—the highest number since 1945. These humanitarian catastrophes have put pressure on generous neighbours, aid agencies and the international system committed to giving a safe haven to refugees.

All these challenges are increasing the pressure on political systems, and raising fears for many that their children's lives will be worse than their own. As parents, we know that parents strive to make improvements—that the future should be better for their family. While recognising these political challenges, we must be careful in our use of the terms populism and nationalism. As noble Lords have said, they are broad terms, interpreted in different ways. Popular discontent takes different forms from country to country. So-called populist or nationalist parties or movements can indeed appear, as we have been reminded today, on the left as well as the right, and may be responding to particular domestic circumstances and issues. Some are focused primarily on economic inequality. Some use xenophobic language, attempting to blame complex problems on others. Others are led by charismatic leaders with a personal political vision and agenda.

As my right honourable friend the Prime Minister has set out in her recent speeches, including today in Davos—I am grateful to my noble friends Lord Tugendhat, Lady Stroud and Lady Finn for referring to that speech in more detail—she has identified that the underlying problem is that many people in the

developed world feel that the gains from global, open economies have not been shared equitably in recent years. People fear that globalisation has enriched corporations and elites and that it has opened the door to unfettered competition which has driven the decline of traditional industries and regions and destroyed jobs.

This Government argue that inequality and regional decline are not, and must not become, inevitable consequences of globalisation. We believe that competition can drive the efficiency, innovation and growth we need to build our prosperity. I was very interested in the speech of the noble Lord, Lord Stone of Blackheath, who talked about big data. That was a refreshingly different speech this afternoon—it just shows what the House of Lords can do. Furthermore, we must remember that more jobs are now lost to technological advancement and automation than to off-shoring, for example.

However, we all, in Parliament and in government, have a responsibility to assist those who have lost out. In my right honourable friend the Prime Minister's words, we will be:

“A confident global Britain that doesn't turn its back on globalisation but ensures the benefits are shared by all”.

In a changing world, we can shape both domestic and foreign policy to help people be better prepared to deal with the challenges of rapid economic change.

This also means that we must be robust in countering the xenophobia that is a feature of some populist and nationalist rhetoric, while also recognising the balance that must be struck on immigration, to which so many noble Lords have rightly referred. Immigration is important in developed countries: it brings us economic benefits, innovation and a diversity of skills and experience. However, we must ensure that the rate of immigration is at a pace which means that those arriving can be appropriately integrated into our communities.

Strengthening the rules-based international order and the institutions and values that underpin it remains the best way to ensure our collective security and prosperity, and to advance the UK interest. However, we also recognise that systems and institutions cannot remain unchanged. In a changing political and economic landscape, we need to look carefully at how institutions and rules can adapt to maintain legitimacy. That is why, for example, we joined the Chinese-led Asian Infrastructure Investment Bank. It is also why the UK supports enlarging the permanent membership of the Security Council of the United Nations to include important, rising global powers, such as India. We believe that emerging powers have benefited from the openness, transparency and rules of the existing order. The last 70 years have shown that this international order can be flexible and effective in adapting to profound political change and finding a way to reconcile political and cultural diversity. I am grateful to my noble friend Lord Sheikh for reminding us that it is essential that we respect that cultural diversity.

In this context, I come to the subject of the UK's decision to leave the European Union. Some have ventured to suggest that the decision by UK voters last year may be part of the challenge to the current order but that interpretation would be fundamentally incorrect. As we have said many times and as my right honourable

friend the Prime Minister made clear again in her speech at Lancaster House on Tuesday this week, the UK's withdrawal from the European Union should on no account be interpreted as a rejection of the UK's historic global role, of the institutions of the rules-based international order or of the universal values which we and our European partners champion. As is often said, we may be leaving the European Union as an institution but we are not leaving our European partners. We remain fundamentally committed to them all. We are not and never will be an inward-looking country; we have been and will remain a global Britain.

We recognise the extraordinary achievements of the European project in bringing peace and prosperity to a devastated and divided continent. We have Members in this House who have played a key role in that achievement. We will be embarking on a new kind of relationship with Europe but we will remain,

“reliable partners, willing allies and close friends”,

of our European colleagues. We will continue to work together to support an open, rules-based order that serves our shared values. We will retain the joint goal of shared prosperity, security and stability in our European neighbourhood and beyond. As has been reflected upon so often today, on many issues—such as the promotion and protection of human rights globally—it is vital that the UK remains the closest of partners in promoting human rights around the world, in our own country and within the European context.

I turn briefly to the incoming Administration of President-elect Trump. Much mention has been made of him, some of it not entirely flattering. Some outside this House have been tempted to draw early and potentially incorrect conclusions about the future direction of US foreign policy. A change in the US Administration invariably impacts on foreign policy, but the complex system of alliances and multilateral commitments which the US has supported since 1945, through different Administrations, is strong and enduring. Throughout our history, the UK has worked successfully with Republican and Democratic presidents to advance our mutual interests and tackle shared challenges. We have not always agreed, regardless of the party in power in Washington. However, we have always understood that nothing would fundamentally shake our strong bond based on history, mutual interests and shared values. That remains, so we expect that this will be the case with President-elect Trump. The US was instrumental in creating the rules-based order, including NATO, the cornerstone of European security, so we look forward to continuing our close co-operation with the US both to champion that order and to demonstrate active leadership in the UN and other institutions.

What can the UK do? The rules-based international order is clearly fundamental to our security and prosperity. We will face challenges. Noble Lords have reflected carefully on them. However, I am confident that, working with our key friends and allies and with the support of British parliamentarians in both Houses, we can navigate the development of a more resilient, inclusive international order over the coming years in line with our values and interests. The UK will continue to champion this system by promoting, with renewed

[BARONESS ANELAY OF ST JOHNS]

vigour, the United Nations as the primary pillar of the rules-based system. We must remain passionate in our defence of its crucial role and mission, while continuing to seek reform through working closely with the new and most welcome Secretary-General, António Guterres. We will continue to work collaboratively with all partners to defeat global challenges, including terrorism, climate change and cybercrime, to which reference has been made. We will be robust in our defence against attacks on the rules-based order by those states and non-state actors who think that somehow the rules do not apply to them. They should, and they will. We will continue to work closely with our European allies in foreign and security policy, and following our departure from the European Union we will champion open economies and free trade. We will maintain our commitment to spend 0.7% GNI on development aid and 2% GDP on defence. We will continue to take a compassionate and pragmatic approach to global problems such as the migrant crisis, including supporting refugees in their region and seeking peaceful settlements in conflict-affected countries such as Syria, Libya and Yemen.

I am being reminded of the time. The UK remains an open, progressive, democratic country whose objectives are best served by a rules-based international order. That world order has delivered huge benefits. It remains robust, but it faces many threats. We all have a duty to continue to defend it and to ensure that it is in good shape for many years to come. This has been an important debate. I am finishing slightly early because otherwise I appreciate that the mover of the debate would have no opportunity to respond. I am glad that he raised this issue today.

4.29 pm

Lord Bruce of Bennachie: My Lords, I thank the Minister for her very courteous and focused reply. I also thank all noble Lords who took part in the debate, which was thoughtful and wide-ranging. The right reverend Prelates gave us thoughtful and philosophical contributions which added considerably to the debate. I am grateful to the Minister for reiterating her commitment to 0.7%, and I am comfortable with 2% for defence as well. I say gently to the noble Lord, Lord Tugendhat, that as a consequence of the depreciation of the pound, our aid budget is already being sufficiently cut because of its reduced purchasing power and adverse trade relations with Africa, so we need to maintain it.

The particular point on populism was about addressing the interests of ordinary voters. There is no doubt at all that the populist and nationalist movements have done that very effectively, but I suggest to the House—I think the debate concurred with this—that it is liberal values and liberal institutions that will deliver the answers to those people. We have acknowledged our failings and our complicity in giving them disaffection, but it is up to us now to unite on measures which will show how liberal values can bring them back into the frame and address their concerns. I believe this debate has been a useful and constructive contribution to that.

Motion agreed.

Police and Criminal Evidence Act 1984 (Codes of Practice) (Revision of Codes C, D and H) Order 2016

Motion to Approve

4.30 pm

Moved by Baroness Williams of Trafford

That the draft Order laid before the House on 22 November 2016 be approved.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, this order, laid in draft before the House on 22 November 2016, will bring into effect three revised codes of practice issued under Section 66 of the Police and Criminal Evidence Act 1984, which I shall call PACE from now on: Code C, which concerns the detention, treatment and questioning of persons detained under PACE; Code H, which concerns the detention, treatment and questioning of persons detained under terrorism provisions; and Code D, which concerns the identification of suspects by witnesses and biometric data, for example, fingerprints, DNA and photographs. I will briefly describe what the PACE codes are, how these revised codes come before us today and outline the changes they introduce.

For England and Wales, the statutory provisions of PACE set out the core framework of police powers to detect and investigate crime, and require the Secretary of State to issue codes of practice. The eight accompanying codes of practice, A to F, do not create powers but provide rules and procedures for the police to follow when exercising their powers. Together, PACE and the codes establish important safeguards for individuals, which are designed to strike a balance between the need for police to have powers to tackle crime on the one hand and the need for safeguards for suspects and other members of the public on the other. In order to maintain this balance, we regularly update the codes—for example, as we change primary legislation—in the light of new decisions by the courts and to promote developments in operational policing practice.

The three codes before us today were published in draft format in March 2016 for statutory consultation in accordance with Section 67 of PACE. The consultation, which was also open to the public, ran for eight weeks, and the bodies that the Secretary of State is required to consult in accordance with Section 67(4) of PACE, and others, were invited to comment. These others included the Crown Prosecution Service, Liberty—I see the noble Baroness, Lady Chakrabarti, here today—Justice and the Youth Justice Board. The drafts, together with an invitation to the public at large to respond, were also published on GOV.UK. A total of 18 responses were received, which is normal for this type of consultation.

In accordance with Section 67 of PACE, the revised codes were laid before this House and in another place together with the draft order and Explanatory Memorandum. Yesterday, the order was approved in Committee in another place, and subject to the order being approved by this House, the three codes will come into force 21 days after the date the order is signed.

The main revision to PACE Code C is to expressly permit the use of live-link communications technology for interpreters. The changes enable interpretation services to be provided by interpreters based at remote locations and allow access to be shared by forces throughout England and Wales. This will avoid interpreters having to travel to individual police stations, and improve the availability of interpreters for all languages. By reducing delays in the investigation, it will enable a more streamlined and cost-effective approach to the administration of justice. The revisions include safeguards for suspects to ensure, as far as practicable, that the fairness of proceedings are not prejudiced by the interpreter not being physically present with the suspect. The provisions therefore require the interpreter's physical presence unless specified conditions are satisfied and allow live-link interpretation.

Revisions to Code C also reflect the amendment to PACE made by the Criminal Justice and Courts Act 2015 that defines a "juvenile" for the purpose of detention under PACE as someone under the age of 18, rather than under the age of 17. This resulted from a government review of the way in which 17 year-olds were treated under PACE and the codes. The review concluded that the age at which a person should be treated as an adult under PACE should be raised from 17 to 18. This accords with the age-related jurisdiction of youth courts and other criminal justice legislation applicable to children.

New provisions also support Section 38(6) of PACE, which requires juveniles who are not released on bail after being charged to be moved to local authority accommodation pending appearance at court. The revisions point out that the certificate given to the court in accordance with Section 38(7) must show why the juvenile was kept at a police station and require these cases to be monitored and supervised by an inspector or above. Separate measures in the Policing and Crime Bill ensure that outstanding provisions of PACE that continue to treat 17 year-olds as adults are amended.

New provisions in Code C permit an appropriate adult to be removed from interview if they prevent proper questioning. When a suspect who is a juvenile or a vulnerable adult is interviewed, the code requires that an independent adult, known as an "appropriate adult", be called to help. Their job is to help ensure that the suspect understands what is happening and why, and that they are able to exercise their rights and entitlements under PACE and the codes. These new provisions are necessary to ensure consistency with the existing provisions, which have been in Code H since 2006, and they are modelled on paragraph 6.9 of Code C concerning the removal of a solicitor from an interview if they prevent proper questioning. Before an appropriate adult can be removed, an additional safeguard in both codes requires the inspector or superintendent who is called on to determine whether they should be excluded to remind the adult about their role and advise them of the concerns about their behaviour. That advice, if accepted, would then enable the appropriate adult to remain.

The changes to Code C are mirrored in Code H, as applicable, for persons detained under terrorism provisions. This ensures consistency in the provisions that are common to both codes.

In Code D, eye-witness and witness identification procedures are updated to take account of significant changes and developments in case law and police practice, and to address operational concerns raised by the police. Revised video identification provisions clarify and confirm the identification officer's discretion to use "historic" images of the suspect; to regulate the presence of solicitors at witness viewings; and to direct others—police officers and police civilian staff—to implement any arrangements for identification procedures. The investigating officer's responsibility concerning the viewing of CCTV and similar images by a witness other than an eye-witness is also clarified.

Other revisions to Code D reflect amendments made by the Anti-social Behaviour, Crime and Policing Act 2014 to PACE concerning the retention of fingerprints, DNA profiles and samples. Revisions to all three codes also highlight the need to check all sources of relevant information in order to establish a detainee's identity; enable officers to use electronic pocket books and other devices in order to make records required by the Codes; clarify those who are not eligible to act as the appropriate adult for children under 18 and for mentally vulnerable adults; and highlight the requirement under Section 31 of the Children and Young Persons Act 1933 to separate children from adult detainees in police stations and other places of detention by including a link to College of Policing guidance on this matter.

Minor typographical and grammatical corrections have been made, and out-of-date references updated.

The revisions strike a balance between the need to safeguard the rights of suspects while supporting the operational flexibility of the police to investigate crime. They are being introduced to bring codes C, D and H in line with current legislation and to support operational police practice. The revised codes provide invaluable guidance to both police and the public on how the police should use their powers fairly, efficiently and effectively. I commend the order and urge noble Lords to support it.

Lord Kennedy of Southwark (Lab): My Lords, I thank the noble Baroness for her explanation of the effect of the order before the House this afternoon. I say at the outset that the Opposition support the order, and that we must always carefully consider these matters and strive to strike the right balance between giving the police and other law enforcement agencies the tools, guidance and procedures to do their job effectively and keep citizens safe, when we are balancing the rights of citizens and ensuring that the rights of suspects and witnesses are protected. This is very much my thinking in how I approach the order and similar matters when they come before this House.

I have a number of questions to ask the Minister and hope that she will be able to answer me today—but, if she cannot, I will of course be very happy for her to write me. I turn first to Code C and the ability to permit the use of live-link communication technology for interpreters. This will allow for interpreters to be based at remote locations and for their services to be used by a number of police forces without the need for travel. I can see how this will help the police by speeding up their investigations. Can the noble Baroness confirm whether this facility will be used only in

[LORD KENNEDY OF SOUTHWARK]

respect of suspects, or will the police be making use of it in respect of witnesses? Is that the intention of the change? Is it envisaged by the department that this will become the norm; will it be used on only limited occasions; or is it somewhere between the two? How will the test of fairness to the suspect be assessed, and what role will there be for the suspect's solicitor in making representations on the appropriateness of the use of remote translation services?

I move on to the provision to enable an appropriate adult be removed from an interview if they prevent the proper questioning of a subject. An appropriate adult is used when a juvenile or vulnerable adult is being interviewed. They have a specific role: to help the person understand what is happening and to protect their rights under law and the relevant codes. These individuals do a very important job in the justice system, but their role is not to prevent the questioning of suspects. However, there can be cases where there is a very fine line between what could be deemed fair practice and action that could be determined as breaching somebody's rights. Will there be a role for the suspect's solicitor in the process of determining whether an appropriate adult should be removed? What would happen if it was viewed that an appropriate adult should be present but, for whatever reason, it was thought that the appropriate adult present at the time had overstepped the line and needed to be removed? Would the interview be suspended until such time as another person could be identified to fulfil that role?

In respect of the electronic pocket books for use by police officers, can the noble Baroness say a little more about the trials that have taken place? It is important that police officers have access to technology that makes their jobs and the application of the law easier and allows for the efficient administration of justice to be done in a timely manner, but we must always be confident that the appropriate safeguards are in place. Very clever people invent, develop and create all sorts of devices, and where they can be used to fight crime, that is welcome—but we must be satisfied that there is no possibility that these devices can be tampered with to produce an inaccurate or untrue picture of what has happened.

There is also the question of the development of technology, which does not stand still. Because something cannot be done at the moment does not mean that it cannot be done in future. How does the noble Baroness plan to ensure that technological developments do not get ahead of the procedures before the House today and the practices of the police and other law enforcement agencies?

In respect of the changes to Code D that alter the way in which witness identification is undertaken, the change effectively deletes the old annexes A and E. We need a bit more evidence for why that is necessary, so I hope that the Minister will give a full explanation when she responds. With those questions, I say again that we are happy to support the order.

4.45 pm

Lord Thomas of Gresford (LD): My Lords, may I say how much I support the revision of the code of practice? I cannot emphasise enough how welcome

these codes were when they were introduced in 1984. Before that, a great deal of time was taken up in the criminal courts with what was called the *voir dire*—a trial within a trial—to determine the admissibility of police interviews and alleged confessions, and the content of what was said.

I recall, some years after these codes had come into practice and were commonplace in this country, being in Hong Kong, where a confession was produced. I was told by my client that in order to sign it, the interviewing officer had stamped on his hand. I said, "Tell me another one", and he then pointed to his signature at the beginning of the statement, where he had simply signed in characters, and the very squiggly, spidery signature that appeared at the end. There was a great deal of truth in what he had said, perhaps assisted by the fact that the interviewing officer had committed suicide between taking the statement and the actual trial.

Noble Lords can see that what goes on in the police station is extremely important. The codes of practice that were introduced were an excellent way of making sure there was fairness all round. I am grateful to the Government for continuing to update them and to look at how technology can help protect both the suspect and, of course, the interviewing police officers, against whom allegations of all sorts were made in the past. We very much welcome this.

Viscount Simon (Lab): My Lords, I have just one brief question. Suspects under the age of 18 are to be looked after by the local authority. What security measures will be taken to ensure that they are safe and do not get away?

Baroness Williams of Trafford: I thank noble Lords for their questions. Perhaps I can deal with the question of the noble Viscount, Lord Simon, first while it is fresh in my mind. The usual safeguards for young children in detention would be employed to ensure that a young person did not get away.

The noble Lord, Lord Kennedy, asked about the use of live link and whether it would become the norm or used only on limited occasions. The police will use the live-link technology only in certain circumstances judged on a case-by-case basis, taking account of the representation given to the suspect by an appropriate adult and a solicitor. The noble Lord also asked whether the facility would be used only in relation to suspects. I can answer in the affirmative yes, not for the witnesses. He asked about safeguards being ensured and the role of the solicitor. Solicitors must be asked if they wish to make representations to be considered by the police. If there is any doubt the inspector must authorise.

If the noble Lord would like me to go through the conditions, I will do so. Before interview, the suspect's solicitor, where legal advice is requested, and an appropriate adult for any juvenile or vulnerable adult, must be asked about their views on live-link interpretation. The representations for the interpreter to be present may be made at any time before and during the interview. If there is any doubt about the suspect's ability to adequately cope with the live-link arrangements during the interview, the physical presence of the

interpreter will be required, unless an inspector, having considered the circumstances—in particular, the availability of an interpreter, representations from the suspect's solicitor, the appropriate adult's impact on the suspect and the evidential implications—authorises live-link interpretation.

Lord Kennedy of Southwark: It is very kind of the Minister to give way. She said that it would not be the case for witnesses, but could she explain why? At an interview, the witness and the suspect might both need interpreters, so I understand that you might want to bring the live link in to speed things up. If you have a witness with the same language problems—I think that the Minister can see the point that I am making.

Baroness Williams of Trafford: I understand the noble Lord's point, but at the moment it is just for suspects. It may well be that we will consider future codes that will extend it to witnesses—but not at this time.

The noble Lord also asked about the use of electronic pocket books and recording devices—and he took a very pragmatic approach to the need to move on with technology. He made the point about what happens if

there are errors. I suppose that that is a risk in any method of recording. It is not good practice to have errors, but we are human. The likelihood is just as risky in electronic recording as it is in written recording.

In fact, the PACE codes apply only to suspects—and the noble Baroness, Lady Chakrabarti, who should have taken this question, is nodding. I do not know why I did not think of that. Those codes apply only to suspects and not to witnesses.

Lord Kennedy of Southwark: I made the point about technological developments. I am conscious that we might not be able to do something today but that people are very clever and invent all sorts of things in future—so how are we going to keep up to speed with those sorts of changes? What does the department do?

Baroness Williams of Trafford: The code talks about electronic recording devices. I would imagine that within the code that in some way attempts to keep up with technology.

Motion agreed.

House adjourned at 4.52 pm.

