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PARLIAMENTARY DEBATES
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OFFICIAL REPORT

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

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

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

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House of Lords

Wednesday 28 June 2017

3 pm

Prayers—read by the Lord Bishop of Peterborough.

Oaths and Affirmations

3.06 pm

Several noble Lords took the oath or made the solemn affirmation, and signed an undertaking to abide by the Code of Conduct.

Terrorist and Extremist Propaganda: Online Sources

Question

3.08 pm

Asked by **Lord Naseby**

To ask Her Majesty's Government what measures they are taking to combat terrorist and extremist propaganda released through multimedia channels, particularly social media, videos, the internet, and other online sources.

The Minister of State, Home Office (Baroness Williams of Trafford) (Con): My Lords, before I begin, I wish Muslims here and all round the world Eid Mubarak.

The Government have been clear that there should be no safe space online for terrorists and their supporters to radicalise, recruit, incite or inspire. We continue to work closely with industry to come up with innovative ways to tackle terrorists' use of the internet.

Lord Naseby (Con): Is my noble friend aware of the detailed and excellent work done by the Henry Jackson Society, which proves that if a radicalised individual sees material such as a beheading video, he or she is likely to act within two to three weeks? My noble friend mentioned industry, but is she further aware that Facebook, Microsoft, YouTube, Google and Twitter have teamed up to make the servicing of hostile material very difficult? Nevertheless, that does not cover encryption of messages, there are no financial penalties as there are in Germany, and videos are taken down only when there is a complaint. Against that background, will Her Majesty's Government move with all possible speed to ensure that the agreements between those companies are tightened up even further, and look at the other elements that I have mentioned?

Baroness Williams of Trafford: My Lords, my noble friend is right that the move to actual radicalisation can be very quick indeed. I pay tribute to the Counter Terrorism Internet Referral Unit, which since 2010 has helped to secure the removal of 270,000 pieces of material from the internet by social media providers—8,000 a month in 2016 alone. The CTIRU was the first of its kind globally and continues to be world-leading in its operation. My noble friend mentioned encryption, and we support the use of strong encryption. However, we must also ensure that, in tightly prescribed

circumstances, our law enforcement and security and intelligence agencies are able to access the communications of criminals, including terrorists.

Lord Singh of Wimbledon (CB): My Lords, does the Minister agree that what generally passes for religion is not only ethical guidance for sane living, but a sometimes oppressive culture and a shared history often bent or moulded to dislike or hatred? It is such material that is used to radicalise people. Does the Minister agree that there should be open debate about these things and that this aspect of religion should not be protected by political correctness if we want a truly healthy society?

Baroness Williams of Trafford: The noble Lord, as always, makes insightful points. Of course there is a big difference between religion and culture and it is often in the attempt to conflate the two that we come up against such horrible types of terrorist activity. The Prime Minister said the other day that we must be prepared to have difficult conversations and I totally agree. Just because conversations are difficult does not mean that we should not have them, and they may lead to a much smoother way forward.

Lord Paddick (LD): My Lords, the Government realise that the only effective sanction against overseas pornographic websites that refuse to implement age verification is to ask UK internet service providers to block those sites. Bearing in mind that it would be disproportionate to block sites such as Facebook and YouTube, how do the Government intend to deal with terrorist and extremist propaganda if technology companies do not do enough?

Baroness Williams of Trafford: The noble Lord is absolutely right. I pay tribute to my right honourable friend the Home Secretary, who has spent an extensive amount of time over the past few weeks and months talking to communications service providers. Only on Monday, Twitter, Facebook, Microsoft and YouTube announced the formation of a global internet forum, primarily to counter terrorism but also, through that collaborative way forward, to tackle some of the things that the noble Lord mentioned, such as extreme pornography.

Baroness Lane-Fox of Soho (CB): My Lords, I declare my interest as in the register. The internet is also the place of initiatives that help to counter terrorism—think of the incredible relief that many victims of terrorism have felt by using social media and gathering information and news. Does the Minister agree that it is as essential to protect an open and free internet as it is to make sure that we take down the videos to which the noble Lord, Lord Naseby, referred? Can I ask that, in the digital charter announced in the manifesto and in the Queen's Speech, we do as much to revert to some of the original spirit of the internet as we do to address the challenges that we face in 2017?

Baroness Williams of Trafford: The noble Baroness is absolutely right not only that the internet is a useful

[BARONESS WILLIAMS OF TRAFFORD]
 tool to challenge this sort of activity, but that freedom of speech and use of the internet are important in our society. There is a fine balance between freedom of speech and speech that is downright extremist and hateful. That is why we have adopted our approach, which is to take down extremist material and put up a counternarrative, in the meantime, helping to educate people about the dangers of radicalisation.

Baroness Jones of Moulsecoomb (GP): My Lords, following that answer, can the Minister tell us what definition of “extremist” the Government are using?

Baroness Williams of Trafford: The Government are not using the definition of extremism which I know the Metropolitan Police has designated the noble Baroness with. “Extremist material” refers to content that is assessed as contravening UK terrorism legislation.

Government-commissioned Research

Question

3.16 pm

Asked by **Baroness O’Neill of Bengarve**

To ask Her Majesty’s Government what steps they are planning to take to register externally commissioned research in a standardised public register, as recommended by Sir Stephen Sedley in his report *Missing Evidence: An Inquiry into the Delayed Publication of Government-commissioned Research*, published on 2 June 2016.

Lord Young of Cookham (Con): My Lords, Ministers understand the importance of ensuring that government research can be easily accessed. Departments can already publish research in a single place, the GOV.UK website, and the Government Digital Service is making it easier for users to find the information they need on this website. More widely, we remain in close dialogue with Sense about Science, which commissioned the report, and with the research community to understand how the Government’s digital channels can better serve their needs.

Baroness O’Neill of Bengarve (CB): I thank the Minister for that reply. Sir Stephen Sedley’s report estimates that about £2.5 billion a year is spent on government-commissioned research, which is a very large sum. It is intended to provide an evidence base for public policy. However, much of this evidence is then lost, missing or unfindable by people for whom it is relevant. Commissioning departments, other departments and the public at large cannot find out what has already been done. Past research is simply lost and may have to be duplicated. Does the noble Lord agree that not having a co-ordinated register of this research is a very big waste of taxpayers’ money?

Lord Young of Cookham: The noble Baroness has rightly summarised the recommendations made by Sir Stephen Sedley. Basically there are two problems, one of which is the availability of research and the other its accessibility. On availability and putting it in the public domain, Sir Tom Scholar, the Permanent Secretary to the Treasury, has recently written to all

Permanent Secretaries reminding them of the protocol which obliges them to put research into the public domain as soon as possible. On ease of access—finding the data—the Government Digital Service is sharpening its navigational and taxonomy tools in order to make it easier for users to find the information they need.

Lord Hunt of Kings Heath (Lab): My Lords, I am sure that the House is reassured by the noble Lord’s response. He mentioned two problems, but surely the third is that much of this research shows that government policies have little basis in evidence and, therefore, departments are not keen to allow it to be published. Is he aware of the debate in relation to pharmaceutical companies and the publication of research that has not worked? There has been a big change in attitude by a number of the companies and they are now committed to full transparency. Given the sensitivity of those companies, I would have thought that the Government could take the same approach.

Lord Young of Cookham: Sir Stephen Sedley made it clear that:

“There is no recent evidence of the indefinite suppression of research”.

The problem he identified was not suppression but delay. On medical research, the Chief Medical Officer, Professor Dame Sally Davies, told the inquiry that the systems in place now support publication and said:

“Although a decade or more ago there may have been more of a problem with research being delayed, clearer guidance and publication frameworks in place today mean there isn’t a major problem anymore”.

Lord McNally (LD): My Lords, is not the beauty of Sir Stephen’s suggestion that it brings two benefits? It prevents Ministers commissioning backside-covering reports; and, if published, it gives other departments and the taxpayer the value of the research that they have paid for. I am a little worried that the matter is in the hands of the Treasury. Will the Minister draw the attention of the First Secretary, Mr Damian Green, to this matter and suggest that he should circulate an “action this day” memo?

Lord Young of Cookham: The responsibility for publication does not rest with the Treasury, it rests with the individual department that has commissioned the research. The protocol makes it quite clear that research should be published as soon as possible. A number of the recommendations are being taken forward by the Government Digital Service and by relevant departments. But I will certainly bear in mind the noble Lord’s suggestion that there might be a fresh initiative by my immediate boss, the First Secretary of State at the Cabinet Office.

Lord Krebs (CB): My Lords, the June 2012 *Civil Service Reform Plan*, in a section on the components of open policy-making, set out the ambition to have a: “Shared, transparent evidence base from all sources in accessible format for all to interpret”.

Is the Minister satisfied that, five years on, this reform has been effectively implemented? If not, he may wish

to refer to another section of the reform plan, which says of the Civil Service that, “its culture can be cautious and slow-moving”.

Lord Young of Cookham: I am sure there is room for progress, but I note that the UK is a world leader on open data and, in 2016, for the third year running, ranked first in the world on the World Wide Web Foundation’s Open Data Barometer.

Baroness Hollis of Heigham (Lab): My Lords, we all know of circumstances in which government research has been published after the relevant debate in this House. We all know that government research has been published in the long vacations or vacations where there is no access to it or ability to scrutinise it or interrogate Ministers about it. In other words, delay is effectively suppression in too many fields. Will the Minister please take seriously the very real and pertinent points made by the noble Baroness, Lady O’Neill, in order to help the House of Lords in its primary function, which is scrutiny?

Lord Young of Cookham: I certainly agree that research should be released as soon as possible and it would be wrong to suppress it for political reasons. As I said a moment ago, Sir Stephen said he found no indication that research had been indefinitely suppressed. However, he went on to say that delay could be damaging or unfortunate. The protocol that I referred to gives advice to departments on the timing of the publication of research. I will do what I can to make sure that is adhered to.

Baroness Kennedy of The Shaws (Lab): Is the Minister aware that there is public concern about the failure to publish the report on the funding of terrorism, which is particularly in our minds now in light of recent events? The concern is that the delay may be to cover our commercial interests, perhaps in parts of the Middle East where we have been selling arms. Is delay operating as suppression in this area?

Lord Young of Cookham: I say with respect to the noble Baroness that I am not briefed on that report, but in the light of her question I will of course make inquiries and let her know the answer to those representations.

Industrial Strategy Question

3.23 pm

Asked by **Lord Haskel**

To ask Her Majesty’s Government when they will introduce their industrial strategy.

The Parliamentary Under-Secretary of State, Department for Business, Energy and Industrial Strategy (Lord Prior of Brampton) (Con): My Lords, our industrial strategy Green Paper was launched on 23 January. Following extensive consultation, we intend to publish a White Paper in the autumn.

Lord Haskel (Lab): I thank the Minister for that Answer. At least we have taken a first step away from

austerity. Perhaps I may ask him the question everybody else out there would like to have answered: will he confirm that the funding laid out in the Autumn Statement 2016 will be made available in full, plus the substantial increase in grant funding to be awarded through UKRI, which was also promised in the Autumn Statement, so that money for innovation will not be spread too thinly?

Lord Prior of Brampton: I am very happy to give that assurance. As the noble Lord will know, UKRI will receive an additional £4.9 billion over the period to 2021. Much of that resource will go through UK Innovate into a number of productivity schemes. I hope that will be, as he says, a creative alternative to austerity.

Lord Fox (LD): My Lords, the Minister is very well aware of the importance of catapult centres in the industrial strategy. Will he now say what his plans are for maintaining funding for the current level of catapult centres and for opening new centres?

Lord Prior of Brampton: My Lords, the catapult programme has, on the whole, been a huge success, but not all catapults are performing as well as others, so we are now undertaking a review of the catapults to identify those that have been performing well and those that have not. There is no intention that I am aware of to reduce the funding of all the catapults.

Lord Lansley (Con): My Lords, will my noble friend confirm that it continues to be the Government’s intention to publish sector strategies following up the consultation to which he referred? Is he able to say whether an early sector strategy will relate to life sciences? In doing so, will the Government also be able to bring forward relatively speedily a positive response to the accelerated access review?

Lord Prior of Brampton: My Lords, the sector strategies will be an important part of the industrial strategy and the life science strategy is probably one of the furthest forward. It will, I assure my noble friend, include proposals to improve access to the NHS.

Lord Mendelsohn (Lab): My Lords, I am sure the Minister is aware of the Social Mobility Commission’s *Time for Change* report, which urges the Government to commit to speedy reform to avoid unsustainable social division, particularly with the regions being left behind with very uneven pay and skill levels, employment rates, job quality and access to high-level qualifications. Will the Government accept the commission’s call to use the industrial strategy to address this imbalance, which will, of course, show a more committed effort towards the regions than the fact that there have been three northern powerhouse Ministers in four years?

Lord Prior of Brampton: My Lords, I would say that probably the single most important objective of the industrial strategy is to address some of the regional imbalances that the noble Lord refers to. We have seen London and the south-east do extremely well over the last few years, and we will carry on supporting London and the south-east to continue doing well, but there is

[LORD PRIOR OF BRAMPTON]
no doubt that many parts of the country have been left behind, with many people on stagnant and falling earnings. That is absolutely a key priority for the strategy.

Baroness Jolly (LD): My Lords, will the Minister please confirm to the House that the defence growth strategy will fit within the Government's industrial strategy?

Lord Prior of Brampton: There will be many sector strategies and the Defence Growth Partnership is one that we hope will be part of the industrial strategy.

Agriculture: Foreign Workers

Question

3.27 pm

Asked by Baroness McIntosh of Pickering

To ask Her Majesty's Government what discussions they have had with farmers and growers on access to foreign workers; and whether they intend to reintroduce the Seasonal Agricultural Workers Scheme.

The Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs (Lord Gardiner of Kimble) (Con): My Lords, I declare my farming interests as set out in the register. We are fully seized of this issue now and for the future. These matters have been discussed by the Secretary of State and the Minister of State with key stakeholders over recent weeks. The Government will commission advice from the Migration Advisory Committee. Working with business and communities, we will develop a future migration system which works for all and meets labour market needs in this sector.

Baroness McIntosh of Pickering (Con): I thank my noble friend for that Answer. From his regular meetings with farmers and growers, he will be aware of the critical shortage of vegetable pickers and growers, with a 17% shortfall this year—in May alone there were 1,500 job vacancies. Will my noble friend assure the House today that he and the Home Office will review the seasonal agricultural workers scheme with the utmost urgency with a view to its reintroduction? If we have a weak pound, as we have at the moment, and if we have an uncertain position with returners, in particular, who are down by 50%, and with new workers coming to pick from the European Union, will my noble friend assure us that this will be reviewed with regard to the rest of the season and, in particular, to next year and the years ahead?

Lord Gardiner of Kimble: My Lords, the seasonal agricultural workers scheme is kept under careful, ongoing review. Indeed, when it was stopped in 2013, Defra established a SAWS transition working group, which continues to bring industry and government together to monitor the situation. I absolutely agree with my noble friend: it is very important that we work very closely with this sector. We have wonderful produce in this country; it is something that I know the Secretary of State and the Minister of State are fully seized upon and we are working not only, obviously, for the harvest of next year but the harvests later on—

Lord Cunningham of Felling (Lab): My Lords—

Lord Gardiner of Kimble: Oh. I am afraid, my Lords, that there is plenty of time. I want to reiterate that it is taken very seriously indeed.

Lord Cunningham of Felling: My Lords, is not this gratuitous delay on the part of the Government damaging our agricultural, horticultural and fruit-picking industries unnecessarily? Is not the noble Baroness, Lady McIntosh, quite right that the seasonal workers scheme worked perfectly well? People came and then they left. There was no problem. This is not an immigration problem at all. It is a problem of seasonal workers doing essential jobs for our basic agricultural, horticultural and growing industries.

Lord Gardiner of Kimble: My Lords, as the noble Lord will know, from 2007 to 2013, the scheme was for Romanian and Bulgarian people who wished to come here. Obviously, there has been a scheme since after the Second World War, but that is precisely what it was. After 2013, there was full freedom of movement for those countries. There are 171,000 more EU nationals working in this country now than there were a year ago. The point is that there are many, very welcome EU nationals coming. Obviously, with the review that the Migration Advisory Committee is undertaking, we need to see what further work we need to do to ensure that we have labour to produce our very important produce.

Baroness Parminter (LD): My Lords, I live in Godalming, where we have one of the largest soft fruit farms in the country, employing 2,500 people. The owner has said that the business will collapse without access to EU workers. Does the Minister agree with me that retaining access to the single market is the best way to ensure that we have a future supply of affordable homegrown soft fruits?

Lord Gardiner of Kimble: My Lords, what will be essential to ensure that our wonderful produce is picked is that we have the labour force to do it. That is why the noble Lord, Lord Cunningham, is right: we need to review where we are, because there will be changed arrangements. Having met some people who are running a fruit farm, I am fully seized of the importance of the labour force that comes overwhelmingly from parts of eastern Europe, which we have very much welcomed and is so important in gathering in our harvest.

Lord Rooker (Lab): My Lords, we are leaving the European Union, so I do not really see what that has to do with it. The original seasonal agricultural workers scheme operated with people coming into this country from 130 nations. It was essentially universal. They came, they worked and they went home. Migration has nothing to do with it. Why are we not opening up our vision, if we are leaving the EU, to say, "Let's widen the scheme"? It has nothing to do with migration. We had a perfectly workable scheme until it changed. I fully admit I was partly responsible. I used it at MAFF and then when I got to the Home Office I had to start closing it down because of what was happening with

our EU accession partners. But the fact is, we are leaving, so it does not have to be European based any more.

Lord Gardiner of Kimble: My Lords, that is precisely why the Home Office and Defra have asked the Migration Advisory Committee to look at this with regard to the long-term needs of an important sector of our agricultural industry. That is one of the things I am looking forward to hearing about. As I said, to put it in context, between 2007 and 2013 the only element of the scheme was to deal with the Romanian and Bulgarian situation.

Baroness Masham of Ilton (CB): My Lords, I declare my interest in farming. Will the Minister make it easier for seasonal workers to come in from Australia and New Zealand to clip sheep? Is he aware that my sheep are still waiting to be clipped because my British sheep clippers are getting older and they have a big backlog this year?

Lord Gardiner of Kimble: My Lords, that is one of the things we will want to look at as we leave the European Union.

Lord Teverson (LD): My Lords, this is not about just seasonal workers or unskilled workers. As the Minister will know, some 80% of vets in our abattoirs, who enable them to operate with the right welfare standards, are EU citizens. How are we going to retain those skilled and much-required people who are currently keeping our food processing industry moving?

Lord Gardiner of Kimble: I am most grateful to the noble Lord because I was at the BVA and RCVS reception yesterday, where I know a number of noble Lords were also in attendance. This is an important issue and an element of the negotiations that we want to deal with as promptly as possible. Yes, we do rely on and warmly welcome the support we have from EU national vets, who are hugely important to us.

Baroness Berridge (Con): My Lords, can my noble friend the Minister please confirm that the migration advisory group will consult the Commonwealth Secretariat and Secretary-General in relation to opportunities for workers to come from Commonwealth countries, as there is a great expectation that there will be new opportunities within the Commonwealth?

Lord Gardiner of Kimble: I am certainly pleased with and will take back what my noble friend has said. It is an important point to make.

Baroness Royall of Blaisdon (Lab): My Lords, historically the agriculture sector has been one with low wages and exploitation. Will the Minister commit, as my party has done, to reinstate the Agricultural Wages Board? I would also like to raise the Gangmasters and Labour Abuse Authority, which does a fantastic job. Its remit has expanded but its resources have gone down so, with the potential problems following Brexit, will the Minister look at increasing the resources for that excellent organisation?

Lord Gardiner of Kimble: My Lords, I know that the noble Baroness has raised this during the Queen's Speech debate—I read an excerpt from *Hansard*. The agency does a good job in monitoring living standards and certainly ensures that workers receive at least the national living wage. It is not alone in this sector: there is the Association of Labour Providers and the Fresh Produce Consortium. All are working hard to ensure that the standards we would all wish for people who come to this country to work are the best that they can be. I cannot promise to accede to the points that she has made, but it is certainly important that these organisations are working hard to ensure that there is well-being among people who come here—and many people come back. One thing I have noticed at many of the fruit farms is families and people coming back to this country. We sometimes beat ourselves, but this country is seen as a good place to work in.

Lord Roberts of Llandudno (LD): The Minister is of course aware that asylum seekers who come to the UK are not allowed to work for the first 12 months. If that was overturned and perhaps reduced to six months, would it not help the labour force considerably?

Lord Gardiner of Kimble: My Lords, again I cannot promise, but I will certainly put that point to colleagues. The employment situation in this sector is seasonal. Part of the issue, and the point of this Question, is that we have seasonal demand for people to come and help us with our soft fruit and vegetables, and their processing. I am grateful to the noble Lord, but I do not think that I can comment any further.

Lord Cormack (Con): Does my noble friend agree that these people are not only seasonal but highly skilled? They are often written off as unskilled workers, but they contribute something essential to our agricultural and horticultural industry.

Lord Gardiner of Kimble: My Lords, this produce is very vulnerable and the skills in picking fruit are therefore important—it is very perishable. There is, of course, skill in ensuring that we get our soft fruit in safely. We are now self-sufficient in strawberries for much of the year, which are a wonderful product, and there are many whom we rely on in the workforce from the European Union.

Baroness Jones of Whitchurch (Lab): My Lords, apart from some of the emerging practical problems that have already been raised today on seasonal workers, and despite what the Minister has said, is the real issue not the fact that these EU workers no longer feel welcome here? Is it not the case that this is a problem entirely of the Government's making? They have sought to make these workers bargaining chips in the EU negotiations and have said nothing publicly about the value they bring to our economy and wider society. It is no wonder if fruit growers and so on are reporting that people who have come time and again, year after year, now say they will no longer come. They do not feel welcome here.

Lord Gardiner of Kimble: My Lords, I refer the noble Baroness to what I just said, which was that

[LORD GARDINER OF KIMBLE]

171,000 more people from the EU have come to work here than there were a year ago—171,000. That does not suggest to me a climate in which people feel unhappy or unwelcome. They are very welcome and are vital in this industry and in others where they work. I honestly do not think that what she is saying is borne out by the labour market statistics. It is very important in this climate as well to remember that saying people are unwelcome can often engender the sorts of comments that I know all of your Lordships would say are reprehensible and undesirable. We need to create a climate in which this country sees the value of people coming here and working here, often doing jobs that some of our own people have, in recent times, not sought to do. They are very important to us.

Armed Forces (Flexible Working) Bill [HL] *First Reading*

3.40 pm

A Bill to make provision for members of the Regular Forces to serve part-time or subject to geographic restrictions.

The Bill was introduced by Earl Howe, read a first time and ordered to be printed.

Conscientious Objection (Medical Activities) Bill [HL] *First Reading*

3.41 pm

A Bill to clarify the extent to which a medical practitioner with a conscientious objection may refrain from participating in certain medical activities; and for connected purposes.

The Bill was introduced by Baroness O'Loan, read a first time and ordered to be printed.

House of Lords Bill [HL] *First Reading*

3.41 pm

A Bill to restrict membership of the House of Lords by virtue of a peerage; to make related provision about disqualifications for voting at elections to, and for membership of, the House of Commons; and for connected purposes.

The Bill was introduced by Lord Elton, read a first time and ordered to be printed.

Creditworthiness Assessment Bill [HL] *First Reading*

3.42 pm

A Bill to require certain matters to be taken into account when assessing a borrower's creditworthiness.

The Bill was introduced by Lord Bird, read a first time and ordered to be printed.

Immigration Control (Gross Human Rights Abuses) Bill [HL] *First Reading*

3.42 pm

A Bill to enable the Secretary of State, or an immigration officer to refuse entry, or to vary or curtail leave to enter or remain already granted, to a person who is a non-UK or non-EEA national who is known to be, or to have been, involved in gross human rights abuses.

The Bill was introduced by Baroness Kennedy of The Shaws, read a first time and ordered to be printed.

Local Government Elections (Referendum) Bill [HL] *First Reading*

3.42 pm

A Bill to make provision for the holding of referenda in relation to voting systems in local government elections.

The Bill was introduced by Lord Balfe, read a first time and ordered to be printed.

Queen's Speech *Debate (5th Day)*

3.43 pm

Moved on Wednesday 21 June by Lord Forsyth of Drumlean

That an humble Address be presented to Her Majesty as follows:

“Most Gracious Sovereign—We, Your Majesty's most dutiful and loyal subjects, the Lords Spiritual and Temporal in Parliament assembled, beg leave to thank Your Majesty for the most gracious Speech which Your Majesty has addressed to both Houses of Parliament”.

The Minister of State, Department for Exiting the European Union (Baroness Anelay of St Johns) (Con): My Lords, it is a privilege to open this debate on Her Majesty's gracious Speech. It is also a privilege to be addressing the House for the first time since I was appointed as Minister of State at the Department for Exiting the EU. I follow in the footsteps of my noble friend Lord Bridges, to whom I pay tribute for his unstinting work not only in the department but here in this House. I also pay tribute to officials in the FCO and in my new department of DExEU for the support they provide, because a Minister can only be as good as the team behind them. I have certainly been helped by people who could play in the premier division in any country in the world.

Today we are debating a programme of legislation put forward by the Government for the United Kingdom's exit from the European Union. Before I start, I will put on the record how much I value the diversity of views that noble Lords bring to such debates. Clearly,

we shall witness some of that diversity today. It strengthens the whole process of our legislative scrutiny.

It was just over one year ago when the British people voted to leave the EU. At the general election, 11 months after that instruction was received, the two main parties, both of which are committed to leaving the EU, received more than four-fifths of the popular vote. This shows the support among the great majority of British people that we should accept the referendum result and leave the EU. The Government are respecting the instruction of the electorate and delivering in the national interest. I shall listen with interest to the noble Lord, Lord Armstrong, when presents his views, because clearly they do not quite fit, I would say, with ours.

We are now building a future relationship with the EU that works in the national interest. This process is one of the biggest issues facing the Government in a generation. Her Majesty's gracious Speech has outlined vital legislation to deliver a smooth and orderly exit from the EU, and we are debating that today. This will enable the UK to have more say over how we manage our affairs and forge new trading relationships with European partners and others across the world.

Last week, the Secretary of State for Exiting the European Union started the negotiations on the withdrawal of the UK from the European Union under the Article 50 process. The noble Baroness, Lady Hayter, has tabled an amendment to today's Motion that focuses on the negotiations. She will see from what I say today that we have much in common on the economy, security, securing tariff-free and barrier-free trade and protecting rights.

Where we diverge from the Labour Party is that we have been clear about the mechanisms through which we want to secure our current markets and open up to new ones. We want a deep and special partnership that should be underpinned by ambitious agreements on free trade and customs, covering goods and services and seeking the greatest possible tariff-free and barrier-free trade. So far the Labour Party has not been quite as clear about whether it wishes to leave the customs union or the single market, which are the basic questions in this debate. I look forward to listening to her shortly.

We have also been clear that we cannot accept a deal that punishes the UK. Any good negotiator knows that you cannot go into a negotiation saying that you will accept any deal at all. There will be a long road ahead, but the destination we are seeking is clear: a new deep and special partnership with the EU, one that enables prosperity for both the UK and the EU while protecting the rights of citizens and giving certainty to businesses as early as possible. That new partnership will of course look, feel and be different from membership of the EU. We understand and respect the EU's position that the four freedoms of the single market are indivisible.

However, we intend that through our future relationship with Europe our close co-operation on economic and security matters will continue. That is why we are seeking ambitious agreements on free trade and customs covering goods and services, and seeking the greatest possible tariff-free and barrier-free trade. It is why we will continue to work with our European partners to

fight terrorism and uphold justice across Europe. Recent terrorist attacks across Europe are attacks against every one of us and have highlighted why we must work together, continuing to co-operate to fight the threat from terrorism and extremist ideology.

The Government have been clear, however, that taking back control of our own affairs includes regaining control of our borders and setting our own immigration policies. We are also clear that to respect the referendum outcome we cannot end up being half in and half out of the EU. So we will be leaving the single market and customs union. I know that is a matter to which the noble Lord, Lord Adonis, will address himself in more detail shortly in presenting his amendment. Clearly we differ on these matters.

Continued membership of the single market would require maintaining all four freedoms of movement—for goods, capital, services and people—so it would mean no control over immigration, and being out of the EU but a member of the single market would mean complying with the EU's rules and regulations that implement those freedoms but without having a vote on what those rules and regulations were. Remaining in the customs union would restrict our ability to seize on our new freedoms in trade to create jobs and lift living standards. Britain must get out into the world, forge its own path, and be a true beacon for free trade. In leaving the customs union, Britain for the first time in over 40 years will be able to take full advantage of growing markets across the world, including those outside the EU, where the European Commission says that 90% of future growth in world trade will come from.

At the outset of these negotiations, we are prioritising some of the biggest challenges facing us. We are putting citizens first. We want to reach a reciprocal agreement for EU citizens in Britain and UK nationals in Europe as quickly as possible. That is why on Monday we published our policy paper: to outline our fair and serious offer for EU citizens.

Another early priority for the negotiations is our determination to ensure that we protect the common travel area and that nothing is done to jeopardise the peace process in Northern Ireland—a matter on which this House has taken great interest.

These negotiations will be complex and at times difficult, but we have made a positive start and we want to maintain that momentum. However, while we are confident that we will reach the right agreement, we must also be prepared for any outcome. That is why we are also seeking to put in place, as announced in Her Majesty's gracious Speech, a legislative programme that will provide for continuity of our national systems and legislation as we leave the European Union.

Following the 30 March White Paper, Her Majesty's gracious Speech confirmed that the Government will introduce a repeal Bill. The Bill aims to maximise certainty for individuals and businesses as we leave the EU. It is in no one's interest for there to be a cliff edge, so the laws and rules that we have now will, wherever practicable, continue to apply. This gives the maximum possible certainty to individuals and businesses about their legal rights and obligations as we leave the EU, and provides the basis for a smooth and orderly exit.

[BARONESS ANELAY OF ST JOHNS]

The Bill, which will be guided through Parliament by my department, has three main aims. First, it will repeal the European Communities Act 1972. It ends the authority of EU law in the UK and transfers the powers to the UK from Brussels. It will convert EU law into domestic law. This maximises certainty, not only for individuals but for businesses and consumers, by ensuring that the rules do not simply disappear or change overnight on exit.

Secondly, it will give Ministers here and in the devolved Administrations the power to amend EU law as appropriate. This will mean that we have a functioning statute book on day one after exit. The Government expect that the return of powers from the EU will lead to a significant increase in decision-making powers for the devolved Administrations. Thirdly, the Bill will support our exit negotiations and future trade deal by ensuring that we have a continued level playing field between us and the EU based on the same rules.

I know that when the Bill comes before this House it will undergo rigorous scrutiny, as it should, but I believe that noble Lords will recognise its essential nature in preparing our statute book for exit. We must be able to deliver a functioning UK statute book by the day we leave the EU. It is vital for all across the United Kingdom that we provide certainty at that time.

The repeal Bill will be complemented by seven further main Bills that will support a smooth and orderly exit from the EU across a range of issues that affect the public, business and government. These will be led by the relevant department as they are presented to Parliament. Some of my colleagues on the Front Bench in this House have already spoken in some detail to these, so I shall simply mention them briefly today, just for completeness and to round out the debate.

A customs Bill will ensure that the UK has a standalone customs regime on exit. As it stands, the EU customs code applies directly in the UK. This Bill will provide flexibility to accommodate future trade agreements with the EU and others and ensure that changes can be made to the UK's VAT and excise regimes.

A trade Bill will cement the United Kingdom's status as a leading trading nation, driving positive global change through trade, while ensuring that UK businesses are protected from unfair trading practices. It will put in place the essential legislative framework to allow the UK to operate its own independent trade policy upon exit from the European Union.

An immigration Bill will underpin the new immigration system for EEA nationals. It will allow for the repeal of EU law on immigration—primarily free movement—that will otherwise be saved and converted into UK law by the repeal Bill, and will make the migration of EU nationals and their family members subject to relevant UK law once the UK has left the EU. The Bill will allow the Government to control the number of people coming here from Europe while still allowing us to attract the very brightest and the best, as we have enjoyed in recent years.

A fisheries Bill will enable the UK to exercise responsibility for access to fisheries and management of its waters. The agriculture Bill will ensure that after we leave the EU we have an effective system in place to support UK farmers and protect our natural environment. It will provide stability to farmers and protect our precious natural environment for many generations to come.

The nuclear safeguards Bill will establish a UK nuclear safeguards regime as we leave both the EU and Euratom.

The international sanctions Bill will support our role as a permanent member of the UN Security Council and a leading player on the world stage by establishing a new sovereign UK framework to implement international sanctions on a multilateral or unilateral basis. The Bill will return decision-making powers on non-UN sanctions to the UK and enable the UK's continued compliance with international law after the UK's exit from the EU.

Before concluding, I would like to say a few more words about Parliament's role over the coming period. The Government have engaged extensively with Parliament and will continue to do so throughout the negotiations. We intend the negotiations to be as transparent as possible. On Monday, the Secretary of State for Exiting the European Union gave a clear commitment to update Parliament after each round of formal negotiations. I can confirm today that it is my firm intention to provide similar updates to this House.

There will be times when we need to preserve our negotiating position, as indeed the EU Committee of this House has acknowledged. There should be an appropriate balance between transparency and confidentiality. The Committee noted that,

"certain elements of the forthcoming negotiations, particularly those relating to trade, may have to be conducted confidentially".

However, we are certainly clear that a transparent and open approach will best provide the certainty that the public, businesses, trade unions and civil society are seeking.

Throughout the process of withdrawal the Government will ensure that Parliament is able to fulfil its proper constitutional role to scrutinise the negotiations and our programme of domestic legislation. At the end of the negotiation process we are clear that both Houses will have vote on the final agreement before it is concluded. We expect and intend that this will happen before the European Parliament debates and votes on the final agreement.

As noble Lords are aware, the parliamentary Session will run for two years, reflecting not just the importance and urgency of getting Brexit right but allowing proper and full democratic scrutiny in both Houses.

Today, I have set out the Government's approach to delivering on our commitments to the British people. The noble Baroness, Lady Hayter, and noble Lords, Lord Adonis and Lord Armstrong, will shortly set out alternative views that do not accord with the Government's approach. Some are closer to ours than others. My noble and learned friend Lord Keen will respond to their Motions more directly at the end of this debate when we have clearly listened to what has been said.

We have started negotiations to secure an exit deal in the national interest that works for the whole of the UK. We want to get the details of our exit right and to establish a deep and special future partnership with the EU. We want to underpin all of it through legislation that enables a smooth and orderly exit from the EU. One thing is clear: it is only by doing so that we can deliver what is in the best interests of all the people of this great country—this union of countries. It is for everybody, wherever they are, whoever they are, whatever their background. We must serve in the best interests of each and every one of them.

3.59 pm

Baroness Hayter of Kentish Town (Lab): My Lords, in rising to speak to my amendment, I welcome the noble Baroness, Lady Anelay, to her new role. I first heard her speak outwith this Chamber at the memorial meeting for the late Lord McIntosh of Haringey, where I witnessed her affection for a Member of these Benches. I shall not try to emulate him, so shall not presume on the same affection—but I judge that we will be able to work together to enable the House to play its full role in the enormous task of how to engineer a Brexit that works for all. I also thank the noble Lord, Lord Bridges, whose humour, patience and erudition we will miss. We look forward to his contributions from his new—perhaps freer—vantage point.

It is a year since the referendum, but we await answers to a plethora of questions as to how the Government plan to take us out of the EU—probably the biggest leap as a nation since the 1939 decision to go to war. I do not wish to talk down the non-Brexit measures in the gracious Speech, but they are revocable. Brexit is not—and how we leave will have a lasting impact. So on this side we will work to achieve a departure that promotes jobs and the economy, safeguards our security and the environment and benefits all our nations, cities, regions, towns and rural communities, such that all might prosper from the new landscape that the Government envisage.

One issue is our role on the international stage. By pooling our influence with 27 other countries, we have gained real clout in the world, promoting human rights and playing a leading role in the Paris climate accord. We need to ensure that our future trade, security and diplomatic relations, and the tone of our withdrawal, preserve as much British influence as possible.

As we have heard, we are due eight Brexit Bills. All will impact on our economy, but they will not cover many areas of the negotiations where we want a deal that puts jobs and the economy first, gives full access to the single market, allows levy-free and border-check-free movement of goods, and upholds the Brexit Secretary's pledge to achieve the "exact same benefits" as now. We are not alone in seeking this. Interested parties, from the City of London to trade unions, are united in the view that jobs and the economy must be the priority. Given that the EU accounts for almost half our exports, it is unsurprising that representatives of almost every sector make the same point: 17% of exports pass through Dover, some 7,000 lorries a day. Even aside from the Irish situation, the Government must set out how frictionless trade can continue.

While post-Brexit laws should, of course, be passed by our Parliament or the devolved Administrations, it is irresponsible to ignore the importance of dispute adjudication to any international agreement. With the negotiations under way, the Government must either drop their arbitrary red line on the European Court of Justice or set out a feasible alternative. Without this, they will struggle to achieve their aims. The Wellcome Trust, pointing out that science is a driver of economic growth, stresses the importance of pharmaceuticals and life sciences maintaining free access to European markets. But those markets need harmonised regulation, which will be complicated if the Government rule out any role for the European Court of Justice. If the Government's ideological red line on the ECJ could perhaps become pale pink, the potential of British science, and other sectors, to enhance British competitiveness would improve.

Meanwhile, there are urgent matters, such as family law, where civil justice co-operation provides certainty, with automatic recognition and enforcement of judicial decisions across the EU. Despite any loss of these being, "felt ... profoundly both by ... families ... and by our ... court system",

Sir Oliver Heald mistakenly suggested to our EU Committee that the repeal Bill could cover these. In fact, there is no means by which these reciprocal rules can be replicated in the repeal Bill. So I ask the Government: how will they replace this cross-EU regime for which there is no satisfactory fallback? Recognition and enforcement of court judgments is of course equally important for insurance, insolvencies, contract law and investment in this country, so they must be part of any Brexit deal.

Retaining access to EU databases will be vital in the fight against international crime and terrorism. Are the Government willing to share some sovereignty for this and for our continued involvement in Europol, Eurojust and the European arrest warrant, while of course maintaining EU privacy laws?

Although we welcome the entrenchment of EU regulations into domestic law, the repeal Bill cannot cover EU agencies, reciprocity, intelligence sharing, joint recognition and supervision of standards or mutual recognition of qualifications. To take just one example, we belong to 34 EU agencies and, without a settlement, the European Medicines Agency will no longer be able to approve UK products for use in the EU. Without the European Chemicals Agency, are the Government going to allow companies to import whatever chemicals they like, with no oversight? There are equally urgent questions over future participation in the European Food Safety Authority and in Euratom. All these help to keep the public safe.

With regard to immigration—I am sorry that this, rather than jobs and the economy, is still a priority for the Government—there are two aspects: the EU citizens already here and the longer-term approach. For the latter, we must base our policy on the needs of communities and the economy. Despite what we heard from another Minister earlier, farmers have already been hit by a lack of migrant workers to harvest fruit and vegetables. There was a 17% shortfall in May,

[BARONESS HAYTER OF KENTISH TOWN]
leaving some critically short of pickers and our summer strawberries at risk—just as Wimbledon is opening.

The chairman of the UK's largest supermarket warns that a cap on immigration would have a, "materially detrimental effect on the UK economy".

The hospitality industry stresses that we do not need just doctors and engineers but chefs, cleaners and front-of-house staff. With 17% of construction workers coming from the EU, what future is there for major infrastructure projects without this vital resource? The director of the Wellcome Trust pleads—given that great science is built on great talent—that we need to welcome EU researchers, technicians, innovators and students, who help our universities help us. But, since the referendum, there has been a chill on this flow of talent, with Wellcome's Sanger Institute, which sequenced a third of the human genome—and which I had a small part in opening—seeing a halving of PhD applications from EU nationals.

On the human level, as this House made clear in supporting the amendment to the Article 50 Bill, people should not be used as bargaining chips. The Prime Minister's offer is too little, too late—and it is conditional. I hope that the Government will listen to this House a bit more, and will work in partnership with our European neighbours and our devolved authorities. Indeed, it is not clear how the Brexit Bills will accommodate devolved competencies, including food safety and environmental protection. Can the Minister confirm whether the Scottish Parliament will need a consent Motion for the Brexit Bills? Perhaps the noble and learned Lord, Lord Keen, would be the most appropriate person to answer that question.

The Government must improve their consultation with business, consumers and trade unions—I am delighted that they were mentioned, but the consultation with them has been insufficient—and, indeed, with all industries dependent on mutual recognition of qualifications and standards. There has been a sad lack of engagement, with the CBI commenting that the Government,

"found it tough to listen to business on Brexit".

It is true that a new forum for business has just been announced, but there are no similar proposals for consumers or, indeed, other significant groups. Ministers will hear calls from industry for time to adjust to the final deal. Acceptance of a phased transition is urgent, so that, as the Chancellor—although, I think, not David Davis—says, we avoid unnecessary disruption and dangerous cliff edges. Indeed, this is the Institute of Directors' main worry. At the very least, it asks that replicating the EU's common external tariff while we finalise the free trade agreement should be an option, and with early reassurance on this to help businesses that may otherwise activate contingency plans to relocate.

The Government must also engage with Parliament. A meaningful vote was mentioned. I think that I heard the words "expect to have this" before the European Parliament vote. Earlier, we were promised that this would happen before the European Parliament vote. Perhaps, in replying, the Minister could clarify that that will be a meaningful and timely vote.

In moving the humble Address, the noble Lord, Lord Forsyth, who I think is not in his place, claimed that the,

"rapturous enthusiasm on the Benches opposite for Jeremy Corbyn, is matched only by their relief that he is not running the country".—[*Official Report*, 21/6/17; col. 10].

I have to tell him that he was wrong. I would be very happy to be standing at that Dispatch Box rather than this. But I also say to him and to the Minister that I would approach her job with immense trepidation. She is carrying an invaluable Ming vase across a highly polished floor. In the Government's hands is the future of our economy, and thus the well-being of our people. How the Government negotiate our future with the EU will have immense consequences for the nation—our businesses, workers, consumers, young people and trade unions—for generations to come. As the most reverend Primate the Archbishop of Canterbury said last Thursday,

"trade deals, customs unions, single markets, financial passports are all without use unless they ... serve individuals, communities and ... society"—[*Official Report*, 22/6/17; col. 39].

I believe that neither this House nor—certainly—the Opposition is out to block Brexit, but we will work to get the best for Britain. Late tonight is not the time to vote on this one issue, but we will ensure that there are other opportunities for the Lords to provide Ministers with advice on the negotiations. We trust that they will listen.

4.13 pm

Lord Wallace of Saltaire (LD): My Lords, I spent last weekend at a conference in Italy of experts on European international politics, where I met people from many different European countries with whom I had worked for many years, and one by one they all asked me to explain what seemed to them to be the complete incompetence of the British Government, their failure to develop a coherent approach to negotiating Brexit in the year since the referendum and their illusion that the UK holds all the cards and that other EU Governments will have to agree to its terms when it finally sets them out. I was particularly struck by the comment two Irish participants made—that they see a sad contrast between the sense in Dublin of a political culture at last breaking free of its past, while in England we seem to be wallowing yet again in imperial nostalgia.

We have now reached the point when the Government cannot avoid grappling with the hard detail of the future relationship between the UK and the EU. All trade negotiations have to grapple with hard detail: trade-offs struck, concessions taken and granted. Every time a Minister attacks those who ask questions about the details of Brexit as "unpatriotic", people on the continent, as well as here, become more suspicious that the Government still do not know the answer: that the phrase in the Queen's Speech that promises,

"a deep and special partnership with European allies",

which we are told will somehow guarantee "seamless" cross-border trade without membership of the customs union or the single market, continuing co-operation on internal security without membership of Europol, and continuing co-operation on foreign and defence

policy without participating in the EU's multilateral meetings, is as meaningless as "Brexit means Brexit". David Davis told the CEO summit yesterday that negotiating a comprehensive free trade agreement will be "simple". That is nonsense: all multilateral trade negotiations are fiendishly complicated.

One of the justifications given for this early election was to prevent the House of Lords obstructing the Government's path to Brexit by asking awkward questions. The justification for a second Chamber is precisely to ask difficult questions, to require the Government to provide coherent answers and to ask the Commons to think again if they cannot provide such answers. I welcome the noble Baroness, Lady Anelay, as the Minister who will attempt to provide those answers; she is very brave to step into the breach and to take this on—I mean that in the best "Yes Minister" way. This House is entitled to ask for sufficient time to examine the necessary legislation in detail. I hope that in winding up the noble and learned Lord, Lord Keen, will provide us with some idea of when the Bills will reach this House and will give us an assurance that delays in Bills reaching this House will not provide an excuse for the Government to attempt to rush them through at the last minute.

The Prime Minister in her preface to the Conservative manifesto for the election stated, bluntly:

"Brexit will define us: our place in the world, our economic security and our future prosperity".

So we might have hoped for some indication during the election campaign of what Britain's future place in the world might be. "A global Britain" is as empty a phrase as "Brexit means Brexit". Liam Fox's travels suggest that he thinks closer links with New Zealand and the Philippines can replace trade with France and Germany. The illusion that Indian leaders retain so much affection for British rule that they will offer us a special trade deal still hangs around the Department for International Trade. A Canadian has told me that one British Minister recently referred in conversation with them to strengthening the ties that bind "the white Commonwealth"; at least he did not talk about "the Anglo-Saxon races", though there are echoes of that concept on the Europhobe right.

There is an enormous gap between the windy rhetoric of global Britain regaining its status as a great power and the way our allies see us. The *Financial Times* last Saturday quoted one Washington expert's view:

"For the foreseeable future, the US-UK special relationship is irrelevant ... Britain has decided to remove itself completely from the chessboard".

Boris Johnson has irritated all his European colleagues without impressing Governments from elsewhere. He promised last December that he would be making a series of speeches on Britain's future international strategy, but I have not been able to find anything coherent in his speeches since.

Last Sunday's *Telegraph* had yet another article suggesting that Hong Kong should be our model in our future role. Daniel Hannan MEP—the leading Conservative ideologue of Anglo-Saxon exceptionalism—declared in last Thursday's *Daily Mail* that our future relationship with the rest of Europe should be modelled on Switzerland or Guernsey. Great Britain

as a "Greater Guernsey"—what wonderful ambition. An island to which rich people emigrate to avoid taxation: the real citizens of nowhere, moving to the Channel Islands to escape national control. Of course, the leave campaign was funded largely by such citizens of nowhere, who made their money through offshore companies in Gibraltar and the Caribbean and want to promote a deregulated British economy that would become an offshore financial centre.

The promise of the repeal Bill shows that the Government have so far resisted the pressures from hard Eurosceptics for the bonfire of regulations which they promised would follow, so "taking back control" will in practice mean wholesale incorporation of European regulations into domestic law. This House will wish to examine closely how far the Government intend to follow the evolution of European regulations after we have left in order to maintain the "seamless" cross-border trade they assure us they will maintain in the same way that the Swiss, not to mention the Channel Islanders, follow the rules negotiated by others in Brussels. If so, we lose, rather than regain, effective sovereignty, and we continue to follow the judgments of the Court of Justice of the EU, in spite of the irrational hatred which Conservative Europhobes have for that "foreign" court.

I note the contradiction between the Government's declared support for the rule of international law in all other areas and the passionate hostility to the European Court of Justice, on which British judges have sat since we joined the EU. London is a global centre for international arbitration and civil and commercial law, including European law. We will clearly need an agreed legal framework for future relations with the EU in which the ECJ will have to play a role to,

"provide certainty for individuals and businesses"—

again, to quote the Queen's Speech.

The Government have said very little so far about the costs of Brexit, which will be considerable. One of the most blatant lies of the leave campaign was that leaving was a one-way bargain—all benefits and no costs. European agencies, which served British as well as other national needs, will have to be replaced by new national agencies. If the Government are serious about taking back control of our borders, we will need a substantial increase in border agency staff, coastguards and maritime patrol ships and aircraft. There will, of course, also be indirect costs, but the direct costs of replacing the common services which the EU has provided, from aviation to pharmaceuticals, must be capable of estimation, and the Government should offer Parliament that estimate.

No senior Minister has yet touched on the importance of maintaining the good will of our continental neighbours through these negotiations and after our departure. Over the last year some Ministers have appeared to believe that relations with China and Saudi Arabia will become more important than those with Germany, France, Italy or Spain and that authoritarian countries are more natural partners for Britain than our immediate and democratic neighbours. That is one of the greatest illusions—or lies—of the Eurosceptic camp. British prosperity, British security and British values are most closely linked to the interests and

values of our democratic neighbours. Over the last year, the Government have lost the respect of our continental partners. This House will wish to press the Government to work to regain that respect and good will as vital to a successful negotiation and to our future relationship after we leave.

4.22 pm

Lord Brown of Eaton-under-Heywood (CB): My Lords, I shall confine myself to the three amendments being proposed to this Motion.

As a remainer, I confess to great sympathy with the proposal from the noble Lord, Lord Armstrong, but regretfully, although the tide of popular opinion may indeed be starting to turn in its favour, I fear that too few people will come to recognise, before it is too late to reverse the Article 50 process, just how damaging to our interests Brexit could be. Therefore, I cannot see the proposal as practical politics. Both the main parties support Brexit and the Liberals have hardly benefited from opposing it.

On the proposal from the noble Baroness, Lady Hayter—not least that the Government deliver “the exact same benefits” as we currently have in the single market and customs union—I make two brief comments. First, on her proposition that,

“no deal is the worst possible deal”,

surely not. Of course no deal would be awful, but unless one is simply unable to imagine a set of terms even worse—perhaps the so-called “punishment deal”—there must inevitably be circumstances in which negotiations will fail, and this is no more than the Union itself recognised in its published negotiation guidelines. They state that the Union,

“will be constructive and strive to find an agreement. This is in the best interest of both sides. The Union will work hard to achieve that outcome, but it will prepare itself to be able to handle the situation also if the negotiations were to fail”.

So too should we prepare ourselves.

The second point to make on the proposal from the noble Baroness, Lady Hayter, is that it strikes me, dare I say it, as nakedly opportunistic. It calls for the obviously unattainable. It is the last word in having one's cake and eating it. It is based, of course, on a number of absurd pre-referendum assurances by some Brexiteers. No doubt it makes political sense—but in reality, it makes none.

I come to the regret Motion of the noble Lord, Lord Adonis, which, as I understand it, essentially calls on the Government to accept that our route out of the EU should be by way of reasserting EEA membership rights—in the future as a non-EU member, such as Norway, Iceland and Leichtenstein. We would thereby continue to enjoy full participation in the single market. That is the route recently canvassed by the noble Lord, Lord Owen, and, in last Thursday's debate, by the noble Lord, Lord Howell.

Until recently, I confess to having shared the widely held view that the Norwegian option is the worst of all worlds, involving all the liabilities of EU membership without even a seat at the table. Let me now make seven necessarily brief, and perhaps oversimplified, points to the contrary.

First, EEA membership would avoid the cliff edge and give us time to negotiate more satisfactory, long-term trade relations with the rest of the Union.

Secondly, the rights of free movement would be less absolute than at present, there being in the EEA no concept of common citizenship, as in the EU. The right

relates not to persons generally, but rather to workers, with certain limited derived rights for their families. It provides, therefore, some scope for restrictions on immigration.

Thirdly, we would recover control of our fishing grounds and agriculture, being no longer subject to the common fisheries and agriculture policies of the EU.

Fourthly, our contribution to the EU budget would be smaller and, to a significant degree, would depend on whether we choose to join various programmes that require funding.

Fifthly, EEA states retain full sovereignty. Unlike in the EU, Brussels legislation has no direct effect; rather, all legislative change relevant to the EEA—on which the EEA states will already have had the chance to comment—has to be approved, first by the EEA states collectively and then by each such state's national parliament.

Sixthly, the EEA does not forbid trade negotiations with other countries. In other words, we would be able to pursue free trade agreements on a global basis. Dr Fox and his team would be in business.

Seventhly, and finally, we would no longer be subject to the jurisdiction of the ECJ. I happen to think, in common with the noble Lord, Lord Wallace, and others, that the ECJ has been absurdly and unfairly demonised by Brexiteers, and that it is a huge mistake to make ending subjection to that court, particularly in the context of future supranational relations—the European arrest warrant and so forth, as the noble Lord explained—a red-line issue. In any event, in the EEA that objection is substantially met. In the EEA, the broad equivalent of the ECJ is the EFTA court, and while certainly that court takes full account of the ECJ's jurisprudence, there are two important differences. First, the national supreme courts of EFTA states are not obliged to refer questions of EU law to that court; and secondly, unlike preliminary rulings of the ECJ in EU countries, EFTA court decisions are, strictly speaking, advisory only and not legally binding in the national court.

Taking those points cumulatively, I suggest that this solution gives effect to the referendum result, meets the Brexiteers' core objections to continuing membership and maximises the prospect of a successful long-term future.

4.29 pm

The Archbishop of York: My Lords, I have followed with interest the debates on the Queen's Speech over the past week. I have been encouraged to hear assurances from the Leader of your Lordships' House and various Ministers of the Government who seek to govern with humility and to forge cross-party agreement where they can. That is as it should be, regardless of the numerical strength or weakness of the Government.

Many issues raised in the Queen's Speech and the Government's agenda give us the best opportunity to have that wider consensus. No area is more important than that when it comes to negotiating Britain's departure from the European Union and to forging a new relationship—a deep and special partnership—with the EU. Indeed, the reality is that there is no way in which a minority Government can hope to get all their

legislation relating to Britain leaving the EU through Parliament without the help of others. The Government need to make a virtue out of that necessity.

The challenge now is to negotiate a Brexit for the common good. How do we make Britain's departure from the EU a good news story for the poor, the unemployed and those whose wages and living standards have been falling? That is no easy task. The Government's most recent poverty figures showed that 14 million people live in poverty in the UK. Numbers started to rise last year, and research published by the Joseph Rowntree Trust projects that by 2020-21 there will be over 1 million more children in poverty than there are now.

The real incomes of the poorest tenth are set to be lower in 2020 than they are today, while those in the middle and at the top will see their incomes rise. With inflation rising, earnings growth weak and many tax credits and benefits frozen, life is set to get harder for those at the bottom over the next few years. It was therefore welcome news in the Queen's Speech that the Government have promised to increase the national living wage,

“so that people who are on the lowest pay benefit from the same improvements in earnings as higher paid workers”.

My hope is that the increase will be up to what the Living Wage Commission, which I chaired, recommended. Playing catch-up is not good enough. I hope that the Government will take what was recommended. Many FT index companies are already paying that amount of the living wage.

Some hold that leaving the EU will only impoverish existing marginal and vulnerable communities further. These voices need to be heard rather than silenced. They need to be drawn into the debate as to the type of economic model that we need to encourage human flourishing post-Brexit and how that understanding should shape the Government's negotiating strategy to leave the EU. Only by doing so will we be able to bridge the deep divisions exposed by the vote to leave the EU and the recent general election. It is evident that within government we need a more collegiate and consensual approach.

Beyond government, in the latter's dealing with Parliament, the media and the electorate, the approach needs to be more transparent and more broadly based. Conducting the negotiations in a positive and constructive tone requires the Government to ditch once and for all the confrontational and threatening language that they have used since the referendum. Fiery slogans such as “No deal is better than a bad deal” might play well with Euroseptics, but they do little to build the partnership between the UK and the EU that the Government have always said is their fundamental objective. “No deal is better than a bad deal”. Does that mean, for example, that we will cut all our diplomatic ties with the 27 remaining EU countries if we get a bad deal? Is that what it means?

To deliver the objective of partnership, the Government need to abandon fights over issues that are either marginal or where the UK has no hope at all of winning the argument. The dispute over the sequencing of the negotiations is a case in point. When the row of the summer becomes the row-back of the summer,

[THE ARCHBISHOP OF YORK]

the Government lose face and political capital. Disputes like this merely illustrate that the Government still need to understand the processes of Article 50. But all is not lost. It was encouraging to see the Prime Minister's statement of 25 June that she wanted,

"all those EU citizens who are in the UK, who've made their lives and homes in our country, to know that no one will have to leave. We won't be seeing families split apart. People will be able to go on their living their lives as before".

The proposals are a good start, but this is one of the thorniest issues to be resolved in the negotiations and the devil will be in the detail. I therefore humbly encourage the Government to take a broad and open-minded attitude to this matter. The simplest solution would be to codify clearly and comprehensively the rights of EU citizens in British law and to take March 2019 as the cut-off period. Going forward, the motivation of both sides should be good will, justice, compassion and the rule of law.

What would help the Brexit negotiations more than anything else is a greater degree of realism. I have every confidence that the Government will reach agreement within the timescale set by Article 50, but we need to recalibrate expectations that a new relationship with the EU can be negotiated by March 2019. Most experts hold that it is unlikely to be completed and ratified this side of 2025. This is where we need a cross-party commission, maybe even a royal commission akin to the Privy Council, to look creatively at the possible options and to offer impartial but honest advice to the Government on the best transitional and final arrangements. Its size should not be too large. As Queen Elizabeth I said in her speech on her accession to the throne:

"a multitude doth make rather disorder and confusion than good counsel".

She shrank her Privy Council from 30 to 10. I am certainly not looking for a place on such a body, but I suggest that keeping the UK in the single market and the customs union until the end of the transitional period when any new relationship with the EU comes into force may help us. I recognise that this is not unproblematic, but looking to use membership of the EEA, as the noble and learned Lord has just suggested, could be a stepping stone to a still unknown destination and would give both sides not a cliff hanger but a gentler slope.

The outcome of the general election offers the United Kingdom and Northern Ireland an opportunity for a fresh start, not to turn our backs on leaving the EU but rather to learn the lessons of the last year and deliver and manage our leaving the EU in a way that provides for the long-term flourishing of this country.

4.36 pm

Lord Hunt of Wirral (Con): My Lords, perhaps I may first declare my interests as set out in the register and say what a privilege it is to participate in this debate on the humble Address. Humility is not necessarily a virtue that many voters associate with politicians, but it will be vital in the weeks and months ahead.

On 8 June, the Conservative Party increased its vote from 11.3 million to 13.7 million, winning more votes than Labour ever did under Tony Blair, but we did not

win a majority of seats. No one won. No vision of the future of the nation triumphed. No vision of Brexit triumphed. So we now have to work together to find a new common ground. I welcome what the most reverend Primate just said about a good Brexit and a fresh start, but that is never achieved by starting from one or other extreme of the argument.

Last year, the electorate decided that we should leave the political structures of the European Union, and that must and will now happen, but it was not a vote to end ties with our closest neighbours and friends, it was not a vote to rebuild a border across the island of Ireland and it was not a vote for economic self-mutilation. The new common ground must recognise all of that.

I strongly believe that talk of "soft Brexit" and "hard Brexit" is hugely unhelpful. Each term seems to mean whatever any individual wants it to mean. "Nothing propinks like propinquity", as Ian Fleming wrote in *Diamonds are Forever*, a phrase often recalled and re-coined by US diplomat George Ball. What matters most now is not Brexit per se but the new "deep and special partnership" we must rapidly forge with our European friends and allies.

I commend to your Lordships the speech made last Wednesday in another place by Kenneth Clarke, the Father of the House—although I reassure him that he is much younger than several of my colleagues in this place. He recommended that Brexit,

"will have to be carried by ... an extremely sensible cross-party majority that the House could easily command if we were able to put in place some processes to achieve it".—[*Official Report*, Commons, 21/6/17; col. 84.]

It was another great Conservative who never became leader of my party, Rab Butler, who described politics as the art of the possible. Brexit is now all about the art of the possible. It falls not just to Ministers but, above all, to Parliament—to both Houses of Parliament—to forge that vital new relationship with Europe. It is we, by ourselves and of ourselves, working with Ministers and across all parties and none, who must build a new, broad and positive consensus.

Happily, we are not alone in our quest for a new arrangement with the rest of Europe that will satisfy a broad spectrum of political and business opinion. I strongly commend the work of the Modern Europe think tank and the paper, not readily noticed, published last August by a distinguished group including Sir Paul Tucker and Jean Pisani-Ferry, a senior adviser to Emmanuel, now President, Macron. Their *Proposal for a Continental Partnership* is highly reminiscent of the arguments once compellingly put forward by Lord Hurd of Westwell for "variable geometry" in Europe. In business, in diplomacy and even in politics, flexibility is prized more than ever—the one sure antidote to corporate monoculture. So why do we not look now for the bespoke answer to Brexit, too? That will require an orderly withdrawal, a stable transition and a trading relationship with the European Union based on mutual, barrier-free market access.

This is no time for inchoate anger, for brash triumphalism or for putting the interests of party above those of the nation as a whole. Let us not be bound in shallows and in miseries. In a spirit of comradeship,

let us all work together to build a new, positive and optimistic consensus as we look to create our new “deep and special partnership”—a special relationship, dare I say—with our most proximate friends and allies in the world, who are of course our friends and allies in the European Union.

4.42 pm

Lord Adonis (Lab): My Lords, I beg to add to the Motion for the humble Address the words,

“but regret that it contains no proposal for Her Majesty’s Government to seek to negotiate continued membership of the European Single Market and Customs Union”.

Perhaps I may first extend my sincere condolences to the Minister on her new appointment. The noble Baroness has an unenviable task. Brexit is a revolution that devours its children. It has consumed three Prime Ministers: Margaret Thatcher, John Major and David Cameron; it is now on to its fourth, Mrs May. In the past year alone, it has decapitated a Chancellor, neutered a Foreign Secretary, and two of the four Ministers in the Department for Exiting the European Union have already exited. I advise the Minister to join them as soon as possible and seek a less demanding job, like Secretary-General of the United Nations.

The reason that Brexit is so difficult is that the policy of withdrawal from the central economic institutions of the EU is so unviable. It will cause deep and lasting damage to the UK’s trade, investment and international standing. It is a hard-right, nationalist policy, and it is no more viable as a governing idea than the hard-left socialism of Tony Benn and Arthur Scargill in the 1970s and 1980s.

Nothing demonstrates this unviability more than the fact that those of its proponents who have held responsible offices under the Crown never advocated it while they did so. Margaret Thatcher signed the Single European Act—just as she created more comprehensive schools than any other Education Secretary, she did more European integration than any other Prime Minister. The noble Lord, Lord Lawson, was her right-hand man throughout. Indeed, he wanted to go further and join the exchange rate mechanism. At his right hand was the noble Lord, Lord Lamont, who delights the House in explaining why he was so pro-European then and is so anti-European now. The noble Lord, Lord Owen, tells us very decisively that we are better out, but we have all enjoyed the celebration of the Gang of Four in the West End play “Limehouse”, and the *Limehouse Declaration* promised that Britain would be, “a constructive and progressive force”,

within the European Community. As for Boris Johnson, 20 days before he led the leave campaign, he was Mayor of London, urging an expansion of the single market in services and capital and unrestricted migration within the European Union.

Running through fields of wheat may be a terrible thing, but when, on the most important issue facing the country, politicians say one thing but do another, the public really should beware, particularly when they keep political company with Nigel Farage, Geert Wilders and Marine Le Pen. My mentor and lodestar was Roy Jenkins, arguably the most successful Minister of the last generation besides Margaret Thatcher. His political

maxim was: “On great questions always go for principles, not details; and always argue to solutions, not to conclusions”.

On the European question, the detail is fearsome. Like other noble Lords, I have been wading through the detail of the EEA, EFTA, the WTO, the single market and the customs union; what it means to be inside the EEA, EFTA and the single market, but outside the customs union, like Norway; or inside EFTA and the customs union but outside the EEA and the single market, like Switzerland. I have read with profit an erudite paper by the noble Lord, Lord Owen, on whether the UK automatically leaves the EEA on leaving the EU, because one clause makes Her Majesty the Queen a contracting party, whether we are in or out, while another appears not to allow the actual territory of the United Kingdom to join the EEA if we leave the EU. Amid all this turgidity, I did at least experience one moment of pure joy: EFTA, which some Brexiteers recommend as our staging post out of the EU, has an equivalent of the European Commission: it is called the Surveillance Authority. I look forward to that Orwellian construct being sold to the *Daily Mail*.

Rising above the detail, there is one overriding principle: if we are leaving the EU, we should not jeopardise our trade with the EU, because upon it depends the jobs and prosperity of tens of millions of British people. As a rule of thumb, trade halves as distance doubles. Some 44% of our exports of goods and services go to the EU, because the EU 27 comprises all our largest neighbours. The solution here is clear and simple: stay in the customs union. Furthermore, our greatest relative trade advantage is in services, where non-tariff barriers are the main obstacle to trade. To reduce those barriers, there has to be a regulatory union, not just a tariff union, which is precisely what the single market is and why Margaret Thatcher pioneered it. The solution here is also clear and simple: stay in the single market.

There is a notion put forward by Ministers that, in the foreseeable future, our neighbours could be replaced or overshadowed as our major trading partners by the extremities of the world. This is pure fantasy. Even if it were a principle of action worth pursuing, it is negated in practice by the fact that the customs union itself is our gateway to trading with the rest of the world. The EU has 45 trade agreements covering 74 nations outside the EU. In addition to the 44% of exports going to the EU, a further 17% are covered by these 45 agreements. That figure of 45 will rise to 46 this Saturday when the EU’s free trade agreement with Canada takes effect. So, in total, more than 60% of our trade is with the EU or third countries where we enjoy free or preferential access by virtue of customs union and single market membership.

To take but one example of what this means in practice, in the first four years of the EU’s trade agreement with South Korea, which came into force in 2011, the UK’s exports of cars to Korea rose from 2,000 to 13,000. That is through just one preferential trade agreement. Liam Fox has to renegotiate that one plus 45 others just to get past first base in boosting non-EU trade, and he has to do that once he has

[LORD ADONIS]

secured a new treaty covering all our EU 27 trade in the first place. All this has to be done by a Department for International Trade which as yet has only a handful of experienced trade negotiators and whose Permanent Secretary is still Her Majesty's consul-general in New York.

The Government's Brexit policy is basically one of trying to fill a swimming pool with a teaspoon. It is an interesting and very challenging idea, but do not jump in for about three centuries. A recent cartoon in a Dutch newspaper depicts the Prime Minister whacking herself over the head with a mallet, with a bubble saying, "No deal is better than a bad deal". All this would be comic if it were not so serious. The noble Lord, Lord Price, the International Trade Minister, told your Lordships' European Union Committee recently that he and Dr Fox are making "trips around the world" to find out,

"how we might mitigate the impact",

of Brexit. The way to mitigate the impact of Brexit is not by the gratuitous accumulation of air miles. It is by staying in the customs union and the single market.

As for the notion that everything is going to be solved by technology—that we can set up border controls in Northern Ireland, Dover and Calais but they will be magically invisible and frictionless—that policy would last about as long as the Government's social care policy when the frictionless and invisible border controls become queues of trucks on the M2 and M25 stretching to Watford.

I turn to the vexed question of immigration. Last June, the British people did not vote for fewer jobs and more poverty, but they do appear to have voted for more control over immigration. This is a difficult issue for me. I am the proud son of a Cypriot immigrant—a postman for 35 years, who loves this country and who put far more into the Treasury than he ever took out. The anti-immigrant rhetoric of the leave campaign, particularly Nigel Farage's disgraceful "Breaking Point" poster, made me—and, I think, many others in the House—physically sick.

However, I approach this, too, from a point of principle. Any state worth the name must have control of its borders. Here is the crucial point: an absolute, unlimited right of free movement is not an indispensable requirement of free movement of goods, services and capital. The doctrine that we cannot have one without the other is a false doctrine—we are not dealing with the Holy Trinity, one and indivisible; we are dealing with EU doctrine, which is mortal and fallible—and is in fact contradicted by the most cursory examination not only of other customs unions but even some federal states.

I agree with President Macron's adviser Jean Pisani-Ferry, to whom the noble Lord, Lord Hunt, just referred, who said recently:

"There can be no doubt that the Leave campaign tapped into seams of genuine concern about the scale and speed of immigration. Free movement of workers is not indispensable for the smooth functioning of economic integration in goods, services and capital".

Baroness Goldie (Con): My Lords, this is terribly well informed and hugely entertaining but a very long five minutes.

Lord Adonis: My Lords, I thought I was moving an amendment to the Address. I thought the Government would give me a little longer to speak. In that case, let me cut to the end. I did have more I was going to say.

The issue that is clearly at the heart of my noble friend Lady Hayter's amendment is "exact same benefits". I suggest that this is a form of words which obscures a real and fundamental difference between us. The key question is: what happens if, as is almost certain, David Davis proves unable to negotiate these exact same benefits? Are we to crash out of the single market and the customs union, or are we to seek to stay in? The Prime Minister has made it clear that, in this eventuality, she would seek to crash out, but the right thing for the country is surely that we do precisely the opposite and stay in.

There are precisely 639 days between now and 29 March 2019, when on present policy we will automatically leave the EU on terms likely to be very bad for the UK. At a different historical crossroads, in 1963, Martin Luther King urged:

"This is no time for apathy or complacency. This is a time for vigorous and positive action".

If we do not make a stand today, there are not many days left.

4.55 pm

Baroness Smith of Newnham (LD): My Lords, I believe that the noble Lord, Lord Adonis, may just have taken my five minutes. I am also aware that when the noble Baroness, Lady Hayter, suggested that she would like to swap places with the noble Baroness, Lady Anelay, it is because we on this side of the Chamber can all see the noble Baroness, Lady Goldie, looking very cross when we go beyond five minutes. So I realise that I had better try to stick within five minutes and not lose the House with this first definite Back-Bench speech.

The idea of Brexit is a very new concept. It may seem as if we have been talking about it for centuries—like those teaspoons of water—but in fact the *Oxford English Dictionary* suggests that the idea of Brexit goes back only to 2012. It may be that we have talked about it on every day since 2012. I certainly remember the first time I heard the word "Brexit". It was in a Liberal Democrat working group and I thought, "This is a very bad word because it sounds as if the idea of leaving the European Union is concrete and might actually happen". I was clearly right to be rather worried about the concept of Brexit.

Five years on, Brexit has managed to have a referendum and a general election, where the Prime Minister said that she needed a bigger mandate to get a smoother transitional period for Brexit. Well, that did not go very well, did it? We do not now see a Government with an enhanced mandate for Brexit or a strong and stable Government. We see a rather weakened Government, and perhaps a greater opportunity for us to talk on a cross-party basis about Brexit and how the country moves forward.

The Queen's Speech gave Brexit top billing. In the gracious Speech, we had the idea of making a success of Brexit and the eight pieces of legislation that are to be brought forward, as the noble Baroness, Lady Anelay, mentioned. Taking back control will, it seems, take a long time—not just a 12-minute speech from a Member of this House but the next two years for this and the other place to think through the legislation that will be needed to ensure that when we finally leave the European Union we do not fall off the cliff edge.

In the notes associated with the gracious Speech, the Prime Minister said that Her Majesty's Government would respond "with humility" to the views of the electorate. Can the noble and learned Lord, Lord Keen, tell Members whether that will mean a greater willingness on the part of the Government to listen to what the Opposition might want to say? I wonder whether they will understand that when amendments are put forward in a spirit of genuine scrutiny in a genuine attempt to make legislation better, it does not always mean that we are being unhelpful and that sometimes it would be better to stop and listen.

This time last year, some of us were talking about cross-party responses to the vote to leave the European Union. After I had mentioned that, it was pointed out to me that at the time it was not my party's policy to look at cross-party solutions. So I am quite relieved that, since then, the outgoing leader of my party has suggested to the Prime Minister that she should think about working on a cross-party basis. Various Members of your Lordships' House have talked about that today, particularly the noble Lord, Lord Hunt. The point of dealing with an issue such as Brexit is that whether we wanted to leave the EU or not, it is something so cataclysmic for our country that we need to get it right—and it makes more sense to do that working together than simply being oppositional for the sake of it. But that of course means members of Her Majesty's Government also being constructive, and listening.

For the last year, Members of your Lordships' House with, I would suggest, only two exceptions—the noble Lord, Lord Pearson of Rannoch, and whoever the fall guy is on the Government Front Bench—have all said that we should guarantee the rights of EU nationals resident in the United Kingdom. In July last year, I raised the issue for the fifth time in three weeks with the fourth different Minister. The Minister who had to respond on that occasion was the noble and learned Lord, Lord Keen. I am delighted therefore that he is in his place today and that whereas Prime Ministers, Chancellors and others, including Ministers for DExEU, have left office, he is still here to answer questions. I would like to know whether he is able to guarantee that the costs of applying for residency and the rules that will be in place will be simple. At the moment, we are told that they will be brought forward in due course. I am winding up now. This time last year, Ministers had two stock answers. One was, "Nothing changes until the day we leave". The other was, "This is a matter for the next Prime Minister". I am assuming that the noble and learned Lord will not be saying the latter today—but we can live in anticipation.

5.01 pm

Lord Armstrong of Ilminster (CB): My Lords, I have made no secret of being an unregenerate remainer, but that is not the burden of my song today. We are where we are, and the question is how to get the best possible outcome.

On 23 June 2016, the British electorate decided to vote, by a small but clear majority, for the United Kingdom to leave the European Union. That vote was in effect an instruction to Parliament and the Government to do what was necessary to give effect to that decision. On 29 March this year, the Prime Minister notified the European Union of the United Kingdom's intention to leave the European Union, an act she would surely have postponed until after the election, if she had known at the time that she was going to call an election so soon.

On 8 June, the British electorate were specifically asked to vote the Government a larger majority in the House of Commons, to give them greater strength and stability and to strengthen their hand in their negotiations with the EU. The electorate not only declined to do so, they voted to deprive the Government of the small overall majority which they had enjoyed and, in effect, to leave them as a minority Government, dependent on the support of members of the Democratic Unionist Party, dearly bought with the promise of a large sum of taxpayers' money. The electorate are speaking with an uncertain and inconclusive voice. The Government have lost strength and stability. They have lost their authority to speak with a clear and strong voice for Britain in the negotiations with the EU. If the history of minority Governments in this country is any guide, they have months, not years, to survive.

Those negotiations are going to be very long, complex and difficult. Their outcome will be of crucial importance for the future prosperity and success, and perhaps the coherence, of the United Kingdom. As the Prime Minister understood when she decided to call the election, the Government who undertake these negotiations need to be strong and stable, with the prospect of being in office for a full parliamentary quinquennium. What is more, as this debate is showing, there seems to be no clear agreement in the country, or in the Government or indeed in the Cabinet on what sort of outcome we should be seeking to achieve in these negotiations. Those responsible for conducting the negotiations need to make up their collective minds about what the objectives should be.

Whether you are a remainer or a leaver, it cannot be sensible, and it cannot be in the national interest, that these negotiations should be carried forward by a Government so lacking in the strength and stability they sought to gain, so deprived of authority to represent the country, so unclear about their negotiating objectives and so unlikely to survive for long enough to bring the negotiations to a successful conclusion, even within the 21 months remaining under the Article 50 timetable.

I feel very sorry for the Prime Minister. When she goes into the European Council chamber, I am sure she is greeted by her fellow Council members with courtesy and, for the most part, genuine friendliness but, as she must be uncomfortably aware, they must

[LORD ARMSTRONG OF ILMINSTER]

inevitably be wondering to themselves how much longer she will be coming to their meetings and whether they should be making concessions to someone who may well no longer be Prime Minister when the final deal comes to be struck.

We have today a country that is deeply and dangerously divided on many issues. The future relationship with the European Union is the biggest of them, and one that not only divides the nation but distracts political and public attention from many other issues that are in themselves no less pressing. I do not really believe we are ready to enter into these negotiations, and I believe it is strongly in the national interest to put them on hold for the time being until they can be resumed under the auspices of a Government who have the strength and stability to represent the UK with authority, who are sustained by a greater degree of consensus than now exists about the outcome we wish to achieve and who have a reasonable prospect of being in office for long enough to be able to bring the negotiations to a successful conclusion. This would make it necessary to stop the Article 50 clock, which is ticking remorselessly away. To this end, we shall need to withdraw for the time being the notification of our intention to leave the EU that was contained in the Prime Minister's letter of 29 March 2017. That could be reactivated in due course when we are really ready to carry out the negotiations.

That is the purpose of the amendment that I am proposing to the Address in reply to the gracious Speech. It is a course of action that I believe is imposed upon us by the realities of the situation and is in the national interest.

5.07 pm

Lord Lamont of Lerwick (Con): My Lords, I follow my noble friend Lord Hunt in appealing, perhaps in vain, for rather more cross-party consensus on this issue.

I also want to follow, from a different perspective, what the noble Lord, Lord Wallace of Saltire, said, deploring the nature of our debate, the empty phrases there have been and the tilting at windmills that has gone on. We have heard a tremendous amount about objections to a "hard Brexit", but the people who say that so seldom define what they actually mean by it. I can think of three or four meanings of the term. Another phrase that has aroused ire has been the Prime Minister's statement that no deal could be better than a bad deal. By saying that, the Prime Minister never meant her goal was that she was aiming at no deal. As the noble and learned Lord, Lord Brown, said, it is obvious common sense that it would be ludicrous to say any deal was better than no deal; that would not put British negotiators in a strong position and it is an illogical statement.

We all know that in politics a good cry works wonders. We see the phrase "the single market" waved around as though that was an argument in itself. The question is not the single market but membership of it. Why should membership of the single market have any advantage over a free trade deal with it? That is the real question. Most puzzling of all—I was amazed by what the noble Lord, Lord Adonis, said—we also

get the phrase "the customs union" waved around as though it was an argument in itself. I thought we had come a long way; I thought we believed in free trade. Many of those who advocate remaining in the customs union, behind the tariff wall, are those who used to deplore the stalling of the free trade talks and the Doha round. One would have thought they would have been well beyond the idea of a customs union, an idea that I think is completely outdated. Then we are told, "Well, we must have a Brexit for jobs and for the economy". We can all say amen to that; it is precisely the object of the negotiations.

I listened with great admiration to the speech of the most reverend Primate the Archbishop of Canterbury when he talked about the need to remove or lessen the toxicity of this debate. He appealed for more mutual understanding. He put forward the idea of a joint commission. I do not agree with that, but I understand and agree with the spirit behind his idea. We should not be against co-operation, we should not be against consultation with other parties, if it is done seriously and sincerely. In fact, the manifesto positions of the two main parties have an awful lot in common. I say the two main parties because I obviously exclude the Liberals, who seem to have adopted the position of Bertolt Brecht in 1953 after the East German uprising, when he sarcastically stated that the Government should dissolve the people and elect another. It ought to be possible to transform the public mandate for Brexit into a political consensus between the main parties.

It is hardly surprising that the position of the two main parties has been converging because, although it is not popular to say in this House, the public recognise the need to control our borders, not least at a time when the population increased last year by 580,000 people. Of course, with control we will still be able to have come as immigrants into this country people with the necessary skills, or the necessary unskilled people to fill certain jobs, but the public have made it very clear that they wanted tighter control of our borders. Once one has accepted that, once one has also accepted free trade, the logic is inescapable that one must leave the single market.

There is so much that we agree on, so much that was agreed in the two manifestos, such as the position of EU nationals, in principle. We possibly need some transitional phase—only in the sense of implementation—in order to have no cliff edge. The noble Lord, Lord Hill, the former Commissioner who has so much experience of the EU, advised this House—I think he was advising the Brexiteers particularly—that we should watch our rhetoric because, he said, Brussels follows what is said and what is written in the British newspapers; it follows our debates. I agree, but that advice applies to both sides; it applies to the noble Lord, Lord Wallace, and the Liberals as well. They should be careful of their language. Whatever our views, it is in the interests of everyone and in the interests of the country to get the best deal. There will be ups and downs in the negotiations. Pouncing with glee on any remark made by Monsieur Barnier or any moment when some request by the British side has been rejected is not helpful or in the national interest. The wrong rhetoric here can give the wrong impression in Brussels.

Brexit has not been altered by the election result: 580 MPs ran on manifestos that promise to honour the referendum result and explicitly to leave the single market and end free movement, and this House by consensus should support that.

5.13 pm

Lord Mandelson (Lab): My Lords, in the spirit of the noble Lord's plea for cross-party agreement, perhaps I may say how much I agree with his successor as Chancellor of the Exchequer. I agree with Philip Hammond when he said that we cannot retain the trade advantages of EU membership without shouldering certain costs and compromises. These are precisely the costs and compromises which the Government's inflexible red lines rule out.

After Brexit, we can trade with the European Union—of course we can—but on our present trajectory, the frictionless border and preferential treatment that we currently enjoy will be things of the past. Let us assume that the Government get through the withdrawal phase of the negotiation. The Government say that they want to negotiate a deep and ambitious free trade agreement that is as good for services as it is for goods. But even if we achieve an agreement to eliminate tariffs on goods—and that is the easier hurdle we will have to cross—we will face considerable customs costs and barriers unless we stay in the EU's customs union, with its streamlined bureaucracy, its automatic mutual recognition of standards and assured origin rules governing trade. In principle you could still seek something like this via a negotiated customs agreement—but this would be less robust; it would be neither quick nor easy; and we would still have to show considerable flexibility to get it.

On services, at the point of departure we will have regulatory harmonisation, but we will have to continue this model to maintain the status quo in cross-border trade in services. The alternative is to lose our rights and our automatic access, and no amount of wishful thinking will change this. Any free trade agreement worth its name, furthermore, will have to ensure a level playing field in competition policy and state aid, as well as in tax, social, environmental and regulatory measures and practices—and all subject to enforcement by the ECJ or some equivalent body if our market access is to be sustained.

These are the facts of which Philip Hammond is acutely aware, and which the Prime Minister chose to obscure in her original Lancaster House speech, when she talked of some form of "regulatory co-operation" with the EU, which she thinks will preserve sovereignty on both sides while simultaneously creating full market access for goods and services. This is not going to happen—unless, of course, she means that we are going to exercise our sovereignty by freely aligning ourselves with European rules and regulations over which we will have no control following our departure from the European Union.

People say to me that, in trade, "Leaving the EU is like a divorce in which you can then pay to get all the access you want". This is not so. It is not just about money, it is about rules—rules for access, especially for cross-border trade in services. That is why at every stage in this negotiation we will face difficult choices

in deciding how far we take our regulatory autonomy outside the single market versus securing our current trade in it.

We know where the hardliners will come down. They will come down for maximum autonomy. But they should also tell the truth about the implications of this for our future trade and prosperity. This is what lies at the heart of Philip Hammond's disagreement with his colleagues. He knows that those who want Brexit at any cost are prepared to give up any amount of trade for the sake of the sovereignty they crave. He tries to mask this disagreement by saying, "Let's leave the single market and the customs union by means of a slope rather than a cliff edge". That is certainly very sensible as a temporary way of protecting cross-border trade and the integrity of pan-European supply chains, but it postpones rather than eliminates the ultimate difficult choices we face, including what concessions we will make for visa-free travel for EU citizens with jobs to come to here in the UK. That is why I suspect he privately hopes that, once on the slope, we will not leave it—an eternal slope that stretches for ever into the far blue yonder.

We can only enjoy the exact same benefits of the single market and the customs union—and we have to face up to this and be clear with ourselves and the public in recognising it—by staying in them in some form. This is the real choice facing us as a nation. We must grasp this nettle and be honest about the implications either way. Parliament must provide this clarity by coming clean and being truthful with the British people that there are more options available to us than a hard deal or no deal—options that, yes, will leave us with less autonomy as a nation but which will give us none the less, very importantly, more prosperity, more economic growth and more to spend on those vital schools, our healthcare, our policing and our security. In my view, the British public are slowly beginning to wake up to this reality.

5.20 pm

Lord Jopling (Con): My Lords, I want to enlarge on two issues that I have spoken about in your Lordships' House previously. First, on the Brexit negotiation itself, I have always been an enthusiast for remain; I was desperately disappointed with the result of the referendum—but this is where we are. The nation spoke, and we should let those who led us into Brexit pursue their policy. They made extravagant and sometimes arrogant claims, but let them show what has never been shown before: the full implications of Brexit. We cannot go on in this House fighting the referendum all over again, which I fear we are hearing too much about. I spoke last year criticising those in the House who were talking about a second referendum. Likewise, I would be very unhappy to see any of the three amendments being agreed tonight. We should leave the Brexit enthusiasts to get on with it—one hopes while listening to advice—and then, in 2019, we shall see whether the negotiations lead to a triumph or a catastrophe. If it turns out to look like either a triumph or a catastrophe, of course Parliament will be in a position, with the promised vote of both Houses, to make a judgment. Much will then depend on whether public opinion regards Brexit as a triumph or a catastrophe. If Parliament

[LORD JOPLING]

were then to reject the deal, then, and only then, would there be a case for a second referendum, which would be only one of several future options.

I turn to the second issue that I want to raise. We were told that there is going to be an agriculture Bill, and I want to refer to the implications of Brexit for agriculture. I repeat my interests in agriculture as a farmer. In Monday's debate, some reference was made by the noble Baroness, Lady Parminter, and my noble friends Lady McIntosh, Lord Colgrain and the Duke of Wellington to the importance to agriculture of import levies. I remind the House that after the Conservative defeat in 1964, for the 1966 and 1970 elections the Conservative Party adopted a new form of agricultural support in the form of import levies. That was, of course, before we joined the European Community. It was clear then that to move to import levies had little effect on shop prices for food. Indeed, if you were to perpetuate import levies in future, that would have even less effect on the price of food because food is becoming less and less a part of the household budget and farm gate prices have become less and less part of shop shelf prices.

I am concerned about talk that I hear about moving to a free trade policy for agricultural products. I just make the point that if we were to do that United Kingdom agriculture would be hit hard twice over, first, by moving away from the present system, where we have protection by EU import tariffs on third-country imports, and a second time by having to face the prospect of our exports going to the European Union and having to face its external tariffs, which would continue. I believe it is essential, in the negotiations and in the Bill that is promised, that we do not set aside the chance to perpetuate the import tariffs that currently exist. They are, frankly, much the neatest way of supporting agriculture, which everybody seems to say is necessary. On both sides of the House I hear the desire to continue to support the agricultural industry.

5.25 pm

Lord Oates (LD): My Lords, the gracious Speech started with Brexit and ended with the estimates and other measures but, in reality, we all know that Brexit is the beginning and will most likely be the end of this Parliament, and that is a tragedy. It is a tragedy because the UK has so many pressing challenges from which we will be distracted by a process which will do us incalculable harm. It is a tragedy because already the country is poorer. The slide in sterling, the consequent rise in prices and stagnation in wages have made us all worse off. It is a tragedy because we are more divided than ever. The referendum split us almost down the middle. The election, which was supposed to deliver a decisive mandate, instead left the Prime Minister and Government weakened and served only to underline the continuing division in the country. Today, the Conservative Cabinet is unable to maintain even the semblance of a united front on Brexit. Its divisions are daily played out in public for everyone to see.

It is a tragedy because as a country we are already diminished, our integrity sacrificed to the absurd and morally bankrupt notion that you can or should carry

out your negotiations on the backs of the lives of millions of fellow European citizens who, because of our failure to honour our promises, live today in uncertainty and continuing distress. We had a solemn obligation to provide those European citizens with the guarantees that the Vote Leave campaign had promised them. By doing so, we would also have helped to provide the reassurance that British citizens in the EU also so desperately need, but we did not. Instead the Government waited more than a year and then, on Monday, published a policy paper that offers no certainty at all. Instead of upholding our promises to EU citizens, we have offered a set of proposals for negotiation and nothing more. It is, therefore, worth recalling the commitment that was made by the leave campaign; on this at least they spoke clearly and unequivocally:

"There will be no change for EU citizens already lawfully resident in the UK. These EU citizens will automatically be granted indefinite leave to remain in the UK and will be treated no less favourably than they are at present".

There is no ambiguity in that, no caveat that these matters would be dependent on negotiations, no qualification at all. Every Brexiteer in the Government, every Brexiteer in the House of Commons and every Brexiteer in this House should be reminded of that statement every single day. It is their badge of shame, but they have hung it around the neck of this country.

Though I decry the failure to provide certainty, I at least give a muted welcome to the publication of the Government's policy paper on safeguarding the rights of EU citizens and British citizens in the EU. I do so because it at least sets out some sort of framework for the rights that EU citizens will have post-Brexit and a bad deal, as we know, is better than no deal at all. The Government state in their policy paper that a fair and reasonable fee will be charged for EU citizens gaining settled status in the United Kingdom. I put it to the noble and learned Lord, Lord Keen, that as the EU citizens concerned find their status changed and their lives disrupted as a result of a decision in which they had no part, the only fair and reasonable fee is no fee at all. If he will not accept that, will he at least agree with me that the current fee of nearly £2,000 for indefinite leave to remain would be neither fair nor reasonable but an outrage?

The gracious Speech tells us that repealing the European Communities Act will provide certainty for individuals and business, when it will do the opposite. It tells us that legislation will ensure that the United Kingdom makes a success of Brexit, when legislation alone can do no such thing. It tells us that a new national policy on immigration will help achieve that success, when it is far more likely to impoverish us all.

The people who will pay the price for Brexit in lost jobs, squeezed living standards and reduced opportunities will not be the champions of Brexit—the super-elite of proprietors and editors, offshore millionaires and former Cabinet Ministers. It will be, as it always is, those who can least afford it who will have to pay the price for the ideological zeal of others.

I hope and pray that in this Parliament some sense will return and that the majority who could ensure a sensible and pragmatic approach to Brexit will come together across party lines and prevail. I will make my

contribution tonight by supporting the amendment of the noble Lord, Lord Adonis, in the Division Lobby.

5.31 pm

Lord Kerr of Kinlochard (CB): As the noble Lord, Lord Howell of Guildford, pointed out at the start of our debate, it is odd that we come to the EU so late in our debate, given that it is so central to the country's position.

I pay tribute to the noble Baroness, Lady Anelay, and welcome her back to her bed of nails. I also pay tribute to her predecessor, who filled the gap between Anelay and Anelay with great distinction—Bridged the gap, I should say.

There are many odd features to the situation in which we find ourselves. It is very odd to start a negotiation in which you are demandeur by laying down the things that you will not accept. You are demandeur, but you say from the word go, "We will not have the ECJ. We will not have free movement. We will not have this customs union. We will not have the single market. We will have no EU law and no EU regulation". That is a very odd way to begin. It is very odd to conclude, without any parliamentary or public consultation because the election was not about Brexit—Brexit was the excuse and not the subject of the debate in the election—that the definition of Brexit which the referendum called for is the one based on all the things with which we will have no truck in future.

It is even odder to do so, when you think of it, given that Mr Johnson in the referendum campaign told us repeatedly that no one was even talking about leaving the single market. Therefore, if the electorate were absolutely clear that we should leave the single market, they must not have believed Mr Johnson. That is unthinkable, surely. It is odd to start a negotiation by alienating the others through insulting them for the concerns they have expressed about President Trump, not going to their meetings and accusing them of intervening in our election. That is resented across the channel, I have to tell noble Lords. It is resented and I cannot remember a time when this country was so isolated and impotent in Brussels as it is now. I say that very seriously.

It is odd, if we want a deep and special relationship, not to have proposed one. A year after the referendum, we have still put forward no plan, suggestion, outline or proposal for how one might in future organise co-operation on foreign affairs, security, anti-terrorism, the environment, energy and a range of subjects such as research and universities where we hope the Prime Minister means what she says. If she means what she says, it would be very good to prove it. Where is our proposal? The treaty requires the divorce lawyers to look, before they finish, at the framework for the future relationship. Where is our draft framework? If we were to put forward, positively, a framework for the future relationship, that would change the atmosphere of the negotiation.

It is also odd to put ideology above pragmatism, and to pay so little attention to people who are directly affected. Business warns that leaving the customs union would seriously damage manufacturing, particularly manufacturing that relies on complex, just-in-time

supply chains. Take cars: the motor industry employs about 800,000 people now, directly or indirectly, and it gets 60% of its components from elsewhere in the EU. A hard Brexit, with an exit from the customs union—it is not the tariffs but the customs union's duties and bureaucracy which really hit just-in-time component supply—would render probably more than 50% of British motor car production unprofitable. That is a very alarming thought, and business is saying this to government. I am not yet convinced that government is listening.

Business and the City warn of the hit to the service industries, particularly finance and the fast-growing digital economy if we leave the single market. Here I say, with great regret, to the noble Lord, Lord Lamont, that for the first time I have detected a hint of naivety in him. There is a difference between selling to the single market and being a member of it. When we can no longer craft the rules, I have to tell the noble Lord, they may over time come to be skewed against us—that is just possible. If we could no longer guarantee free access to our 500 million market, our business and foreign investors will look for a host country which can, and some are already doing that. Of course, the gracious Speech talks of forging new trade relationships around the world, and maybe over time we will. However, the analysis that the Treasury is not allowed to publish shows that the economic benefits of future FTAs with the EU and third countries would be considerable, but considerably less than the cost of quitting the customs union. We lose on the deal. The NIESR estimates that the numbers are 5% on the upside and 22% on the downside.

On farming, I heard the noble Lord, Lord Jopling. I worry about the quadruple whammy for the farmer: less migrant labour, lower subsidy, restrictions on sales to their biggest export market—the European Union—and, possibly, cheaper imports as quotas are abolished. He is right to warn us. Mr Fox's new friends around the world will be targeting the British food market as they seek reciprocal concessions from us. Remember that trade negotiation—the noble Lord, Lord Mandelson, knows it better than anybody else—is a mercantilist arm-wrestling. It is a rough, tough game. Read the Trump inaugural speech.

But does it all have to be like that? I do not think so. On the single market, it is not that I am convinced by the Norway option, which used to be Mr Farage's option, and which was so well explained by my noble and learned friend Lord Brown of Eaton-under-Heywood in our debate this afternoon. When we leave the EU, the provisions of the EEA treaty will no longer apply to our territory, so getting into the EEA would require us to go around to the front door, which is EFTA. We would have to apply to join it, and I am not sure that its present membership would be all that keen to see us. One thinks of rowing boats and elephants. However, my noble and learned friend Lord Brown is on to a very good point. I am not sure that membership of the EEA is the answer, but we could be proposing something similar right now—we could be making a proposal. We should be making a positive proposal. As for a customs union with the EU, which is the key to avoiding a hard border in Ireland, Norway does not

[LORD KERR OF KINLOCHARD] have one, while Turkey does but it does not extend to agriculture. We could, however, try proposing one that did apply to agriculture, and we could do that right now.

The best way to maintain growth and jobs and to lessen the economic heat is to put our pride in our pocket, stop drawing self-harming red lines, change our tone, try diplomacy and seek to stay in or closely alongside the single market and the customs union, which successive UK Governments, whose members include many in this House, have worked so hard down the years to build. That is why I sympathise with all three amendments but I particularly welcome the one proposed by the noble Lord, Lord Adonis.

I apologise, but I would like to add one 30-second point concerning diplomacy in these islands. In December, the Scottish Government, as the noble Baroness knows well, put forward their White Paper making a strong case for the United Kingdom staying in the single market. On 19 January, the Prime Minister announced at Lancaster House that we would not stay in the single market. There had been no response to the Scots and there was no prior warning to the Scots; nor have the Scots—or, I believe, the Welsh—seen the repeal Bill, which we are about to see at any moment. There was no consultation on the White Paper or on the Article 50 letter and, as I understand it, no consultation on this week's citizens' rights paper. I, like the Prime Minister, believe that the union is "precious", but that is no way to defend it. She needs to come good on her July promise—which I warmly welcomed—to build UK positions in this negotiation, and that means making a reality of consultation with the devolved Administrations. We need less arrogance and more democracy, at home as well as abroad.

5.41 pm

Baroness Hooper (Con): My Lords, in the interests of time, I shall move directly to the main focus of my remarks, which concerns the overseas territories. These issues may be niche business but, after all, the devil is in the detail. They were not mentioned in the Queen's Speech or in my noble friend's otherwise admirable introduction. I, too, wish her the best of luck in her new department.

I start with border issues. It is not just for Northern Ireland that there is a problem. Two of our overseas territories have borders with EU countries. The first is well known in your Lordships' House and figures in the European Union Committee report that we debated in March. I speak, of course, of Gibraltar. The second may come as a surprise. It is Anguilla—one of the smaller overseas territories in the Caribbean—which has a border with metropolitan France in the shape of the island of St-Martin.

I am aware that assurances have been given by Brexit Ministers to the Government of Gibraltar—for example, pledging to defend and protect not just Gibraltar's sovereignty but its economic well-being, and stating that the United Kingdom will not enter into any new agreement with the European Union that may be relevant to Gibraltar if the Spanish Government try to exclude Gibraltar from the application of such agreements. It would be helpful if, in winding up, my

noble and learned friend confirmed that those assurances will be adhered to during the Brexit negotiations. I hope that he will even be able to give us additional comfort.

In Anguilla's case, we are talking of a marine border. The islanders suffer an effective curfew in that each night French St-Martin closes its border with Anguilla, denying the only viable access to the island. Incidentally, Anguilla is also rare among our overseas territories in that most of its developmental aid comes from the European Union and there is no UK equivalent to which it is currently entitled.

All the overseas territories are anxious about our exit from the European Union, whether in relation to the replacement of current EU funding, educational opportunities, environmental research and regulation—which impinge on the considerable biodiversity of the overseas territories—climate change or, as in the case of the Falkland Islands in particular, fisheries regulation. The Government must ensure that the interests of all these tiny territories are not forgotten or swept under the carpet. I would be glad of confirmation of this from my noble and learned friend.

I will make two other different points. In the brave new world that we are told awaits us post-Brexit, we expect to enter into bilateral trade agreements all over the world. I hope that Latin American countries are included in the preliminary meetings and discussions being undertaken by the relevant Ministers. I look forward to discussing the possibilities more when we consider the proposed trade Bill.

My final point is this: like others, I am generally unhappy at the tone of some of the Brexiteers in seeking new arrangements with our partners in the European Union. It seems unnecessarily belligerent. Members of the other place who suggest that if the Lords attempt to oppose the Brexit process they will,

"be courting ... the kind of political meltdown we have not seen for a century or more",

should realise that these exaggerated statements invite more moderately minded people to take exception and maybe even consider amending or opposing the Bill in an equally belligerent way.

Like my noble friend Lord Hunt of Wirral, I hope that we will be able to forge a new special relationship with all those countries with which we have been working, for the most part happily, over the last 50 years. We should not just be looking for the best deal.

5.46 pm

Baroness Massey of Darwen (Lab): My Lords, there have been many excellent reports on Brexit from the House of Lords Select Committees. I declare membership of the Home Affairs Sub-Committee. But none of these committees has discussed the specific impact of Brexit on children. Today I shall call for government action. Children are our future and Brexit could influence that future without our children having had a say.

I am concerned about many aspects of children's rights and welfare under Brexit and I am grateful to many charities and academics who have expressed similar concerns. I am particularly grateful to Professor Helen Stalford from the Children's Rights Unit at Liverpool University for her incisive analyses. I am

grateful to Eurochild for issuing, last week, a call to action on Brexit and for seeking dialogue with EU and UK negotiators.

I shall reflect briefly on three issues: children and employment, the rights of migrant children and family law. I shall touch on concerns about children from Wales, Scotland and Northern Ireland. The main purpose of my speech today will be to call on the Government to set up a special investigation into the effect of Brexit on children, and to agree to meet interested experts and respond in detail to their questions.

First, on children and employment, following Brexit, the UK will be free to amend any domestic law or policy on employment equality. That could impact negatively on the children of workers and on child poverty rates. Workers under 18 could be affected by pregnancy and parental leave directives or health and safety standards. Migrant children will probably no longer fall under the EU free movement provisions unless a special arrangement is negotiated. They will no longer benefit from automatic rights of entry and residence, and will not necessarily have access to equal pay as they enter adolescence. Their parents may not be able to claim benefits for them and they may have to pay higher fees to access higher education.

The EU can ensure that public law decisions to protect children can be enforced in countries of which the child is a non-national. One advantage is cross-border recognition and the enforcement of family judgments, including contact and residence issues in member states and child maintenance arrangements. EU law places an emphasis on children's rights and is quick and easy to apply. In the future, will we have to reach bilateral agreements on family law with other countries?

Wales, Scotland and Northern Ireland have all expressed reservations on Brexit, fearing, as a Scottish Government report says, fundamental change in public services, the law and the economy. YouthLink Scotland has called for young people to be heard in Brexit negotiations, and I agree. The Wales Observatory on Human Rights has pointed out the probability of the loss of EU structural funds and projects to tackle poverty and improve youth employment. The Children's Law Centre in Northern Ireland fears the real possibility of destabilising the Good Friday agreement. An assumption of continued membership of the EU permeates the peace process and was not considered in the decision to hold the referendum. Many projects that support vulnerable young people in Northern Ireland are funded, at least potentially or in part, through the EU—as is the peace process itself. Over 600 children a day cross the border to attend school; many have cross-border health appointments.

I have related but a few examples of how child rights and welfare may be negatively affected by Brexit. We must now ensure that the calls for action are heard—calls to listen to children and young people, providing assurances that the existing rights of children are protected, not just in the UK but across Europe, and that the peace process in Northern Ireland is respected.

Brexit negotiations are proving to be lengthy, time-consuming and expensive. Many House of Lords Select Committee reports foresaw this. But in the midst of

the turmoil we cannot risk the rights and welfare of children. If we do, we will not be forgiven—nor should we be. Surely it is better to slow down, think, consider options and get this right for children. I look forward to what the Minister has to say on this and to further discussions on this vital topic. Will the Government listen to concerns about Brexit and children? Will they ensure that the welfare of the child is paramount, as enshrined in the UN Convention on the Rights of the Child?

5.51 pm

Lord Wigley (PC): My Lords, I will concentrate on the economic framework for the UK's withdrawal from the European Union, both in general and with regard to the implications for Wales. Other important matters for Wales, such as the cynical bypassing of the Barnett funding formula to buy the DUP, can perhaps be pursued another day.

Let us first recall the background to the general election. The Prime Minister called it supposedly in order to get a mandate for her approach to the Brexit negotiations. She clearly felt that she did not have a clear mandate from either the previous election manifesto, when her party advocated remaining in the EU, or from the referendum. That certainly gave her a mandate to leave the EU, but no mandate for negotiating any specific alternative relationship with the EU, which should have been central to an exit strategy. The Prime Minister was right to seek a new mandate in these circumstances. She needed democratic endorsement of the principles that she had outlined in her Lancaster House speech and the subsequent White Paper. She needed a mandate because, up to then, quite simply, she did not have one for those or any other proposals.

Sadly for her, she still does not, for it all blew up in her face. The general election has not given her a mandate for her approach to the Brexit negotiations, as the noble Lord, Lord Hunt of Wirral, acknowledged earlier. So we in this Chamber, notwithstanding the Salisbury/Addison convention, have every right to consider each proposal on its merits and not be expected to rubber-stamp what we in all conscience may believe to be a mistaken way forward. Both Houses have the right to consider, approve or reject the package that may eventually be negotiated with our EU partners. That should always have been the case: for if the Parliaments of each of the 27 other member states have the right to reject the final agreement, surely, on any basis of equity, so must we.

If Parliament were to reject such an agreement, it would trigger one of two options before final ratification. There could be a general election—and if the Government lost, it would be a matter for a new Government, depending on the mandate that they had secured, to renegotiate, to quit the EU without agreement, or to withdraw the Article 50 application—as EU partners have indicated is possible. Alternatively, a second referendum could approve ratification, with a refusal to approve leading to a withdrawal of the Article 50 application and the UK remaining in the EU. Knowing that these are options awaiting this battered Government two years down the road, the most sensible way forward now would be, as other noble Lords have suggested, to seek cross-party agreement on the type of Brexit that

[LORD WIGLEY]
might command widespread support. That needs all parties to recognise that Brexit is going to happen—something that I find hard to swallow—but that the type of Brexit has to accommodate the economic needs of these islands.

I believe that the key principle is that of full single-market participation. That was proposed by the Welsh White Paper, which got cross-party support in the National Assembly. Its principles have the support of the Scottish Government and of individual politicians in Northern Ireland. This approach would require the EU to accept some controls over open-ended migration, but an acknowledgement by the UK that those coming here specifically to work would have the right to do so. It would deliver the free movement of goods and services without tariffs or technical barriers, and as such it would overcome the difficulties for trade between Ireland and the UK. It could also solve the Gibraltar difficulty.

This would hopefully allow the UK to negotiate at least associate membership of certain EU-based organisations such as Euratom, the Erasmus programme and Europol. We would need to respect EU regulations which provide a level playing field for traded goods. That, presumably, is the Government's intention, since the repeal Bill does not, of itself, change any EU regulations that currently apply to the UK. The repatriation of powers over matters that have been devolved to Wales and Scotland should automatically be transferred to the devolved Administrations. If there is a case for UK co-ordination, let that come about by agreement, not by central diktat.

The single-market participation model would provide a status that would be analogous, though not identical, to that currently enjoyed by Norway. During the referendum, some advocates of Brexit recommended Norway as a model of the way forward. I noted with interest the points made earlier by the noble and learned Lord, Lord Brown, with regard to EEA status. We will, none the less, be outside the EU. As such, we in Wales, who have benefited so much from EU structural and regional funding, will expect that funding to be fully replaced by the Treasury, as promised at the time of the referendum.

Brexit will dominate this Parliament and might well define its duration as well as its agenda. The election result has told us that the people do not see any one party having a monopoly on wisdom. They instructed us to find a consensus. I appeal to Ministers to seek new levels of co-operation—and in that I echo the noble Lord, Lord Hunt—both between parties at Westminster and also between London, Cardiff, Edinburgh and Belfast, and, I suggest, Dublin. The survival of both this Parliament and this Government depends on such new thinking—as does a sensible outcome to the Brexit crisis.

5.57 pm

Lord Robathan (Con): My Lords, like everyone else who wishes to speak in this debate, I have a great deal to say, but perforce I am constrained by time limits, so I shall be brief, noble Lords will be pleased to hear. I

will say a few words on exiting the EU and then a few on the current position regarding defence.

I am not a fan of referendums. I was surprised when David Cameron called one and not entirely happy. But we had one. This Parliament abrogated responsibility to the people and the people have spoken, much to the distress of many others, I know. But to those who want to stop Brexit—and I have heard one or two speeches that seemed to say they would like to—I say that we must listen to the democratic decision of the people. I was particularly struck by what the noble Lord, Lord Adonis, said. He made a very good speech, but he was ignoring the fact that we had had a referendum and its result.

I am not going to pretend that this is easy, but leaving means that there is no jurisdiction for the ECJ. I have always believed that our courts—there are several distinguished jurists here; I see one at least—should be admired and are not the enemies of the people. But why do others seem to trust judges from other countries that do not have a history of admiring the rule of law or a history of incorruptibility over our own judges? I do not.

Leaving means not being in the single market, as indeed David Cameron downwards said during the referendum campaign. Most of the rest of the world is not in the single market. I will name two places, one big and one small: the United States and Hong Kong. They seem to do pretty well without the single market.

It is the same with the customs union, and here I agree with my noble friend Lady Anelay on the Front Bench. Although I have disagreed with her on one or two other issues in this regard, I agree that if we remain in the union we will give up our sovereign control. The people voted to take back control. I also believe in democratic accountability, as do most people in this House. So I ask: to whom is Jean-Paul Juncker democratically accountable? Indeed, it seems that his position is the antithesis of democratic accountability.

What surprises and to a certain extent distresses me is the lack of confidence among many people in the United Kingdom. It is not easy, but why do some run down the United Kingdom and consider that people on the continent do better? I point out in particular the noble Lord, Lord Wallace of Saltaire, with whom I have always got on pretty well—on one level. I do not think that the Europeans necessarily have the answer to everything and that we should run ourselves down. Why, at the beginning of this tortuous and difficult process, do we think that EU negotiators will be brilliant, while our own negotiators will be hopeless? There is after all only one UK Parliament—in a bit of disarray at the moment, one might say—but there are 27 other countries with Parliaments, there is the European Parliament and there is Wallonia, whatever that may have to say, to which the negotiators in the EU will be answerable.

Furthermore, some people seem to put the interests of EU nationals living here over the interests of our own citizens living in the EU. I personally wish no ill to EU nationals living here, who I am sure are mostly marvellous and excellent people, but I see my first duty as a Member of this House as to stand up for UK citizens.

Finally, what is the future of the EU? Has the eurozone crisis gone away? Will Macron and Merkel, known I think as the Mercron coalition, solve all the problems of migration, among other things? We shall see. I certainly do not foretell the future, but I will make one little prediction: that in 10 years' time, very few people in this country will say, "I wish we had stayed in the EU".

In the limited time available, I should like to turn briefly to defence matters. Our forces have been critical to the defence of Europe for well over a century. I spent a year of my life defending western Europe against the Soviet Union in the Cold War. I should like to say to my noble friends on the Front Bench, who I hope will take this message home, that the situation in defence at the moment is dire and has certainly not been helped by the depreciation in sterling over the past year. A headline in today's *Times* states, "Your Army is too small", Americans warn Britain". At a conference yesterday, the Chief of Staff of the US Army, General Milley, pointed out that you need boots on the ground. You need manpower, or indeed people power, not just for war but to assist a civil power after a disaster, such as happened after the terrorist incident in Manchester recently. We have too few people and we need to increase defence spending. Also at the conference was Professor Cohen, who said that,

"your military is too small. There is no question about that".

The National Audit Office published a report on the equipment plan from which I shall quote:

"The affordability of the Equipment Plan is at greater risk than at any time since its inception. It is worrying to see that the costs of the new commitments arising from the Review"—the SDSR—

"considerably exceed the net increase in funding for the Plan".

Today, the British Social Attitudes survey was published. It reveals that 39% of people now think that there is insufficient spending on defence, up from 17% 20 years ago. That says something about the way they are noticing how things are deteriorating.

In conclusion, if we are found wanting and not capable of defending our country, and indeed Europe, our interests and our values, because we have put other spending priorities first, the British people will want to know why those who are trusted with our defence did not pay sufficient attention to the problem.

6.03 pm

Baroness Jay of Paddington (Lab): My Lords, I want to focus on the role of Parliament, and specifically the role of this House, in delivering the Brexit legislation. This may seem slightly arcane in the context of some of the strategic issues that we have heard about in the debate, but those who campaigned to take us out of the European Union fervently asserted that this would restore the sovereignty of the Westminster Parliament. If indeed we are to take back exclusive control of our laws and law-making processes, we need to be sure that Parliament will play its proper constitutional role in the relevant legislation.

I have to say that the gracious Speech and the earlier White Paper, *Legislating for the United Kingdom's Withdrawal from the European Union*, are not encouraging, proposing as they do that a large number of measures

will need to be executed very quickly to meet the exacting timeframe of two years, both for the negotiations with the European Union and for this parliamentary Session. My suspicion is that we may find that it is the Executive—the Government—rather than Parliament who have taken back greater control. It is obvious, as several noble Lords have said in this debate, that Brexit will dominate our proceedings for the foreseeable future. We have had eight related Bills laid before us in the gracious Speech and an educated guess that some 80,000 pages of statute will need to be dealt with. All this places a huge burden on government departments as well as on Parliament, and given the time constraints as well as the parlous state of the Government's majority in the House of Commons, it would not be surprising if officials and Ministers tried to find short cuts and to cut corners through, for example, using secondary legislation to amend primary legislation using the notorious so-called Henry VIII powers, which as noble Lords are very well aware are subject to lesser scrutiny. When he spoke yesterday, my noble friend Lord Kennedy of Southwark flagged up concerns in this area, and your Lordships' Delegated Powers and Regulatory Reform Committee, as well the Select Committee on the Constitution, have already identified potentially serious problems.

Outside Parliament, the Institute for Government recently suggested that the Government should avoid undermining legitimate scrutiny by producing draft legislation and full impact assessments before Brexit Bills are introduced. I would like to draw special attention to the recent and detailed work of the Hansard Society in this area. Here I declare an interest as a trustee of the organisation. The society intends to publish a further guide to the scrutiny of the repeal Bill before Second Reading, a guide that earlier in the debate the noble Lord, Lord McNally, said the Government should seize with open hands. Be that as it may, the Hansard Society has already stated that,

"Parliament is to be asked to repeal, convert or correct a vast body of law emanating from the European Union and to give the Government future powers—the timing, scope and application of which cannot be fully known at the time the powers are granted ... Unless restricted by Parliament, the inclusion of widely scoped delegated powers to Ministers in uncertain circumstances could result in a substantial transfer of power to the Executive".

The Hansard Society is particularly concerned about the scrutiny of statutory instruments, and we should remember that it is expected that up to 1,000 statutory instruments may need to be considered in connection with Brexit. This House is, of course, well-practised and authoritative in such procedures, but there are now widespread calls for the Commons methods to be urgently reviewed.

After the Strathclyde review in the last Session of the relative powers of the two Houses on secondary legislation and the Government's subsequent commitment that they would not undertake any change in the law, I hope that your Lordships' House will continue to assert its proper constitutional position. Indeed, it is interesting that some of the current proposals to improve scrutiny in the Brexit process want to establish new joint ways of working between the Houses. The Institute

[BARONESS JAY OF PADDINGTON]

for Government suggests a committee to provide advice to the Commons on which measures should be subject to enhanced scrutiny procedures. The Hansard Society goes further with its proposal that a way should be found so that your Lordships' DPRRC, which of course has no Commons equivalent, reports its findings on Brexit legislation when a Bill is first introduced and does not wait until it comes to this House.

I have no doubt that Ministers will argue that anything that expands and complicates the scrutiny process will dangerously threaten the crucial two-year timetable, but it is imperative that sufficient time and attention is given to replacing the 40 years of EU-related law that determines so much of our lives today. If Parliament is prevented from doing this either by government tactics or by our own inadequate process, we really will be handing a proverbial blank constitutional cheque to the Executive.

6.09 pm

Lord Campbell of Pittenweem (LD): My Lords, I regret that I am a very poor candidate for the consensus advanced by the noble Lord, Lord Hunt of Wirral. I am so because in the immediate aftermath of the referendum my emotion was resignation, but as the debate has developed, I have become more convinced that the best interests of the people of the United Kingdom would be found in remaining within the European Union. The noble Lord may not find much scope for consensus if he talks to the Democratic Unionist Party because fresh from having extracted Danegeld from the Conservatives and having begun to exercise influence far beyond its numbers, it is important to remember that it favours a hard Brexit. It wants a hard Brexit with a soft border, if that does not seem to be internally contradictory. I find it difficult to see how those two ambitions may ever be reconciled.

However, I welcome the fact that proposals have now been made by the Government in relation to the rights of European Union citizens. Much more detail is clearly necessary, but I go back to the point made earlier by others: that our Prime Minister really missed a golden opportunity. By not publishing those details earlier, she inflamed the anxiety of people who are understandably concerned about their future. She might have occupied the high ground; she could have given comfort to those who seek it; and, more to the point, she could have set the tone for the whole of the negotiations which are now to be embarked upon.

As chancellor of the University of St Andrews, which interest is recorded in the register, I can tell the House that the Government have done little to convince the staff of that university—and, I suspect, of every other university in the country—that the research funding provided by the European Union will in the long term be replaced by any Government of the United Kingdom. People may ask where that money would come from if they did so. I do not think that it would come from the “money tree”—that expression now so beloved of Conservative Ministers—nor indeed from the £350 million painted on the side of the bus then directed by the blond bus conductor now elevated to one of the highest offices of state. It is not just

continuance of residence which affects so many sectors of the academic community in this country but access to European funds and the collaboration with peer groups which goes along with it.

Mr Hammond, recently released from the bondage imposed on him by the two sacked chiefs of staff of the Prime Minister, said wisely that the British people did not vote to leave the European Union to become poor, yet many of them are poor already. The depreciation of the pound has raised the cost of living. Inflation is on the increase, at 2.3%, and there is now the possibility, even probability, of an increase in interest rates. Is it not ironic that the economy of the European Union is showing sustained growth, a comparison which I think few would have been willing to draw in the past when seeking to undermine the economic effectiveness of the Union?

The Prime Minister caused the unnecessary election, claiming that the country was united and that political parties were undermining the Government's objective of negotiating good terms for our departure from the European Union. I wonder what she thinks of that analysis now because if the country was not divided before, it is most certainly divided now, and that may come to be her epitaph.

I am sure that many Members of the House, like me, are rather tired of being accused of being obstructive when we seek to exercise our best judgment, the very role for which we have come here. That is why I agree with the noble Baroness who most recently addressed the House. I am so convinced that the interests of this country rest with being in the European Union that I have no interest in or enthusiasm for the idea of facilitating the implementation of a decision which I profoundly believe to be against the interests of the people of the United Kingdom.

6.15 pm

Lord Bird (CB): Like the noble Lord, Lord Campbell, I was a bit unhappy on the day after we had our referendum. I was unhappy because when I walked into my little Cambridgeshire village and met an incredibly educated, sophisticated and well-placed member of the community, I found that he was absolutely outraged that “these people”—who were described as “scum”, “rubbish”, “low life”—had taken him and his wife and family and other people out of something which for him was the most precious thing on earth other than the United Kingdom. I then went down the pub that evening and met people who had voted to leave. Many of them were cock-a-hoop, aggressive and rather vicious. Here was a little village in Cambridgeshire which seemed culturally divided. There were the men in the white vans who came to fix our fences and our roofs and all the friends that I have in the building trade, who seemed to be universally for leaving, while those who were at the local university and who were what you might call the “cappuccino class”—I use that in the nicest sense—seemed to be against.

So here we had a class struggle, and hiding behind it all, in my opinion, was our relationship to poverty, because Brexit is about poverty. Whether we stay or we go, it is about poverty; it is about poverty of thinking. It is also about how we come together. I am reminded of the great Jonathan Swift—a swift being a Bird—who

described a confederacy of dunces. I worry about highly educated and highly thoughtful people who have lived together dividing over Brexit, dividing over stay, and not finding any conformity or unity. We are in a place which is very much like 1940. We need a kind of national, coalition-type Government. We need to break through the divisions between us. I do not know whether Parliament is the best place to sort this out because I believe—and my nose is close to the ground—that in the future there will be blood on the streets because up at the level we are, we cannot give the benefit of the doubt and go to people who we know are not doing as well as us and say to them, “Let’s work together”. I say to the noble Lord, Lord Campbell, that, whether we like it or not, we have left Europe. To the noble Lord, Lord Oates, who said earlier that the poor will pay for Brexit, I say, “Okay, how can the House of Lords and the House of Commons stop the poor paying for Brexit?” It is interesting, is it not, that many millions of people who have not done well voted to leave, not those people who did well?

I have to tell the House that I voted to stay. I got it wrong. I voted to stay for fear. I have five children and three grandchildren, and I was sensibly told that if we left the whole country was going to fall to pieces within a matter of weeks. We may have a bit longer. It may well fall to pieces in 2019, but I think it will fall to pieces if we do not find a way, an amalgam—that wonderful mixture of opposites. Unless we find a political and social amalgam, we are not going anywhere.

I shall make my last point: people talk about Britain getting out of Europe; there would be no Europe if it was not for Britain. Did the people to whom we go with a begging bowl and say, “Please, give us what you can” liberate Europe? They did not. It was the Americans, the Russians and the British. I would like to be reminding them, I would love to be reminding them, “Come on, play the game. We were there for you when you capitulated; do something for us”. Thank you.

6.21 pm

Lord Hamilton of Epsom (Con): My Lords, I am sorry that the noble Lord, Lord Mandelson, is not with us any more, because he referred to rules in the EU. He will know as well as I do that the EU has completed, or half-completed, a banking union. One of the critical elements of the banking union was that there would be no more bailouts: the taxpayer would be the last person who is called on to bail out banks. From here on, it will be bail-ins: all the depositors would have to pay in before the taxpayer was leant on. Two banks in Italy have now been bailed out by the Italian taxpayer and the depositors have not been required to produce anything. So almost before the ink was dry on the agreement, the rule has been broken. We know also that when the euro was set up there was a very sensible measure to stabilise the euro called the stability and growth pact. The stability and growth pact was broken first by the Germans and then by the French. So I listened to what the noble Lord, Lord Mandelson, said, and I am sure there are rules, but I am also sure that in great EU tradition, if they get in the way they can be ignored.

There is a small minority of those who voted remain who do not really accept the verdict of the referendum. They think, like the noble Lord, Lord Campbell of

Pittenweem, that somehow we can stay in the EU. They desperately hope that everything in these negotiations will go wrong and that at the end of the day we will remain in the EU, everything will be all right and life will go on for ever. Well, who wants to stay in an EU with double the level of unemployment that we have in this country and youth unemployment at 24%—with one in four unemployed? The economic model of the EU does not actually work.

I am quite confident that there is a deal to be done. If we were to turn to the WTO and leave the European Union, the first thing we would do is stop paying any money into the European budget. That would leave a 12.5% hole in the EU budget. As we know, the Commission loves spending other people’s money. It would be faced with a rather unenviable choice. It would have either to cut programmes that are happening in eastern Europe and so forth, which is totally against everything it stands for, or go round all the 27 nations of the EU and say, “You must up your contributions to the EU budget”. Both of those are extremely unpalatable choices and that is why we have something to offer in these negotiations which the EU desperately wants.

The whole business of negotiating exit from the EU has not really been done before, if you exclude Greenland, so we are into an extraordinary bargaining procedure—rather equivalent to a Turkish bazaar or Arab souk, where, when it comes to the money, the EU starts by saying, “You will have to pay €100 billion”. I am sure that our Ministers have gone back to the EU and said, “There is a wonderful report from the House of Lords that says we don’t have to pay you anything”. I can tell noble Lords now that we are not going to pay nothing. We are not going to pay €100 billion either. We are going to pay something in between, and that will certainly satisfy the EU to quite a large degree, because it wants to do something to fill this hole in the budget. That is something we can offer it. In return, we want access to the single market. This should not be too difficult because, at the end of the day, they sell 50% more to us than we do to them. They have no interest in embarking on a trade war with us.

Regrettably, there is a minority of those who voted remain who are not reconciled to the vote in the referendum, when the people made quite clear that they wanted to leave. I am very glad that the noble Lord, Lord Campbell of Pittenweem, actually admitted that. However, the country has made this decision and we would be in great danger if we tried to reverse it. At the end of the day, this country has a very great future outside the EU.

6.26 pm

Baroness Symons of Vernham Dean (Lab): My Lords, the outcome of the Prime Minister’s decision to hold a general election specifically on Brexit now poses a real question about what is the overriding authority in relation to Britain’s membership of, or future relationship with, the European Union. I pick up very much on the theme that the noble Lord, Lord Hamilton, has just outlined. Is that authority still last year’s referendum, with its clear but very far from overwhelming result, to leave the European Union—48% versus 52%? Or is the overriding authority now the result of the election on 8 June, where the British public failed to support the

[BARONESS SYMONS OF VERNHAM DEAN]

Prime Minister's approach on Brexit, failed to give the Prime Minister what she specifically asked for, a strengthened hand in her negotiations with the EU? I think we have to consider very carefully now where the British people really want to go on the question of our future relationship with the EU.

In doing so, we have to think about three very specific and very immediate issues. The first is the European Union itself. We hear a great deal about Britain's negotiating position. We hear a great deal about whether we should be going for what is called "soft Brexit" or so-called "hard Brexit". What we do not hear a great deal about is the position of our EU negotiating partners. I do not believe that the British position is going to be the driver in these negotiations. The EU has been very specific on three issues. First, it said that it would not negotiate with the United Kingdom until we had triggered Article 50. However we tried to manoeuvre, the EU stuck to that, and that is exactly what happened. It also put forward its ideas about the timetable for sequencing the negotiations. It was a timetable with which the Government disagreed. Indeed, the Brexit Secretary, David Davis, went so far as to say this was going to be "the row of the summer". On the first day of negotiations last week, the row of the summer did not even last until lunchtime. The UK side caved in and the EU held completely to the position it had stated. The third and most worrying point the EU has put to us is that whatever does come out of these negotiations, it will worsen the UK's trading and investment relationship. I believe it will stick to that as rigidly as it has stuck to the other points I have mentioned.

The second issue, which is immediate and urgent, is Ireland. Everyone rightly says that we must find a solution. Of course we have to find a solution. But we have heard nothing concrete from the Government about what that solution might be. So far we have heard only from Sinn Fein, which of course wants a united Ireland—something that, self-evidently, the Ulster unionists will not agree to. There are some vague ideas about what might or might not be done through the use of sensitive technologies but the fact is that nothing concrete has been brought forward. So there is a real issue lying at the heart of our leaving the European Union which nobody has properly addressed. Moreover, it could be said that it has been made worse because of the Government's relationship now with the DUP, a relationship which many people believe undermines the Good Friday agreement and one which will have to be addressed—urgently.

The third issue is, self-evidently, the economy. For some people in this country—and I take it that the noble Lord, Lord Hamilton of Epsom, is one of them—the price of withdrawal from the European Union is neither here nor there. It is an objective in itself. But that is not the position of most people in this country. Prices are rising. The most recent inflation figure was 2.9%. Our currency is falling. That will impact our economy but, more significantly, it will impact household budgets. People will not be able to do what they have done heretofore.

We all know that we have some very challenging times and thorny negotiations ahead of us. Some of us have negotiated with the EU and know just how tough

those negotiations are going to be. But I believe it is our job in this Parliament—in this House—to remain as positive as we can and to do what we can to ameliorate the position, but I am not as starry-eyed as some of the Brexiteers appear to be. I think that we have to stay, if we possibly can, in the single market and the customs union, and I think that for the sake of our young people. It is their future that we are bargaining with here—not ours. We will not be here to live with the consequences of the decisions we are taking. It is the future of our children and our grandchildren that lies at the heart of this, and it is their prosperity and security that will determine a lot of the votes among many of us when we come to the really hard issues in the coming weeks.

6.32 pm

Lord Cormack (Con): My Lords, those are very wise words from the noble Baroness. I am sure that on 9 June the Prime Minister realised the wisdom of the old adage that a bird in the hand is worth two in the bush. I hope now she has come to the inevitable conclusion that nobody won, really, on 8 June. Perhaps she could emulate the Red Queen and say that as nobody won, everybody should have prizes. My noble friend Lord Hunt of Wirral made what I thought was an absolutely splendid speech, in which he talked about the absolute need, with that most unsatisfactory, unnecessary election as a background, for us to try to get together across the parties and, indeed, across and between the Houses.

As I have thought about this, and about the need for everyone to have prizes, I have thought particularly of the 48% and more especially of my own granddaughters, who were, frankly, distraught on 24 June last year. Of course we are coming out. Of course we have to have consensus around the Brexit issue. But we must bear most carefully and sympathetically in mind the worries and concerns of the next generation.

My noble friend Lady Anelay, whom I warmly welcome to her new and arduous job, said that she welcomed the participation of this House because she felt that diversity strengthened our debates. I hope that she speaks for the whole Government but I have my doubts. I have just been sacked from the Home Affairs Sub-Committee of the EU Committee because I had the temerity to vote for a couple of amendments when we debated the Article 50 Bill. That is not the spirit of leadership that we require from our Government at a time like this.

Noble Lords: Oh!

Lord Cormack: If I am further punished for that, so be it, because what we have to do in this House is speak without fear or favour and debate the great issues of the day.

I have a suggestion, which I believe is a positive one, to put to the House. One thing that has troubled me very much during the time that I have been here is the lack of real contact between the two Houses. If ever there was a case for joint arrangements, it is over Brexit. I am not talking about a Joint Committee, although I would welcome that, but about something more exciting and more innovative. I think there is a real case for a

joint Grand Committee of both Houses, which can meet alternately perhaps in the Moses Room and in the Westminster Hall Committee Room. People can come and go. People of both Houses and all parties can question Ministers and debate issues. We never do that together. I defend the integrity of this House and of the House of which I had the great honour to be a Member for 40 years, but to say never the twain shall meet is always wrong and we do have wonderful Joint Committees, including those on which I have served. But I think this is something different. The challenge of the moment is such that we have to come up with a positive and, yes, unique solution. I believe that this is a possible solution that merits real, careful consideration in the usual channels and elsewhere. Just think how useful it would be for Members of the other place to hear some of the expertise which people such as the noble Lord, Lord Kerr of Kinlochard, can bring to debates, and how useful it would be for us to hear new, young Members talking about the impact on their constituencies. I earnestly request that we give this a go.

I remember those famous remarks of Dean Acheson in the early 1960s that the United Kingdom had, "lost an empire and not yet found a role".

In a way, we did find a role in Europe. We are now giving that up and what we have to do, therefore, is find a new sense of purpose. By working together across the parties and between the Houses, I believe it is possible to build something that is truly exciting and which will give to the young—who concern the noble Baroness, Lady Symons, me and others so much—a new sense of hope and real aspiration.

6.38 pm

Baroness Armstrong of Hill Top (Lab): My Lords, the last time I spoke in the House in a debate about Brexit and trade, I said that as a member of the EU Committee of this House, it seemed to me that every meeting raised new and unforeseen complexities. It was all much more complex and difficult than anybody anticipated before the referendum. That speech was made before the general election. Having worked in constituencies in the north, which largely voted to leave, and in the south, where a large majority of the electorate voted to remain, it is clear to me that the country is very divided—I believe dangerously so.

The PM tries to cling on to a mandate for her version of Brexit, but she lost that mandate in the general election. While more of the electorate than she was expecting voted for her exit, not everyone voted for her Brexit—and we are now in a bit of trouble. There is a sense that the Government are flailing around, trying to find solutions and unity that are just not there.

As the Chancellor said recently, no one voted to make themselves poorer. My neighbours who voted to leave—the people in my community in the north-east—did so because they had suffered from cuts to in-work benefits while their wages had stagnated. They believed that migration was a big reason for why they felt worse off—even though you can count the number of migrants in our small town on one hand.

Our region derives the highest proportion of its per capita income from manufacturing. In many senses, we are the manufacturing heart of the country and most of that manufacturing is exported to Europe. Per head of population we have the highest export ratio to Europe, so we absolutely depend on manufacturing and manufacturing exports to Europe. But we have a declining population and, overall, young people are still leaving the region, so our population is becoming more elderly. We also still have real problems in getting new business start-ups. I suspect that there is some connection. Access to skilled labour and the single market is therefore crucial to the north-east. Think about Nissan, Hitachi, Siemens or the chemical and pharmaceutical industries, which are the core drivers of our exports: all of them want to remain in the single market and the customs union.

The Government remain, to me, very unclear in their vision. They gave us no signal in the Queen's Speech as to how they will address more effectively the skills gap, which we know will be a huge challenge in the north-east over the next 15 years. I support the proposal to remain in the single market and customs union as I believe it is the only way that we can secure the level of exports being sustained, let alone expanded and developed. For example, Hitachi has located in Newton Aycliffe to build trains. One of its reasons for locating there was that Teesport is nearby, and it wants its main market to be in Germany. There are two arms to the site, both of which it had plans to develop; those developments are on hold. I want them to go ahead but there is no way that they will go ahead unless we are in the single market and the customs union. I really want the Government to think about that.

We have to be much more honest about what will be in the best interests of the country. My party leader is right to call for a deal that prioritises jobs and the economy. I wish only that he and others in the leadership had campaigned during the referendum with the enthusiasm and effectiveness that they showed in the general election. I believe we would then be in a very different place because many of those young people who are now distraught about the outcome, as the noble Lord, Lord Cormack, said, would have understood more why they needed to be there.

We have to be much more honest and engaged not just with businesses but with the British people, so that they know what the choices are. It is not just the rhetoric but the reality, and the reality is that whatever choices we make will involve compromises. It is about time that the Government stopped trying to pretend that it will all be motherhood and apple pie, and that they were honest and engaged with us and with the public about what those choices and compromises are.

6.45 pm

Lord Teverson (LD): My Lords, one of the good things about general elections for those of us who are politically active, which would be the majority of people in this House, is that you get to places that you do not get to on other occasions. Although I spent most of the general election in Cornwall, where I live—not very successfully, as those opposite me will have noticed—I had one sortie out to Oxfordshire. I went to the constituency of Oxford West and Abingdon

[LORD TEVERSON]

—a seat which I am delighted to say that my now honourable friend Layla Moran won. That was not due to me, but I had a very interesting meeting in Abingdon.

The meeting was made up of people who worked at the Culham research centre in Oxfordshire, which is one of the hearts of Euratom. I shall concentrate on that area during my five minutes. It was a mixed meeting. There were a number of non-UK EU citizens there—highly qualified scientists, mainly young—but it was predominantly UK citizens who worked there. They were—not distraught perhaps, but deeply sad that something to which they were completely dedicated, typically for scientists, was being undermined by a decision that they could not understand and which seemed completely political.

Why had that decision taken place? Euratom is not a part of the European Union, so the referendum did not include it. Yet they saw a Government who had somehow been gung-ho in saying, “If we are to throw out the baby of the European Union in a hard Brexit, then we’ll get out of the Euratom bathwater as well”. The scientists saw their very important world—the world of frontier nuclear science, which we see as important to us as a nation—as something that will potentially be destroyed.

I would like to ask the Government about some key areas, because this is not just some peripheral European organisation; it is central to a number of things that we can do in our economy and in science in the future. First, if we have no nuclear safeguarding authority to replace Euratom, which does all that work for the International Atomic Energy Agency and therefore for us, we will not be able to trade a lot of nuclear fuels internationally. In fact, if the United States traded with us it would actually be a criminal offence unless Congress enabled a new relationship with our safeguarding authority. I am pleased to see from the gracious Speech that a nuclear safeguarding Bill is coming along, but I remind the Government that just writing the legislation does not actually get us there. I would be very interested to understand what conversations we have had with the International Atomic Energy Agency to pave our way to that legislation becoming effective.

We will also be very dependent on Euratom as it continues. We have a project, which I think is the biggest in the world, called Hinkley C. We also have a number of nuclear power stations that will be decommissioned during the 2020s. We are completely reliant on French technology, and to a degree on French money, to ensure that happens. Will we have a nuclear co-operation agreement with Euratom?

Euratom itself has agreements with nine other countries that enable us to trade with them. The most important of those, in terms of fissile materials and all such areas, are Kazakhstan, the United States, Australia and Japan. Again, how are we to replace those agreements if we are not part of the European Union and cannot undertake agreements until we have withdrawn from it and agreed a withdrawal agreement from Euratom?

Then there are the perhaps more boring but important issues about the ownership of fissile material that is owned by Euratom. Are we resolving that? Are we

starting to talk to Euratom about how we divide those property rights and the fissile materials that will be left within the UK when we leave? We also need procedures for export and import to make those nuclear co-operation agreements work. What will happen with those?

The other area I want to concentrate on, in my last few seconds, is that of research and development. In one of the briefings I received recently, I read that the Government had made an offer on the Culham JET research programme, which finishes at the end of next year, I believe. What will happen with being able to continue that? It is absolutely key to our future in this area, yet, as I read it, the Government seem to have said, “Well, Europe and Euratom can stay there”—very big of us—“and we will continue to take a fair share of the costs of that operation”. That offer seems to me to be eminently refusable—are we going to up our game on this?

If we do not resolve these issues, it could mean that our nuclear power stations can no longer operate, that we lose key staff in a really important area of scientific research and development, and that hospitals are unable to import—as they have to— isotopes that are required in certain medical procedures. All of that is real. It is not just about a cliff edge, it is about international rules that will make it a criminal offence or impossible for jurisdictions to trade with us. On that basis, I ask the Government to give this their complete concentration, and to make sure that we avoid this very different cliff edge and that our nuclear industry can move forward with confidence rather than the hesitation that it has at the moment.

6.52 pm

Lord Birt (CB): My Lords, we are mired in crisis. Our economy, our public finances, our Brexit negotiating leverage and our Government are all weak, not strong. The causes of this run deep. The UK was ill prepared for the sharp global shock of 2008. After a period of overoptimism in our public finances and of inadequate financial regulation, our cupboard was bare. So nearly 10 years later, we are still borrowing. We have the fourth-highest deficit of 35 advanced economies and are projected not to reach surplus till 2025. Everything and everyone have been affected by our massive reversal of fortune.

Public funding is constrained, and services are stretched. The average British worker will earn less in real terms in 2021 than in 2008. Our currency has declined in value, and inflation is rising. We are now the worst-performing economy in the G7. Interest rates may soon rise and put a further burden on government finances. Meanwhile, our productivity remains stubbornly low, and we feel the pinch of decades of underinvestment in infrastructure. We have not, in recent times, governed ourselves well as a country.

Against this unhappy backdrop, the decision was taken to hold a referendum. During the referendum campaign, neither of our main parties, for quite different reasons, laid bare the full consequences of leaving the EU. Laying disaster on disaster, an election, held to strengthen the Government’s hand in the Brexit negotiations, has fatally weakened it. During the election campaign, there was still no meaningful debate about the Brexit options, nor about the parlous state of our

economy or the interplay between the two; rather, as we know, populism ruled. An electorate understandably dispirited by austerity were told what they wanted to hear rather than exposed to unwelcome realities.

Moreover, neither main party showed any respect for, or understanding of, the real economy, which is the motor of our prosperity. The dazzling professionals from around the world who populate our financial and corporate sectors were offensively dubbed “citizens of nowhere”. The Opposition, on the other hand, threatened to raise corporation tax, and further to set the highest tax burden the UK has known for 30 years, on the very eve of Brexit—at just the moment when we need to lure business and talent to stay in the UK, not to frighten them away. When we most needed a mature debate about Britain’s future, we failed to have one.

The British people voted for Brexit, and it must be delivered. But they did not vote for any particular form of Brexit, and they will not thank anyone if a cliff-edge Brexit provokes a deepening and ever-extending austerity and long-term relative impoverishment. None of my noble friend Lord Bird’s drinking friends, on either side of the argument, will welcome that. Our highest priority in these negotiations must be—as so many have said in one form or another—free, frictionless trade with what is by far the world’s biggest economic bloc. To achieve that, we will have to come to our senses and compromise on any number of matters, but above all perhaps on immigration.

It is absurd to define students as immigrants. We cannot denude business of some of the world’s best talents. It is not remotely clear who will work in our care homes or pick our strawberries if we stick to the Government’s declared targets for net migration. Let us also face up to the fact that our economy and our public finances are not remotely healthy enough to withstand the shock of a cliff-edge Brexit.

The Government are in power but without a mandate. The forces of moderation and realism on all sides in both Houses of Parliament must now come together, not to frustrate Brexit but to ensure that the effective functioning of our economy is our prime consideration, and that our exit is graduated. That is surely the spirit of this eloquent debate and that is the message that I hope the Minister will take away tonight.

6.57 pm

Baroness Byford (Con): My Lords, I welcome the opportunity to listen to and take part in today’s debate, although I might say that I have found some of it very “doom and gloom”. We really need to accept that the electorate made their decision: we are where we are and surely we should be moving forward. I am a very simple soul. Although she is not in her place at the moment, the noble Baroness, Lady Symons of Vernham Dean, said that the electorate had reflected. Actually, the electorate did not vote for a Labour Government who would have done things differently. Yes, our majority was nowhere near where we hoped it would be, but a Conservative Government were elected, to move us forward and to take part in moving Brexit forward.

We anticipate the Bills known to be coming before us. I look forward to those concerning agriculture—which I presume includes horticulture—and fisheries, and indeed the trade Bill. Britain has always been a trading

nation, and I hope that the trade Bill will establish ambitious free trade agreements with our EU neighbours, and see fair trade agreements around the world.

I declare my interests, particularly in food and farming. Here I should remind the House of our family’s arable farming interests in Suffolk. We need to reflect upon the UK’s dependency on imported foods. One should not forget that we have a negative agri-trade balance of some £22.4 billion.

Food and drink manufacturers add some £28.2 billion to our GDP and generate more than £20 billion in exports. Around 400,000 people earn their living in food and drink manufacturing, in around 6,800 firms. The farm-to-fork industry is an economic superpower, worth £110 billion to the UK and employing more than 4 million people. Sometimes I think we forget what a success story we have there. I look to these forthcoming Bills ensuring that opportunities to see fair trade are at the heart of achieving a successful outcome.

I turn to horticulture, which I presume will be in the proposed agriculture Bill. In discussions that I have had recently with farmers at the Lincolnshire and Suffolk agricultural shows, three points have been raised that I want to reflect on in the House today. The first concern is fair trade, specifically including welfare standards within the livestock industry. For example, will imported food be required to have the same standards that are set for our UK farmers?

The second issue is the whole question of workers, whether they be seasonal or highly skilled. Earlier today we had a question on seasonal workers. At the moment we have 80,000 seasonal workers coming in to help with horticulture, and there is a need to address the way that that whole scheme works. I was quite taken with the suggestion from the noble Lord, Lord Rooker, that maybe we need to think wider outside the EU as well, but that is for another day.

The third issue was any future arrangements that will replace, or not, the single farm payment. The Government have agreed to maintain current payments until 2022, which is welcome as that will enable environmental work, which goes on regularly on farms, to be carried out in an organised programme. However, what happens then? What happens in the interim? If one scheme finishes, when does the next one start?

I would be grateful if the Minister would clarify whether the proposed discussions on fisheries will result in a UK Bill. No doubt it would be a complex Bill, and my noble friend Lady Wilcox raised specific issues in her contribution on Monday. I understand that the UK will regain control of its exclusive economic zone and that new fishing quotas will be established, but I suggest that regional co-operation, as indeed is the case now, will probably be the best route to good outcomes.

There was a suggestion that we might have some kind of technical Bill to improve technology for young people. There is much to be done in exciting people along the apprentice route; the noble Lord, Lord Kirkham, spoke about this. Not everyone has to go to university, and technology is changing so rapidly at the moment that anything we can do to encourage young people to go down this route would be good.

[BARONESS BYFORD]

I return to trade. I said at the beginning that we were a trading nation, whether that be in commodities, commerce, financial services or manufacturing. I hope we will rally round and make these Brexit discussions the success that was voted for a year ago.

7.02 pm

Baroness Kennedy of The Shaws (Lab): My Lords, I have the privilege of chairing the European Union Justice Sub-Committee, which scrutinises legal matters and deals with regulations and sanctions emanating from the EU. In the period since the referendum, we have issued two reports. One is on the acquired rights of EU nationals, which will be debated next Tuesday, and I encourage Members of this House to attend and take part. The other report we have issued is on civil justice issues in the Brexit negotiations affecting individuals, families and businesses. Currently, we are beginning an inquiry into consumer rights, and we are taking evidence on the potential impact on those rights as we leave the EU. The report that will follow will look at patent law.

All those reports show that a hugely beneficial body of law exists across Europe and works to the benefit of businesses as well as ordinary citizens, but it depends on reciprocity. Bringing in new legislation here, which is supposed to bring all this home, is not going to deal with that need. What is being done to create that reciprocity, and are the negotiations taking account of the need for it? We have a very interesting system just now called the “Brussels regime”, which creates opportunities through protocols that enable enforcement. It is enforcement that is the difficult aspect of issues such as divorce and maintenance for children in cross-border marriages, or if you are trading with Poland and the company goes bust and you want your money back. Currently, we have mechanisms for getting an order in the courts here and having it enforced over there. What is going to be done about enforcement? Those are difficult matters of law that should be exercising us, and they show us the complexities of what is going to be involved in the negotiations to come.

I am an unrepentant remainder, and as far as I am concerned it is clear that this country is making a grave mistake in deciding to leave the EU. Economically, it makes no sense, but it also undermines one of the greatest projects of international collaboration in the history of the world. So much that has been carefully woven together over decades is being unravelled. Behind it is an aspect that I feel is forgotten in so much of this discussion: a project for peace and justice. In a globalised world, being part of a trading bloc makes absolute sense. We trade with each other within the bloc, but we also trade as a group with the world. As the noble Lord, Lord Adonis, said, many of those preferential trade agreements work to our benefit. Being in a group provides us with protection and solidarity when being buffeted in globalised markets. We have created high standards among ourselves regarding the ways in which we deal with each other, and in turn we demand high standards when we are dealing with the world. We do so through law and regulation.

I want to remind the Government and some of the people who sit on the Opposition Benches that cross-border relationships require cross-border law, and

supranational bodies are needed to deal with disputes. We need international courts—you can call them what you like, but you need them—and good regulation. It is part of the incremental way in which we improve the world. The fixation on the European Court of Justice is ludicrous. You need a court if you make a deal. If you make deals with the World Trade Organization, you will end up going before what is essentially a court if things go wrong.

However, we hear from people like the noble Lord, Lord Robathan, who seem not to understand that while we may have marvellous judges and courts here—I am second to no one in saying how great our judges are—they are no good if, say, you are having a battle with Poland over a Euro-warrant. The Poles are not going to want that decided by our courts; there has to be an ultimate court that is seen to be independent of either of the jurisdictions to deal with those overarching issues. If we want to be part of the Euro-warrant and Eurojust, that system of collaboration that deals with terrorism and international crime, then we have to get our minds set on the fact that we need to have courts.

I want to mention the matter of regulation. If you look at the recent flaming inferno in the Kensington tower block, you see where lowering building regulation standards and sneering about health and safety standards gets you—scores of people dead. Our children are protected by many of the regulations that we have created over the years, with British lawyers often taking the lead because it is a collaborative project: insisting that there should be no lead in paint; that plastic toys should contain no poisons; that fertilisers and insecticides are not toxic; and that pharmaceuticals and other drugs and medicines reach high standards so that we do not have repeats of disasters like thalidomide. You will not get those kinds of relationships in trading with China for some time to come. By being included in a trading bloc but, more importantly, by being an active participant in it, providing our legal expertise and joining in with others, we raise the bar for other countries within the EU, for ourselves and across the world for the people we trade with as a bloc. For years, we have been subjected to a barrage of tripe from the tabloid press claiming that there was a tide of laws coming at us, when in fact we have been at the heart of creating some of that very good law.

Brexit was supposed to be at the heart of the election, yet for many people it was not. We are in a deeply divided country where the better-off do fine, thank you, while the rest feel totally undervalued. That includes many doctors and people working in healthcare, law and the sort of areas that I work in, social services, probation, the police and so on. Labour's great success in this election—a Corbyn-led Labour success—was that its manifesto touched a nerve with the public, especially the young and those who are disadvantaged. It was a social justice manifesto that directly challenged the neoliberal economic policies that have damaged our communities and are destroying our public services.

The young—basically, those who want to be in Europe—came out in favour of that manifesto. I say to noble Lords on the opposite Benches that they should listen to the young. It was the old who voted for them, and who voted in Mansfield against Labour,

but the young are increasing in number. The young will wash you away if you do not listen to them because they want a different world and a different society, and they want to be in Europe.

7.09 pm

Lord Owen (Ind SD): My Lords, the situation following the election is serious; it would be foolish to deny that. We are now in an international negotiation. Fortunately, we have been there before and have procedures for this. We have procedures whereby, in an international negotiation, the Government consult the Official Opposition. We have been doing that for 50 years, and it would be utter folly if we did not pursue that policy with ever greater attention now, facing the situation that we do politically. It concentrates the mind that the Official Opposition—who, incidentally, in their manifesto made it very clear that they wanted to support Brexit—may well win an election and face those negotiations, so it is not an abstract issue, and I think it was a very sensible suggestion by the Secretary of State for Brexit that his opposite number, Keir Starmer, although he is certainly used to having secrets, be made a privy counsellor and should be part of that tradition of international negotiations held in some degree of secrecy, so that the Official Opposition should know and would, in effect, have the right to call out some solutions as unacceptable. The Government can ignore that, but they would be very foolish to do so.

This negotiation will go on for longer than we thought—some always predicted this. It is not going to be a two-year negotiation. We are already into that two years and, quite understandably, Monsieur Barnier has made it clear that he has to come to some form of solution to put through all the different procedures by the autumn of 2018. Everybody accepts now—the term is “implementation period”—that, when we leave the EU, there will have to be a vehicle by which we continue the negotiations. It cannot be Article 50.

I believe, and have made clear my view to the Government privately for many months, that the existing machinery that we could most easily adopt is to remain a contracting party to the European Economic Area agreement, as a non-EU contributing member. That is a framework which they and we know—we have been in that same framework ourselves. I do not need to speak about it any further, because, fortunately, the noble and learned Lord, Lord Brown of Eaton-under-Heywood, former president of the Supreme Court, summarised much of the factual background of the EEA agreement. We can leave the EEA on a year's notice. It has a court procedure. I am happy to agree with the noble Baroness, Lady Kennedy, that there is necessity for courts in international arrangements.

Interestingly, the European Union has already shown some flexibility when it discussed this issue with Switzerland. It said to Switzerland at one stage, “Why don't you dock with the EFTA Court?”. It is really the court for non-EU members of the EEA. That operates, and it would be perfectly possible, if we enter, to have a judge of our own as part of that court and use that procedure. “Ah”, someone might say, “but if you then leave to go to the free trading model, what would happen to those residual agreements?”. We would then dock back into the court procedure.

There may be other ways. There may be bespoke agreements which people can produce, but there is no time for such negotiation. We have to seize an existing vehicle, operate within it and try to formulate solutions.

As the noble Baroness, Lady Armstrong of Hill Top, said, who is no longer in her place, who was an experienced negotiator when she was involved in the EU, there will be compromises. There will be some very difficult and unpleasant compromises along this route—there always were, but they are not discussed enough. The political parties have got out of the habit of acknowledging the honourable nature of compromise. That is part of the political structure that we have had in this country for decades—centuries—and we have built it up slowly. These procedures matter. Perhaps there is a better procedure, but this one has the flexibility that we will need as we approach this issue.

Then people want fixed timings. There is now discussion of why we need to be in a trade arrangement, restricting trade. What would happen if we were able to get a NAFTA mark 2 with Canada and the United States? That is not at all impossible. That would make it easier for us to leave the transitional arrangements of the EEA. It might not be the determining factor, but it would certainly change the position. Let us not tie ourselves in knots or give ourselves too many deadlines. If you want flexibility, it is there within these different international bodies, and the European Economic Area agreement is the best.

Finally, I would say that we must not use Article 127 and leave the agreement. We are there as of right as a contracting party. What happened when countries in EFTA joined the EU? We made a few minor technical arrangements and they transited from being members of the EEA to being EU members of the EEA. That can be done, but if they do not want to let us do it, we have to be prepared to go to the Vienna court—an international body, which is actually superior to the ECJ—to argue our case as to why we wish to stay in that agreement. I am absolutely sure that the common sense application of international law would be that we should be allowed to stay. I hope that we do not have to go through that and that the EU negotiators will see the value of the country and the world knowing, as soon as humanly possible, where we will be for the next four to five years—first in the Article 50 process and then in the EEA. That at least provides a structure to weld together our disagreements and agreements in the interests of Article 8. We should remember that there is not just Article 50; there is Article 8 in the treaties, which is about good neighbourliness.

7.17 pm

Viscount Eccles (Con): My Lords, I am not competent to follow that most interesting and in-depth speech from the noble Lord. Indeed, my original speech is in the bin. I thought, as I wrote it, that I could not see how we would get ourselves out of the muddle we are in, so I was going to say that that made me a sympathiser with the noble Lord, Lord Armstrong: “Stop the world, I want to get off”—not that his recipe would be acceptable.

The debate so far, the analysis of what we face and the response have been so muddled and woeful that it was no surprise when the young voted against the idea that the Prime Minister's authority needed reinforcing.

[VISCOUNT ECCLES]

I may say that that goes for my quite extended family. Authority to do what? To be a delegate to deliver a Nigel Farage outcome? To eschew dialogue and consultation and go ahead on fixed nationalistic lines? That is not negotiation as they understood it, and I can only agree. There was no attempt to describe other points of view or create good will. Lip service was paid to making things work for all on both sides of the channel, but there was no detail of how and why we would propose and negotiate a bespoke agreement, which is what we and the 27 need—but only, I fear, in the longer run. We are bound to take a long time to get there.

Today has given me some hope. Maybe there will be cross-party work done. Both the leading parties have good reason to look for consensus within and between themselves. Maybe devolved views will gain their place. Maybe we will listen carefully to the 27; they have their problems too. If so, let us watch, as the noble Lord, Lord Jopling, said, and wait and see how negotiations go—friendly and constructive negotiations, God willing. Hold our fire. Maybe we are not simply exiting such a cruel, unhelpful world but instead building a new relationship with the 27. Europe needs it.

7.21 pm

Lord Cashman (Lab): My Lords, I am pleased to speak in this debate, and especially pleased to have listened to my good friend and neighbour the noble Lord, Lord Owen. We were on different sides during the referendum, and I well remember him and Lady Owen standing on their balcony and me standing on mine as a flotilla of ships came up the Thames. He was welcoming them in with one gesture, and I was welcoming them to go the opposite way with another gesture.

It is worth repeating that, whatever else the election was, it was not an endorsement of the Prime Minister's approach to Brexit, and it was certainly not a mandate for more of the same. It helps no one to argue otherwise. On our relationship with the European Union, more than anything else, this Government must change direction. All options must now be on the table. The issue of the European Union goes beyond, as others have said, the old party politics. It is about the future of the country—the country we pass on to the next generation and generations yet to come. It is for that reason that the Government must start to listen. They must stop facing down opposition by relentlessly and robotically referring to the “settled will of the people” in an advisory referendum. Nor should government Ministers question the patriotism of television interviewers because they dare to try to hold Ministers accountable for EU negotiations, to which the noble Lord, Lord Wallace, referred.

Even if the will of the people had been settled, and it never is, upon what is it settled—the misinformation, lies, fabrication and blatant propaganda of the referendum campaign? As I said a year ago in this House, that referendum was not a great democratic exercise. Democracy is undertaken on the basis of informing the electorate, not misinforming, and by illumination, not by deceit. The excesses were dangerous. It was a referendum campaign that pandered to people's fears that unleashed a darkness and a narrow, nasty nationalism

that I thought had long disappeared from this country. That darkness is still with us. We are a deeply divided country.

I revisit these events because we must now have the courage to take a different course. We must find again, as other noble Lords have said, consensus and wide agreement. There is too much at risk: not only jobs, the economy, inward investment, a brain drain, but rights and freedoms too—the rights of more than 16 million people who voted differently and feel ignored and excluded; the rights of those excluded from voting in the referendum in the first place; and the rights of the younger generation. Then there are the rights of more than 3 million people from other EU countries now living, working and settled here, who, with their families, face an uncertain future. Will they finish their training and their education? Will their employment continue or will they be replaced? Will their children be allowed to stay if there are complications about length of residence in the United Kingdom? They are 3.2 million ordinary women and men, children and young people. Students, teachers, nurses, cleaners, porters, waiters, doctors, academics and scientists—our neighbours and, yes, our friends in every part and walk of our daily lives are all now plunged into uncertainty, anxiety and despair.

The same plight affects more than 1 million British citizens in similar situations and circumstances in the other EU countries. Futures are now uncertain, hopes are shattering before them and careers are upturned. What happens to family unity, let alone family reunification, especially when marriages, partnerships and families occur across national citizenships?

Let me deal specifically with the Prime Minister's proposal for EU citizens when we leave the EU. I ask the Minister directly: what will be the status of the individuals who apply? I hope the noble Lord is making notes of the questions. During the processing of applications, will those individuals be allowed to continue in employment and education and still have access to all rights and benefits, including access to the NHS? Will there be fast-track applications? Will one application suffice for one family? If not, why not? Will the cost be waived, given that the Government are changing people's status?

Given that there will be crossover in other EU countries, will there be a supranational body to oversee appeals and judgments? Will the Government transpose into UK law unreservedly the family reunification directive? Finally, how long will it take to process potentially 3.2 million applications and the supporting documentation? I look forward to the answers.

Even at this stage it is not too late. I say this as much to my own Front Bench in another place as I do to the Government. It is not too late to reinforce our decent values and decent principles. If Parliament will not reverse what is in my opinion the national suicide of Brexit, it must deliver all these rights and end the uncertainty for all citizens by retaining access to the single market and the customs union while reinforcing the rules of conditionality on freedom of movement and residence, as so eloquently outlined in his brilliant speech by my noble friend Lord Adonis, whose

amendment I support, and indeed again brilliantly outlined by the noble and learned Lord, Lord Brown of Eaton-under-Heywood.

Now is the time to bury political pride, and to do what is in the country's interests. If we do not take this course, the consequences for the UK nationally and internationally, and for its citizens, will be as deep and as profound as they will be long lasting. My great fear is that this Government are not listening and will not listen.

7.28 pm

Lord Taverne (LD): My Lords, today's conventional wisdom among pro-Europeans is that we must go for a soft Brexit. Some say, "Stay in the single market, the customs union, or both, or have some sort of Norwegian solution". I contest that view. I doubt whether a soft Brexit will be on offer; I believe it will not be acceptable to the Government if offered, and if it were acceptable it would not be that much better than a hard Brexit.

The Government and MPs have consistently misjudged the mood of the 27, which are not in a mood to accommodate us. They see the Brexit vote as a stupid act of self-harm, and now a distraction from the need to build a new Europe, based on the new German-French entente. Nor, I believe, would Norway welcome the inevitable disruption of the EEA.

A soft Brexit would involve not only political difficulties but technical negotiations that are far more complicated than is generally realised, almost as complex as a new free trade agreement. It is unlikely to be agreed within the time available. All versions of a soft Brexit mean, as far as I can see, accepting the jurisdiction of the European Court of Justice—anathema to Mrs May—and accepting EU regulations governing trade, with no say in their formulation. As has been observed, sovereignty would be not regained but lost. We would also have to accept at least some free movement of labour. It will also do nothing for free trade and services, with London's financial companies losing their passport rights and being unable to operate inside the European Union, and, probably, with London's very profitable clearing-house activities moving out.

The noble Lord, Lord Adonis, made an extremely eloquent and impressive speech and the noble Lord, Lord Birt, said something of the same kind—although he is not in his place. If it is so important to stay inside the single market and so vital that we stay inside the customs union, the question arises: why leave? I come back to Donald Tusk's advice, when he said that in the end the choice would be between a hard Brexit and remain. Does that mean that, if remain is impossible, we are bound for a hard Brexit?

But is remain impossible? Let us consider three propositions. First, leavers did not vote for Brexit to make us poorer. Secondly, Brexit will make us poorer and is already doing so. Thirdly, the narrow majority of Brexit voters, when they realise what Brexit means, may change their minds and should have a chance to do so. The first proposition—that voters did not vote for a poorer Brexit—is accepted by Philip Hammond and strongly confirmed by polls. A very thorough YouGov inquiry into what motivated leavers carried out on the eve of the referendum found that,

"very few expect, or would tolerate, a hit to their living standards", and they were almost unanimous in believing that, "leaving the EU was a cost-free option".

Proposition 2—that Brexit makes us poorer—is supported by evidence that grows stronger by the day. Many examples have been given, and I shall not repeat them, except to say that one of the claims that our economy is strong is very much falsified by the fact that our growth is now the slowest in the G7 and what little growth we see is based on unsustainable levels of household debt. There is, of course, a very serious and growing shortage of key workers in vital public services such as the NHS, and sectors of industry such as the building and hospitality trades and food farming—and things will get worse. Further serious adverse effects of Brexit are forecast by the overwhelming majority of economists.

I come to proposition 3—that leavers should be given a chance to change their minds. That is the most controversial. MPs insist that we must all obey the referendum verdict—the wishes of the people—and the Minister in her opening remarks said that Brexit was not revocable. That is a terrible statement to make, because it is deeply antidemocratic. It is the essence of democracy that people can change their minds. It is autocracies that stop people changing their minds. Of course, if circumstances change and people's views change, Brexit could be reversible. It is becoming clearer that when people voted last June they did not know what Brexit meant—and now it is becoming clearer that it means lower living standards. We also know that that is not what leavers voted for. Part of the YouGov poll came to the conclusion that a massive shift of opinion could not be ruled out. If events produce a change of views of Brexit voters, as well they might, those of us who are still a small minority who argue for a cross-party campaign to stop Brexit will be not ignoring the people's will but supporting it.

7.33 pm

Lord Trefgarne (Con): My Lords, I shall not detain your Lordships very long or speak about the merits or demerits of Brexit or of any of the amendments before your Lordships this evening.

I have the honour to chair your Lordships' Secondary Legislation Scrutiny Committee, which looks into the policy of every statutory instrument laid before your Lordships to see whether the rationale for the legislative change is sufficiently explained and if the explanation is convincing. We act as a sifting mechanism to identify any instruments that may be of particular interest or flawed in some way. In the last Session, we drew 51 such instruments to the special attention of your Lordships—some 7.7% of the total. Our committee is gratified to see the frequency with which the points of concern set out in our reports are raised by noble Lords in debates and Questions. We take it as a confirmation that we are performing a useful service to the House. We are grateful for departments' and ministerial responses to our queries, which we believe inform and assist our deliberations and your Lordships' proceedings. The committee sees instruments laid by almost every department and is therefore well placed to observe and comment on trends in how statutory instruments are presented. In the last year or so, we have been

[LORD TREFGARNE]

pressing for improvement in the quality of the documents that accompany statutory instruments, precisely with Brexit in mind, to ensure that the content of the legislation is well presented and easily understood. In all this, we are greatly assisted by our excellent advisers.

In relation to Brexit, we are told that up to 1,000 additional items of delegated legislation are expected once the great repeal Bill and associated Brexit Bills are passed. We have much practice in dealing with statutory instruments efficiently and stand ready to assist your Lordships as best we can in accordance with our terms of reference.

7.36 pm

Lord Triesman (Lab): My Lords, I join others who have welcomed the noble Baroness, Lady Anelay, to her current role. I had never taken her for a masochist, but I notice that she has brought a security blanket, and I suspect that we will probably all need one very soon.

Your Lordships will know, as it is no secret, of my opposition to leaving the EU, but of course I also know what the nation decided, by a very narrow majority of 51.9% to 48.1% in the referendum. I understand the importance of that vote and the multiple reasons for leaving given to researchers by the people who voted to leave. As many noble Lords have said, events in this country have moved on. The Prime Minister went to the country seeking a strong mandate and an effective parliamentary majority to negotiate a Brexit incorporating leaving the European single market and the customs union, all part of the same general proposal. As we know, she lost her majority, and she lost a mandate for what I can only regard as having always been a reckless plan. Indeed, she will now be propped up by the votes of only 10 people, for whom we seem to have paid £100 million to £150 million per vote, if you put it in quantifiable terms.

If noble Lords look at the votes cast for the unambiguous leave parties in the general election—and even then there is the complexity of the DUP's position on the border in Ireland—they can see that the votes equal 14,556,247, or 45.1% of those voting. The number who voted for parties supporting stay quite explicitly, as the Lib Dems did, or the retention of the European single market or the customs union, or even the slightly slidy ways of describing the same thing, which I am afraid my party engaged in, but who none the less were quite clear about what was being said, came to 16,422,498, or 51%. Given the basis on which the Prime Minister called the election, that seems to me to be a perfectly legitimate way of looking at the result. So there is no inhibition on us, and there is an entitlement to argue this through in every respect—a point made with clarity by the noble Lord, Lord Tyler, yesterday.

There is no case for retro-fitting what happened last June, not least the inevitability that we must walk away because a better prospect of settlement is merely whistling in the dark. And there is no case for reverse-engineering the reasons given for calling the election. I have heard people try to describe all sorts of reasons why the Prime Minister called it, but she called it in explicit

terms. We all understood those terms, and I do not think that there can be any question about what she was seeking as she described the strong and stable team for the purpose of negotiating an absolute Brexit. Nothing was said in any of the opening speeches that appears to recognise the dangers that she has placed the country in. Maybe we will hear about that in the closing speeches.

The then Government, and today's minority Government, not least the Chancellor of the Exchequer, have explicitly recognised the dangers and stormy waters ahead. My noble friend Lady Hayter has also recognised this in the amendment that she seeks to move: that no deal is probably the worst possible disaster. Incidentally, as somebody who has spent their life as a negotiator, I understand that you do not give away your hand to the other side, but there are occasions when you just do not say any of that kind of stuff. There is nothing that compels you to put it in those terms in the first place. It is amateur night.

The record numbers who registered to vote on the deadline this year were mainly young people, many of whom were voting for the first time and who had been excluded from the referendum as the amendment to enfranchise them had been defeated. We must face the fact that they have come back to exact revenge. And they will. Our job is both to test the Government, which of course is the function of this House, and to face the challenge of thinking strategically. It is not, and it never was, a matter of simple tactics. Anybody who tries to approach it in that way will miss the key factors and the key opportunities to get to a better position. I strongly support my noble friend Lord Adonis in his amendment, precisely because it is strategic, and it is a strategy guided by principle.

I argue, very briefly, that the leave campaign was driven by two main forces. The first was those who hanker after the past, either because they fell through the holes in the global economic net and felt unhelped and disregarded or because they felt that there was an appeal in reclaiming some of the distant sense of community that was perhaps no longer so apparent. There were others who also felt a distinctive longing for our mercantile past and the historical trajectory of our island people. No matter that the economic structures have changed beyond recognition and that the old way is beyond reinvention. The world of our empire and the way in which we treated the peoples of that empire are long gone—and thank goodness for that.

The second force needs some deciphering. It is a force that I associate with the noble Lords, Lord Lamont and Lord Forsyth, Michael Gove and Liam Fox: that we should abandon almost all regulation and get to a position where we really are like tax havens such as Singapore, without regulation or anything that might be a barrier. This is completely at odds with the first of those motivations, which is an appeal for localism. It is instead an appeal for untrammelled globalism, which is why it is reasonable to say that people who are at the bottom of the economic pile will be as hurt as they will be in the future.

I hope that over the months the Government will spare us a diet of soundbites and platitudes, and on occasion grubby Trumpian lies, and will tell people the

truth. People are now fully entitled to know that truth, particularly the younger generation who have come out and become political in these circumstances and who are entitled to know what the future holds for them. They look at young people across Europe and across the world and recognise that many are of them are innovative and want to do significant things in this and other economies. They do not see them as different or alien, so let us get rid of some of the xenophobia that there has also been in this. Let us treat people with respect, and respect their intelligence. That ought to go for all of us. They know, I think, that they will have a much better future with the kind of arrangement that my noble friend Lord Adonis has recommended. I wholly support his amendment. It provides clarity for our route of travel and has a strong prospect of building trust, and I say to noble Lords on my own Front Bench that it will help them to stop hopping from one foot to another in order to try to persuade us that there is a plan when there plainly is not.

7.44 pm

Baroness Deech (CB): Ever since the election there has been unfounded speculation about what it meant in relation to Brexit. It revealed acceptance by the large majority of the British electorate that we are to leave the EU. It featured in the manifestos of the two largest parties, and the one party that avowedly pitched for the remain vote did not do well. Brexit has retained its legitimacy as the settled will of the electorate, which may have been strengthened by the perception that the other 27 nations are not acting as our friends and show no good will.

Much has been made of offhand statements that the door to revocation of Article 50 and a return to the fold remains open, but at what price? Humiliation, maybe forced acceptance of the Schengen area and the euro, the loss of what remains of our opt-outs and our rebate, and of course the loss of any influence in the future, having made our threat and failed to secure reform, and reappearing with our collective tail between our legs. There will be no true Brexit if the deal is to stay in the single market and the customs union. Lengthy transition provisions will be deceptive, because they will be a way of extending the current situation indefinitely. It is not all about money, which the remainers focus on; it is about recognition of the EU's failure to uphold human rights, its inability to stop the countries of eastern Europe sliding back to authoritarianism, its failures in security and its abysmal foreign policy.

Undermining the negotiators who are dealing with the complicated issues on behalf of the UK public is another way of trying to reverse the decision. Similar exits have taken place before, with the ending of colonial rule over India, Australia and Canada, which was complicated and lengthy but arrived at because the aim was clear. The reunification of Germany and the dismantling of the Soviet Union were again just as momentous, and achieved with great hardship in the latter case but regarded as worth while. I suggest that opponents of Brexit now will be as relinquished by history as opponents of those movements were in the past.

I wish to be constructive and there are some suggestions that may be offered in relation to the disentanglement of UK law and EU law during and after Brexit. They relate to the repeal Bill, which may not be great in title but certainly will be in effect. It will repeal the 1972 European Communities Act, which gave European law precedence over laws passed in the British Parliament. It will also end the jurisdiction of the European Court of Justice, which incidentally has been much criticised in the past by British lawyers for its quality. All existing EU legislation will be copied across into domestic UK law to ensure a smooth transition on the day after Brexit. In technical language, the *acquis communautaire* will be incorporated into domestic law. The judiciary is anxious that it should be made plain in statute what authority is to be given to the past decisions of the European Court of Justice after Brexit in relation to matters that arose before Brexit and matters after we leave. This wish has been expressed by the Supreme Court Justice the noble and learned Baroness, Lady Hale, and by the Lord Chief Justice the noble and learned Lord, Lord Thomas, in his Scarman lecture this week.

The sensitivities of this exercise are revealed in the plans set out in the gracious Speech to carve out certain areas of law for separate treatment. The Lord Chief Justice has suggested that the Law Commission, which has been an outstandingly successful vehicle for law reform for 50 years, should be used to bring its great legal and technical expertise to assist with legislating for Brexit in areas that are more technical than political. As an example, he singled out the choice of legal rules that lie ahead of us in deciding which legal system is to apply in cross-border conflicts, known as the Rome I and Rome II regulations. Lawyers and professional organisations have put forward various proposals and solutions, but a final decision by Parliament would be much assisted by assessment and proposals devised by the Law Commission in apolitical scrutiny.

Finally, let us consider the position of this House in UK democratic decision-making. It is an overwhelmingly pro-remain House, and this is a risky position to adopt. It is the role of the House to support democracy, to check the Government, and often to ensure that the needs and demands of the electorate are heard. In the aftermath of the tragic Grenfell Tower fire, we all agreed that the voices of the people should be heard. It is time to stop labelling leavers as misinformed and uneducated. That is just another way of drowning out the voices of the majority.

7.49 pm

Lord Howard of Rising (Con): My Lords, there has been discussion about the Salisbury convention and whether it should apply in the case of manifesto promises made by the present Government. It clearly should. The Salisbury convention was introduced to avoid this House defying the other place when it seeks to implement a clearly expressed wish of the people. The convention was introduced because it was considered wrong for our unelected House to reject legislation specifically endorsed by the electorate. That remains the case.

If one thing is absolutely clear, it is that the British public have without doubt approved of Great Britain leaving the European Union, in spite of some of the

[LORD HOWARD OF RISING]

wishful thinking expressed today, first, through the referendum, where, in spite of the fear campaign, which was dishonest, the vote was clearly to leave; and, secondly, through the recent election, where 85% of the electorate voted for parties which included leaving the European Union in their manifestos. To say that the public have not made their views known and that the Salisbury convention should therefore not apply is semantics. It is also outrageous. Even if the Salisbury convention was not to apply, given the public support for leaving the European Union, it would be quite wrong for this House to impede the progress of this matter, least of all for a former Cabinet Secretary—for the first time in history, as far as I am aware—publicly to try to oppose the will of the people.

Leaving the European Union has to mean taking back the ability to make our own laws, which means removing the supremacy of the European Court of Justice. The ultimate authority over the laws of Great Britain has to be within these shores. Soft or hard Brexit, you cannot claim to have left the European Union if it remains the ultimate legal authority in Great Britain. Some claim that staying in the European Union enables one to be part of the law-making process. Being one-twenty-eighth of a decision-making body, with the inevitable compromises and deals, is not the same as making your own laws.

Just as our laws should be decided in Great Britain, so should any decision over immigration be made here. It should be up to this country to decide how many people from other countries are allowed to live here. This in no way prevents immigration but allows Britain, which will host the immigrants, to take the decision.

Great Britain must also leave the customs union which prevents this country making trade agreements with other parts of the world. May I remind your Lordships that many other countries trade successfully with the European Union without a customs union, notably the United States and China, both of which sell more to the rest of the European Union than does the United Kingdom? The Commission itself has said that 90% of future global growth will happen outside Europe's borders. It would be folly to allow the customs union to prevent Great Britain having the greatest possible access to world markets. I do not know whether insisting on these fundamentals makes a hard or a soft Brexit; what I do know is that it is not worth sacrificing our laws, our ability to make trade agreements with the rest of the world and control of immigration into this country in pursuit of a trade agreement which already costs this country more than £60 billion every year, and will get worse if our exports to the European Union continue to decline at the present rate.

7.54 pm

Baroness Crawley (Lab): My Lords, I, too, welcome the noble Baroness, Lady Anelay, to her new post. I know that she will roll up her sleeves and get on with it, as she always does.

As we approach today's debate on Brexit legislation in the Queen's Speech, it must surely be obvious by now that the very prospect of Brexit is contaminating the British economy, institutionalising uncertainty, making

investors pause, discouraging the import of skills and students and sharpening prices in the shops. This is not so much a case of straws in the wind but tumbleweed beginning to blow down every high street in the land. Meanwhile, the reality of Brexit continues to provoke stress and confusion among all those thousands—indeed, hundreds of thousands—of Poles, Portuguese, French and Spanish, who have come to Britain to work, pay taxes and build families. Brexit has put them in limbo.

I for one was glad to hear the PM putting her opening position finally on the table in Brussels last week, and I hope that it will bring some reassurance—a measure of reassurance, at least—to EU citizens here, and reciprocally to UK citizens abroad, but—it is a very big “but”—settled status for life for individuals still raises myriad questions for people over extended family entitlement, political rights and the nature of the court that will oversee their legal rights as well as the all-important cut-off date and how much this will all cost EU citizens, as my noble friend Lord Cashman asked.

While Monday's Statement sought to clarify the PM's offer, it raised just as many further questions and will inevitably do so as it falls short of freedom of movement. Meanwhile, according to *Le Monde* this week, there has been a 254% increase in British people currently resident in France applying for French citizenship. Everyone in this House has a friend exploring whether, as Brexit looms, he or she can find a way to claim Irish citizenship—I speak as a dual national—Italian nationality or Danish nationality. Doubtless some people will wonder whether that fortnight spent on the Costa Brava as a teenager in the 1970s might just be enough to persuade the Spanish authorities in this regard.

Economically and socially, we have already fallen under the thrall of Article 50. Although it is a good thing that we have moved from a prime ministerial Brexit to a parliamentary Brexit, which at least offers some hope, we must not be naive about the tough road ahead as we try to preserve the richness of, for instance, our continental academic networks and our scientific collaborations, which are now under threat, and as we try to allow companies, for instance in Birmingham, to benefit from continuing to trade with their counterparts in Bordeaux and Berlin without one job being lost and without having to fill in an extra form, without one fresh tax to pay and without one moment of delay at a newly erected customs post somewhere along the way. All this is now under threat if we continue down the road of no access to the single market and no membership of the customs union. In this I very much support the noble Lord, Lord Adonis.

We must not be naive about the tough road ahead in trying to deliver enhanced security and defence co-operation in an extremely troubled world. That delivery is now under threat. Of course, the Government will try to secure these things, but the Heseltine maxim continues to hang around this whole process—namely, we are simply not in charge of these negotiations. The EU is very much in the driving seat and will continue to be so, as my noble friend Lady Symons said. There is just no chance of emerging from these negotiations, despite all our best efforts, with the UK in a better trading position than the one we currently, but transiently, occupy. In truth, there is no such thing as a smooth and satisfactory withdrawal from the EU. Does anyone

really think that Mark Carney is being wantonly alarmist when he tells us to expect from now on “weaker real income growth”? Is anyone juxtaposing the Brexit process with the fact that the UK economy is struggling to maintain a growth rate of 1.5%? The blunt truth is that the UK is not in good shape to take the Brexit hit, and hit it will be.

As it stands, we are due to cut ourselves off from the European Union at midnight on 29 March 2019, creating our own generation of midnight's children, pointlessly partitioned out of their continental destiny. One can only hope that better wisdoms will prevail before that midnight hour.

8.01 pm

Viscount Waverley (CB): My Lords, my remarks this evening will be general in nature, not solution-driven. I look forward to contributing to each of the upcoming Brexit Bills.

I hope that the Government are in listening mode. I sense a degree of consensus building in the air this afternoon. This is in the national interest and that of the Government. Time will tell whether the architects of the referendum campaign were cavalier with the future of this country. Time will tell whether four decades of real engagement with the European Union was vitally in our country's interest, and on balance whether a future as a central player in a resurgent Union would have suited our purposes. Political expediency has driven this referendum process and brought us to where we are today. The electorate have now determined an altered play following the election, with those architects who advocated to leave possibly being consigned to the political wilderness if the Brexit negotiations go wrong. Let us hope that we do not arrive at that outcome.

As a 30-year resident on the continent, I have to date been particularly mindful of the referendum result, recognising what appeared to be the inevitable. The inconclusive election, however, has removed those constraints in my mind. And, not for the first time, this House of unelected Peers must defend the best interests of democracy, decency and common sense—all things that large swathes of people in this country are praying will prevail. I am concerned that some who advocate a global vision are in fact narrow in their international visionary outlook. When those same people look to the past as evidence of the United Kingdom's ability to see this through, they do not take sufficiently into account that we have moved on as a nation, just as I am concerned that the Commonwealth—which many deem to be our saving grace, particularly in trading issues—also has moved on, with multivector strategies. Understanding and being at the cutting edge of tomorrow's supply-chain world is key to where our future lies and where we should target.

I will not be arguing on internal market or customs union issues, or the question of fisheries and so on this evening, but will observe extremely closely henceforth how things progress, recognising that the result of two years' negotiation will need to be looked at as a whole, from the perspective of the national interest. The art of successful negotiation that will stand the test of time is to show that the end result is a balanced, positive outcome for both sides. Now is the time to focus on an approach to our continental partners that addresses

their needs as well as those of the United Kingdom, and to build political consensus, knowing that the test of true leadership is the need on occasion to tell people what they do not want to hear.

Our media have entrenched positions, as do the continental press. They make for disturbing and disparaging reading. We are from all accounts facing an identity crisis; we have lost the reputation of being pragmatic and rational; the best we can hope for is the least possible economic disadvantage; and the British citizenry are depicted as victims. Monsieur Barnier was reported in an article last Saturday as saying that he needs the UK to set out its plans more clearly, as he cannot negotiate with himself. The director-general of the CBI, Carolyn Fairbairn, yesterday called for, “action, clarity, leadership and a plan”.

In addition, it is alarming to witness the apparent disarray in Cabinet. We must not play poker with our great country.

We must address an underlying tragedy we face as a nation, caused not solely by Brexit. Our country feels more divided and under greater stress than for many a year. We have to find ways to overcome this division and bring people together. We must move on from the negativity of the party-political dogfight. I therefore join with others in encouraging the Government to consider appointing an independent, cross-party commission to advise Parliament and the electorate as to whether what has been negotiated is working, and has worked. There are plenty of wise people who would take on that responsibility with a sense of dignity and purpose. Managed correctly, it could act as a healing process to the turmoil we face internally as a nation over the referendum process. If so, it should be set up quickly and run in parallel with the negotiations, reporting as soon as possible and regularly.

Nobody can predict the outcome of exiting the European Union. I live in hope and expectation, however, that political masters can turn this around. Señor Carlos, my regular taxi driver from São Brás, Portugal, rightly states, “The European Union needs the United Kingdom as much as the United Kingdom needs the European Union”. That is a good starting point for negotiations to begin.

8.07 pm

Baroness Finn (Con): My Lords, Brexit means Brexit. Unfortunately, Brexit has come to mean all things to all people. This is as true for our UK politicians and their electors as for our European partners. But now it is time to move beyond it. There are, after all, many things we do know about Brexit—and indeed it is our democratic duty to see it through. We know that in the referendum itself, the vote was close, which suggests an extreme version of either position—a so-called hard Brexit, where we slash all our links with Europe, or a second referendum to reverse the result—would probably not enjoy popular support. We also know that all Governments have a duty to protect the security of their citizens, including their economic security. People did not vote to get poorer.

So, yes, we need to leave the EU, but we have a duty to do so in a way that maximises our prosperity and minimises disruption. This begins with a pragmatic, not ideological approach to Brexit, and a tone that is not protectionist but which reflects our widely held

[BARONESS FINN]

liberal values and our commitment to openness, free trade and responsible capitalism. It means that, however exercised some may be about immigration, we must put jobs and the economy first, even as we put the status of EU citizens already here in the UK beyond any doubt. We have a duty to explain better the benefits that economic migrants bring to the whole of the UK, instead of conceding the point—or worse, exploiting it for political gain. It means that we must achieve maximum possible consensus and listen to business and the City when they speak out on Brexit, and that we must maximise the opportunities that Brexit will ultimately bring, in free trade agreements struck with familiar partners such as the US and the EU, but with the fastest-growing emerging markets as well. The think tank Open Europe recently published a report, *Global Britain*, highlighting that the UK under-trades significantly by billions of pounds a year with many key partners. It should be a national priority to close this gap.

In practice, this amounts not to a triangulation between soft and hard, open or closed, but to a choice between prosperity and stagnation—and we must choose the former. To do this, we need to focus on transition. A transition period will allow us to mitigate the uncertainty of the negotiating period by guaranteeing the avoidance of a cliff edge, where businesses will not be clear under what legal and regulatory parameters they will be operating. It will also allow us to build the capability and infrastructure required to manage our own customs and trade arrangements. As several noble Lords have pointed out today, and as my noble friend Lord Howell of Guildford recently advocated in a letter to the *Times*, fortunately the right transition vehicle already exists—namely, the EEA.

The EEA would avoid full customs union, where we should also seek some transitional arrangements, and would therefore allow the UK to pursue trade agreements. It allows some national intervention in immigration controls. The ECJ has no locus in it, the EFTA court has no direct effect in the UK, and it gives back control of agriculture and fisheries to Parliament.

Critics will point out that from within the EEA we will continue to comply with EU regulations without being able to influence them, and indeed we will continue to contribute to the EU budget. However, the burden of proof is surely on those critics to explain how periods of uncertainty that will damage our economy, as well as our reputation, would be less costly than temporary ongoing budget contributions.

Investment curtailed or cancelled and productive economic migrants leaving this country will do permanent damage to the UK and will even harm our ability to reap the eventual benefits of Brexit. Instead, a time-limited period in the EEA, while capability is built up and certainty maintained, will set us up far better ultimately to leave the customs union and the single market—as we will and as we should—in order to gain the full benefits of Brexit by forging our own free trade deals and escaping the shackles of EU trade deals, with their protectionism and special-country interests.

This approach is, I believe, the way to navigate between the democratic wishes of the British people, the duty to provide economic security and the agenda of our EU colleagues. The Government have a duty to

negotiate through this complexity and to deliver a unifying vision—and make a reality—of a prosperous, open Britain, eventually outside the European Union.

8.11 pm

Lord Davies of Stamford (Lab): My Lords, I shall probably say only one thing this evening that gives any pleasure to anybody on the other side of the House but I say it very sincerely. I warmly congratulate the noble Baroness, Lady Anelay—who is just walking out of the Chamber—on her appointment. At present, the Government must be in very dire need of someone of her abilities, judgment and natural diplomacy.

A few weeks ago, an acquaintance asked me, “How long are you remainers going to bang on about the costs of Brexit?”. I responded to her, “As long as the costs of Brexit continue to bear on the British people”. If we leave the European Union, they certainly will for many years and probably decades—almost certainly long after the limit of my own existence here.

I think that the British people are at the very beginning of the process of recognising the damage that has already been done subsequent to last year's referendum. There has been a 15% devaluation, and people are beginning to realise that it really does mean a 15% reduction in the real value of everybody's sterling assets or revenues. Perhaps wealthy people have internationally diversified portfolios and will not be hit quite so much, but those with more modest fortunes—most British families—will all be hit by at least 15%. That is a very serious matter.

We are now facing rising inflation and we know that this year real wages will fall. We know that the Bank of England will face increasing problems in confronting the great difficulty of knowing whether to increase interest rates. If they continue with the present accommodating monetary policy, that will simply embed inflation, and if they increase interest rates, that will further hit the growth of the economy. We have also had the results for the first quarter of this year, which show that the economic growth rate in this country is now at the absolute bottom of the EU 28 countries, together with Italy. So the prospects are pretty appalling.

One has to ask why the British people voted for such a disaster. We now know the answer, because Mr Dominic Cummings, who organised the Brexit campaign, told the *Times* a couple of weeks ago—he said it in a rather self-congratulatory way—that he was convinced that it was because of the big lie of saying that there would be £350 million a week more for the NHS if we left the EU. So now we have it, and terrible damage has been done to our country—quite the worst damage of any kind of crisis that I can think of in my lifetime—and it is all the result of a big lie. Essentially, the British people have been swindled by a bunch of professional liars. There is no hyperbole in that statement; it is exactly how these people, in a self-congratulatory way, have announced their great accomplishment. It is a pretty grim situation and we all have to reflect on it quite carefully.

The Government tend to say, “Well, we are where we are”. I think that if I hear that cliché again I shall have a seizure. “We need to move on”, is another one. They also say, “Let's talk about the opportunities”.

Well, let us talk about the opportunities—that is exactly what I want to talk about. I keep hearing about the opportunities that are being opened up to us with Brexit, but what are they? We all know the opportunities that are being destroyed by Brexit, such as the opportunity to go and work abroad. That is a very important opportunity, which as a younger man I enjoyed myself. Another is the opportunity to study in another country and take advantage of the Erasmus educational exchange programme, from which hundreds of thousands—maybe millions—of young people in this country have benefited. It is a wonderful system. There are also the opportunities for scientific research, and to lead in this country programmes of scientific research funded by the European Union. We know that at the prospect of those closing down, whole teams of academics are now moving abroad and being recruited by continental universities. There are no opportunities there—only an obstruction of opportunities.

What about the economy? You do not create opportunities by putting a dagger in your economy. You destroy opportunities by reducing the growth rate in the economy and reducing national wealth. You destroy entrepreneurial opportunities, job opportunities, opportunities for innovation and opportunities for enhancing the quality of human life. There are no opportunities there at all.

In my view, no opportunities for trade are being opened up by our leaving the European Union. The whole point of the European Union—or at least one of the major points of the single market—is that people have advantages in a larger domestic market with economies of scale and longer production runs. They get more business outside that single market, and that has worked out very well. France, for example—a country with a similar population—has a considerably higher level of exports than we have. If we do not think we are doing very well, we should ask ourselves what is wrong with our country and why productivity, for example, is so low. That will not be helped by leaving the European Union. On the contrary, anybody with any knowledge of economics would say that the two things you want to do if you want to improve productivity are to increase competition and increase investment. By leaving the European Union, we will reduce competition and we are already, with the prospect of leaving the EU, reducing the level of investment. Therefore, there are no opportunities there at all.

One thing one hears the Brexiters say is, “We’re going to sign all these free trade agreements around the world with non-EU countries”. Earlier we heard a splendid speech from my noble friend to my right, in which he said that, if we leave the European Union, we start off by losing access not merely to the EU market on the favourable terms that we now have but to 45 other countries that have FTAs with the EU. Renegotiating with them would take years and years—a minimum of five and perhaps 10.

If we start talking to other countries, what is the basis of the deal that we might do with them? If we go to China and say, “We’d like to have an FTA with you”, the first thing the Chinese will say is, “Well, we’d like you to get rid of the EU steel quotas, please”. That is fine but what are the Government going to say

to the workers at Port Talbot to whom they have made promises? If we go to India, Mr Modi will say, “The first thing on my agenda is that I want more immigration into the UK”. That will be pretty rum because apparently we have to leave the single market as we have too much immigration and want to bring it down to tens of thousands a year, so we cannot fulfil that particular requirement. If we go to Australia or New Zealand, we shall be told, “Well, the first thing we want to do is sell you more meat”. We will have enormous vessels arriving with frozen meat from those countries every week, which will put out of business large sections of the British livestock industry. Is that what we are going to do? Is that what the Government consider to be an opportunity? If we go to the United States, the same thing will happen, except that the meat will come full of hormones and antibiotics, with threats to public health.

There are no opportunities that I have heard of. I asked the noble Lord, Lord Bridges, when he was the relevant Minister, what the opportunities were but he never gave an answer. I ask the Government the same question tonight, so perhaps we will hear the answer later. What are the opportunities? I do not believe that there are any. I believe that we are adding incompetence to self-delusion on this matter, and the prospects for the country are very serious.

8.19 pm

Baroness Fall (Con): My Lords, we gather once again in this Chamber after a difficult few months. There has been murder on our streets and tragic death in the heart of our London community. An election that was called to unite a country has instead revealed a divided one. Our gracious Queen is right to say there is a sombre national mood.

A year ago we voted on whether we should remain as members of the European Union and I strongly believed that we should. I did so because I believe our nation’s interests are best served as part of an open, tolerant, outward-looking, strong and patriotic Britain within the European Union—a Britain that cares above all for people’s jobs and livelihoods. But my side lost. The British people voted for out with a small though decisive majority, with a large turnout of people across all walks of life, ages and communities. I for one respect that decision, which is why I walked through the Lobby in support of Brexit earlier in the year. I believe it is our duty as a nation to unite to secure the best outcome for our country and build a strong future together.

But the decision to leave the European Union was an answer to a yes/no question, not a decision about how to leave or about what our future should look like. In the aftermath, I had hoped, as many in this Chamber did, that we would have a national conversation about what sort of country we wanted to build—a conversation that put people’s jobs and livelihoods at the top of the agenda, but also weighed up the difficult issues around immigration in our country and the sovereignty of our institutions—in the knowledge that there are many complex issues to grapple with and paradoxes at the heart of what we want for our country.

[BARONESS FALL]

Let us take immigration. It can be true both that immigration is a force for good in our nation and essential for our economy, and that some communities feel overwhelmed by the lack of control over the seemingly large numbers involved. How to square this circle? Look too at the decision to move away from the jurisdiction of the ECJ. We all know that with any new trade deal there will have to be an adjudicator, and if not the ECJ it will have to be something else. We also know that with just 20 months left to secure a deal we are unlikely to agree arrangements across all sectors, so there will need to be some sort of transition arrangement. What might this look like?

These are difficult issues which should be weighed up and discussed, but unfortunately there has been little debate. Instead we are simply told, “Brexit means Brexit”, “Hard Brexit is the only option” and that no deal is better than a bad deal. Anyone who put forward another suggestion was in some way a traitor to the people—the sort of lack of respect for balanced debate that I find troubling in a country that is supposed to be a beacon of liberal tolerance and the mother of democracy.

I am deeply troubled too by the sense that rushing head first into the so-called hard Brexit is ideologically driven with little thought for the damage it might have on people's lives. This strikes me as a “means justify ends” argument of the type that I studied at school when we learned about the French and Russian revolutions, thinking smugly that the British always had more sense than to subject their citizens to such misery in the name of a so-called greater good.

Now the British people have spoken again. What are they telling us? This too is a matter of interpretation and I am not going to pretend I have all the answers, but in the 2010 general election the country voted in a similar fashion, giving no party an overall majority. The message we took away from this was that the nation wanted politicians to put their party disagreements to one side and work together in the national interest. Five years on we had turned round the economy and put 2.5 million people back into work. Last month an election was called for Brexit and it gave an uncertain result.

I urge this Government to listen to the people and to move forward towards Brexit in a more considered and consensual way, looking at other options, including a longer transition period resting maybe in a Norway-style agreement, or face a very real danger of dividing our country for decades to come while our economy goes into freefall. I urge the Government to reflect on the need to build consensus between parties, nations and communities—not drive at full speed off the cliff like Thelma and Louise with the nation in the back of the car, but move towards our future cautiously and purposefully as one nation.

8.24 pm

Lord Desai (Lab): My Lords, the result of the election was very clear: my party won but was clever enough to leave the mess to the other side to sort out—the best of all possible worlds. But whatever my own preferences, we are where we are. Not only that,

but the train has left the station and the negotiations have started. So it is not possible now to wish, as some people do, that this will never happen. It is going to happen. The question is how best the Government can achieve their objectives. That is how an economist has to think. We know the objective, so what can be done?

One of the most important things will be the budget discussion. Noble Lords will have seen the report from the European Union Sub-Committee on finance of your Lordships' House, of which I have the honour to be a member. We have set out a number of alternatives. The figure of €100 billion is not cast in concrete. There is scope for negotiating and to show the European Union that there is a minimal amount to our obligation that cannot be calculated by our gross contribution of 12%, by the contribution net of our rebate, or by what we receive in return from the European Union after some other deduction. It could be as little as 4%. So there is a lot of scope for negotiating, and the first thing the Government should say is, “We know we don't have to pay this much, we only need to pay a small amount, such as €20 billion. But, because we want goodwill and smooth negotiations over the next few stages, we are willing to meet half way and give you €40 billion”—something like that. That is very important, because, until we clear the budget, nothing further will be discussed. It is imperative on the part of the Government to thoroughly understand the negotiations about the budget and go in with a strong hand.

Secondly, however we interpret the results of the referendum, and whatever our preferences, it is quite clear that immigration remains a no-go area. As an immigrant, I wish it was not like that. I wish it was the other way round—I know all the arguments in favour of immigration. The nation was not afraid of immigration until after the financial crisis. Under the new Labour Government, we were the most generous country in the European Union, admitting people from an enlarged Europe. We were much more generous than Germany or France. But the atmosphere has changed and now people do not like it—and we have to do what people want us to do and not interpret that as we would like to.

Given that immigration is off the table, the other main aspect of the Brexit debate—mainly among the leaders of the Conservative Party—is the idea that leaving the European Union would release us to make lots of free trade agreements. That may be the case, but it will not be quick or easy. I wish there was a bit more realism on that so people could understand that when Brexit is done and we are free of our obligations of being in the customs union and have moved into the WTO area—supposedly in the next 18 months—it will take, on average, 10 years for any free trade agreement to be negotiated. I did not make that up: it is a fact. The free trade agreement between Canada and the European Union has taken longer than that.

So we have to be prepared for a period of uncertainty. We will not know the nature of the post-Brexit British economy for 10 years. The Government will have to prepare themselves for taking the people into their confidence and saying, “We know where we are going and we are not there yet, but we know what the costs will be and in the meantime, this is the map of where

we are going". That has not been done so far. Brexit may be Brexit, but a variety of things can happen over the next 10 years and it is imperative on the Government to come clean about what they think will happen after Brexit and before we are into the heaven of free trade agreements with the whole world.

8.30 pm

Lord Dykes (CB): My Lords, on 8 January this year in the *Sunday Telegraph*, there was an article by the Prime Minister, Theresa May. The first paragraph was very interesting. It said that the vote in the referendum was not really dealing with Europe, but with a disgruntled, fed-up electorate. They were fed up with their economic conditions and social policy weaknesses and they were being left behind with no wage increases and all the other things of society. That was not just affecting people of any particular age group, but was throughout the country and throughout the system—throughout all those voting in that referendum. Once again, that shows the reality that a referendum is not only a dangerous and foolish instrument—and always has been—but it is even more dangerous when it is advisory, giving only an opinion but people regard it as binding.

That is a monumental mistake, and we now see the calamity emerging in this country. There is a disaster facing us with this foolishness, mainly in the Conservative Party. I was a Conservative MP—a most left-wing one in those days—when the Conservative Party was civilised and moderate. It has now lost its way. It was a former great party of state that was pragmatic and intelligent. Now it is mired in this absurd ideology of hating Europe and hating the European Union for some strange chemical reason which is difficult. I have offered money to pay for psychiatric care for the most extreme anti-Europeans in the Conservative Party. They all turned me down, I am glad to say, so it has saved my pocket.

It is such a tragedy for this country that we have seen this mess created by a foolish previous Prime Minister, Cameron, playing Eton and Carlton Club games with this very serious matter of our membership of the EU. He was fooling around, and now we see that Theresa May is repeating it and saying "Brexit means Brexit". What a fatal mistake to say that, notwithstanding that the referendum was an opinion only and not compulsory.

On previous treaty occasions such as Maastricht, Lisbon and so on, in some countries in Europe referendums were compulsory: there was a written constitution and they had to have them. They all voted no because the Governments were unpopular locally, but they were all turned into yes votes by the same Governments and once again endorsed membership of the European Union. We do not have to do that with this referendum, which was advisory only, as Kenneth Clarke said immediately after the result of 23 June. He has slightly changed his mind now, but I hope that we will work on him later on to bring him back to the good cause of Europe. This nonsense cannot now continue. That mandate for Theresa May ended with the latest general election on 8 June. Now the mandate is equivocal and doubtful and for her to

continue on the same path is ludicrous nonsense. It is a calamity for this country, which is unimaginable.

Suez was the most reckless episode of the post-war period, but what is happening now to Britain with this nonsense about Europe is much worse. Are we saying that we are different from all the other 27 countries? Are we the only ones who want real sovereignty? What is sovereignty? That kind of concept of sovereignty, for old-fashioned Tories such as the noble Lord, Lord Hamilton of Epsom, and other colleagues—whom I admire greatly—last existed in 1905. Even after that, the British Army was under the command of a French commander-in-chief—how risky and dangerous. Why were we giving sovereignty away? Why is it that, in NATO, we can be ordered to war by the American general in charge because a small NATO country is being attacked and that is not a loss of sovereignty? Why is that all right and not the imagined, pretend sovereignty of not being on your own but being a member of the European Union? The collective sovereignty of the European Union is massive in comparison, and the individual sovereignty of every single member state goes up as a result of that possession of collective sovereignty. It does not just apply to small countries but big ones as well.

Why do the Germans and French not have doubts about this? They are proud countries. They are proud of their traditions and histories—apart from one particular episode for Germans between 1933 and 1945, which was a tragedy for them. These countries know that sovereignty such as that no longer exists anywhere in the world. People are now working together in the global village for the good of everybody.

I was cheered by the speeches that happened to be exclusively—just a coincidence, of course—from the Labour Benches in this debate. We have had 18 people saying, because of the excellent amendments of the former Cabinet Secretary and the noble Lord, Lord Adonis, that our membership remains indispensable and that these negotiations are absurd and must stop as soon as possible. I agree and I am cheered that the noble Lords, Lord Cashman and Lord Triesman, made some inspiring speeches as well, saying what is due to us if we destroy this nonsense and come back to the public through our parliamentary system. When we had NATO, we had did not have a referendum. There was no referendum when we had the Second World War. When we joined the UN, there was no referendum. None of those things needed referendums, so why do we have the poison of referendumitis in the system other than in the stomachs of the Conservative Party?

That must be driven out. We should go back to the public now because the Labour vote was also the vote of younger voters who are pro-Europe, which is something that the Labour Party has to sort out. Jeremy Corbyn will have to be made into an enthusiastic European in due course by his Labour colleagues, which will happen, I am sure. It means that, once again, this country will have a chance to go back to sanity and move away from this ridiculous disaster. It is a disaster of such magnitude that I can hardly believe it is happening. The House of Lords must give a huge lead on that in order to encourage our elected colleagues in the Commons.

[LORD DYKES]

8.36 pm

Lord Horam (Con): My Lords, as they review their tactics in the negotiations with the European Union after what, it must be said, has been a rather inauspicious start, the Government could do worse than thumb through *The Art of the Deal*, written or perhaps ghost written by President Trump. A central point he makes is this: never take anything off the table unless you absolutely have to. Unfortunately, in her Lancaster House speech the Prime Minister took off the table the single market and the customs union. I think he would regard that as a rather serious opening error. Fortunately, all is not lost because the Prime Minister also said that she wanted a “deep and special relationship” as well as a frictionless non-tariff arrangement with the European Union.

When the trade negotiations start in earnest this autumn, I suggest to the Government that they should lead off with this point. How do we keep what is obviously in the interests of both sides? How can we retain the essence of what has been examined so laboriously and achieved over many years by both the European Union and by ourselves? As the noble Lord, Lord Kerr, said earlier in the debate, if we want a positive result, we have to make a positive suggestion. Obviously at some stage we will have to make the point that we have concerns about immigration and the position of the European Court of Justice, but that can come in after we have established a positive framework for carrying on to our mutual advantage. I sincerely believe that such a constructive approach will be more likely to evoke a more serious response than harping on about what we will not do. That will simply put people's backs up as well as put them in a negative and defensive mood.

The second point I take from the Trump manual of how to do deals is always to have a plan B. Fortunately, there is a plan B. As my noble friend Lady Finn said earlier, it is widely thought on all sides that it will be nigh on impossible to complete a full deal before March 2019, so we will need an interim deal which keeps things moving and minimises disruption. The recommendation of the European Union Committee of the House, on which I am delighted to serve, made in its report published in December last year on the trade options for Brexit, is that we should stay inside the customs union. Remaining in the union would give certainty to business, it would help with the time-limited supply chains that are now common in the car manufacturing and aerospace industries, and it would deal with the Irish question. It appears to have the support of the Chancellor of the Exchequer and the Labour Brexit spokesman, Sir Keir Starmer, as well as, expressed in the course of this debate, that of the noble Lord, Lord Adonis, whose amendment I think is extremely sensible. Let us also say that global Britain can thrive within the existing framework. There is no need to make new trade deals because we can thrive as it is; look at Germany, which is doing rather well.

My final point taken from the Trump manual of how to do deals is to make a realistic assessment of your strengths and weaknesses by comparison with your negotiating partner. It is clear that in this case we

have the weaker hand, but the European Union has one weakness—it needs money. A Commission paper published today points out that Brexit will leave a very big hole in the budget. We are, unfortunately, in debt to the tune of £1.8 trillion at the moment, but as a country we can borrow long, over a period of 20 or 30 years, at low interest rates. We have just forked out £1 billion to the Northern Ireland Government, so in those circumstances another £40 billion to £50 billion to the European Union would, frankly, be a steal for a good trade deal. It would cause apoplexy at the *Daily Mail*, but that would only add to our fun, would it not?

Obviously, I hope profoundly that the Government can get a deal, even if it is only an interim agreement. I am sure that that is where the centre of gravity of opinion is both in Parliament and among the people. They accept Brexit, but they want as seamless a Brexit as can possibly be achieved. There are those who want a hard Brexit or even no deal at all, but does anyone seriously imagine that, after seven years of belt-tightening, the British people are in a mood for the disruption and chaos that that would cause? Any Government which went down that path would quickly find themselves deeply unpopular. It is certainly not a route that a Government with no majority in Parliament can seriously take.

I wish my colleagues all the best in their negotiations, and particularly now that she is back in her place in the House, my noble friend Lady Anelay, who is reprising her position as a Minister of State. We all know in what high regard she is held, and we wish her well. But the Government must up their game and show far more skill and flexibility if they are to bring home the deal that Britain so badly needs.

8.42 pm

Lord Lea of Crodall (Lab): My Lords, the debate today has revealed no credible plan on the part of the Government but the outline of an alternative plan, although I hope it is not hiding behind too many weasel words about an interim or transitional agreement. In February, I moved the first amendment to the withdrawal Bill to provide that we would remain in the European Economic Area. I have only a couple of points to add to the most lucid analysis of the EEA and the case for it which was made earlier by the noble and learned Lord, Lord Brown of Eaton-under-Heywood. They concern how the two-pillar system works.

Two weeks ago, I spent a few days in Norway. In Oslo, I met a senior person from the Norwegian foreign office, the Norwegian equivalent of our director of Chatham House, the chief of staff of the Norwegian Labour Party and the head of the European department in the equivalent of the TUC. The first thing they said, at separate meetings, but in unison, was that the UK needed to focus on the institutional framework to which it wishes to belong. As the noble Lord, Lord Kerr, said, of this there is as yet no sign.

Contrary to what the noble Lord, Lord Kerr, surmised, each of the Norwegians said that if the UK wished to remain in the EEA by rejoining EFTA as the only alternative to staying in the single market, we would

find that the Government of Norway would certainly not stand in our way. That was the very clear message.

Does the Minister agree that the referendum that we had a year ago did not say anything about remaining in the EEA? The matter is not subsumed, as the Norwegian example shows, in just saying that it is the same as staying in the EU; that is just not true.

In contrast with what I have just said about the EEA and so far as I can see, the impression in Oslo, in other parts of Europe and in Brussels is that there would be little appetite on the EU's side to recreate in our case the Swiss relationship. I shall not go into more detail, but that is a difference. If they were us, they would see the EFTA-EEA as an institution which has the merit of actually being there—that was also pointed out to the committee chaired by my noble friend Lord Whitty. It is actually there and it actually works. That is in total contrast to the fog that we have heard today.

On the EEA Joint Committee, there is scope for us to be a little more ambitious in what we might visualise. It is a quite different concept from the rather odd words used last Thursday by the noble Earl, Lord Howe, when speaking on the gracious Speech. He used the phrase,

“as the UK steps back from Europe”.—[*Official Report*, 22/6/17; col. 29.]

It may have been just a descriptive throw away line, but, at the minimum, we will be in a Europe of concentric circles. Near the centre of the circle is the euro. I would hazard a couple of pence on the idea that, by the time the pound reaches parity with the euro, we might even want to join that.

The withdrawal Bill has led us to the point where I will vote for the amendment in the name of my noble friend Lord Adonis, but with the proviso that there is a missing dimension. I am not referring to nostalgia for the British Empire; I am referring to the fact that for many of the 52%, whether they live in Wolverhampton, Widnes or Wakefield, their experience at work and in society has led to some disaffection and lack of morale. They need high value-added contracts of employment.

In 1988 we had a forward movement, a conversion of the Labour Party, which we at the TUC had something to do with, by Jacques Delors addressing the congress in Bournemouth. I repeat that because we need another step forward. I hope that we can get behind the idea that at the European level we can have a framework agreement, under the social chapter, on the gig economy, and that this can mean that we can improve the quality of the contracts of employment for those people who, at the present time, have the worst perception of their role at work.

8.50 pm

Lord Watson of Richmond (LD): My Lords, one of the realities of this debate and of our predicament is that none of us is where we thought we were going to be. That is true of all the parties represented in this House, but it is also true of the country. I remind noble Lords that for months if not years before the referendum took place we were told, certainly by much of the media and many people in public life, that the European project was bankrupt, that it was failing,

that the euro was a disastrous enterprise and that, by implication therefore, the very best thing that we could do as a country was to get out of it as soon as we could. That was certainly a motor behind the result of the referendum itself.

Where are we? Well, where we are is the election of Macron in France, the almost certain re-election of Merkel in Germany and, therefore, the extreme probability that the Franco-German axis—unfortunate word, but there we are, it is used—will be fully re-established within the European Union. The European Union, as an economic area, and the euro itself are both accumulating value and doing very well. So, far from dealing with a cripple, we are actually dealing with a rejuvenated centre of European integration. That is not what we expected, but it is what we are now confronted with—and it is a major challenge. In these circumstances, I agree with the appeal made by the noble Lord, Lord Hunt, wonderfully expressed, for humility. I think we would be right not only to approach one another with humility but to approach the European position with a certain degree of realistic humility.

There are three things we have to be very careful about. First, no side in this argument has a monopoly on patriotism and no side should accuse another of being motivated by a lack of it—because that is not the truth. Nor should the charge of patriotism deficit, as it is sometimes called, be used in attempts to bully or coerce the other side of the argument. It has been brought up in the press and other comments and I was horrified by Andrea Leadsom's attempt to silence her “Newsnight” interviewer by saying: “It would be helpful if broadcasters were willing to be a bit patriotic, because the country took a decision and the Government is determined to deliver on that decision”. That was a threat.

Secondly, we must be very careful and clear, on both sides, on what we claim that decision to have been. It was a decision which, as we know, divided the nation, both horizontally and vertically, and still does—London from much of England, Scotland from England and so on. We all know the divisions and those divisions are not getting any better. We are now confronted with dealing with the reality, as has been said in this debate, that the referendum was not a decision for a hard Brexit or, indeed, for a soft one. The question was not asked nor answered by the referendum. Nor was it, of course, by the general election. It has been written of that result that, while it may not have changed the physics of Brexit, by God it changed the chemistry. I believe that to be profoundly right.

In fact, what we are dealing with is, again, not the situation that anybody anticipated. Your Lordships will remember that the mantra that the Prime Minister used as she entered the general election was “strong and stable”—and then somebody wrote in one of the newspapers, “Well, of course, the last time that mantra was really used publicly was by the White Star Line in 1912”. So to seek to obscure the meaning of the general election for Brexit, it is certainly misleading to claim, as has been done, that 85% of Britons somehow backed Brexit during the general election because both Labour and the Tories had it in their manifesto. People did not think they were voting about Brexit.

[LORD WATSON OF RICHMOND]

They were told the election was going to be about Brexit—but, as we all know, it was not.

On the Tory side, it is a relief to me—and, I suspect, to many in this Chamber—that the Chancellor has had the realism to note that the electorate did not vote to become poorer or less secure or to risk the economy crashing. In his recent speech in Berlin to the CDU, he rejected the Foreign Secretary's claim that Brexit will let us have our cake and eat it. How right he was. Maybe he was not being patriotic expressing that view to the CDU in Berlin—but nevertheless he did.

Finally, in achieving the outcome that we want, we have to prioritise access to the single market and the customs union. Self-exclusion from both makes a nonsense of any real commitment to free trade. The EU is Britain's biggest free trade area. We should listen more carefully than we appear to be doing to the views expressed by business. The conference of the Society of Motor Manufacturers and Traders—the SMMT—which took place last week has already been mentioned in this debate. It said that the fact is that over 50% of all the cars we make in this country not only are partly made with parts that come from the single market but they go to the single market, and that it is simply impossible for our motor industry to survive what might be called the worst of all outcomes: no outcome at all. The cliff is not a place to cross.

So let us be careful and clear, and let us be honest about the meaning of the referendum and, indeed, the harder-to-read verdict of the general election, which undoubtedly changed the chemistry of the Brexit debate. Let us prioritise the economic well-being of the British people, because the one thing on which they have expressed a clear view is that they do not wish to be made poorer.

8.57 pm

Lord Spicer (Con): My Lords, it is a measure of the diversity of the membership of the European Union that the several countries that make up the Union work out their net benefits in their own way. For instance, the Germans, on the whole, have major economic disbenefits from losing their Deutschmark and the Bundesbank and other institutions, which they compensate for in their own minds by having the political benefits of integration—while the British, on the whole, have said that there are economic benefits of having a wider market, for which they are prepared to pay a political price in terms of loss of sovereignty.

In the beginning it all worked out quite well for the British. The Common Market had few disbenefits for them and a number of benefits in terms of a wider market. But as time has gone by, new forces have emerged in the world which have affected this position. The rise of competitive areas of the world—the South American countries, China and India—and, indeed, the strengthening of American protectionism have all forced the European Union to do what I personally think has always been endemic in it, which is to turn itself into a controlled trade bloc: a protectionist trade bloc, basically, protecting its own members. The controls that it has introduced have gone a long way, including setting up a monetary union with many controls.

For Britain, this has proved a difficulty because a monetary union is a serious matter. It involves two

things for Britain. The first is the fact that if you do not control your own currency, you do not control your own economy. Henry VIII was quite right when he said the realm of England was an empire—by that he meant money. Sacrificing control over your own currency is a major step away from just trading within an area. It is a particularly serious point for Britain because we have a constitution which involves no one Parliament sacrificing powers to another; every Parliament is sovereign in its own time, and you cannot have a monetary union, which is forever, if the principle of no Parliament giving way to another is to be maintained.

When it came to the Maastricht treaty, some of us rebelled and stopped it coming about that we would enter the single currency—so we did not. I can say now that we failed in one respect: we tried to get the Prime Minister of the day to agree that we would not enter the single currency in his time as Prime Minister. He would not make that commitment, but the single currency was stopped so far as our country was concerned.

Then along came something even more serious, which was the rise and rise of the European Court. I have heard a lot of speeches tonight saying that that did not matter at all, but it matters in two senses. First, it matters that we have alien law in this country. If we subscribe to the European Court, we do not have all the things that we are used to such as juries, habeas corpus and the presumption of innocence: those things go. But much more serious, and much more germane to this argument, is the fact that the European Court has a political agenda. It is to nurture, protect and develop the *acquis communautaire*, which has as its sole objective the development of a federal state of Europe that is irretrievable—it cannot go backwards. So when it came to a referendum, the British people decided that they did not want a foreign system of law. They did not want judges laying down what the rules should be or what the law should be—because the European Court has the capacity to turn its judgment into law. They did not want that and took the view that we must get out—and they were right.

9.02 pm

Lord Monks (Lab): My Lords, as a natural optimist and a former trade union general secretary—and I assure you that the two are compatible—I see no economic upsides at all to Brexit. Quite the contrary: I live in fear of the consequences for jobs, worker rights and prosperity, particularly if and when we quit the single market and the customs union.

We learned yesterday that apparently that will happen by 2019, within the two years. David Davis confirmed that yesterday. When that piece of information penetrates into the minds of company directors in the boardrooms of this country and many other countries, watch for the contingency planning to accelerate. We already know that the lucrative London-based Eurobond market is under grave threat, and many others are weighing up their positions. I have been cheered by some of the remarks all around the House about the attractions of what is set out in the amendment from the noble Lord, Lord Adonis. I hope that people are listening to that argument. Regardless of whether it is achieved

through the Norway option, it seems a way of safeguarding at least the essentials of our position, if not everything.

As far back as the 1980s, during the days of the Thatcher Government, I was involved in enticing inward investment to the UK to fill some of the many gaps caused by the collapse of all those British household names at that time. The inward investment initiative was very successful with the arrival of companies such as Nissan and Toyota and many others that wanted their plants to be in the European Union marketplace. They have been of great benefit to our country. We would not have a major manufacturing presence without many of those arrivals from abroad. Unfortunately, they were not homegrown; we have imported them and they have done many good things for us.

However, those companies do not have to be here. If we flop outside the single market and the customs union, and if there are new tariff and non-tariff barriers, will they stay? We do not really know, do we? It is a hell of a gamble to take with such an important part of the British economy. Can we really negotiate a comprehensive free trade deal, or even bespoke transitional arrangements, before 2019 is up? I fear it is mission impossible. Anyway, from the point of view of many of us concerned with the position of working people, the question is whether, in any agreements that are made, there will be the same provisions as there are in the single market for social and environmental standards—standards which are Europe-wide, by the way, and stop one country undercutting the others on these particular points.

The Brexit answer to all this is that our future tends to lie outside Europe, in the emerging economies. Perhaps we can roam as free-traders through the rest of the world. But, in case your Lordships have not noticed, it is not 1850 anymore, and there is no British Empire. There is a need to deal with President “America First” Trump and with China and India, which as others have pointed out have their own agendas and some raw grievances about British imperialism in the past. There are not so many other attractive markets to which you can look to replace this huge, rich, single market of which we are currently a member.

Of course we need to do more trade outside the EU, and follow the German example—they do it, the French do it, and their exports are a lot bigger than ours. The problem—of why we do not do rather better—as others have said, does not lie with the European Union but with us. But why are we even thinking of putting in peril our existing trade with the EU, this huge area on our doorstep, and instead setting course for somewhere—sometimes it sounds like anywhere—over the rainbow? I am therefore fully in support of my noble friend Lord Adonis in his amendment. The single market and the customs union should at least be our default position—certainly not flopping out on to WTO conditions.

This would of course involve acceptance of the principle of free movement of labour. I accept that concern about migration was a major factor—probably the major factor—behind the leave vote, certainly among Labour voters. This was very well recognised recently by President Macron in his *Guardian* interview just last Saturday. I believe that the threat from migration

was exaggerated, but there were undoubted problems in particular localities. These could have been addressed earlier if advice given by trade unions had been listened to more carefully. We campaigned for migrants to get the rate for the job, not just the minimum wage. We campaigned for jobs to be advertised at home as well as abroad, for training programmes to steer British workers into available jobs and for local authorities in areas of high migration to continue to receive extra help—that was cancelled by the coalition Government. Other EU countries, by the way, have already adopted these kinds of measures. We could have done the same had we chosen to do so, and we still can—if we choose to do so.

We should therefore hang on to our membership of the single market and the customs union. We can join EFTA. That would not be comfortable and could feel a bit humiliating, but it is a way of doing a job that we need to do. It is not ideal, but we are in the business of making the best of a bad job and avoiding the further vandalism to our economy which I believe Brexit is inflicting. How many plants have to close before the penny drops? How many jobs have to emigrate before the Government realise the folly of their course? Support the Adonis amendment.

9.08 pm

Lord Jay of Ewelme (CB): My Lords, I welcome the noble Baroness to her new position as Minister and pay tribute to the noble Lord, Lord Bridges, whose openness and courtesy I greatly welcomed while he was in the job.

I believed that our interest lay in remaining in the European Union and regret the decision to leave, but it was a democratic decision that must be respected. I do not believe, however, that the result of the referendum a year ago said anything about how we should leave the European Union. That is partly, of course, decided for us by Article 50 of the Lisbon treaty. It will partly also be decided for us by our 27 soon—alas—to-be former European partners, because that is the nature of negotiations.

However, how we leave will depend also on what we ourselves seek in the negotiations, and the only criterion for determining what we seek in the negotiations—here I very much agree with the noble Baroness, Lady Armstrong—is what will be in the interests of the British people; of business; of the thousands who work in the north-east and elsewhere in companies owned by Europeans and indeed by others; of the City; or of those in our security, police and other services who work night and day to protect us. I cannot believe for one moment that it is in any way in their interests that we walk away from the negotiations and leave without an agreement. I can see that advocating that may have some rhetorical value, but—I hope the noble Baroness will forgive me if I say this—it does not seem to show great confidence in our ministerial negotiators or our official-level negotiators to conclude before the negotiations start that they are not going to be able to reach an agreement that is in our interests.

In any case, I suspect that the day after we walked away we would have to walk back. We will still need to trade with the EU; we will still need to co-operate on foreign, security and defence policy; and we shall still

[LORD JAY OF EWELME]

need the closest possible co-operation with other European countries on our security. I shall focus on that last point for a moment. One of the most telling conclusions of the inquiries held by the EU Home Affairs Sub-Committee, of which I am a member, has been the virtually unanimous view of the security experts, the police and academics that our interests lie in the closest frictionless co-operation that we can achieve with Europol, Eurojust, the European arrest warrant and the other institutions and bodies that are so essential to our own security. That is easy to say but as Julian King, the British Commissioner with responsibility for security, has said recently, it is not straightforward to achieve. Still, it must surely be in our interests.

The outcome that I fear most from Brexit—here I echo the noble Baroness, Lady Symons—is the risk to security along the border between Northern Ireland and the Republic of Ireland. That risk was given far too little attention before, during and immediately after the referendum campaign. I do not know what effect the deal with the DUP will have but it can surely only be a complication. It is none the less encouraging that our Government, the Irish Government, the European Parliament and Michel Barnier, who well understands the importance and sensitivity of the issue, are giving it a high priority. I hope the Minister can give an absolute assurance that whether or not we leave the single market and the customs union—and it will be far more difficult if we leave the customs union—the objective of the Government in the negotiations will be the maintenance of a trouble-free border between Northern Ireland and the Republic.

9.13 pm

Viscount Trenchard (Con): My Lords, I, too, congratulate my noble friend Lady Anelay on her challenging new appointment, and I thank her for introducing today's debate in a sincere and open manner.

Many people have commented that the repeal Bill has lost its greatness. The Minister told me that “great” could never be part of the formal title of a Bill or Act of Parliament, so why do we have Magna Carta? Many noble Lords claim that the result of the general election shows that people do not support the Prime Minister's kind of Brexit. But as your Lordships know, 84.2% of those who voted in the election supported parties in a Brexit that involves at least withdrawing from membership of the single market.

Since the general election, the Labour Party has tried to differentiate its position on Brexit, arguing that it wants a Brexit that maintains free access to the single market, but that is the same as what the Government want and what is clearly in the interests of both sides in our negotiations with the EU. Research by Civitas indicates that in the event of no free trade agreement, no deal with the EU, UK exports to the EU 27 could be expected to suffer tariff costs in the region of £5.2 billion, but exports from the EU 27 to the UK would bear tariff costs in the region of £12.9 billion. Of course, in terms of proportionate effect on GDP, the hit to the UK economy appears greater, but the fact that the absolute cost to the EU would be two-and-a-half times larger means that there is a huge incentive, especially for Germany, to ensure that the EU 27 continue

to enjoy tariff-free access to the UK market. I can certainly envisage deals that are even worse than no deal, and I agree with my right honourable friend the Chancellor, who said on “The Andrew Marr Show” that while no deal would be very bad, a deal that sought to punish the UK for withdrawal would be worse than no deal.

I turn to the City and the financial services industry. I find it surprising that other than a few, predominantly British, City leaders and economists, nobody seems to be extolling the merits of escaping from the increasingly cumbersome and throttling yoke that we bear as a result of subservience to the European supervisory authorities. Not so long ago, the City was strongly resisting a significant amount of new European regulation, such as parts of the UCITS regime, the whole of the alternative investment fund management directive, the ban on short selling, parts of MiFID II, and other regulation.

The panoply of European regulation certainly provides enhanced protection for investors, but professional investors do not need all of it, and the increased costs that result have already diverted a considerable amount of business away from the City. Financial markets are global, not European. The UK is by far the most global in reach of all European countries. It is right that our escape from subservience to the ESAs will allow our regulators, the FCA and the PRA, to resume their position at the top table of regulators, and this will enhance rather than diminish their influence in shaping optimum rules for the conduct of financial business on a global basis.

As Jeremy Browne said in his article in the *Daily Telegraph*, the City of London is the only world-class financial centre, located in Europe's only global hub city, London. But the City is not just Europe's asset, it is the world's asset. It is hosted by the UK in the same way we host the Wimbledon tennis tournament. It is manifestly not in the interests of the EU to try to damage it. Fragmentation of the City would have an adverse effect on the financial stability and financing of the European economy. Our negotiators need to persuade their interlocutors not to put narrow political objectives in the way of reaching an agreement that continues to provide access for European financial firms to UK financial markets, and vice versa.

Finally, I agree with much of what the noble Lord, Lord Teverson, said concerning Euratom. I regret that leaving the EU necessitates our also leaving Euratom, and I believe that it is very important to negotiate some kind of associate membership or transitional arrangement so that our nuclear trade is not affected. I look forward to hearing what other noble Lords have to say.

9.19 pm

Lord O'Neill of Clackmannan (Lab): My Lords, the gracious Speech is notable as much for what is not included as for what has been offered, but the Government's failure to retain a working majority and the humiliating pork-barrel deal with the DUP are probably issues for another day. As the amendment of my noble friend Lady Hayter says, we need to prioritise jobs and the economy generally. The opening speech of the noble Baroness, Lady Anelay, reminded me of

Ernest Bevin's dismissal of a Foreign Office brief as containing "Clitch after clitch after clitch". The recital of a wish list of Bills, with little indication of content apart from their titles, is no way to reassure this House or the country as to what will be taking place.

For us to have a secure economic future, we need an indication of how the endangerment of collaborative projects with our European partners can be avoided. As the noble Viscount, Lord Trenchard, just remarked, the nuclear collaboration that lies at the heart of the Euratom treaty requires more than a fleeting reference to the fact that it will appear in a Bill at some stage. This treaty covers a plethora of areas of co-operation that are currently in danger because of the lack of clarity or reassurance being given. We need to have a clear indication at this time, so that projects that require priming of the pump and topping up of the finances can go forward. Not only that, we know that the European co-operation that lies at the heart of Euratom is also likely to provide us with tremendous opportunities in the areas of decommissioning and fuelling of nuclear plants, particularly in central and eastern European member states of the EU. Of course, there are also things such as the nuclear element in healthcare.

In the last few weeks, we have seen the terrorism that stalks Europe at this time and the need for the continuing closest possible co-operation among European security and police forces. This will be jeopardised if we have to make a breach with fellow members of Europol and so on—a breach that, at the end of the day, will be down to the Euro bigots' opposition to anything to do with the European Court of Justice. I heard the noble Lord, Lord Spicer, referring earlier to "alien" laws. Alien laws deliver quite a lot of good results for us. The European arrest warrant and such things require a far greater degree of involvement and co-operation with our European partners, which may now be jeopardised. In the events of the last few weeks, the security forces were able speedily to deal with what was happening in the UK and, in those instances where there was no European involvement or networks of terror, the public could be reassured with some degree of authority that these networks did not exist. We know for certain that the policing, security services and the intelligence that they throw up is dependent on co-operation, and for the United Kingdom that is dependent on our involvement. At the moment, as I said, the bigoted opposition to any involvement with the European Court of Justice prejudices future co-operation in this area.

If the Government think they can survive for the next few months, and perhaps for the whole of the negotiating period, simply by paying Danegeld to the DUP, they are mistaken. It is quite clear that the programme being offered in the Queen's Speech is a tawdry, bankrupt set of half-baked proposals—the best they hope they can get through a divided Parliament. What we require is another Government offering hope and progress where now there is only despair and depression.

9.24 pm

Lord Tugendhat (Con): My Lords, as my noble friend the Minister made clear at the outset of this debate, and as many others have made clear in the course of it, the Brexit negotiations are immensely complicated.

That is a far cry from what some of the most prominent leavers suggested, with their talk of cake, money for the NHS and independence day a year ago. I believe that those people who made it appear so simple a year ago now have a special responsibility to rally to the Government and explain and defend the compromises and trade-offs that will be necessary to secure a deal, which have already become apparent in the discussions over the rights of EU citizens. As we all know, nobody was more carried away by the exuberance of his own verbosity than our Foreign Secretary, and it is noticeable that we have heard nothing from him in defence of the Government as they seek to bring about an agreement that will demand compromises and trade-offs of a sort that will sometimes be quite painful. It is time that he took a part in defending what is going to be required.

I hope, too, that there can be as much cross-party co-operation as possible between all those who believe that the British people did not vote to become poorer. There has been a wide measure of agreement across the Chamber in all parties about the desirability of co-operating, where possible. That is what is in the best interests of the British economy and society, and British jobs, within the context of securing a close and enduring relationship with our European friends, which should be our chief consideration. In this context, I welcome Sir Keir Starmer's appointment to the Privy Council, which is a useful step. I also believe that the suggestion of the right reverend Primate the Archbishop of Canterbury of an all-party committee should be considered, whether in the form that he proposed it or in some other form.

I turn to the amendment in the name of the noble Lord, Lord Adonis. Normally, I find myself in agreement with him on European matters and, indeed, on a great many other matters, so it grieves me to find myself on the opposite side of the argument on this occasion. Like him, I certainly believe that we want to secure the most frictionless trading relationship possible with the EU as part of a wider and closer relationship, but I do not believe that the best way in which to achieve that is by making continued membership of the single market and the customs union an object of policy. To do so gives rise to all kinds of issues of principle for the European Union, and I do not think that that is what the European Union itself wants. My noble friend the Minister dealt with that point very capably in her speech at the opening of this debate. It also runs the risk that we will be accused of cherry-picking, as we were at the outset of the discussions; that accusation of cherry-picking has gone away a good deal since the Lancaster House speech and since it became apparent that we were not going down the road that the noble Lord suggested. I think, too, that if we make membership of the single market and customs union an object of policy, we also run the risk that we will end up with too many of the disadvantages of leaving the European Union and too few of the potential gains.

The best way to proceed, as my noble friend the Minister proposed, is to pursue an EU-UK agreement. To the extent that we can incorporate into that as much as possible of the single market and the customs union, so much the better, but that is a different way of approaching the matter. We want to achieve as much

[LORD TUGENDHAT]

as possible of what is in the single market and customs union, but I think that we need to do it within a different framework and with a different branding, so as to avoid some of the difficulties that will arise for our colleagues on the other side of the Channel. Of course, all that will take time, so I am sure that it is right that we should stay in the single market and customs union as far as possible during a transitional period—but it should be a transitional period. For the long term, we should, if we can, reach a more imaginative and bespoke agreement, incorporating not just trade but co-operation on foreign and defence policy, security, research and other areas. That is the way to proceed.

9.30 pm

Lord Soley (Lab): My Lords, I voted remain in the referendum but, nevertheless, immediately after that referendum I took the view that we were out and unlikely to go back any time in the near future. We therefore need to be realistic about both the political and economic consequences of that, not just for the United Kingdom but for the European Union, which will, in my judgment, change because of what has happened with the British-EU relationship.

I first want to say to the Minister, the noble Baroness, Lady Anelay, for whom I have great respect, that shortly before and then during the election I had talks with her predecessor, the noble Lord, Lord Bridges, joined by the noble Lord, Lord Kirkhope, about the possibility of setting up a joint British-EU parliamentary group of a very powerful nature, not unlike the British-Irish Parliamentary Assembly—which, if noble Lords recall, got a grant from the Treasury of about £1.5 million to start it. We need something like that, and preferably before the end of the negotiations; we need it sooner rather than later. I ask the Minister to have a word with her predecessor, the noble Lord, Lord Bridges, to see if she can take it forward.

If we are going to talk about a special relationship, it is also time to look at why the British took a different view to many continental Europeans. It has always been my view that the British felt uncomfortable in Europe. In many ways, we have been the drag anchor on greater co-operation within the continent of Europe, and there are reasons for that. We are in many ways very close to Europe; we need Europe and Europe needs us. Historically, that has been true—but, sometimes, we forget things in our history that are different and important. One of the most important in my judgment is that the continent of Europe has been drenched in blood, not just in the two world wars of the 20th century but over several hundred years before that. To have a similar experience on the land mass of the United Kingdom, you have to go back to 1640 and the civil war.

In other words, what happened in continental Europe was a recognition in 1945 that, to put an end to that, they needed a political process that would lead to some degree of union. That is where the phrase “ever closer union” in the Rome treaty came from. Once you have ever closer union, you get the idea of a common market; with a common market, sooner or later you will have a common currency; with a common currency

you will need a common bank; with a common bank you will need, ultimately, a chancellor of the exchequer, and a prime minister or a president—you will be moving towards something that is for some, maybe all, of the European Union states, a more federal structure. Several people have touched on that. I think it is a matter of time—and it is in British interests to see this happen, even if we are not part of it.

We therefore need a very close relationship, because our interests are closely aligned with those of the continent of Europe—again, not just economically but politically. One thing that troubles me about this debate, not just today but generally, is that we focus massively on the economics—I can understand why—but the politics of this are quite enormous. Europe will now do what Britain prevented it from doing and move towards closer defence and foreign policy co-operation and the establishment of a public prosecutor—all the things that create the basis for an emerging state. As I have said before, it is my view that although continental Europeans have a growing anxiety of the same type as in Britain about how close Brussels is to the people of Europe, nevertheless there is a recognition that it is becoming a superpower. For Britain, it was always going to be a supermarket. We did not see the relevance of a superpower for some of the reasons I have suggested to the House.

I also think that if we are not careful, we will end up alienating our European colleagues even more. We used to be the most popular country in Europe by far after the Second World War, not just because of the war itself but because of what we did to reinstate the European political system, including, I might add, the courts—the court of criminal justice and others. We became very popular. We then lost that as we became the drag anchor on the European Union project. If we are to recognise what has happened in terms of the feelings of the British people and the drive within Europe to have ever-closer union, we need a very close working political relationship with the European Union to make sure that we stay in close agreement and co-operation, particularly as regards the economy but also in terms of defence and foreign policy.

Those issues are crucial. If we do not work very closely with Europe, frankly, the danger is of a greater splintering, because the United States will move away from European protection over the years to come, not least because of the rising powers elsewhere. We have to be aware of that. We need a political analysis of this as well as an economic analysis and it should all be focused on the idea of a very close, very productive relationship with our colleagues in Europe, because they need us and we need them. That is why I deplore all the slightly insulting and alienating comments about Europe made at the time of the referendum. Europe is important to Britain and Britain is important to Europe, so let us make this work because what has happened has happened and is not going to be reversed any time soon.

9.36 pm

Baroness O'Loan (CB): My Lords, I am very sorry that we are leaving the European Union. That means that we are leaving the single market and the customs union as we know them. The freedoms and benefits

that they bring us and the attendant responsibilities and liabilities will no longer apply.

I sometimes think that, despite all the talk of hard Brexit and soft Brexit, there is still very little understanding of what those terms mean. However, I do not believe that in leaving we will be able to secure exactly the same benefits that the UK currently has as a member of the single market and the customs union, as the noble Baroness, Lady Hayter, has suggested. The treaties are not written like that. Indeed, were we to do so, we would have to continue to allow migration into our country, the associated benefits and the subjection to the rule of the European Court of Justice. I think it is very clear that the European Union will not entertain such an idea, so we are losing the advantages of the single market itself, to which we currently export, I believe, some £220 billion worth of trade, and all the free trade agreements which the EU has negotiated over the years.

So where does that leave us? The noble and learned Lord, Lord Brown of Eaton-under-Heywood, earlier described the EFTA option with great clarity. We could join Liechtenstein, Switzerland, Norway and Iceland in this option but we would pay a price for it. I believe that Switzerland has more than 100 bilateral agreements with the EU, which is trying to create a single framework agreement, including subjection to the European Court of Justice. I believe that Norway pays £140 a head for its access to the single market alone. It is outside the customs union but has to accept free movement and must comply with EU legislation. So, whatever we decide to do will have significant costs and disadvantages.

I want to talk about the complex and challenging issue of the border between the EU and the UK. It will have several manifestations as UK citizens move from the UK into the EU, but the most important for us in Northern Ireland is the border between the north and south of Ireland. It goes some 300 miles across the island of Ireland and has about 200 crossing points, an awful lot of which were blocked off during the Troubles, but which have now been opened completely. It is not an easy border to manage. Now we can move freely, and that freedom is profoundly important, as the figures for trade and movement across the border demonstrate. In 2016, it was reported that 37%—£3.6 billion—of Northern Ireland's goods and services exports went to Ireland. It has become an increasingly important market for Northern Ireland. Outside the single market and the customs union, we risk facing tariffs which would make our products perhaps less competitive than those of other EU manufacturing countries or other countries.

The risk is not simply an economic one. The ability of people to move freely across the border has been a significant factor in growing that trust which has been essential to the establishment of our embryonic post-Troubles society. It has enabled a greater understanding of culture, politics—although I am not altogether sure that that is possible—sport and tourism opportunities. It has allowed the people of Ireland, north and south, to come to know each other better, and it has facilitated the peace, just as the huge sums of European peace

funding and other funds have enabled the development of Northern Ireland as a whole.

Poverty, marginalisation and unfair structures were the causes of the Troubles. It is very noticeable now that in areas such as Ardoyne and East Belfast, where there continues to be significant deprivation, there also continues to be significant paramilitary activity, with people being beaten, shot and exiled and with businesses still subject to extortion. Recently, the deputy chief constable of the Police Service of Northern Ireland told us that on average, 20 police officers are still driven from their homes each year by paramilitaries, both republican and loyalist. We cannot allow a situation to develop in which the fragile economy and peace of Northern Ireland are damaged by Brexit.

So what will happen when that 300 miles of border becomes the route through which people and goods, moving freely in Europe and into Ireland, seek to enter the UK? A single journey, say, from Armagh to Monaghan, takes you across the border several times. You only know you have crossed the border because the signal on your phone changes from O2 IE to O2 UK. There seems to be agreement—other noble Lords have referred to this—between the EU, Ireland and the UK that we must avoid a new hard border. My questions for the Government are: how do we regulate a border without a physical border and can they tell us what the options are for this? Across the world, the borders I have seen have all tended to have some physical shape, and it is hard to imagine that occasional checking of a percentage of vehicles crossing the border will allow member states of the EU and the UK to be satisfied that they are collecting all the duties which are payable, and that will be important. It is equally hard to imagine that our respective security structures would not seek to regulate the free movement of peoples across the border in some way to protect us against organised crime and terrorism. We would have the common travel area, and we must maintain it, but it is not enough.

We will lose, as my noble friend Lord Jay said, the European arrest warrant and all the benefits of our current EU security structures. The fight against terrorism is not won in Northern Ireland, the global fight against terrorism is becoming more difficult, and we will have to negotiate with 27 individual states to replicate these arrangements unless the fact of our very significant contribution on this front can facilitate the negotiation of an EU-UK agreement which parallels and works in complete harmony with EU structures. Any lacunae between the UK and the EU in this context will be exploited by terrorism, in whatever form it manifests itself at the particular time.

I conclude by wishing those who are engaged in these negotiations on our behalf every success and much patience. So much rests on that for the future security and prosperity of the 28 countries of the EU—as we presently are—and for the other countries with which we trade and do business.

9.43 pm

Lord Dobbs (Con): My Lords, every time I hear the term “soft Brexit” I think of blancmange. Blancmange Brexit. You know, you hit it with a spoon, you watch it

[LORD DOBBS]

wobble, it changes its shape. In fact, it can be any shape you want, really. To some, it means staying in the single market. The only trouble with that, of course, is that it is not Brexit at all, as the noble and much-respected Lord, Lord Adonis, will instantly recognise.

Have we forgotten those remainers during the referendum at their cauldron, throwing in their toads' legs and snake eyes, giving it—dare I say it?—a liberal stirring and insisting that Brexit was incompatible with the single market? “It's one or the other”, they said. “You can't do both”.

Despite all that, Britain chose Brexit. Why? Perhaps because the EU is losing the moral authority it once had. It claims the moral high ground, but its moral high ground stands next to a cliff edge—the one on which Greece stood a few years ago, only to be pushed in the back. That is the EU's reality, and it is simply untruthful to pretend that poor Greece will ever be able to repay its debts. That is ideology wrapped up in fantasy.

However, we on the Brexit side have also stumbled over our moral message. How have we allowed the debate on immigration to grow so ridiculously bereft of balance, polarised between the ideologues on the one hand and the imbeciles? We can do better than that. There is an overwhelming moral case for controlling our immigration policy, but we have to find a better language to express it—and, for goodness' sake, no magic cap or meaningless targets.

When we talk of reciprocity for EU citizens, although I very much welcomed yesterday's announcement I did not welcome the implication that they might somehow be chips in a game of poker. Whatever happens, there is not a snowflake's chance in hell that Britain will send back 3 million honest citizens. They are our friends and our partners, and they are welcome.

Perhaps we cannot always use the language of a love-in, but do we always have to reach for hard words? It is said that no deal is better than a bad deal, and I believe that that is probably right, but we do not need to beat the point to death. We are dealing with friends. We want more than a deal; we want an agreement, not a war of words.

It was Nick Clegg who used the most patronising language. He described Brexit as generational theft, as if the young never change their minds. But in a way he was right: we have stolen from the young—the post-millennials, those whose first memory was probably 2001 and the twin towers. Then in 2003 came the invasion of Iraq, Afghanistan, the great financial crash in 2007, and so much more. To hell with strong and stable. The only world that generation has known is one dominated by the war on terror. Surely that alone is enough for us to question the path we have been travelling all these years and to ask whether there is not a better way.

Brexit does not mean turning our back on anyone. It means a Britain alongside, rather than inside, the EU, still joined in so many vital and convivial ways, more flexible and more true to its unique values, and more open to the world—a Britain more responsible for its own affairs and to its own people, young and

old, and, yes, able to be even better neighbours in a new partnership with Europe.

There is a great moral case, and not only for finishing such speeches inside the five-minute limit; there is a far greater moral case for Brexit and we must carry on making it.

9.48 pm

Lord Berkeley (Lab): My Lords, the noble Lord, Lord Dobbs, said that we must be alongside but not inside the EU, but the noble Baroness, Lady Anelay, whom I welcome to her new position, stated absolutely clearly that there will be no single market for the UK and no customs union. I should like to explore a few of the consequences of that from the transport point of view.

Let us look at the frontiers—at Dover and the Channel Tunnel, as well as Holyhead and so on. About 15,000 trucks a day go through Dover and the Channel Tunnel together, and about 400,000 a year on the Holyhead route. In the future, with this new arrangement, we will have to look at tariffs on goods, the customs arrangements, immigration and, of course, the security that happens at the moment. Some things may be able to be done electronically, but at the moment that does not work very well for immigration. HM Revenue and Customs has stated that it is not confident it can deliver any new electronic system on time. As my noble friend Lord Adonis said, the traffic jams on the M20 and the M2 will go somewhere north of London. Where is all this going to go?

A couple of weeks ago, I was in Switzerland talking to people about logistics. Everybody knows that the Swiss model is half in, half out, and that they have transit arrangements for rail and road freight through Switzerland, but if you want to import goods into Switzerland you have to go through the customs and tariff procedure, which involves very long queues at the frontiers. That is what we will have. No matter how we solve this, the fact remains that the costs of transport are going to go up pretty dramatically. The other question is: where are we going to get the truck drivers from? Around 80% of the drivers that come across the channel are non-UK, EU citizens.

There is a similar question on the railways. Will manufacturing companies in this country be able to sell their equipment on the continent, and vice versa? Will they operate to the same standards, as they do at the moment after us struggling for about 20 years? It is going to be quite a challenge.

Having listened to much of the debate, I have heard a lot of messages about Brexit, job losses, lack of credibility and the economies of many sectors—we have heard about them all. Can the Minister say which sectors, if any, support a Brexit in which we do not have a single market, to which about 45% of our exports currently go, or the ability to recruit, welcome and keep the many people we need, as we have heard tonight, to keep these industries going? Which sectors will grow after Mrs May's hard Brexit and her obsession with immigration?

I conclude by supporting what my noble friend Lord Soley said about the need for peace and the politics of Europe. I lived in Romania for several years

in the 1970s when there was a communist regime. I saw the real pain of people who did not have liberty. The one thing we have brought and that we have encouraged is the free movement of people within the EU to travel, to work, to have relationships or whatever. It has contributed to the peace and understanding that we have, and I hope we can continue it. Surely we ought to be doing this and not separating ourselves out by even more barriers. I support a cross-party agreement to ensure that we retain some or all of these benefits, and I certainly support the amendment in the name of my noble friend Lord Adonis.

9.53 pm

Lord True (Con): My Lords, I do not agree with votes on amendments in the middle of a debate. To me, that is not good practice and rather discourteous to those who will speak in the debate tomorrow. I hope it will not become frequent practice.

I declare an interest as a part-time resident of Italy for the last 37 years. I must tell the noble Lord, Lord Wallace of Saltaire, that they may be laughing at the United Kingdom in the grand congress he told us about at the start, in a rather *de haut en bas* speech, but in the streets, squares and fields of the rural Italy I know ordinary people are green with envy and full of admiration that Britain is breaking free from the vice in which the euro is throttling the Italian small business economy and the prospects of the young. Perhaps it is a problem in me that I speak to the ordinary people over there.

Last year, 17.4 million British people voted to leave the European Union—the highest number ever voting for anything in our history, on a turnout of 72.2%, against just 68.7% in the general election. Yet today, every day, you hear those who opposed that referendum decision seeking to dilute the awful clarity of that single word of command from the British people: “leave”. Labour’s Front-Bench Motion tonight takes not one but 82 words to leave us with not a clue—I agree with the noble and learned Lord, Lord Brown, on that—about where that party stands on leave or stay in the single market and the customs union. The noble Lord, Lord Adonis, is more direct—I avoid the word “honest”. He says that we should stay in them and put a case for it. So, too, have many in this debate.

Staying a member of the single market is very different, as my noble friend Lord Lamont said earlier, from access. It is tantamount to staying in the EU. It denies control of our borders. As the shadow Chancellor said on 11 June,

“people will interpret membership of the single market as not respecting the referendum”.

For once, I agree with Mr McDonnell. Labour’s recent manifesto declared:

“Labour accepts the referendum result”.

Listening to many of the speeches from those Benches today, you could have fooled me. I hope that those speeches were out of line and when the noble Baroness winds up she will tell us that they were and that Labour was not trying to fool the people in the recent election.

Of course, our Government should reach across party lines to the party opposite and all those who genuinely wish to honour their promise to the British people to see Brexit through. But I am a little puzzled by this sudden idea of a commission—a sort of corporatist body involving precisely who, accountable to whom? Who would pick the team? Can I be a selector? Would Mr Farage be in it? Why should a decision of the British people and a charge to a Government with the confidence of the other place be taken away into private rooms? Is not Parliament there for this? Many noble Lords seem to want to take us back, in effect, into the EU by stealth. It is as though the British people cut a Gordian knot in a single stroke and some in the Westminster bubble want to tie that knot all over again.

Only one major party campaigned to remain in the last election—the Liberal Democrats. Reversing the referendum result was so far from a winning issue that they lost vote share and won only 7.37% of the vote. In my own constituency, Richmond Park, one of the most pro-remain in the country in 2016, they lost the seat to a man they vilified, crudely and falsely, as a so-called hard Brexiteer. Yet, with less than 7.4% of the vote, they sit on 17.8% of the political House. For those noble Lords who remember military history, while once a thin red line stood to defend the British cause in battle, now—and I refer to an overblown party, not to any individual—a fat yellow line sits there, as the noble Lord, Lord Campbell, told us, to block the wishes of the British people. That is surely unfinished business in House of Lords reform.

The referendum said leave. Parliament triggered Article 50 in response. Over 85% of the vote this month went to parties promising to leave. Now the noble Lord, Lord Armstrong, comes out, with motives that I understand and respect, and says, “I’ve got a great idea, Prime Minister. Let’s put the whole thing off”. We all know that if that particular kettle were taken off the stove, many parliamentary Pollies would never put it back again. Let us get on with it, have done with obfuscating and obstructive amendments, negotiate in amity and in good faith with our friends, strike a good deal—which at heart every one of good sense should want—and then leave the EU as the British people have required.

9.59 pm

Baroness Drake (Lab): My Lords, there are various reasons why voters in June denied the Government the mandate and the landslide they expected, but the world of work will have fuelled their sense of unfairness and loss of well-being. Wages have been weak for much of the period since 2008 and cannot be explained simply by low productivity or slack in the labour market. The Bank of England’s chief economist identified structural factors that have contributed to weakening wages: technology, globalisation, the changing nature of work and the shifting relationship between employers and employees. Increasing self-employment, zero-hours contracts, flexible and part-time working have further weakened employees’ bargaining power and fed heightened insecurity across the low-income and middle-income labour market. He referred to a modern period of divide and conquer, a growing world of “divisible”

[BARONESS DRAKE]

jobs and idiosyncratic wages raising important economic and social issues about the modern workplace—trends that are unlikely to reverse.

All of this makes the defence of employment rights and the avoidance of regulatory dumping so important. David Davis wrote in *ConservativeHome*:

“All the empirical studies show that it is not employment regulation that stultifies economic growth”—

a concession at odds with the red tape review, which specifically targeted employment law and equalities for scrutiny, resulting in, for example, the qualifying period for protection from unfair dismissal rising to two years and hefty fees for workers accessing employment tribunals. In the same article he commented:

“There is also a political, or perhaps sentimental point. The great British industrial working classes voted overwhelmingly for Brexit. I am not at all attracted by the idea of rewarding them by cutting their rights”.

That is not a statement of conviction on delivering a fairer society; it is a statement of political pragmatism. The working class voted for Brexit, so do not rattle their cage—at the moment. But employment rights are part of a fair and inclusive society, not a reward for the working class to be given or removed on the mood swing of a political class.

The Prime Minister promised that,

“existing workers’ legal rights will continue to be guaranteed in law—and they will be guaranteed as long as I am Prime Minister”.

But for how long can she police her own promise? The Chancellor is right: people did not vote to become poorer or less secure. Employment rights and living standards should be central in negotiations on the UK’s future relationship with the EU. Withdrawal would mean that rights currently guaranteed by law would no longer be so guaranteed. Some employment rights are enshrined in UK primary legislation while many are located in secondary legislation. The implications for the great repeal Bill of those many rights located in secondary legislation are very uncertain. If in the Bill employment rights contained in secondary legislation do not move into primary legislation, they would be exposed to simple revocation by secondary legislation.

The Government give three reasons for using secondary legislation in the great repeal Bill: to implement the Article 50 withdrawal agreement; to make adjustments to policy, correcting the *acquis* so that it works properly from day one; and to provide for a level of detail inappropriate for a Bill. The Delegated Powers Committee has expressed concern that each of these reasons may well result in secondary legislation being used to implement significant and controversial policy matters involving fundamental policy choices. As to secondary legislation providing for a level of detail inappropriate for a Bill, the committee observed:

“This is uncontroversial as a general principle but, in the context of withdrawal from the EU, is more controversial. The main reason why, since 1973, secondary legislation has been used to give effect to most EU law is not because the law is unsuitable for being dealt with in a bill. It is much more to do with the fact that Parliament would have been overwhelmed with the sheer volume of primary legislation ... had it been the principal vehicle of transposition”.

As it is now 10 o’clock I will rest on the argument that my noble friend Lord Adonis eloquently reasoned.

Put simply, leaving the EU is frighteningly bonkers. In the absence of EU treaty commitments to protect workers and to limit the further driving down of wages, common employment standards must be part of future trade deals. They must be given the same status as technical specifications, consumer protections, and safety and environmental standards. Without integrating them formally into future trade deals, the Government’s promise in the gracious Speech to seek to enhance rights and protections in the workplace will be simply untrue.

10.05 pm

Baroness O’Neill of Bengarve (CB): My Lords, I want to turn to another set of knotty issues that will arise in the process of Brexit in the area of privacy and data protection.

For 20 years and more, we have tried in the EU to deal with issues of privacy by taking a data protection approach: that is, to protect privacy by putting obligations on the data controllers of larger institutions in order to regulate the use of data by which persons can be identified. This approach has been taken in many other jurisdictions, although it is not the only approach to privacy protection and probably not the most intuitive.

At present, the UK relies on the EU directive of 1995, as implemented in the Data Protection Act 1998, but the landscape changed recently when the General Data Protection Regulation was agreed by the EU in April last year. The new regulation comes into force in May 2018: that is, before Brexit negotiations can be completed, even on the most optimistic scenarios.

The Government have stated that the UK’s decision will not affect the commencement of the general regulation, but that is not the end of the matter. They have also stated that they intend to bring forward new legislation on data protection that will, among other things, secure that rather beautiful right to be forgotten, at least for youthful indiscretions.

It is of great importance for business, for public bodies and indeed for citizens to know whether the implementation of the general regulation next May is to be followed by yet another change in the legislative framework. Data governance is complex and has to be built into institutional practice in quite detailed ways. It cannot be changed overnight; it is very easy to get things wrong.

There are reasons to think that data protection works less well as a system for protecting privacy than it may have done when the original directive was devised and implemented. As I see it, technological developments have transformed the ways in which and the scale on which data can be organised and interrogated. Twenty years ago, it was perhaps reasonable to assume that the main threat to privacy was the inadvertent or deliberate disclosure of controlled data—the sorts of cases in which some employee inadvertently sends data to the wrong person, or somebody deliberately sends data that were held as private or confidential to a newspaper—or of course to a rival firm or perhaps to a hostile Government. But that was then, and now is different.

Breaches of privacy typically arise now not by disclosure but by inference. This is not new. When we

first read detective stories, one thing we enjoy is the way in which the detective infers whodunit by linking different clues and drawing inferences. Today, in the era of big data, inference is hugely powerful. It is possible to infer information about individuals using varied data sources, including datasets that are outwith the control of any data controller—for example, that are in the public domain—and datasets that contain no identifying information. Data protection, however, tries to work entirely by setting requirements on data controllers. But this approach may fail if the data used to breach others' privacy are not controlled by any data controller.

The general regulation is an improvement on the old directive. It allows inferences to identification by drawing on additional information by,

“means reasonably likely to be used”,

to be the criteria. It may signal some added realism, but I am unsure whether it sets a feasible standard for daily institutional life. It prohibits the further use of personal data unless for compatible purposes. Again, is that feasible in daily institutional life?

I suggest that a difficulty is that the regulation was devised, once again, with an eye only to data that are controlled, but in the real world people draw on information from sources that are not regulated by any data controller. For example, they may draw on data on social media, or from sources that contain no personal data and yet may reach conclusions that violate privacy. Although there are many groups working on these issues, I do not see a solution ready to hand.

If there is to be legislation—and I take it that there is, since the Government have committed themselves to it—can we be sure that they will take a realistic view about the means that can now be used to protect and to breach privacy, means that need to be manageable for the institutions, and to take a wide view of the diversity of ways in which privacy may be breached? Can the Minister undertake that new legislation in this complex area will be subject to exacting scrutiny? Would she be willing to ensure pre-legislative scrutiny of something that is both vital and very complex?

10.10 pm

Lord Kirkhope of Harrogate (Con): My Lords, I refer you to my register of interests, which includes a pension from the European Parliament, although to balance up any unintended bias tonight I must indicate that I also receive a pension from the UK Parliament. I was originally going to concentrate my remarks on a limited analysis of a post-Brexit relationship in the ever-moving and developing field of regulation and legislation for future intelligence and criminal data sharing. I have been concerned for at least the last 10 years in that subject, but as the hour is late my views on that will have to await revelation on another day in another debate. Instead, I want to follow on from the noble Lord, Lord Soley, with whom I will be pleased to work to maintain positive relations with our European partners in the future. I wish to emphasise the urgent need tonight for more understanding in the Brexit process, understanding not only the principled views of all sides in the Brexit discussion here in the

UK and in both our Houses, but understanding the views and positions of our European friends.

I have made many friends in Europe and I know how much they want us to remain closely linked, not only geographically but bonded by common ideals. My noble friend Lord Hunt of Wirral, cited the remarks of the late Rab Butler, who talked about politics being “the art of the possible”. How true, but little is possible without a full appreciation and understanding of those with whom we must deal. This understanding must not only be of the views and positions of individuals or parties but of the institutions in Europe. I am amazed at the lack of knowledge in some quarters of the powers and influence of the European Parliament that I recently left, since the Lisbon treaty of 2009, and even of the European Commission, where a number of noble Lords and Baronesses have served over the years.

We will, of necessity, have to work together in future, with common causes and in resisting common threats, so we really need no unnecessary belligerence, no threats and no ultimatums. The Prime Minister herself has made it clear that in the Brexit negotiations we are looking for a positive relationship in the years ahead, but some of the rhetoric, referred to earlier by my noble friend Lord Lamont, does little to assist. Respecting the feelings of our neighbours and recognising their general desire to maintain close connections with us is vital, as is the need for us to understand and sympathise with their wish to continue and develop the community relationship between themselves when we leave. We have worked closely, often with the UK leading the way with our partners in Europe, for many years and we can point to many areas of co-operation and friendship. There is no doubt that we are going to be missed, but whatever the outcome of the present situation we owe it to ourselves and future generations to maintain that friendship and a constructive approach to European as well as wider world affairs.

10.14 pm

Lord Liddle (Lab): My Lords, I, too, welcome the noble Baroness, Lady Anelay, to her new role. I have always seen her as a voice of pragmatism and realism—by God, that is what we need in the present situation.

It is four and a half years since David Cameron made his fateful Bloomberg speech which promised a referendum. His political motive was to preserve the unity of the Conservative Party and he also claimed that this would resolve the European issue for all time. Now, does anyone think that the Conservative Party is united as a result of the referendum? More importantly, does anyone think that we are any nearer national unity on this question? In fact, whereas in 2013, according to the opinion polls, only 10% of the public regarded Europe as one of the most important issues that they cared about, today remainers and leavers are at each other's throats. It has not resolved anything.

What has the general election resolved? The Prime Minister chose to frame her pitch as being about Brexit. That is what she said on the doorstep of No. 10 Downing Street. She asked the British people for a strong, increased majority to deliver her version of Brexit. She attacked the Labour Party, the House of Lords and our European partners as obstructive forces in her

[LORD LIDDLE]

way. What did the British people do? The Conservatives lost seats. They are now a minority Government and it was only in Scotland, where the Scottish Conservatives take a pro-European position, that they gained seats. Surely after this it is time for a thorough rethink of where we are.

The Government need to face up to the total unreality of their present negotiating position. David Davis claims he is going to achieve “exactly the same benefits” as we have in the single market, and it is all very simple because we already conform to EU rules. This is a completely unnegotiable proposition. It claims that we can have all the benefits of single market membership without fulfilling any of its obligations in terms of money, rules or jurisdiction. There is a massive trade-off between sovereignty and market access. The question of whether or not we accept ECJ jurisdiction is of fundamental importance because that is what the Europeans are worrying about with regard to the rights of EU citizens here, and it is also at the heart of the economic relationship because if our European friends think that we can go in for regulatory competition without any judicial check, they will not allow us free access to their markets. I am sceptical about the proposition of the noble Lord, Lord Tugendhat, that we can negotiate a satisfactory bespoke arrangement. At best, it will be a trade agreement in which perhaps we avoid tariffs but even to avoid tariffs I think we will have to accept membership of the customs union and some form of arbitration mechanism. Of course, it would leave out services, which is the United Kingdom's main competitive advantage.

I think that the only way forward for us is to go for continued membership of the single market, not just as a transition but as a permanent arrangement. The noble Baroness, Lady Anelay, said that this would be wanting to be half-in, half-out. I do not take that view. I regard it as a precondition for a continued close relationship—the deep and permanent partnership that we seek with our European friends. I know that it is politically difficult, because it involves acceptance of free movement, but I would argue that we can still go for a reformed free movement if we have the right political leadership. We need to convince voters at home of this—that jobs matter more than immigration. We need to convince our partners that while we accept the fundamentals of free movement, important reforms are necessary; and we need ourselves to make domestic political changes in areas such as training and employment protection to deal with abuses of free movement.

That is why tonight I shall support the amendment of the noble Lord, Lord Adonis. I know that my colleagues on the Labour Front Bench have some reservations about this. Let it be said that I will always be their strongest supporter in this House. We have a wonderful Front Bench here. But the argument is made that we in the Labour Party should not be talking about Europe but talking about austerity. Let me tell your Lordships that if we come out of the single market on a hard basis, austerity will be a far bigger problem for Britain than anything else.

Secondly—

Noble Lords: Oh!

Lord Liddle: I am just concluding.

Secondly, I am not prepared to listen to people who regard Europe as a capitalist club. I am not prepared to listen to a leadership that did not put its heart and soul into campaigning for our continued membership of the European Union. I do not regard it as having any moral legitimacy on this subject, and I urge my colleagues to vote for the amendment of the noble Lord, Lord Adonis.

10.21 pm

Baroness Ludford (LD): My Lords, follow that—I agreed with every word said by the noble Lord, Lord Liddle.

Baroness Smith of Basildon (Lab): Thank you.

Baroness Ludford: Especially, of course, about the Labour Front Bench—you are truly wonderful.

Getting back to my script, I, like others, welcome the noble Baroness, Lady Anelay, to the ministerial brief for Brexit. We have obviously had a productive experience with her before as Foreign Office Minister. I also thank the noble Lord, Lord Bridges, who was briefly here earlier but unfortunately did not speak. He valiantly tried in his period of office to represent government policy, but found it a pretty impossible task. We always knew when the noble Lord was most uncomfortable with his brief because he got irritable with my Benches, especially somehow with me. I am sure that the noble Baroness will do no such thing.

The Government lost a full year on litigation to resist parliamentary accountability and then on an unnecessary election. Indeed, the Government undermined their own case, when they had a mandate from the referendum last year, by seeking a renewed mandate. Brexit is therefore in total flux and a total mess. There is no plan. Still now, nobody knows what Brexit will look like. Instead of competent, supple and intelligent government, which was needed to cope with the situation where the country was almost evenly split, we have unfortunately had arrogance, brash triumphalism, hubris and pigheadedness with brittleness instead of strength and disarray instead of stability. This was followed by an inevitable clash with reality and led to, for example, the capitulation on the sequencing of negotiations. Instead of a win-win approach, we had a lose-lose one. How can there be a sound conduct of negotiations against this background? As the noble Lord, Lord Kerr, said, you do not start with red lines and insults.

The Minister has promised openness and transparency in the negotiations. We will see what that means in practice, but so far there has been nothing to match the publication of position papers by the European Council and Commission. Just as the Prime Minister's forlorn call to the country to rally in unity behind extreme Brexit was not followed by the British people, it has not been followed by her own Government. The headline in the *Times* today was:

“May's top team splits over Brexit”,

with the Brexit Secretary calling the Chancellor inconsistent. It is indeed the Cabinet of chaos. Those divisions have been fully aired on the Benches behind

her this evening, where a full range of opinions have been expressed. I hope that some will vote for the amendment in the name of the noble Lord, Lord Adonis. It is shameful that while the Cabinet airs its disunity, a Back-Bencher, the noble Lord, Lord Cormack, has told us that he has been punished by the loss of a committee post, where he was most valued, because of a vote that he cast.

Can the Minister confirm that the “no deal” threat is now dead? It was repeated in the Conservative manifesto alongside—astonishingly, although without acknowledgement of the irony—a promise to secure a “smooth and orderly” Brexit. That was, as the noble Lord, Lord Jay, said, an admission of no confidence in the Government’s own negotiating powers. Only the reference to a “smooth and orderly” Brexit was repeated today in the noble Baroness’s opening remarks, so is the cliff edge off the scene? Is the most reverend Primate the Archbishop of York’s “gentler slope” now policy? How gentle is it?

I remind the noble Baroness and the House that the Treasury said last year that the country would be £45 billion a year poorer if we fell off a cliff edge into WTO terms. As the Chancellor rightly observed, and as has been repeatedly invoked tonight, no one voted last year to make themselves poorer—although they already are, as my noble friend Lord Campbell of Pittwenweem remarked. How any Government could contemplate such a destructive Brexit, let alone with relish, an astonishing abrogation of responsibility, beggars belief. As the noble Lord, Lord Hunt, said, economic self-mutilation is not a wise policy.

My noble friend Lord Oates was so right in calling for a sensible and pragmatic approach. We need a reset. As the noble Lord, Lord Mandelson, and the noble Baroness, Lady Armstrong of Hill Top, pointed out from the Labour Benches, nothing has been done to prepare the British public for the inevitable choices and compromises: no spelling out of the implications and no being honest with the voters that we and they cannot have our cake and eat it. There is a need for some grown-up government, which acknowledges that frankly.

I have no time for this Aunt Sally about how the EU is trying to punish us. It is not. There is huge regard for this country in Brussels, but of course you cannot enjoy all the benefits of the club if you leave it. The Government’s ideological red lines—refusing to stay in the single market and regulatory agencies because of a fetish about European judges—amount to shooting ourselves in the foot. This folly is at its starkest in putting dogma before our real interests in crime and security co-operation. My noble friend Lord Teverson mentioned Euratom. My understanding is that it is because of some very marginal jurisdiction that the ECJ has over some aspects—something about the free movement of nuclear scientists—that the Government are pulling out of Euratom. While these arrangements are vital to our safe transfer of nuclear material and treatment for cancer patients, I cannot believe the British public would think that is a sensible outcome.

Enough has been said for me not to repeat it about the Government’s proposals on EU citizens being too little and too late. We will come back to that, not least

in a debate next week. On the repeal Bill—thank goodness for the dropping of the pretentious “great”—I am grateful that the Delegated Powers and Regulatory Reform Committee, under the chairmanship of the noble Lord, Lord Trefgarne, who spoke earlier, expressed concern in its report at the end of April, which these Benches fully share, about secondary legislation being used to implement significant and controversial policy matters, not just some technical corrections. We will need to scrutinise these powers with great care and exercise our proper constitutional position, as the noble Baroness, Lady Jay, said.

I believe many people voted for Brexit because they were asked to vote for a status quo in voting for remain as though they were content with everything that was happening in their lives. That was not the case—quite the opposite, in fact—and they were given the chance to vote for drastic change that promised the earth. That promise is not going to be realised, and the great tragedy of Brexit is the waste of time, capacity and money when we should be pursuing domestic problems.

The Labour amendment tonight promises the exact same benefits of the single market without membership. This goes beyond the party’s manifesto claim of retaining the benefits. I can only agree with the noble Lord, Lord Triesman, that this is a slidy position. I fear it is open to the same type of parody as “strong and stable”. That is the real cherry-picking—pretending you would have the benefits of the single market without membership of it. These Benches welcome the amendment tabled by the noble Lord, Lord Adonis, and will support it if he wishes to ask us to vote on it. We have a great deal of sympathy with some of the sentiments in the amendment tabled by the noble Lord, Lord Armstrong, but it does not perhaps express quite the next step that we need to take.

The fact is, as my noble friend Lord Campbell said, that remaining should be an option that the British people have in having the final say once they can see what Brexit actually means in practice. These Benches quite understand why the granddaughters of the noble Lord, Lord Cormack, were distraught. Let us negotiate a sensible Brexit but then, as a second step, let us allow the voters to decide whether it is sensible enough.

10.32 pm

Baroness Smith of Basildon: My Lords, we have had an excellent debate today. As the 64th speaker, I feel grateful to all noble Lords who tried to keep to the advisory time limit.

I welcome the Minister to her new position. We all know from comments she has made before that if she were in charge of Brexit we would not be starting from here. I wonder what sin the noble and learned Lord, Lord Keen of Elie, has committed that he has to wind up today’s debate. We will miss the noble Lord, Lord Bridges, at the Dispatch Box. He tried hard at all times to address the questions put to him—although, at times, given that the Government themselves have no answers, it was clearly difficult for him.

We have debated for more than seven hours, and it is confirmation of the complexity of the hugely important issues that face us that we have really only touched the surface of them. If anyone was in any doubt about the

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 impact that Brexit will have on British political life and the key issues that affect our citizens, they need look no further than this Government's programme as outlined in the Queen's Speech.

What are the great challenges for society today? If you ask young people, housing will be at the top of the list, but the Queen's Speech promises only:

"Proposals will be brought forward to ban unfair tenant fees, promote fairness and transparency in the housing market, and help ensure more homes are built"—

hardly a bold, creative programme to deal with one of the great crises of our generation. If we skip that generation, many older people might suggest that the issue of social care as they get older worries them most. Despite that being a key issue in the election, though, the most that the Government could promise was:

"My Ministers will work to improve social care and will bring forward proposals for consultation".

These are the kinds of issues that go right to the heart of the kind of society that we want to live in, where everyone has a decent home and no one fears for their own care as they get older and need help. Just imagine what could be achieved by our brightest and best if they could focus on them.

Yet, alongside vagueness on these issues, the Government programme talked of providing certainty to individuals and business with a Bill to repeal the European Communities Act, an avalanche of further legislation just to ensure that the existing EU protections from which we currently benefit are brought into UK law, and a whole raft of legislation on trade, customs, immigration, international sanctions, nuclear safeguards, agriculture and fisheries.

Part of the Government's problem is that the referendum result meant different things to different people and that, at the time, the Government were unable to provide any clarity about what the result meant or what would happen next, as no preparation had been done on what Brexit would look like or the detail of what it meant in practice. So, with the new Prime Minister, the Government had to play catch-up to seek to define how they saw Brexit. The answer, initially, was, "Brexit means Brexit".

The Prime Minister's Lancaster House speech and the White Paper were early-stage thinking from a Government seeking their way. I think the noble Lord, Lord Horam, said that it was a fundamental error. But we have to move on from there, because that speech and the White Paper did not inspire. It was the Prime Minister's version of Brexit, on which she sought and failed to gain a mandate from the British people in the general election.

Given that she got her Article 50 Bill through unamended, I will never understand why the Prime Minister then squandered her parliamentary majority through an unnecessary election. She presented that election as a judgment on her leadership and sought a mandate for the Brexit that she had outlined. Her pitch appeared to be basically that she had been questioned and challenged—including by your Lordships' House—but that she should be allowed to get on with it in whatever

way she wanted. It is not unlike Andrea Leadsom criticising the press for being unpatriotic when asking her questions.

Nothing could be more patriotic or more democratic than on this, the most complex and challenging issue of my generation, to question, scrutinise, challenge and offer alternatives. The process of Brexit cannot be led by those who have no doubt. It is only through doubt, careful thought and consideration, analysis and, yes, challenge, that we can achieve the best outcomes. From listening to tonight's debate, there is wise advice for the Prime Minister and the Government in a number of areas.

First, the Government should be clear that they now accept that, rather than no deal being better than a bad deal, no deal is the worst possible deal. The noble and learned Lord, Lord Brown, disputed that, but I must say to him that any acceptance that we could crash out of the EU on WTO terms obviously creates uncertainty for the economy. It also means, for example, no deal on EU nationals, no deal on data sharing regarding serious and organised crime and terrorism and no deal on the Irish border. It would mean no deal on mutual recognition of environmental regulation or, indeed, any regulatory alignment on standards and enforcement. It would mean no deal on employment rights in trade deals. It would mean no deal on safety regulation of the nuclear industry, as we would have also left Euratom, a point made by the noble Lord, Lord Teverson, and my noble friend Lord O'Neill of Clackmannan. It would mean no deal on the European Criminal Records Information System. The then Home Secretary said in April 2016 how important that was because the Government had checked the details of more than 100,000 foreign nationals against that database. No deal is not just the worst deal: it is irresponsible, dangerous and a failure of catastrophic proportions.

The second piece of advice to the Government tonight is about tone. There has to be a more constructive approach. For the Prime Minister to claim to be a "bloody difficult woman" might play well with some at home, but is curious and unproductive as a negotiating strategy. A constructive tone would achieve so much more. Anyone who has negotiated knows that the tone of the talks, and the relationship and the trust that are built up, are essential for effective discussion and agreement.

A key start on changing that tone would be a unilateral offer on EU nationals. This House offered a way forward for the Prime Minister before she started the Article 50 negotiations. She was warned by my noble friend Lady Symons and others that until everything is agreed, nothing is agreed—so it would be helpful to have that issue resolved at an early stage. As my noble friend Lady Kennedy said, our EU Select Committee report on acquired rights recommended that the Government should,

"give a unilateral guarantee now that it will safeguard the EU citizenship rights of all EU nationals in the UK",

post Brexit. The report further stated:

"The overwhelming weight of the evidence we received points to this as morally the right thing to do. It would also have the advantage of striking a much-needed positive note for the start of the negotiations".

It is the right thing to do for common humanity, but it is also the best thing to do for the economy. The Government's proposals fall short—too little, too late—and there are practical reasons why they seem to me to be unworkable.

The other issue that has been raised in a considerable number of contributions tonight—indeed, it is the subject of my noble friend Lord Adonis's amendment—is the single market and the customs union. In many ways, this issue comes down to the question of why 52% of the population voted to leave the EU. In reality, the Prime Minister's "hard Brexit"—which I think should more properly be referred to as "extreme Brexit"—means that the benefits of the customs union and the single market are not even being put on the table for discussion, and that is totally wrong. Our approach on this should be not ideological but pragmatic. The noble Lord, Lord Hunt, said that it should not be a hard or a soft Brexit, and I think that we should look at something different. The choice seems to be between an ideologically extreme Brexit or a pragmatic Brexit that is in the interests of the economy and the people of this country. I am not particularly interested in structures or the mechanisms of how we get there, but we have to ensure that when we negotiate an agreement, the starting point is the single market and customs union that have served this country, our economy and the workers in our economy so well for the past 40 years.

We understand that the Government have to negotiate an agreement that recognises the referendum result, but they must also ensure that the priorities are jobs and an economy that works for the British people. Other noble Lords have said the same thing but I think that we mean different things when we say it. Our starting point is the benefits that we have obtained from the single market and the customs union. We have to be clear about the benefits to and interests of the UK, and also convince the EU 27 that it is not only in the UK's interests but in the EU's interests too. It is not our decision alone, and we should start from that point.

In answer to the question from the noble Baroness, Lady Ludford, I did not invent the objective of "exact same benefits"—that is a quote from David Davis, the Secretary of State. He said that we should seek the "exact same benefits" and I am very happy to hold him to it.

A further issue is how to ensure that our new regulatory infrastructure is and continues to be aligned with that of the EU if we are to ensure ongoing trade in goods and services. That is not an abstract concept or burdensome; it is as important as the benefits of the single market and the customs union if we are to continue to trade with the EU. Let us take the European Medicines Agency and the pharmaceutical industry as an example. EMA certification provides companies with market access to around 500 million people across the EU. That market accounts for 25% of sales worldwide. On its own, the UK accounts for just 3%, but it is significant for our economy. I wonder whether the Government understand the professional concerns that are being raised about this. The market is so small in the UK as a whole that companies may decide not to come to the UK, not to invest in the UK and not

undertake their research and development operations in the UK. In 2013 this sector provided a trade surplus of £2.8 billion to the UK economy. Squander that and we do a great disservice to parts of our economy and to medicine.

On Wednesday the noble Baroness the Leader of the House did not—perhaps she could not—answer any of my questions about the progress on plans to deal with our leaving the EMA. Those questions were straightforward and they do not apply just to the EMA; they also apply to all the other agencies of which we are a part, including the European Aviation Safety Agency, the European Centre for Disease Prevention and Control, the European Environment Agency and the European Maritime Safety Agency. We have spoken about Euratom. There is also the European Police Office and the European Securities and Markets Authority. When we leave these in leaving the European Union we will need to have something in their place, and not something that is regulatory just at that point in time. If we are going to continue to trade we will need to have ongoing compliance and an ongoing process by which we match what is happening in the EU—otherwise we lose the markets that want to trade with us. We need to know what the Government are doing now to address those issues.

When she was speaking, the Minister implied that we need to ensure that all these matters are resolved within the two-year period. It is right that we should ask what is being done today and what has happened. My noble friend Lady Kennedy and others raised the issue of the ECJ. Whatever you call it, there will need to be a disputes mechanism that is recognised in international law. For those in the party opposite simply to say that we are going to leave the ECJ and not say what will replace it—because they have an obsession with leaving the ECJ, which has served us so well in trade and other areas—is to do a disservice to this country.

The party opposite and the Government have not liked talking about transitional arrangements, so I am happy to call it an implementation stage, if that makes it any easier. I thought that the noble Baroness, Lady Finn, had a very pragmatic approach in her speech to why transitional arrangements will be essential.

I quote my noble friend Lord Mandelson in his excellent article in the *Financial Times* last week, where he wrote of the "pragmatism and compromise" that the Government need to bring to these debates, taking a "wider view" of the UK, even outside the EU, as an EU partner. That ties in with what my noble friend Lord Cashman said about consensus and the wider agreement that the Government need to seek. You can contrast that approach with this ideological, extreme Brexit. We have to ensure that the Government step back from this and take a pragmatic approach, not just go heads forward, with red lines that may damage our economy and do a disservice to the people of this country.

My noble friend Lady Hayter has already said that we want to ensure that as the process continues we give the best advice that we can to the Government and the House of Commons. We will use all the expertise that this House has to offer to be supportive in getting that

[BARONESS SMITH OF BASILDON]

pragmatic, practical Brexit that works in the best interests of this country. A vote on our amendment tonight would allow us to reinforce the point that we made in today's debate, but it would not at this hour reflect the views of the House—but there will be other opportunities to do so, and we will seek those opportunities. Those two key votes on our amendments to the Article 50 Bill, on the issue of providing unilateral guarantees to EU nationals and on the parliamentary process, showed by their massive majorities not just the view of your Lordships' House but also the strength of opinion in your Lordships' House. Although the PM cajoled and persuaded sympathetic MPs not to support those amendments, I very much doubt that she would have the same success today.

The Minister spoke about the negotiations and said that she would come to this House to update it; I know that she says that with good intentions, but that is not good enough. There has to be a move not just to update your Lordships' House but to engage with it, listen to what is said, take note and at times act on what it has to say. For the avoidance of doubt, I want to be clear how we as the Official Opposition will approach legislation, Brexit and others, in this Parliament. Since the general election resulted in a minority Government, most of the debate relating to your Lordships' House is around the historic Salisbury/Addison convention and whether it still applies. As I set out in my initial response to the Queen's Speech last week and in media commentary since, the focus of that debate is misplaced; the ultimate purpose of that convention was to guarantee the primacy of the elected House of Commons, which rightly continues to hold. As history tells us, no minority Government can ever take the support of the House of Commons for granted.

On Brexit, and other legislation brought to your Lordships' House, we on these Benches will continue to fulfil our constitutional duties, examining and debating issues and when necessary seeking amendments for further consideration in the other place. I welcome the comments of my noble friend Lady Jay, with her experience on this issue, with particular reference to statutory instruments. The noble Lord, Lord Strathclyde, tried to make his report an issue between the House of Lords and the House of Commons, but it was not; it was an issue between the House of Lords and the Executive, who send statutory instruments to your Lordships' House. I have had discussions with the Leader of this House and have given evidence to the House of Lords Select Committee on the Constitution; we need a new committee that will look solely at Brexit statutory instruments. I also call on the Government to commit to publishing all such SIs early on, so that they can be considered and consulted on prior to being introduced in your Lordships' House.

With a minority Government, there are two areas in particular where the Government need to be aware of the constitutional position and how it would be viewed by Members of both Houses. Clearly, it would be very unwise for the Government to inappropriately use Henry VIII powers in the proposed great repeal Bill as a way of rushing through primary legislation without proper parliamentary scrutiny. With significant clauses not even debated by the House of Commons,

your Lordships' House can provide a useful service to the other place by seeking amendments that would allow the Commons to take part in scrutiny that they would not otherwise be able to.

A number of questions have been raised in tonight's debate. I hope that the noble and learned Lord, Lord Keen, will be able to answer those but, if not, can he circulate his answers to all Members of your Lordships' House who have been asking questions tonight? These questions will be returned to and will come up again and again but, so far, the answers from the Government have been far from satisfactory.

10.50 pm

The Advocate-General for Scotland (Lord Keen of Elie) (Con): My Lords, it is an honour, even at this hour, to be asked to speak in support of Her Majesty's gracious Speech. I thank noble Lords for the many valuable contributions made in the debate this evening. Her Majesty the Queen underlined the core principles of the Government's programme of legislation on, and their approach to, exiting the European Union in the gracious Speech:

"my Government's priority is to secure the best possible deal as the country leaves the European Union. My Ministers are committed to working with Parliament, the devolved Administrations, business and others to build the widest possible consensus on the country's future outside the European Union".

My noble friend Lady Anelay spoke in the opening of this debate on the context and substance of this legislation as the centrepiece of the Government's extensive legislative programme to support our exit from the EU. These issues have been discussed with clarity, eloquence and in detail not only today but on previous occasions. I will not seek to repeat all the points that have been raised, but I will summarise certain issues. First, the Government have made clear that we must respect the will of the British people expressed in the referendum last year: we will be leaving the European Union.

I have great admiration for the noble Lord, Lord Campbell of Pittenweem, particularly for his candour. He said in terms that a terrible mistake had been made and that we should simply not leave.

Lord Campbell of Pittenweem: I think that when the Minister consults *Hansard*, he will find that that is not what I said. I said that I remain convinced of the idea that the best interests of the United Kingdom are served by membership of the European Union. I did not characterise my position in the terms that he has suggested.

Lord Keen of Elie: I am content to consult *Hansard* on the point and I am not, at this hour, going to enter into a debate on what was noted and what was not noted in the noble Lord's comments, but he made it perfectly clear that, notwithstanding the results of the referendum, he felt that the interests of the British people lay in remaining in the European Union.

As I say, the Government's position is perfectly clear: we intend to respect the outcome of the referendum and, indeed, exit negotiations began in Brussels last week. We are of course working to secure a smooth exit from the EU, and one that protects the rights of EU citizens in the United Kingdom and British citizens

in other EU countries, recognising our unique relationship with the other countries in the EU. We want to build a new, deep and special partnership between the United Kingdom and the European Union that takes in both economic and security co-operation. It should be underpinned by ambitious agreements on free trade and customs covering goods and services and seeking the greatest possible tariff-free and barrier-free trade. Of course, those negotiations will be complex and at times challenging, but the Government are confident that with hard work and good will on all sides we can reach an outcome that works for the European Union and all parts of this union—the United Kingdom.

We have listened to the EU and its leaders and we understand and respect the position that the four freedoms of the single market are indivisible and that there can be no cherry picking. Those four freedoms include the free movement of people. The noble Lord, Lord Adonis, referred to these four fundamental and indivisible freedoms as a false doctrine, but they are nothing of the sort. It is a statement of fact that the EU wishes to maintain, and will maintain, the indivisibility of those four freedoms in respect of capital, services, goods and people, and we have to respect that going forward.

The question before us now is how the Government's plans, including the legislative programme outlined in Her Majesty's gracious Speech, support the negotiations, ensure a smooth exit from the EU and prepare for the UK's future outside the EU. The legislative agenda to prepare the UK for its new place in the world outside the European Union is extensive, but it is also necessary. The centrepiece of this legislative programme is the repeal Bill, which has three main effects. First, it ends the authority of EU law in the United Kingdom, transferring power back from Brussels to the United Kingdom. Secondly, it converts the body of EU law into domestic law to maximise certainty for individuals, businesses and consumers by converting EU law into domestic law. It will give Ministers, both here and in the devolved Administrations, the power to amend EU law as appropriate so that we have a functioning statute book on day one after exit. Thirdly, as well as maximising certainty and ensuring a smooth exit from the EU, the Bill will also support a future trade deal with the EU by ensuring that we start from a regulatory level playing field. The purpose of the legislation is clear and significant for the whole country: it is to ensure we have can have a smooth and orderly exit from the European Union.

I will not attempt to address each of the 64 contributions that have been made this evening. That would strain not only my recollection but noble Lords' patience. However, with the leave of the House, I shall address a number of the contributions and bring together some of the common points that were raised. I begin with the observations of the noble Baroness, Lady Hayter, who spoke of the United Kingdom's place in the world after Brexit, as if there was going to be a fundamental loss of both hard and soft power. With respect, we do not accept that proposition at all. I remind the noble Baroness that, among other things, the United Kingdom remains one of the few countries in NATO that meets its commitment to spend 2% of GDP on defence, it meets the United Nations standards

with regard to overseas aid at 0.7% of GDP, and our standing in the world is measured by these rather than simply by membership of the Union itself.

The noble Baroness spoke of mutuality. That arises in a number of contexts. It is important to appreciate that what we are addressing here is a matter of mutual interest. Just as we have an interest in the enforcement for example of family law decisions within the European Union, so it has a mutual interest in the enforcement of its orders within the United Kingdom. Just as we have an interest in trading with the European Union, so it has a £300 billion interest in trading with the United Kingdom, whether within or without the single market, so mutuality lies at the heart of the negotiation that will be undertaken.

The noble Baroness spoke of the issue of mutual recognition in the context of things such as the European Medicines Agency. But, of course, we address the matter of mutual recognition with regard to such things as medicines and chemicals at an international level. So, for example, we have no difficulty with regard to our dealings with the US federal agencies; there is always an element of good will and recognition arising there.

The noble Baroness also touched on the matter of immigration. We will not be closed to immigration—we will be able to control it. That lies at the heart of the decision that the British people made in the referendum.

The noble Baroness also raised, as did other noble Lords, the question of the devolved Administrations and the matter of devolved competence. Of course, the Government will respect, as they always have, the Sewel convention. In addition, we will engage with all the devolved Administrations in the matter of the negotiation and the outcome of the negotiations with the European Union. Furthermore, so far as Ireland is concerned, we are of course alive to the issue of the hard border, which was alluded to by the noble Baroness, Lady O'Loan, and we are of course determined and have raised already in the negotiation the question of how we can deal with the need for a soft and essentially open border between the north and the south of that island.

On a related issue, my noble friend Lady Hooper raised the question of the overseas territories and of Gibraltar. Again, we have made it perfectly clear that we will represent the interests of the overseas territories and of Gibraltar in the forthcoming negotiations. Indeed, we will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their wishes, nor enter into any process of sovereignty negotiations with which Gibraltar itself is not content. We have been absolutely clear: our exit negotiations cover Gibraltar as we leave the EU, and our focus is to get the best possible deal for the United Kingdom, for the overseas territories and for Gibraltar.

I turn to some observations of the noble Lord, Lord Wallace of Saltaire, and of some of his colleagues on the Liberal Democrat Benches. He suggested that the United Kingdom Government are somehow asserting that they hold all the cards in this negotiation. That is not the position that we adopt. Indeed, if we held all the cards, there would not be a negotiation; it would be a matter of dictating terms. There has to be an open

[LORD KEEN OF ELIE]

and mutually beneficial negotiation to achieve the outcome we all seek. He also suggested that we were somehow simply turning our face away from the European Union and towards countries such as New Zealand, India, China and others. Of course, we seek to embrace the opportunities that will arise with regard to trade in these other parts of the world, but we are not closing off trade with the European Union in any sense whatever. We are not turning our back on our partners in Europe; we will continue to engage with them to our mutual interest and mutual benefit.

The noble Lord went on, in a number of ways, to criticise the approach that the Government are taking, as if somehow we were moving towards an absolute Brexit that took no account of the views of the people of this country. I remind him of the point made by his noble friend, the noble Baroness, Lady Smith of Newnham, who suggested that when the Government respond to the matter of the EU negotiations, they should respond with humility to the people. I respectfully suggest that the Liberal Democrats might also respond with some humility to the view of the people, both as reflected in the referendum and in the recent election, where they went to the people with a particular view of Brexit that clearly was not palatable. So a degree of humility all round might be beneficial to the entire process.

Noble Lords: Oh!

Lord Keen of Elie: I turn, with a degree of humility, to the EEA and the observations of the noble and learned Lord, Lord Brown of Eaton-under-Heywood. I agree with his observations regarding the position of the Labour Opposition Bench and about their amendment being somewhat opportunistic in its form. I also concur with his observation that there must be circumstances in which no deal is simply not the worst outcome. Indeed, that was echoed by other noble Lords.

However, I come on more particularly to the question of EEA membership, which the noble and learned Lord addressed. He began by saying that there were a number of points that he would like to make in support of EEA membership. He observed, among other things, that free movement would be less absolute as it does not involve EU citizens. I shall not take issue with what he meant or did not mean by the term “less absolute”, but I observe that, although Norwegians are not EU citizens, those immigrants going from the EU into Norway are EU citizens, and their rights and obligations have to be determined accordingly.

The noble and learned Lord also suggested that, if we were to enter the EEA, our contribution to the EU budget would be smaller. With respect, that is a moot point given the loss of the rebate that would occur in those circumstances. He went on to suggest—this mirrors an approach taken by the noble Lord, Lord Adonis—that within the EEA there would be a retention of sovereignty because EU legislation has no direct effect in an EEA country that is a member of EFTA. However, with great respect, these EEA countries are effectively bound to implement EU legislation if they wish to retain their rights in the single market pursuant to membership of the EEA; it is simply an indirect route to the same

outcome.

The noble and learned Lord also suggested—others have mentioned this—that we would not be subject to the jurisdiction of the European Court of Justice, as though this was some major red line in the present context. Of course, although there is an EFTA Court, it has as a matter of fact invariably rubber-stamped all decisions of the ECJ in so far as they are relevant to the EEA and EFTA, and therefore it is really a distinction without a difference. The EFTA Court is little more than a fig leaf. Indeed, for us to leave the EU and join the EEA by way of EFTA would do little more than someone leaving the bridge of a ship and going down to the engine room to shovel coal into the boilers, and we would be paying for the coal as well. We would lose any sense of direction or control but we would continue to contribute to the matter overall.

Just pausing for a moment on the amendment proposed by the noble Lord, Lord Adonis, I reiterate that, although he refers to the four freedoms within the requirements of the single market as a false doctrine, they are nothing of the sort. One has to understand the position of the EU. As far as it is concerned, the four freedoms are not a doctrine, false or otherwise; they are a fact of life, and so far as the EU is concerned they will remain a fact of life. Therefore, to enter the single market and the customs union as proposed is simply to remain by other means within the EU itself, with all that goes with it. That was not the decision of the British people as a consequence of the referendum.

Lord Lea of Crondall: My Lords—

Noble Lords: Order!

Lord Keen of Elie: I am sorry, my Lords, but given the hour I am not going to give way.

The noble Lord, Lord Mandelson, also touched upon the question of maintaining membership of the single market and the customs union. He suggested that, even if we were to seek some agreement with the EU with regard to access to the single market, we would, as a matter of fact, have to be subject to the jurisdiction of the European Court of Justice. I take issue with that.

The European Union has entered into more than 40 trade agreements with non-EU countries. Those countries are not thereby made subject to the jurisdiction of the European Court of Justice. However, what you have in these trade agreements is a dispute resolution mechanism, just as you have in the agreement with Canada, so the two do not go hand in hand. They do not go together.

I come to the observations of the noble Baroness, Lady Massey, who raised the important issue of children, children's rights and how family law rights will be maintained after exit. Of course, there is provision at present in the Brussels Ia regulation for mutual recognition of family law decisions in the European Union, but that is a matter of mutual interest. There is no reason why that mutual agreement should not pertain after exit from the European Union, albeit not as a provision from within the European Union itself. I add that these regulations tend to have their origins, their foundation, in the Hague convention, which predates the European

Union itself. We are confident that there will be a mutual interest in maintaining that sort of recognition.

Also, on the welfare of children, all the rights and obligations with regard to children will transfer into United Kingdom law. They are recognised as such. We will continue to engage with child and youth advocacy groups in the coming months as part of our strategy to ensure that a wide range of stakeholder perspectives are factored into our negotiations for exit. I add that my noble friend Lady Anelay has asked me to extend an offer from her to meet the noble Baroness, Lady Massey, to discuss these issues further, as she suggested might be the case.

Even as I come to the end of my time, if I can nevertheless strain your Lordships' patience a little further—

Noble Lords: Oh!

Lord Keen of Elie: Or perhaps a lot further, I have one further point on mutuality raised by the noble Baroness, Lady Kennedy of the Shaws. She spoke about the importance of mutual recognition in the context of commercial judgments and so on. Again, one has to emphasise the word “mutual”. There is a mutual interest between the United Kingdom and the European Union in maintaining the ability to recognise choice of law and jurisdiction, and the ability to recognise the enforcement of judgments. The same applies in the context of wider security issues such as Europol, Eurojust and the European arrest warrant. It will be perfectly possible to negotiate a suitable outcome to these issues.

Finally, I will mention the question of Euratom, which was raised. I quite understand the concerns that arise with regard to it. However, I would make this point. It is not the case that Euratom is not part of the EU. The Euratom treaty is defined as one of the EU treaties. The first step that we will take on nuclear matters is domestic legislation that puts in place a clear structure for dealing with nuclear issues, including nuclear fission. Thereafter, we will of course take the appropriate step to have bilateral agreements with other countries, such as the United States, in order that we can maintain our position in the nuclear industry and the safety of our nuclear operations.

I have but touched upon many of the 64 contributions made today, and I can do little more at this stage of the evening. However, let me reiterate: it is not a case of Brexit meaning Brexit; it is the case that the people have spoken. They spoke in the referendum and it was determined that we should leave the EU. We are going to leave the European Union.

Amendment to the Motion

Tabled by Baroness Hayter of Kentish Town

As an amendment to the above motion, at end to insert “but, recognising that no deal is the worst possible deal, call upon Her Majesty's Government to seek to negotiate a Brexit that prioritises jobs and the economy; delivers the exact same benefits as the United Kingdom currently has as a member of the single market and customs union; ensures that there is no weakening of co-operation in security

and policing; and maintains the existing rights of European Union nationals living in the United Kingdom and United Kingdom nationals living in the European Union.”

Amendment to the Motion not moved.

Amendment to the Motion

Moved by Lord Adonis

As an amendment to the motion that a Humble Address be presented to Her Majesty, at end to insert “but regret that it contains no proposal for Her Majesty's Government to seek to negotiate continued membership of the European Single Market and Customs Union.”

Lord Adonis: My Lords, it is 11.14 pm, and I do not think that your Lordships wish to hear any more speeches this evening, so I will move to a vote. I beg to move.

11.15 pm

Division on Lord Adonis's amendment.

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11.26 pm

Amendment to the Motion

Tabled by Lord Armstrong of Iminster

As an amendment to the motion that a Humble Address be presented to Her Majesty, at end to insert “but call upon Her Majesty’s Government to suspend, for the time being, the negotiations for leaving the European Union; and, to that end, to withdraw, for the time being, the notification of intention to leave the European Union in accordance with Article 50 of the Treaty on European Union, conveyed in the Prime Minister’s letter of 29 March.”

Lord Armstrong of Iminster: My Lords, much of what I have heard in the debate today has confirmed the fears I expressed when introducing the amendment. I do not think that we are ready to continue these negotiations, but at this late hour I do not propose to test the opinion of the House.

Amendment to the Motion not moved.

Debate adjourned until Thursday 29 June.

House adjourned at 11.27 pm.