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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Wednesday 15 June 2016**

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# House of Commons

*Wednesday 15 June 2016*

*The House met at half-past Eleven o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### CABINET OFFICE

*The Minister for the Cabinet Office was asked—*

#### Government Estate

1. **Sir Henry Bellingham** (North West Norfolk) (Con): What progress his Department is making on the creation of a more modern and efficient government estate. [905408]

**The Minister without Portfolio (Robert Halfon)**: My hon. Friend will be pleased to know that since 2015 the Government estate strategy has ensured that running costs have fallen by £750 million. We have raised some £1.8 billion in council receipts and reduced the estate size by nearly a quarter. This is a huge achievement and in terms of space it makes the UK Government one of the most efficient organisations in the world.

**Sir Henry Bellingham**: I thank the Minister for that reply and congratulate him and his team on the work they have done. Given that the estate has been reduced by nearly a quarter since 2010, is it not crucial that as much of this land as possible is used for new housing, especially given that quite a bit of it is going to be brownfield?

**Robert Halfon**: My hon. Friend, as so often, hits the nail on the head. A huge Government programme has ensured that available public sector land is used to build more houses for our country.

**Andrew Gwynne** (Denton and Reddish) (Lab): A 2010 report suggested that to end the London magnet we had to move more top civil servant jobs out of the capital and into the regions. How are the Government getting on with that aim?

**Robert Halfon**: The Government are getting on very well with it: the number of civil servant buildings in central London has gone down hugely. We have created hundreds of thousands of jobs all over the country—95,000 new jobs in the last year in the north of England alone—and what matters is what kinds of jobs we are creating and how many people are being employed.

### Boycott and Divestment Guidance

2. **Deidre Brock** (Edinburgh North and Leith) (SNP): What representations he has received on his Department's boycott and divestment guidance. [905409]

**The Minister for the Cabinet Office and Paymaster General (Matthew Hancock)**: We have received a wide range of representations about boycotts in public procurement. The Government's position is very clear: public sector organisations should not use procurement to run their own independent foreign policies.

**Deidre Brock**: Does the Minister agree that people who stand for election to local authorities and who then serve as councillors perform an important role in communities the length and breadth of these islands, and does he further agree that they should be trusted to make political judgments for themselves? Will the Government abandon the boycott and divestment guidance in favour of supporting local democracy?

**Matthew Hancock**: Yes, I think councillors do an excellent job at what councils are meant to do, but councils are not meant to set foreign policy, and attempts at local foreign policies that are discriminatory are potentially illegal, and we make that clear at every opportunity.

**Mr David Hanson** (Delyn) (Lab): Was it wrong for my local authority to boycott South African goods in the 1970s?

**Matthew Hancock**: Where a national boycott is in place and where a national decision has been made, local authorities should of course follow that, but these decisions are rightly for the Foreign Office and not for local authorities; the country cannot be run by having hundreds of different foreign policies.

**Tommy Sheppard** (Edinburgh East) (SNP): I think that, not for the first time, the Government are looking at this through the wrong end of the telescope. Rather than try to prevent local authorities from taking ethical and environmental considerations into account when making decisions, surely the Government should, as the Scottish Government do, encourage local authorities to do so—or does the Minister really believe that council tax payers' money should be used to prop up oppressive regimes and support unlawful activity throughout the world?

**Matthew Hancock**: I find it surprising that the Scottish National party engages in and supports discrimination of this kind. We should trade with the world, except where a boycott decision has been made at a national level. The idea that we should discriminate against companies with which we otherwise have a good trading relationship is wrong.

### Permanent Secretaries: Diversity

3. **Vicky Foxcroft** (Lewisham, Deptford) (Lab): What recent assessment he has made of diversity among permanent secretaries in the civil service. [905410]

**The Chancellor of the Duchy of Lancaster (Mr Oliver Letwin):** I am afraid that following an outstanding permanent secretary's move from Whitehall to become chief executive of Ofcom there are no permanent secretaries from BAME communities at present. However, 20% of permanent secretaries are women, which is higher than the figure for 2010 of 17.5% and much higher than the figure for 2005 of 8%, but clearly it is still considerably too low and we have a great deal more work to do to make sure we are drawing on a talent pool that reflects the nation as a whole.

**Vicky Foxcroft:** In 2011, for the first time, 50% of permanent secretaries were female. Since then, and since the Prime Minister took control, the glass ceiling has been painstakingly reassembled. If he cannot be trusted to appoint women, is it not about time we introduced some positive discrimination?

**Mr Letwin:** The hon. Lady refers to a brief moment during which, because of appointments already in place and new appointments being made, there was a spike, and we would very much like to see that replicated on a long-term basis. We have appointed a range of women permanent secretaries in the past few months, and I am glad to be able to tell the hon. Lady that we are doing a great deal to ensure that the pool from which we draw the permanent secretaries—directors general—is improving significantly, in that 37% of our directors general are women. We are seeking to move that further forward, and we need to see this happening throughout the senior civil service.

**Sue Hayman (Workington) (Lab):** According to Leonard Cheshire Disability, only 4.5% of senior civil servants are disabled. What are the Government doing to ensure that disability is not impeding disabled people in the civil service from reaching the highest levels? Will the Minister review the Government's policies and keep the House updated on his efforts to improve the employment prospects of disabled people in the civil service?

**Mr Letwin:** The hon. Lady is right. As a matter of fact, the situation is even slightly worse than she suggests. The percentage of disabled senior civil servants—or, at any rate, of senior civil servants who have registered themselves as disabled in staff surveys—is only 3.4%. That is much too low, and it reflects the fact that we have not yet been able to remove all the barriers that we need to remove. I am sitting next to the Minister without Portfolio, my right hon. Friend the Member for Harlow (Robert Halfon), who has shown that it is perfectly possible for someone who suffers from a significant disability to reach the highest level in politics, but we need that to be true throughout our public administration because we need to draw on talent from wherever it comes.

**Louise Haigh (Sheffield, Heeley) (Lab):** As the Minister confirmed, since the Prime Minister gave himself the power to appoint, 80% of permanent secretaries are men. In the spirit of open government, will the Minister commit to publish the shortlists from which the Prime Minister has made appointments?

**Mr Letwin:** I will go back and talk to colleagues about the methods by which we publish what happens under that procedure. I would like to point out to the

Opposition spokesman—[*Laughter.*] I would like to point out to the Opposition spokesperson that we draw permanent secretaries from the pool of directors general. If we are to draw on that talent, we have to encourage more women to be directors general. As I have said, I am glad that the percentage of women directors general is now up to 37%. We would like to get up to 50% or beyond, and as we do so we will have the talent from which to draw into the permanent secretary ranks, which is obviously where we want women of talent to end up.

#### Government Offices: London

4. **David Mackintosh (Northampton South) (Con):** What progress his Department is making on reducing the number of Government offices in London. [905411]

**The Minister without Portfolio (Robert Halfon):** The Government's direction of travel is ensuring value for money for the taxpayer and value for money overall. The Government Property Unit is working closely with the Departments to reduce the Government estate from around 800 buildings to closer to 200 by 2023. The number of Government offices in London has fallen from 181 in 2010 to just 54 today, and we will seek to reduce it to about 20 by 2025.

**David Mackintosh:** Does my right hon. Friend agree that, wherever possible, all taxpayer-funded bodies should consider relocating outside central London to save money? Will he write to the Independent Parliamentary Standards Authority with that suggestion?

**Robert Halfon:** If I did not know my hon. Friend better, I would think that he was bidding for IPSA's headquarters to be located in Northampton South. All I will say to him is: be careful what you wish for. I note that Northamptonshire has led the way by being the first area in the country to announce plans to bring its police and fire services together in a shared estate.

**Mr Gregory Campbell (East Londonderry) (DUP):** The Minister mentioned the value-for-money approach. Does he agree that it would be better if Government offices were spread across the United Kingdom? Given the value-for-money approach we take in Northern Ireland, would he consider Northern Ireland as a location?

**Robert Halfon:** Yes, my hon. Friend makes an important point. There is a policy on rebalancing the civil service between London and the regions across the United Kingdom. The civil service already has a significant presence across the United Kingdom, and he will know that many civil servants are employed in Northern Ireland. We are looking to extend this further and to create multi-occupancy offices in key locations around the country.

13. [905421] **Caroline Ansell (Eastbourne) (Con):** I am happy to make a bid for the relocation of Government offices. As my right hon. Friend will know, coastal communities have many advantages, but they face serious challenges. Does he agree that as the sunniest town in our fair United Kingdom, with a thriving cultural scene and buoyant chamber of commerce, Eastbourne might be just the place for such a relocation, as might East Sussex in general?

**Robert Halfon:** My hon. Friend, as a former teacher, is a brilliant MP for her area and a key component of compassionate Conservatism in Eastbourne. I note that Eastbourne chamber of commerce said the town is one of the 10 happiest places to stay in the UK, and it might be a good place for all of us to go after the European Union referendum—whatever the result.

### Constituency Boundaries

5. **Bob Blackman** (Harrow East) (Con): When he expects the Boundary Commission to publish its initial recommendations for new constituency boundaries. [905412]

**The Parliamentary Secretary, Cabinet Office (John Penrose):** The conduct of the boundary review is, rightly, a matter for the independent Boundary Commissions. The Boundary Commissions for England and for Northern Ireland plan to publish initial recommendations this autumn, and the Boundary Commissions for Scotland and for Wales plan to do so later this year.

**Bob Blackman:** I thank my hon. Friend for that answer. Will he confirm that the guidance given to the Boundary Commission is to split wards by polling districts so that we have equal-sized electorates for Members of this House elected in 2020?

**John Penrose:** My hon. Friend is absolutely right to state, first and foremost, the principle that all votes, no matter where in the country they are cast, should have equal weight, and that constituencies must therefore be more equal in size. Ward-splitting has for some time been part of the Boundary Commission's work in other parts of the country, but I can confirm that it expects to be able to introduce it in constituencies in England as well.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): The number of democratically elected Members of this place from Scotland will be cut by six, but are plans afoot to cut the number of unelected Lords, who are able to make laws affecting Scotland and the rest of the UK?

**John Penrose:** I think the hon. Lady was supporting the principle that votes should have equal weight no matter where they are cast in the country, and I welcome her support if my reading is correct. I cannot confirm plans to alter the size and composition of the Lords, although I understand that discussions at that end of the corridor are going on fairly continuously.

**Mr Speaker:** The supplementary was only tenuously related to the terms of the question, but I am in a generous mood.

10. [905418] **Gordon Henderson** (Sittingbourne and Sheppey) (Con): I welcome the consultation period that will follow the Boundary Commission's recommendations, but does my hon. Friend agree that it is important to ensure that people are aware of the consultations so that they can make their views known? What does he intend to do to publicise the consultations?

**John Penrose:** My hon. Friend is right: it is vital that people are aware of the consultation period. It is being advertised on the Boundary Commission website and will be advertised further to make sure that everybody can comment, but it is up to political parties from all parts of the House to make sure that their supporters and organisations are galvanised and submissions can be made.

**Gloria De Piero** (Ashfield) (Lab): The number of registered voters has gone up massively since December 2015—in some constituencies, the equivalent of two extra wards have been added. Will the Minister therefore reassure us that he cannot possibly use the December figures to redraw the boundaries—or will his Government go back to using voter registration for their own political gain once this referendum is over?

**John Penrose:** I am intrigued that the hon. Lady thinks she knows what has happened to individual constituencies' electoral rolls, because the final versions will not be published for another week or 10 days. Whatever the outcome of that publication, it cannot be right that we carry on with the existing political constituency boundaries, which are based on the electoral rolls from 2001 or, in some parts of the country, from 2000. They are shockingly out of date and we absolutely need to update them. I can, however, reassure her that there will be updates every five years, rather than every 10, and that constituency boundaries will be more up to date and accurate than they have been in the past.

### Anti-Corruption Summit

7. **Mike Gapes** (Ilford South) (Lab/Co-op): Whether the agreements reached at the anti-corruption summit in May 2016 will be applied to other countries. [905415]

**The Minister for the Cabinet Office and Paymaster General (Matthew Hancock):** This Government and this Prime Minister have taken a global lead on tackling the scourge of corruption. Each delegation at the anti-corruption summit signed up to the commitments set out in the communiqué. In addition, 42 countries and eight international organisations issued statements setting out further measures that they will take.

**Mike Gapes:** In April 2014, the Prime Minister said:

“I believe that beneficial ownership and public access to a central register is key to improving the transparency of company ownership and vital to meeting the urgent challenges of illicit finance and tax evasion.”

Will the Minister explain why the Government are no longer calling for public registers of beneficial ownership in the British overseas territories?

**Matthew Hancock:** We are calling for them. The Prime Minister was absolutely right then, and we are delivering on that now. Later this month we will publish the beneficial ownership register for the UK. All the overseas territories have signed up to beneficial ownership registers, and we urge them to make them public.

11. [905419] **Helen Hayes** (Dulwich and West Norwood) (Lab): In the run-up to the anti-corruption summit, leaders of charities and faith groups around the world were calling on the Prime Minister to insist on the same

levels of transparency in our overseas territories and Crown dependencies as we have here in mainland UK. Why did the Prime Minister ignore them? Was he unable or unwilling to stop the facilitation of corruption in our tax havens?

**Matthew Hancock:** We have made huge progress in ensuring that we have registers of beneficial ownership in the overseas territories. We are also publishing the beneficial ownership register for the UK. The progress that has been made in the overseas territories is the greatest under any Government in history, which perhaps is one reason Transparency International said that the summit had been a good day for anti-corruption.

**Jonathan Ashworth** (Leicester South) (Lab): The Panama papers have shown how illicit finance robs the very poorest countries of the world. Malawi, for example, loses about \$130 million a year through such finance. Will the Minister explain why the Malawian company Press Trust Overseas Ltd cannot have its tax affairs scrutinised because it is in the British Virgin Islands? Should not the summit have come to an agreement to force such overseas jurisdictions to publish central beneficial registers?

**Matthew Hancock:** If the hon. Gentleman cares so much about the matter, he might have congratulated us on the progress that we made at the summit. He will be delighted to know that the British Virgin Islands has signed up to have a beneficial ownership register and to share that information with the UK Government. We are making progress in tackling the scourge of corruption, about which previous Governments, including the one he supported, did too little.

### Public Services (Social Value) Act 2012

8. **Chris White** (Warwick and Leamington) (Con): What progress has been made on implementation of the Public Services (Social Value) Act 2012. [905416]

**The Minister for Civil Society (Mr Rob Wilson):** It is important to begin by acknowledging that, thanks largely to my hon. Friend's efforts, the social value Act came into force in January 2013. He can be proud that the Act has unlocked a range of public benefits from the procurement of goods and services. Lord Young reviewed progress in 2014 and reported in 2015. His findings inform our current work to quicken the pace of implementation. As part of that work, we will publish a paper this summer that will give examples of how central Government are driving forward the social value Act and what further actions we will take.

**Chris White:** The social value Act has been seen to benefit commissioners, service providers and the wider community. What progress has been made in ensuring that government, both local and national, applies the Act to their procurement processes more widely and consistently?

**Mr Wilson:** We reviewed central Government's progress on the Act and found increasing awareness of it and a clear willingness and commitment to implement it. I will publish an appraisal of central Government's commitments to the Act later in the summer, which will

set out the steps being taken and the plans for the future. In preparing for that, I have invited a panel of external social value experts to review and critique current plans and practice. That process is helping to ensure that central Government's aspirations for social value are being stretched.

### Topical Questions

T1. [905438] **Cat Smith** (Lancaster and Fleetwood) (Lab): If he will make a statement on his departmental responsibilities.

**The Minister for the Cabinet Office and Paymaster General (Matthew Hancock):** The Cabinet Office is responsible for efficiency and reform in government, transparency, civil society, the digital economy and cybersecurity to deliver the Government's agenda.

**Cat Smith:** Will the Minister confirm that, whether appropriate in the Government's view or not, it is still lawful for public bodies to refuse to award contracts to companies for reasons other than nationality, such as human right records, compliance with international law or a connection with trades such as the arms trade or fossil fuels?

**Matthew Hancock:** As I said earlier, the boycott of, and discrimination against, countries is potentially illegal. The guidance that we set out was designed to make it absolutely clear that these decisions on boycotts against countries need to be taken at a national level, and it is inappropriate for local authorities to try to set their own foreign policies.

T3. [905441] **Jason McCartney** (Colne Valley) (Con): The National Citizen Service has been a wonderful success in Huddersfield and Colne Valley. What more can be done to make sure that even more young people in Yorkshire can find out how to access this transformative experience?

**The Chancellor of the Duchy of Lancaster (Mr Oliver Letwin):** My hon. Friend is right that the National Citizen Service around the country and in his own constituency has made a huge difference. There were 467 people who went through it in 2015 in Kirklees, the local authority in which his constituency lies. We are determined to increase that number. There is a new marketing campaign, and I am glad to say that 8 million hours of volunteering have so far been contributed by National Citizen Service participants. I hope my hon. Friend will see in his constituency a proportion of that effect coming through in the next year.

T2. [905439] **Deidre Brock** (Edinburgh North and Leith) (SNP): What provisions are the Government putting in place to ensure that non-UK citizens of the EU living here will continue to enjoy the same rights after a possible Brexit vote as they do now?

**Mr Letwin:** The hon. Lady is asking a question about something that is a matter of hot debate as we go through the next week or so, and it highlights one of the issues that would need to be resolved and that is of very great complexity.

T4. [905442] **Luke Hall** (Thornbury and Yate) (Con): This Government have a responsibility to ensure that their citizens are safe online. Will my right hon. Friend update the House on what progress he is making in developing the 2016 national cyber-security strategy?

**Matthew Hancock:** Cyber-security is incredibly important, especially as we increasingly deliver digital government. The national cyber-security strategy ran up to 2016. The new strategy is underpinned by investment of £1.9 billion—almost double the funding—and we will publish the strategy later this year.

T5. [905443] **Helen Hayes** (Dulwich and West Norwood) (Lab): The backward steps in gender inequality at the top of the civil service are unacceptable. Will the Minister release the gender breakdown of those who were shortlisted for the role of permanent secretary so that we can have further transparency on this important issue?

**Mr Letwin:** As I said to the House a few moments ago, we will take that serious suggestion away and come back with a view about whether it is possible to release those data without compromising individual sensibilities. I am absolutely with the hon. Lady that we need to see more women joining the ranks of the permanent secretaries, and as I mentioned to her, it is of great importance that the directors general are now much better distributed in a gender balance.

T6. [905444] **Derek Thomas** (St Ives) (Con): The National Citizen Service provides a real opportunity for young people in Cornwall, a part of the world that is quite deprived. What more can we do to ensure that young people have access to the service this summer?

**Mr Letwin:** My hon. Friend is right. There were 312 people in Cornwall who participated in the National Citizen Service last year. We want to see that number rise significantly. Already 486 people have signed up and we hope to see more come through during the coming year. We are spending £1 billion over the four years to increase the proportion of young people who can do National Citizen Service, which I think will have an enormous effect on, among other things, social cohesion—80% of those who went through National Citizen Service said at the end that they had a better view of people from other backgrounds than they had before they joined it. *[Interruption.]*

**Mr Speaker:** The Minister is offering serious thoughts in a cerebral manner on a very important topic, the National Citizen Service. I think he deserves a more attentive audience.

**Wes Streeting** (Ilford North) (Lab): Given the surge in voter registration, how can the Minister possibly justify using such woefully inaccurate figures to redraw the electoral map of the United Kingdom?

**Matthew Hancock:** We just had this question a few minutes ago, and the answer is very clear: the alternative of using figures from 2001 or 2000 is completely unacceptable. We have, in fact, made the process more frequent, not less, and we now update the register for the purposes of writing the boundaries every five years, not every 10.

T8. [905446] **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What steps will the Secretary of State take after a resounding victory in the vote to stay in Europe next week to get all Departments working harmoniously and well again after the disruptions we have had over the last month?

**Mr Letwin:** I am afraid that the hon. Gentleman is mistaken in his implication: actually, the fact is—I see this day by day—that the Departments of State have functioned smoothly and effectively throughout this period, as have members of the Cabinet. I am glad to say that we intend to continue doing so to fulfil the manifesto commitments on which we were elected.

## PRIME MINISTER

*The Prime Minister was asked—*

### Engagements

Q1. [905423] **Peter Aldous** (Waveney) (Con): If he will list his official engagements for Wednesday 15 June.

**The Prime Minister (Mr David Cameron):** I know the whole House will join me in sending our profound sympathies to the family and friends of the 49 people who died in the horrific attack in Orlando on Sunday. This was an evil attack of terrorism and homophobic hatred, and we utterly condemn both of them. This attack, along with the callous murder of a French police couple on Monday, is a stark reminder of the challenge we face to defeat the poisonous ideology of Daesh, both online and on our streets, but I believe that, together—with our friends, with our allies and with our common values—we will prevail.

This morning I had meetings with ministerial colleagues and others, and in addition to my duties in this House, I shall have further such meetings later today.

**Peter Aldous:** I share the sentiments and sympathies the Prime Minister expressed to the victims and their families and friends in Orlando.

The Australian parent company of Sealite United Kingdom Ltd see Europe as a major market for expansion, but it has put on hold its plans to build a factory in the enterprise zone at the South Lowestoft industrial estate. Lowestoft has enormous potential as a centre serving the European maritime market, but does the Prime Minister share my concern that this opportunity would unnecessarily be placed at risk if the UK leaves the EU?

**The Prime Minister:** I certainly share my hon. Friend's concern. I will remember visiting his constituency and seeing what a thriving business location Lowestoft is. He is right that many companies come to Britain and invest in Britain for many reasons, but one of the most important is access to the single market of 500 million customers. Next week we have the opportunity to put our place in that single market beyond doubt, and I hope that we wake up on 24 June knowing that businesses are going to invest more in our country, create more jobs in our country and see more growth in our country, because that will help the families of our country. The unemployment figures today show another welcome fall. We can see continued progress—let's keep our country moving forward.

**Jeremy Corbyn** (Islington North) (Lab): I concur and join with the Prime Minister in his remarks about the terrible deaths in Orlando. On Monday I joined a vigil of thousands of lesbian, gay, bisexual and transgender people in Soho, in London, to mourn the deaths of those 49 people. We say thank you to all those all over this country who attended vigils on Monday night to show their concern and their horror about what happened. Quite simply, we defeat such atrocities through our love and solidarity, and we need to send that message out.

Three years ago, there was a cross-party agreement for the implementation of section 40 of the Crime and Courts Act 2013 and to proceed with Leveson 2 once criminal prosecutions were concluded. The Prime Minister will be aware that today there is a lobby of Parliament by the victims of phone hacking. He said a few years ago that

“we all did too much cosying up to Rupert Murdoch”.

Well, some of his Tory Brexit colleagues are certainly cosying up to Rupert Murdoch at the moment, but will he give a commitment today that he will meet the victims of press intrusion and assure them that he will keep his promise on this?

**The Prime Minister:** First, let me echo what the right hon. Gentleman said about the Orlando bombings. In terms of the Leveson issue, we said that we would make a decision about the second stage of this inquiry once the criminal investigations and prosecutions were out of the way. They are still continuing, so that is the situation there. I have met victims of press intrusion, and I am happy to do so again. Right now, people can accuse me of many things, but I think that cosying up to Rupert Murdoch probably is not one of them.

**Jeremy Corbyn:** My question was, “Will the Prime Minister meet the victims of phone hacking?” I hope he will, because they deserve it, and he promised that he would.

A major funder of the leave campaign has said:

“If it were up to me, I’d privatise the NHS.”

The hon. Member for Uxbridge and South Ruislip (Boris Johnson) has said:

“If people have to pay for”

NHS services

“they will value them more.”

Both he and the right hon. Member for Surrey Heath (Michael Gove) are members of a Government who have put the NHS into record deficit. These people are now masquerading as the saviours of the NHS—wolves in sheep’s clothing. Did not the hon. Member for Totnes (Dr Wollaston) get it right when she rejected the duplicity of this argument in the leave campaign and decided to join the remain campaign?

**The Prime Minister:** I was delighted with what my hon. Friend the Member for Totnes (Dr Wollaston) said about changing her mind, which is a brave thing for politicians to do, and saying that she thought that the NHS would be safer if we remained inside a reformed European Union. I believe that very profoundly, because the key to a strong NHS is a strong economy. I think there cannot be any doubt, with nine out of 10 economists, the Governor of the Bank of England, the International

Monetary Fund, the OECD and all these other organisations saying that our economy will be stronger, and it is a strong economy that delivers a strong NHS.

**Jeremy Corbyn:** Last week, the Prime Minister gave a welcome commitment to the closing of the loophole in the posting of workers directive. We will hold him to that, but we are concerned about the exploitation of migrant workers and the undercutting of wages in this country as a result. On that issue, will he today commit to outlawing the practice of agencies that only advertise abroad for jobs that are, in reality, jobs in this country?

**The Prime Minister:** First of all, the right hon. Gentleman and I absolutely agree about the evils of modern slavery. That is why this Government passed the Modern Slavery Act 2015, with all-party support. We have doubled the fines that can be put on companies for exploiting labour in this way. We have strengthened the Gangmasters Licensing Authority, which has commenced and carried out a number of prosecutions, including in the east of England, where I was yesterday. We will continue to take action on every level to make sure that people are paid the wages that they should be paid and that protections are there on the minimum wage, and now on the national living wage. All those measures are vitally important, and we will continue with all of them. I want people to get a fair day’s pay for a fair day’s work.

**Jeremy Corbyn:** My question was about outlawing the practice of advertising by agencies only in other countries.

Tens of thousands of EU migrants work in our public services and do a fantastic job. Many people in Britain, also, are concerned about the impact of immigration on their local communities. Surely what communities need is practical solutions such as the migrant impact fund set up Gordon Brown when he was Prime Minister to deal with extra pressure on housing, schools, and hospitals. Will the Prime Minister now concede that it was a mistake to abolish that fund, and will he work with us to reinstate it as a matter of urgency to give support to those communities that are facing problems with school places and doctors’ surgeries?

**The Prime Minister:** The right hon. Gentleman is absolutely right. In answer to the question about employment agencies that only advertise for overseas workers, we are looking at that to see—we have announced this already—if we can ban that practice, because we do not believe it is right. Of course, the answer to so many of these questions is to make sure that we are training, educating and employing British people and getting them the qualifications they need to take on the jobs that our economy is creating. Today’s unemployment figures are another reminder of that.

In terms of funds to help communities impacted by migration, we have a pledge in our manifesto that we are looking forward to bringing forward, which is a controlled migration fund to make sure that we put money into communities where there are pressures. Of course there are some pressures and we do need to address them, and I am happy that we will be able to work on a cross-party basis to do that. As I have said

many times, there are good ways of controlling migration, and one of them is the important rules we are bringing in so that people do not get instant access to our welfare system, but there are bad ways of controlling immigration, and leaving the single market and wrecking our economy is certainly one of them.

**Jeremy Corbyn:** Today a flotilla of boats is due to come along the Thames campaigning on fishing quotas not going to the domestic UK fleet. I have been looking out of the window and I have not seen them come yet, but presumably they are on their way. The Prime Minister will be very well aware that reforms that were made three years ago actually put the power back into the hands of member states, and it is the UK Government who have given nearly two thirds of English and Welsh fishing quotas to three companies, thus excluding the small fishing communities along our coasts. Will the Prime Minister stop blaming Brussels on this and tell our small-scale and sustainable fishing communities what action he will take to allow them to continue their work, and indeed go further out in collecting fish?

**The Prime Minister:** First, I thank the right hon. Gentleman for speaking about the reforms we carried through in the last Parliament; my hon. Friend the Member for Newbury (Richard Benyon) was absolutely crucial in delivering those changes. We have seen in the last five years an increase in the value of the UK fishing industry of something like 20%.

The point I would make is that we export every year about £1 billion-worth of fish to the EU. No country in the world has a trade agreement with the EU that does not involve tariffs—taxes—on the sale of its fish, so there is no way we would get a better deal from the outside than the deal we get on the inside. Working with our fishing communities, working with our fishermen, keeping that market open and making sure that we manage our fish stocks locally and appropriately are very much part of our plan.

**Jeremy Corbyn:** The Prime Minister's Government still did hand quotas over to three very large companies at the expense of small communities around Britain. I hope that he will reflect on that.

With just eight days to go before the referendum, the Labour position is that we are going to be voting to remain because we believe it is the best way to protect families, protect jobs and protect public services. We would oppose any post-Brexit austerity Budget, just as we have opposed each austerity Budget put forward by this Government. Will the Prime Minister take this opportunity to condemn the opportunism of 57 of his colleagues who are pro-leave—these are Members who backed the bedroom tax, backed cutting disability benefits and backed slashing care for the elderly—who have suddenly had a damascene conversion to the anti-austerity movement? Does he have any message for them at all?

**The Prime Minister:** There are very few times when the right hon. Gentleman and I are on the same side of an argument. For people watching at home, when the leader of the Labour party—and, indeed, almost all the Labour party—a Conservative Government, the Liberal Democrats, the Greens, the official Ulster Unionists and the Scottish National party all say, “We have huge

disagreements, but on this vital issue for the future of our country, the best option for Britain is to vote to remain in a reformed European Union,” that really says something.

The truth is this. This is a huge choice for our country, and choices have consequences. If we wake up on 24 June and find that we have remained in, our economy can continue to move forward. If we vote out, the experts warn us that we will have a smaller economy, less employment, lower wages and, therefore, lower tax receipts. That is why we would have to have measures to address a huge hole in our public finances. Nobody wants to have an emergency Budget. Nobody wants to have cuts in public services. Nobody wants to have tax increases. But I would say this: there is only one thing worse than addressing a crisis in your public finances through a Budget, and that is ignoring it. If you ignore a crisis in your public finances, you see your economy go into a tailspin and you see confidence in your country reduced. We can avoid all this by voting remain next week.

Q3. [905425] **Amanda Solloway** (Derby North) (Con): Having recently undertaken a real ale tour of some of my constituency's finest public houses, and having sampled some of the finest ales that anyone is likely to taste—many of them brewed locally in Derby North, which is recognised as the real ale capital of the UK—may I ask the Prime Minister to join me in acknowledging the virtues and massive benefits to local economies from small and medium-sized breweries up and down the country?

**The Prime Minister:** I am happy to agree with my hon. Friend. Having spent last week at Shepherd Neame in Kent, and having spent yesterday at Greene King in Bury St Edmunds, I agree with her that a large quantity of real ale is one of the best ways to get through this gruelling referendum campaign, and I would recommend it to everybody. The British beer industry is in good health because of the duty cuts made by my right hon. Friend the Chancellor. Because of the micro-brewers tax regime, we have a lot of craft ale coming through in our country. It is an industry in a good state. The brewers that I am talking to and going to see want the single market open and they want us to remain in.

**Angus Robertson** (Moray) (SNP): On Orlando and on the deaths in France, we on the SNP Benches join in the condolences that have been expressed by the Prime Minister and the Leader of the Opposition.

We are now only a week away from the biggest question that the UK has faced in a long time—continuing membership of the European Union. Exports of goods and services from the Scottish economy are massively important: hundreds of thousands of jobs depend on them. Meanwhile, our public services, including the NHS, are supported by many hard-working people from elsewhere in the European Union. Does the Prime Minister agree with me that if we want to protect jobs and if we want to protect our public services, we must vote to remain in the European Union?

**The Prime Minister:** I believe that the most important argument—there are many arguments people make, but this is the most important—is about the future of our

economy. It seems obvious to me: you can listen to the experts, or you can just make a common-sense argument. Today, we have full access to a market of 500 million people. For an economy such as Scotland's, which is such a big exporting economy, there is no way we would get a better deal on the outside of the single market than we get on the inside, so if we left we would see our economy suffer, we would see jobs suffer and we would see people's livelihoods suffer. That is just plain common sense. I absolutely agree with the right hon. Gentleman that for jobs and for livelihoods, we should remain in. There is a consequence for the public finances, because if our economy is doing less well, our public finances would be doing less well, and that would have consequences for Scotland, too.

**Angus Robertson:** May I raise that issue with the Prime Minister? Today, we have learned from a Conservative Chancellor of the Exchequer and a former Labour Chancellor of the Exchequer that there would likely be £30 billion of cuts to public services or tax rises were there to be a Brexit vote. What impact would that have on public services in Scotland? Please can we learn now, before we vote, what impact that would have on the budget in Scotland, which pays for the NHS in Scotland, for our schools in Scotland, for local government and for all key public services? Is that not yet another reason why we must vote to remain in the European Union?

**The Prime Minister:** These figures are not based on what the Chancellor of the Exchequer is saying; they are based on what the Institute for Fiscal Studies and the National Institute of Economic and Social Research are saying. They are talking about a £20 billion to £40 billion hole in our public finances if Brexit were to go ahead. Those organisations are often quoted across this House—many times against the Government—because they are respected for their independence. Clearly, if that is the impact on the public finances, decisions to cut public spending in the UK Budget do have an impact, through Barnett, on Scotland. To anyone who says, “Well, these warnings could of course be wrong, or they could be inaccurate”, I would make the point—it is perhaps an uncomfortable one for the right hon. Gentleman—that there were of course warnings about the oil price before the Scottish referendum, and it turned out actually to be worse than the experts warned.

Q4. [905426] **Mike Freer** (Finchley and Golders Green) (Con): Since the terrorist attacks in Paris and Brussels, many of my constituents are worried that remaining in the EU increases the risk of terrorism, fears exacerbated by the disgraceful comments of people such as Nigel Farage. Does my right hon. Friend agree with me that our security services are helped, not hindered, by the EU?

**The Prime Minister:** I would say very directly to my hon. Friend that I have done this job for six years and, working with the Home Secretary, I have seen how closely our intelligence and security services work with other services around the world. Of course we keep ourselves safe by investing in anti-terrorism policing and of course we keep ourselves safe by the way we work with the Americans and the “Five Eyes” partnership, but I am in no doubt that the increasing extent of

information exchange and intelligence exchange that takes place through the European Union is of direct benefit to our country.

It is not just that you need a border; you also need information and intelligence to police that border properly. We are now seeing an enormous amount of exchange about criminal records, terrorist records and passenger name records. Of course, outside the EU, we could try to negotiate our way back into some of those agreements, but right now we are in them, we are driving them and we are making them keep people safe in our country.

Q2. [905424] **Mr George Howarth** (Knowsley) (Lab): Knowsley is expecting to receive £10 million in EU funding over the next three years. EU funding has helped attract businesses to the borough, including QVC, which created 2,500 jobs. Is it not the case that that important funding from the EU could be lost if we vote next week to leave the European Union?

**The Prime Minister:** The right hon. Gentleman makes an important point. All the independent economic reports say very clearly that there is no financial saving from leaving the EU. The Institute for Fiscal Studies put it like this:

“we conclude that leaving the EU would not...leave more money to spend on the NHS. Rather it would leave us spending less on public services, or taxing more, or borrowing more.”

I would argue that there is a big dividend from remaining inside the EU, which we would start to feel next Friday, as companies would be able to see that Britain had made a decision, and the job creators, wealth creators and international investors would know that Britain meant business and they would invest in our country. There is no saving from leaving. That is what the experts agree.

Q5. [905428] **Mr Alan Mak** (Havant) (Con): The number of children growing up in workless households has fallen by nearly half a million since 2010. Will the Prime Minister continue to tackle child poverty by focusing on rising wages, more jobs and a growing economy?

**The Prime Minister:** My hon. Friend is right that the most important thing we can do for parents in our country is help them to get a job, earn a living and provide for their family. In our life chances strategy, measuring worklessness and school attainment will be really important in helping to ensure that we continue to lift children out of poverty.

Q6. [905429] **Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): Thomas and Elke Westen live and run their businesses in Kirkcaldy, but, as Germans, they are denied a vote next week. They are hurt by the portrayal of immigrants in the EU debate. They leave for France on Sunday, and are considering leaving permanently if we exit the EU. Will the Prime Minister join my call for them and others in a similar situation to stay, as they are highly valued?

**The Prime Minister:** Of course, there are many people who come to our country, work hard, make a contribution and help to build our communities. It is important to get the numbers into some sort of perspective. I think 5% of our population are EU nationals—Italians, Germans,

Poles, Spaniards and the rest of it—so if you stop 100 people in the street, only five will be EU nationals. It is just as the hon. Gentleman said. Look at our NHS—there are 50,000 EU nationals working as doctors, nurses and care assistants. Look at our care homes—there are 60,000 EU nationals helping to look after our elderly relatives with dementia and other conditions as they come towards the end of their lives. Yes, we need to make sure that people who come here work and make a contribution, but we should celebrate the contribution they make.

Q8. [905431] **Mr David Nuttall** (Bury North) (Con): Given the Government's recent enthusiasm for making forecasts and predictions, will the Prime Minister tell the House in which year we will meet our manifesto commitment to reduce immigration to the tens of thousands?

**The Prime Minister:** The last year for which EU migration was in balance—that is between the number of EU and British nationals leaving our shores to work in Europe and the number of EU nationals coming to live and work here—was as recently as 2008. Yes, we need to do more to control migration from outside the EU, and we are doing so, with the closure of bogus colleges and other measures. We are also doing more inside the EU, not least by saying that if people who come here do not get a job after six months, they have to leave, and that if they work, they have to contribute for four years before getting full access to the welfare system. Those are big changes. They are also sensible ways of controlling immigration. A non-sensible way would be pulling out of the single market, damaging jobs and our economy, and so having to explain to our constituents why we have a self-imposed recession.

Q7. [905430] **Carolyn Harris** (Swansea East) (Lab): Many in my constituency of Swansea East are already struggling to make ends meet. The World Trade Organisation says that if we leave the EU we could face major tariffs on trade, and would have to renegotiate more than 160 trade agreements. Does the Prime Minister agree that leaving the EU would hit hard-working families the most by raising the cost of living, and that it is too big a risk to take?

**The Prime Minister:** The hon. Lady is right. It is always the poorest and those with the least who get hit hardest if an economy suffers a recession. There are two ways in which the cost of living could be impacted. She is absolutely right that if we leave the single market and go to World Trade Organisation rules, tariffs will be imposed on the goods we sell to Europe, which would make us suffer. Also, if the pound falls, as many independent experts forecast, the cost of living rises, the cost of the family shop rises and the cost of the family holiday rises. She is right that it is not worth the risk. We should not risk it—we should keep our country safe.

Q9. [905432] **Kelly Tolhurst** (Rochester and Strood) (Con): Following the Chancellor's welcome announcement about the launch of the new Thames estuary 2050 growth commission, will the Prime Minister outline his hopes for how the commission's focus will deliver the much needed infrastructure and economic development that will allow north Kent to prosper, including in my wonderful constituency of Rochester and Strood?

**The Prime Minister:** Whenever I get a question from my hon. Friend, I remember how grateful I am that she is representing Rochester and Strood—happy days. For the 2050 growth commission, the key areas are skills and infrastructure. A serious amount of money is being committed to that infrastructure, and we need to look at things, including the lower Thames crossing, to ensure that the economy of that region makes the most of its potential.

Q12. [905435] **Ruth Smeeth** (Stoke-on-Trent North) (Lab): Some 2,500 people are employed in the ceramics industry in my constituency. Their jobs are dependent on EU trade, their rights are protected by the EU social charter, and their town centres have been rebuilt with EU funds. With his friends in the leave campaign producing more spin than a potter's wheel, does the Prime Minister share my fears that despite Europe's flaws, a Brexit vote could leave us picking up the pieces of a broken economy for years to come?

**The Prime Minister:** I will nick that soundbite—it's a good one. The hon. Lady is right. If we leave the single market and the European Union, the Council President has said clearly that that process probably takes two years, and after that we will have to negotiate a trade deal with the European Union. If that trade deal is like Canada's, it could take seven years. We are looking at a decade of uncertainty for our economy.

On the ceramics industry, I am advised by my Parliamentary Private Secretary, who before coming to this House did a worthwhile job of working in that industry—[*Interruption.*] He may not be spinning pots any more, but he is spinning for me very effectively. Last year we exported £38 million in porcelain and china to the EU. If we were outside the EU without a trade deal and had World Trade Organisation tariffs, there would be a 12% tax. I do not want us to hit British manufacturers, car makers and aeroplane makers. We should be investing in and supporting those industries, not making their situation more difficult, which Brexit would undoubtedly do.

Q10. [905433] **Robert Jenrick** (Newark) (Con): Thirty years ago when I was just a little lad—[HON. MEMBERS: "Aah"] Thirty years ago, my parents quit their jobs and founded a small manufacturing business around our kitchen table. Today, British manufacturers—particularly small businesses—are worried because if we leave the European Union, they will continue to make their products to common European standards because they value the free market. They value the single market and want to export, but they are aware that the United Kingdom will have no say whatsoever in the formulation of those standards, and their competitive advantage will be destroyed. What advice does my right hon. Friend have for my parents and for small businesses and the millions of jobs that depend on them across the country?

**The Prime Minister:** I had always assumed that my hon. Friend was under 30, so I am shocked to get that news. He makes an important point. If we were to leave the EU, we would lose the seat around the table that sets the rules of the single market. Of course sometimes those rules can be annoying or burdensome, but at the end of the day those are the rules we have to meet. If we leave and have no say over those rules, we do not gain

control, we lose it. That is a crucial argument, and it is why the majority of small businesses—as well as a very large majority of larger businesses—back staying in the EU.

**Dr Alasdair McDonnell** (Belfast South) (SDLP): I endorse the Prime Minister's comments about the deaths in Orlando and Paris and associate the Social and Democratic Labour party with those remarks.

I assure the Prime Minister that the SDLP is fully behind him in his efforts to secure a remain vote. The Brexit campaigners have made securing our borders their resounding war cry, but when it comes to the only land border between the UK and the rest of the EU we are dismissed and told that nothing will change there. A return to customs posts, passport checks and a hard border will be a critical economic issue for Northern Ireland's voters in eight days' time. Will the Prime Minister now, once and for all, clarify this point and tell the people of Northern Ireland what will become of the border if the UK votes to leave the European Union?

**The Prime Minister:** I thank the hon. Gentleman for his remarks about the Orlando shootings.

If we vote to stay in, we know what the situation is: we know that the common travel area works, we know it can continue and everyone can have confidence in that. If we were to leave—the leave campaigners want to make a big issue about our borders—we will have a land border between Britain outside the European Union and the Republic of Ireland inside the European Union. Therefore, you can only have new border controls between the Republic and Northern Ireland or, which I would regret hugely, you would have to have some sort of checks on people as they left Belfast or other parts of Northern Ireland to come to the rest of the United Kingdom. We can avoid these risks. There are so many risks here: risks to our children's jobs, risks to our economic future, risks to our borders, risks to the unity of the United Kingdom. I say: avoid the risks and vote remain next Thursday.

Q11. [905434] **Huw Merriman** (Bexhill and Battle) (Con): Next week, I will be visiting 25 schools in my constituency to explain both sides of the EU referendum argument to those of our population who will be the most heavily impacted by a decision they cannot make. Does the Prime Minister have any words for these young people for the remain segment?

**The Prime Minister:** I am very grateful for my hon. Friend's hard work. What I would say is that, even if those people in our schools are not able to vote, this will affect their futures. I hope that, after being inspired by my hon. Friend, they will talk to their parents and their grandparents about wanting to grow up in a country with opportunity, and we are bound to have more opportunities if we remain in a reformed European Union with 27 other countries. I also think it goes to a point about what sort of country we want our children to grow up in; not just one of economic and job opportunities, but one where our country is able to effect change and get things done in the world. We do not diminish ourselves inside a European Union; we enhance the power of Britain and the greatness of our country.

**Siobhain McDonagh** (Mitcham and Morden) (Lab): Approximately 11,000 of Marks & Spencer's most loyal employees, many with over 14 years' service, are about to get a serious pay cut. Cuts to Sunday pay, bank holiday pay and antisocial hours pay, all made on the back of the national living wage, mean they will take home less next year than they do this year, with some losing up to £2,000. This is not just any pay cut, this is a big fat Marks & Spencer's pay cut. Does the Prime Minister agree with his Chancellor that cutting take-home pay at M&S or anywhere else on the back of the national living wage is wrong? If so, will he move to close the loopholes that make this possible?

**The Prime Minister:** Obviously, we want to see the national living wage feeding through into people having higher take-home pay, not lower take-home pay. We urge all companies to make sure that that is the case. I have not seen the information about Marks & Spencer, but it knows, like any retailer, that it needs to attract, retain and motivate the staff they have. It is absolutely crucial in retail, particularly with all the competition online, that it continues to do that, and it will not do that if it cuts people's pay.

Q13. [905436] **Jack Lopresti** (Filton and Bradley Stoke) (Con): I agreed with the Prime Minister on Europe when he said to the CBI on 9 November last year:

"Some people seem to say that really Britain couldn't survive, couldn't do okay outside the European Union. I don't think that is true... The argument isn't whether Britain could survive outside the EU; of course it could."

So if, as I hope, despite the panic-driven negativity from the remain camp in Downing Street, the British people vote next week to become a free and independent nation again, will my right hon. Friend join me in embracing the great optimism and opportunity for our country and our people that such a momentous decision would bring?

**The Prime Minister:** As I said at the CBI, of course Britain can survive outside the EU—no one is questioning that. The question is: how are we going to do best? How are we going to create the most jobs and investment, how are we going to have the most opportunities for our children, how are we going to wield the greatest power in the world, how are we going to get things done? On all those issues—stronger, safer, better off—the arguments are on the remain side.

**Tim Farron** (Westmorland and Lonsdale) (LD): I associate myself and my party across the country with the Prime Minister's remarks about the killings in France and the brutal homophobic murders in Florida. The killer and his vicious homophobic act do not speak for Islam.

The wealthy elite fuelling the leave campaign will be unharmed by the inevitable hike in interest rates that will follow Britain's exit from the EU and the decline in sterling. The rate rise will, however, hit millions of ordinary British people. It will cause people to lose their homes through repossession and push low-income people further into crippling debt. Will he advise his Tory Brexit colleagues that there is a long-term economic plan on offer—one that can help hard-working families not to suffer—and it is to vote remain next Thursday?

**The Prime Minister:** The hon. Gentleman and I are often on opposing sides of arguments, but it says volumes about the breadth of the campaign to remain in a reformed EU that we have the Liberal Democrats as well as the Labour party, the Greens, the trade unions, business, voluntary bodies and so many others all coming from different perspectives but—crucially—all saying that our economy will be better off, and therefore families and our country will be better off, if we remain in. He is absolutely right about interest rates. The last thing that homeowners and homebuyers need—the last thing our country needs—is a hike in interest rates damaging our economy. I am glad he supports a long-term economic plan. Such a plan should include our remaining in a reformed EU.

Q14. [905437] **Nigel Adams** (Selby and Ainsty) (Con): I congratulate my right hon. Friend on honouring our manifesto pledge and delivering this historic referendum. Unfortunately, however, we have heard some hysterical scaremongering during the debate, and there are those in this House and the other place who believe that if the British people decide to leave the EU, there should be a second referendum. Will he assure the House and the country that, whatever the result on 24 June, his Government will carry out the wishes of the British people—if the vote is to remain, we remain, but if it is to leave, which I hope it is, we leave?

**The Prime Minister:** I am very happy to agree with my hon. Friend. “In” means we remain in a reformed EU; “out” means we come out. As the leave campaigners and others have said, “out” means out of the EU, out of the European single market, out of the Council of Ministers—out of all those things—and will then mean a process of delivering on it, which will take at least two years, and then delivering a trade deal, which could take as many as seven years. To anyone still in doubt—there are even Members in the House still thinking about how to vote—I would say: if you have not made up your mind yet, if you are still uncertain, just think about that decade of uncertainty for our economy and everything else, don’t risk it and vote remain.

**Catherine West** (Hornsey and Wood Green) (Lab): The North Middlesex hospital accident and emergency unit is in complete meltdown. Will the Prime Minister commit to taking swift action to tackle this crisis?

**The Prime Minister:** I understand that this is a very busy accident and emergency unit: it received more than 13,600 patients through its doors in April alone. It manages, however, to carry out 40,000 operations and more than 62,000 diagnostic tests every year, and since 2010 the trust has recruited 120 more doctors and 280 more nurses, but the Health Secretary will continue to monitor the matter closely. This brings us back, however, to the core argument today: if we remain in, we will have a stronger economy, and then, yes, we will have to take the proceeds of that growth and continue to put them into the NHS, as I have always done as Prime Minister.

**Mr Christopher Chope** (Christchurch) (Con): I am looking forward to the British people giving me the opportunity to vote against the vindictive emergency Budget. Will my right hon. Friend explain, if the Government are so strapped for cash, why they remain intent on spending £50 billion on HS2?

**The Prime Minister:** We will be strapped for cash, if we believe the Institute for Fiscal Studies or the National Institute of Economic and Social Research—both impeccably independent—who say that there would be a hole in our public finances of between £20 billion and £40 billion. You do not have to be an economic expert to see this: if the economy shrinks, and there are fewer jobs and lower wages, there will be less in tax receipts. If there is less in tax receipts, we will clearly need to make cuts, put up taxes or increase borrowing. It is a simple matter of mathematics. There is an easy way to avoid that situation—vote to stay in a reformed European Union next Thursday.

## Points of Order

12.39 pm

**Mr Peter Bone** (Wellingborough) (Con): On a point of order, Mr Speaker. According to newspaper reports—*[Interruption.]*

**Mr Speaker:** Order. I want to hear the hon. Gentleman's point of order, which I suspect might relate to topical matters.

**Mr Bone:** It does; it relates to Parliament, Sir. If there is going to be an emergency Budget, would it not have been appropriate for it to be announced first in this House and not through the media? It seems a great discourtesy, Sir.

**Mr Speaker:** We are in the realms of speculation here. If there were to be such a Budget, it would have to be delivered here and we would have been notified of it in advance. There is no such declared intention. There are all sorts of briefings, but to my knowledge, there is no such declared intention. If the Chancellor were here and wanted to comment on the matter, he could do so, but he is not, so I fear that he will not. If the Chancellor manifests himself during the course of today's proceedings—there is quite an important debate taking place in the House today that relates to economic matters—the hon. Gentleman might choose to raise the matter with him. We shall have to await the development of events.

Several hon. Members *rose*—

**Mr Speaker:** I shall save up the hon. Member for St Albans (Mrs Main) for later. I call Mr David T. C. Davies.

**David T. C. Davies** (Monmouth) (Con): Further to that point of order, Mr Speaker. You seem to have confirmed that you are not aware of any such Budget. That being the case, is it in order for members of the Government to be going around telling the press that there is such a Budget when it does not in fact exist?

**Mr Speaker:** The hon. Gentleman is being a bit cheeky. I know of no such plan. The hon. Gentleman is an assiduous constituency representative and he is a politician. He knows very well that all sorts of things are speculated upon and made the subject of conversation and rumour. All I know is what concerns the business of the House today. What people say outside the House is a matter for them. If people have important things to say on public policy—between now and next Thursday, for example—it would perhaps be prudent and judged to be courteous to say them in the House of Commons.

**Mrs Anne Main** (St Albans) (Con): On a point of order, Mr Speaker. I am sure it was an error on the part of the Leader of the Opposition, but he said that there were no boats outside on the Terrace—*[Interruption.]* On the Thames by the Terrace. May I confirm that the Wayward Lad was certainly giving voice, in a way that concerned some of the river authorities? These boats were indeed saying “Vote Leave”, and some of them have spent three days coming up the river to convey their views to those on Terrace. We wish them well.

**Mr Speaker:** It is always useful to have a bit of information, but I am not responsible for boats—or indeed for what Hyacinth “Bouquet” used to call “riparian entertainments”. They are not a matter for the Chair.

**Mr Christopher Chope** (Christchurch) (Con): On a point of order, Mr Speaker. We are about to embark on a very important debate that is being led by the shadow Chancellor on—*[Interruption.]*

**Mr Speaker:** Order. Some Members are disquieted because they want to get on with the debate. I want to get on with the debate, too, but points of order must be heard. They can be dealt with more quickly if we hear them.

**Mr Chope:** We are about to embark on a very important debate on the economic benefits of UK membership of the European Union. The shadow Chancellor of the Exchequer is going to lead the debate. Surely it is essential that the Chancellor of the Exchequer is in the House to answer the points that are made and to defend the ludicrous stance that he has been taking in the media. Why is the Chancellor of the Exchequer not here? What can this House do to require him to maintain its conventions and attend this debate?

**Mr Speaker:** What I would say to the hon. Gentleman, and to those who are attending our proceedings, is that who the Government field to respond to a debate is a matter for the Government. The hon. Gentleman will probably—on the whole—be relieved to know that the matters for which I am responsible do not include the Chancellor's movements, and I am bound to say that—on the whole—that is a considerable solace to me too.

There will be people, and I get the impression that the hon. Gentleman is one of them, who will feel that it is somewhat discourteous if a very senior Minister who is responsible for the policy area in question is not present in the Chamber, but it is not against the rules of the House. I would hope that the Chancellor would have some interest in what Members think about the matter. That would be courteous, and it would show a degree of humility and respect, but beyond that, it is a matter for the Government to choose. I gather that the Secretary of State for Foreign and Commonwealth Affairs will respond to the shadow Chancellor, and that is perfectly orderly.

**Sir William Cash:** (Stone) On a point of order, Mr Speaker. It relates to the resolution of the House of Commons of 1997, which states:

“It is of paramount importance that Ministers should give accurate and truthful information to Parliament, correcting any inadvertent error at the earliest opportunity.”

Last week, in reply to a question from my hon. Friend the Member for South Dorset (Richard Drax), my right hon. Friend the Prime Minister said that he had

“secured two vital treaty changes”.—*[Official Report, 8 June 2016; Vol. 611, c. 1184.]*

I subsequently sought a correction. Today, I received a letter from the Prime Minister stating that my letter to him was “misleading”. His reply flies in the face of the published facts, the law and common sense. In those

circumstances, Mr Speaker, will you take note of the fact that I am stating that I believe that there has been a breach of that resolution?

**Mr Speaker:** I do take note of what the hon. Gentleman tells me, and I take what he has said very seriously. He is an extremely long-serving and serious-minded Member of the House. However, I have already advised the hon. Gentleman—to whose representation I paid very close attention—that I do not think it proper or necessary for me to add anything to what has already been said on this matter. I would simply say to him, and to other Members, that although of course I have my own thoughts on these matters, I do seek wise professional counsel, which is impeccably independent and based on very great experience in the service of the House. That does not automatically mean that it is right, but it does mean that it is serious.

I think we must leave it there. I have, I think, very generously given the hon. Gentleman full opportunities to record this thoughts, and they are now recorded.

## Opposition Day

[2ND ALLOTTED DAY]

### EU Membership: Economic Benefits

*[Relevant documents: First Report from the Treasury Committee, The economic and financial costs and benefits of the UK's EU membership, HC 122.]*

**Mr Speaker:** An amendment was tabled, but I should advise the House that I have not selected it.

12.48 pm

**John McDonnell** (Hayes and Harlington) (Lab): I beg to move,

That this House believes that the UK needs to stay in the EU because it offers the best framework for trade, manufacturing, employment rights and cooperation to meet the challenges the UK faces in the world in the twenty-first century; and notes that tens of billions of pounds worth of investment and millions of jobs are linked to the UK's membership of the EU, the biggest market in the world.

This is the last opportunity that the House will have to debate the issue of our membership of the European Union before our people vote in the referendum next week. It has been described as the most important decision for a generation, and it may well turn out to be so. We therefore have a responsibility to ensure that it is made on the basis of the fullest possible debate, which will be considered and, hopefully, calm.

We need to acknowledge, however, what many of our constituents have been telling us about the debate so far. It has not, as yet, risen to the occasion. On the doorstep, people repeat that they simply want the facts and our honest assessment of the consequences for them and our country of whether or not we remain in the European Union.

**Sir Edward Leigh** (Gainsborough) (Con): Will the hon. Gentleman give way?

**John McDonnell:** I will give way to the hon. Gentleman when I have finished this paragraph. I will be taking interventions, Mr Speaker, but I know that many Members wish to speak, so I shall try to limit the number of times that I give way.

On the doorstep people have simply asked for the facts, and I have to say many of them say they have been turned off by the exaggerated claims on both sides of the argument—put off by references to world war three on one side, and to comparisons of the European Union with the Third Reich on the other. “Project Fear” from both sides simply is not working. People will not be scared into the ballot box.

**Sir Edward Leigh:** I am most grateful to the shadow Chancellor for his courtesy in giving way, but does he understand that many of us believe that the real threat to our economy is not whether we stay in the EU or leave it; the real threat would be the implementation of the disastrous tax-and-spend policies that all his life he has advocated?

**John McDonnell:** I always find the hon. Gentleman's interventions entertaining to say the least, but may I return to the subject of today's debate?

Many people have seen this debate going on within the Westminster bubble among the Establishment. They do not feel involved, and many suspect that what they

[*John McDonnell*]

are witnessing is an unseemly battle for the succession in the Conservative party rather than a considered debate about the future interests of our country.

Much of the media coverage of the internal Tory strife has drowned out other parties. Polling suggests that many of our own Labour supporters are unclear about Labour's position. So let people be absolutely clear: as the motion before us today unambiguously states, Labour is for remain. Today's motion spells it out. It is about jobs, investment, trade with our largest market and the protection of the employment rights of workers so they can secure the benefits of participation in that market, but for many of us it is also about creating another Europe—a Europe that is more democratic, that promotes social justice as well as prosperity, that is more equal and sustainable economically and environmentally. We must do nothing now that jeopardises our European future.

**John Redwood** (Wokingham) (Con): Does the shadow Chancellor share my concern about all those many cases where a UK manufacturing plant shut down and job losses have been very great, only to see new investment made in another EU country benefiting from specific and general grants and soft loans from the EU?

**John McDonnell**: My fear is that if we vote for Brexit we will cut ourselves off from the opportunity of that financial support as well, and that many other companies will move out. It is only courteous to also congratulate the right hon. Gentleman on his 65th birthday today.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): My hon. Friend is absolutely right about the bubble in Westminster. Does he not think that over these next few days every Member of this House has got to tell people in our constituencies what leaving the EU would mean for them? In Huddersfield it would mean catastrophic loss of income into our university and catastrophic impact on manufacturing industry.

**John McDonnell**: I fully agree. It is clear that a large percentage of people have not made up their minds yet, and that there are others who can be influenced, and it is essential that they make this decision on concrete facts rather than exaggerated claims like those we have seen so far.

Let us be absolutely clear: this is about jobs. There are 3.5 million jobs directly dependent on Britain's membership of the EU. These will be put at risk as a result of a Tory Brexit. The traditionally Eurosceptic Treasury estimates that unemployment would rise following Britain's leaving the EU by between 520,000 and anything up to 820,000. EU member countries accounted for nearly half of the UK's stock of inward investment at £496 billion. This is far more than the US or any other single country.

**Philip Davies** (Shipley) (Con): Can the hon. Gentleman answer a question that those on the Government Benches have been unable to answer so far? Why should we spend over £10 billion a year net to the EU in order to have a £68 billion trade deficit with the EU, when anybody with even a modicum of common sense knows

that we can have a £68 billion a year trade deficit with a declining part of the world's economy for nothing?

**John McDonnell**: The single market provides us with the largest market we have, and enables us to create long-term secure jobs. The benefits of our contribution come in the growing economy we have had over the years.

**Several hon. Members** *rose*—

**John McDonnell**: If I may press on—

**Geraint Davies** (Swansea West) (Lab/Co-op): May I intervene on this very point?

**John McDonnell**: Yes—

**Mr Speaker**: Order. Before the hon. Member for Swansea West (Geraint Davies) intervenes, let me say that Members must not harangue the hon. Member for Hayes and Harlington (John McDonnell). He is generously giving way, but people should not insist on intervening until it has been agreed. I call Mr Geraint Davies.

**Geraint Davies**: I apologise for my Welsh mannerisms.

May I simply put it to the shadow Chancellor that only two countries—Holland and Germany—have a trade surplus with the UK, while the other 26 have a deficit, and does he therefore agree that in the event of Brexit those countries would vote for tariffs to protect their own jobs and we would be turning our back on 44% of our trade?

**John McDonnell**: The concern, obviously, is that tariffs would be introduced, but also the negotiating period to establish a new trade deal will take, optimistically, as the Prime Minister has said, seven years, if not longer.

**Mrs Anne Main** (St Albans) (Con): I want to pay tribute to the thoughtful way that the hon. Gentleman is saying this should not be “Project Fear”. May I ask him, therefore, to join those of us who agree that this panic punishment Budget that has been suggested is not the way we should treat people who choose to vote leave? Can he say that his side would not implement those punitive measures, including slashing the NHS budget?

**John McDonnell**: We have yet to see the details of this Budget proposed this morning, but let us make it absolutely clear: the Labour party is an anti-austerity party and we have voted consistently against austerity measures.

**Alex Salmond** (Gordon) (SNP): Is the shadow Chancellor aware that not only have we had the Chancellor's proposed emergency Budget, but we have a six-point plan from the Brexiteers including a Finance Bill, which sounds less like a campaign than a coup to take over the Government? Does the shadow Chancellor detect any enthusiasm in the country for replacing this extreme right-wing Government with an even more extreme right-wing Government?

**John McDonnell**: I will come on to that subsequently.

With regard to trade, the EU is Britain's largest export market by a long way. Some 44% of UK exports go to the EU, worth £223 billion. That is more than double the value of exports to the US, and more than 10 times the value of exports to China. That just gives an idea of the scale of the impact of the EU on our economy. It is argued that withdrawal from the EU will

have no implications for jobs, investment and trade, almost as though things will just carry on as before. That flies in the face of experience of all other trade relationships. Access to the single market would have to be renegotiated. That would take at least two years, and more likely the seven to 10 years predicted by others. The climate of uncertainty created would undermine the critical factors investors and decision makers require when they invest for the long term: certainty, security and stability.

We have seen only this morning in Rolls-Royce the latest example of a company expressing its doubts about its long-term investment plans if Brexit goes ahead. We have also seen competitors across Europe welcoming with open arms those companies considering relocation if the decision goes to Brexit.

**Angela Rayner** (Ashton-under-Lyne) (Lab): In my constituency people on the doorsteps are talking to me about two things: the economy and immigration. Does my hon. Friend agree that leaving Europe would affect only one of those things—our economy, which will be negatively affected? Leaving will do nothing around immigration.

**John McDonnell:** I will come on to that later in my speech, but the evidence is clear: the impact on our economy overall will set us back a number of years. Brexit will undermine our economy and undermine the futures of our families and communities, while at the same time doing nothing with regard to migration overall.

**Sir William Cash** (Stone) (Con): In response to my hon. Friend the Member for Shipley (Philip Davies) referring to the trade deficit, will the shadow Chancellor comment on the fact that our trade deficit in export of goods and services with the other 27 member states is now £67.8 billion and has gone up by £10 billion this year alone, but our trade surplus with the rest of the world is £31 billion, up by £7 billion in the same year? Germany, however, has a trade surplus with the rest of the EU of £81.8 billion. What kind of single market is that for us?

**John McDonnell:** I join the hon. Gentleman in his critique of Conservative economic policy over the past seven years, which has undermined our ability to export, but is he really proposing to impose tariffs against the rest of Europe, which would undermine free trade generally? If that is the case, he would be undergoing a damascene conversion to a planned economy, which would amaze me.

The Labour party places critical importance on employment rights because those rights enable ordinary workers to secure the benefits of the jobs, investment and trade that membership of the single market brings. To be frank, over the past 40 years, as trade unionists we have been promiscuous in where we have gone to secure those rights. In the decades when trade union rights were under attack in this country, we have gone to the EU to secure those protections. And we have succeeded. We have secured statutory holiday pay, maternity rights and the right to parental leave, TUPE protection and a maximum working week. This has served not only to protect British workers but to prevent a race to the bottom across Europe, so that our own and all other workers are protected, wherever they work. There is a well founded concern that withdrawal would put jobs, investment, trade and employment at risk.

**Chris White** (Warwick and Leamington) (Con): I recently spoke in the debate on the Queen's Speech and called for an industrial strategy, not least because the manufacturing sector needs long-term assurance if it is to succeed. Irrespective of whether the shadow Chancellor agrees on the need for an industrial strategy, does he agree that a vote to leave would create unwelcome uncertainty at a time when our vital manufacturing sector needs stability?

**John McDonnell:** There is a desperate need for long-term, patient investment in our manufacturing base in order to develop an industrial strategy. The threat of Brexit is undermining those who make the decisions about that long-term, patient investment, and Brexit would be a disaster for recreating our manufacturing base in this country.

**Mr Dennis Skinner** (Bolsover) (Lab): There is no better time than this for the labour movement to be considering employment rights in the manner that my hon. Friend is now doing. There is a pit site at Shirebrook that is now owned by Mike Ashley where he employs only 200 full-time employees and 3,000 people, mainly east Europeans, on zero-hours contracts, and where a lady went to the toilets to give birth to a child on new year's day. That is horrific. At that pit site, after the war, east Europeans got the same money as me for working down the coal mine and they were members of the NUM. We have to get rid of this idea that people can be brought here on zero-hours contracts. If we state it loud and clear here today that we are going to get rid of this Mike Ashley and thousands of others around Britain, we will set fire to this campaign.

**John McDonnell:** I wholeheartedly concur not only with the criticisms that my hon. Friend has levelled but with his solution, which is based on the development of employment rights that have been consistently undermined in recent decades in this country.

As I was saying, there is a well founded concern that withdrawal will put jobs, investment, trade and employment at risk. The unpredictability of the outcome of this leap in the dark has united virtually every economist and economic institution of any standing, from the International Monetary Fund and the OECD to the Bank of England and the Institute for Fiscal Studies, in expressing their concerns about the risk to the economy. In the past 72 hours, we have witnessed the reaction of the world markets to shifts in the polls pointing to a possible Brexit, with £100 billion knocked off the value of shares, and the value of the pound dropping. The Brexit campaign has done more damage to capitalism in four days than the Socialist Workers party did in 40 years. This comes at a time when our economy is extremely fragile. Six years of unnecessary austerity, the chaotic failure of the various fiscal rules adopted by this Government, and our record current account deficit have made our economy extremely vulnerable to even a minor shock. And as the markets have just demonstrated, leaving the EU would certainly not be interpreted as just a minor shock.

Let me turn to the issue of migration. I believe that the economic arguments for remaining are overpowering—

**Pete Wishart** (Perth and North Perthshire) (SNP): I want to make an appeal to the hon. Gentleman and the Labour Party: please don't go near immigration. You

[Pete Wishart]

have no credibility on that issue. You're all over the place. You've been bullied by the Tories, and raising immigration will only help the leave case.

**Mr Speaker:** Order. I have never been bullied by anybody, and I am not all "over the place" on this matter. The Speaker is keeping out of it. I am simply seeking to facilitate fair play, and I remind the hon. Gentleman of the correct parliamentary language.

**John McDonnell:** With the greatest respect, I ask the hon. Member for Perth and North Perthshire (Pete Wishart) to listen to my speech before he comes to a judgment on this matter.

I believe that the economic arguments for remaining are overpowering, but the polls and the feedback from the doorstep confirm that immigration is a key motivating factor for some people in different parts of the country. Let me deal with some of the economic arguments around migration. I admit that I do not come to the debate on immigration completely objectively. I am the grandson of an Irish migrant. My grandfather's generation of Irish migrants and subsequent Irish migrants built many of this country's roads, railways and homes. They staffed the factories while many Irish women were the nurses who formed the backbone of the NHS and the teachers who taught in our schools. They all contributed to making this country's economy the fifth largest in the world. That is what migrants overwhelmingly do. Over the last decade, migrants from new EU member countries contributed £20 billion more in taxes than they used in public services and benefit payments. More than 52,000 EU migrants work in our NHS. With labour shortages reported in key sectors such as construction, it is migrant labour that helps to fill the gap. The Royal Institution of Chartered Surveyors' recent surveys show that a lack of skilled workers is already hurting the delivery of infrastructure projects.

Let us admit, however, that genuine concerns have been expressed about the impact of migration on wages and employment, as my hon. Friend the Member for Bolsover (Mr Skinner) suggested. Those concerns should not be dismissed. Research presented by Oxford University's Migration Observatory has demonstrated that migration has not had the impact of reducing wages except in a small proportion of the workforce: those at the lowest end of the pay scale. This has to be addressed, and that is why Labour is calling for greater protection for this group of workers. Yes, reforms are needed with regard to the free movement of labour, to introduce greater protection of wages and employment rights and to halt the undercutting of wages and employment conditions. In government, we will renegotiate to give effect to those changes.

Other concerns have been expressed at the pressure placed on our public services by migration. The reality is that our public services struggle to cope with existing demand because of the austerity measures, the cuts and the chronic underfunding forced through by this Government over the last six years. But there is an argument that where pressures on public services increase in a particular area, funding must be made available to respond to that increased demand. That is why Labour has consistently argued for a special migration fund to

assist those communities where demand increases. We condemned the abolition of the fund that was set up by Gordon Brown, but we welcome the Prime Minister's statement today that he is exploring the establishment of a fund of that sort. We also want to seek further European funding to support this initiative, and that will be on our agenda.

**Mark Pritchard** (The Wrekin) (Con): Does the shadow Chancellor agree that being an EU citizen in the United Kingdom might be an uncomfortable experience at the moment, particularly in the light of the language and tone being used by one of the leaders of the Brexit campaign, Nigel Farage? Does he also agree that if we were to remove those EU citizens and put in place the 50,000 cap proposed by Nigel Farage, we would see an exodus of people who work in our care homes, our hospitals and our schools? That would have a real impact on our ability to deliver public services. Is it not the case that we are an open and tolerant United Kingdom?

**John McDonnell:** I find some of the statements that have been made reprehensible and irresponsible, because they do not weigh up the impact of the policies being advocated on our public services and our economy.

**Jim McMahon** (Oldham West and Royton) (Lab): I am listening to the debate and the contributions from across the Floor, and I am staggered, again, that people who come here to make a new life for themselves, uprooting their family to make a contribution to this country, are the scapegoats for the austerity measures of Government Members.

**John McDonnell:** Nothing more than that eloquent statement needs to be said.

Migration cuts both ways: British people have been among the main beneficiaries of the free movement of labour and people across Europe, with 1.2 million UK citizens living permanently in other EU countries and a further 1 million living in another EU country for at least part of the year. I remember the "Auf Wiedersehen, Pet" generation, when British workers secured jobs across Europe when our own economy was in recession. The eurozone is slowly coming out of recession and will, once again, provide opportunities that our own people will want to take advantage of. Young people, especially, are now studying, working and settling in large numbers across Europe. The number of UK students studying in Europe through the Erasmus scheme has risen by 115% in less than a decade.

**Mike Gapes** (Ilford South) (Lab/Co-op): As honorary president of Labour International, may I remind my hon. Friend that any overseas voters who have lived abroad for up to 15 years and wish to get a proxy vote in this referendum need to apply by 5 o'clock today?

**John McDonnell:** I suggest that all those engaged with social media apply as quickly as possible.

**Dr Philippa Whitford** (Central Ayrshire) (SNP): I, too, echo the point about the number of EU migrants who work in the NHS, which I have come from. They include my husband, who has worked here and paid taxes here for 30 years and yet is excluded from the vote. We should also remember that the people we export to

Europe are predominantly those who have retired there. We import young working people and we export retired people, and we should remember that balance.

**John McDonnell:** That is an interesting point, and in this debate people have talked about our ageing population and just how much we need youth coming into this country to enable us to balance the population growth.

**Barbara Keeley** (Worsley and Eccles South) (Lab): We need to point out that one in five of the adult social care workforce in this country—230,000 people—was not born here. Greater London, in particular, is reliant on migrant care workers, with 60% of the adult social care workforce born abroad. Much of that sector would collapse without them, so those who talk about interfering with and restricting this have to remember that our care sector relies on these people.

**John McDonnell:** It is true to say that our care sector would collapse without the migrant labour we currently have, and that is a danger.

Much of the EU debate so far has dwelled on the past and immediate present, but as a country we need to look to the future. Many of the issues we face are transnational: climate change, tax evasion, tax avoidance and the refugee crisis. They cross country boundaries. The EU provides us with the vehicle to work in co-operation with our European neighbours to tackle these issues, but we have to recognise that people do care about what they see as a loss of sovereignty. A strong reform agenda is needed to ensure that where sovereignty has been pooled in decision making, there is democratic accountability. That means making decisions in the EU completely open and transparent, and ensuring that the Commission is effectively democratically accountable. It starts within the UK, by ensuring that we have more open and effective mechanisms for holding to account those Ministers and others who represent us in the EU decision-making process.

Britain takes the EU presidency shortly, which will enable us to lead the drive for reform. For the first time in a generation, there are parties and movements across Europe mobilising on an agenda of reform that we can share. There is the real and growing prospect now of a new European progressive coalition emerging that is willing to seize the agenda of the EU to end austerity, secure employment growth, tackle tax evasion and avoidance, confront climate change and of course co-operate to deal with the tragic humanitarian crisis of the refugees.

To conclude, in the overall debate on the EU I think I am where a great many British people are when it comes to making the decision next week. I did not vote to go into the Common Market, and I have been generally a Eurosceptic, critical of the frustrating bureaucracy of the EU. I am not a Europhile or a Europhobe. People like me are carefully balancing the prospects for my family, my community and my country. I think that, like me, many will take a pragmatic view that the leap in the dark of leaving Europe is a risk too far. For Labour supporters there is the added concern that needs to be taken into account: this would be a Tory Brexit. On 24 June, if Brexit goes through it will be a Tory Government who will be implementing withdrawal.

**Mrs Cheryl Gillan** (Chesham and Amersham) (Con): Will the hon. Gentleman give way?

**John McDonnell:** If the right hon. Lady will let me, I will conclude.

It is likely, given the political fall-out from the campaign, that we would be talking about a Tory Government much further to the right than this one, with the UK Independence party yapping at their heels. I ask Labour supporters to ask themselves: do they really trust the hon. Member for Uxbridge and South Ruislip (Boris Johnson), and the right hon. Members for Surrey Heath (Michael Gove) and for Chingford and Woodford Green (Mr Duncan Smith) with our jobs, public services and employment rights? It is a risk too far and it closes the door on a European future that we have the opportunity of decisively shaping in the next few years. I urge hon. Members to support the motion and our people to vote next week to remain. But I also want to assure our people that whatever the result the decision will be respected and that the Labour Party will listen to the people and respond to their concerns. We will seek to bind our country together and not let the extremes divide us.

1.16 pm

**The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond):** I welcome the opportunity to speak in this crucial debate, Mr Speaker, and I consider that the subject matter falls perfectly well within my remit of foreign affairs.

As we approach the final stage of this campaign, it sometimes feels that we have lost sight of the key question that people are supposed to be answering in the polling booths a week tomorrow. That question is not, “Do we like the EU?”, or “Do we agree with everything it does?” It is not, “What message do you want to send the EU?” or even, “What message do you want to send the Government?” It is certainly not, “Is the EU perfect?” I would be the first to say loudly that it is not. This is a straightforward question that requires a clear-eyed, hard-headed analysis and response: “Are we safer, stronger and better off inside a reformed EU or outside it?” As Foreign Secretary, I know as well as anyone the frustrations of decision making by committee of 28 and the compromises that entails, but I also know that we are winning the arguments in Europe and are increasingly influential in shaping its future. I know, too, that we have greater global influence as a result of being a leading member of the world’s largest trading bloc.

**Mr Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP): The right hon. Gentleman asked the question that we hear all too often: is the EU perfect or imperfect? The reality is that people complain that their council is imperfect. Unbelievably, some people in Scotland even complain that their Government are imperfect. A lot of people definitely complain that Westminster is imperfect. I find that a lot fewer people complain about the EU being imperfect, so can we stop saying that the EU is uniquely imperfect? There are imperfections at all levels of government, and to brand the EU in that way is a problem. The EU is a club for independent countries, which Westminster most certainly is not; it is a family of nations, which this is not.

**Mr Hammond:** I am grateful to the hon. Gentleman. He certainly did not hear me claiming that the EU was uniquely imperfect. It is just another imperfect institution among very many, including our own Government, I am certain.

I know that we are safer because we work with other EU member states to tackle the threats of terrorism and organised crime, and I know that we are better off for being part of a market of more than 500 million consumers, with the combined economic weight of a quarter of the world's GDP, when negotiating trade deals with the rest of the world. I want to dwell on that point, because it is fundamental. We said back in 2010 that our economic security and our national security are two sides of the same coin, and it remains true today. Without economic security, there is no national security. How could we be safer if we could not afford to invest in our nation's security and defence? How could we be stronger and more influential if our economy was shrinking?

**John Redwood:** How can the Foreign Secretary say that we are more secure and better off? If we take the fishing industry, for example, the number of fishermen has halved since we joined the EU and the industry has been under a common fisheries policy that has driven us into import dependence on other countries.

**Mr Hammond:** I say that because I take a holistic view. I am looking at the interests of the United Kingdom as a whole, taking into account all the pluses and minuses of our EU membership—yes, there are negatives as well as positives—balancing those arguments and reaching a conclusion about the net benefit to this country of being a member of the European Union.

**Mark Pritchard:** My right hon. Friend is absolutely right that there can be no economic security without national security. Will he tell the House how many of our NATO allies want the United Kingdom to leave the European Union? Many in the Brexit camp invoke Commonwealth leaders. Perhaps he can enlighten the House about how many Commonwealth leaders want the UK to leave the European Union.

**Mr Hammond:** My hon. Friend knows very well that the answer to both those questions is zero, but it goes further than that: I have not found any foreign leaders at all urging Britain to leave the European Union and saying that Britain would be a more influential and valuable partner if it left the EU.

**Caroline Flint** (Don Valley) (Lab) *rose*—

**Mr Hammond:** I will give way in just a moment, but I need to make some progress, because many Members wish to speak.

The hon. Member for Hayes and Harlington (John McDonnell) set out some of the economic benefits of our continued membership of the EU. By the way, I welcome his candid assessment of the achievements of the SWP over the past four decades—I never thought that I would hear that coming from his mouth. I agree with him that workers' rights such as paid holidays and maternity and paternity leave are important. However, it is perhaps worth reminding him that it was a Tory-led Government who abolished Labour's jobs tax and took

3 million of the lowest paid out of income tax altogether, and that it is this Conservative Government who are introducing the statutory national living wage, which addresses his point about the wages of the lowest paid.

It is also worth reminding the hon. Gentleman—the Labour party periodically appears to forget this—that the most fundamental right for any worker is the right to have a job and a pay packet at the end of the month. That is a right that 2.5 million more people enjoy today under a Conservative Government than in 2010 under a Labour Government, which is the result of Conservative fiscal management and Conservative economic reforms. A Tory-led Britain that is a member of the European Union has delivered record levels of employment.

**Sir William Cash:** The Foreign Secretary has just referred to the net benefit to the United Kingdom from being in the single market. Will he tell me how a net benefit is actually a UK trade deficit? According to the House of Commons Library and the Office for National Statistics, in our trade in goods and services with the other 27 member states, we had a deficit of no less than £67.8 billion in 2015, which was up £10 billion on the previous year and is escalating. How is that a net benefit?

**Mr Hammond:** I shall come to that in a minute, but my hon. Friend dwells like an old-fashioned mercantilist on the trade statistics alone. I suggest to him that there are wider issues at stake about the overall impact on our economy and the benefits of the growth, investment and dynamism that being part of a 500 million-strong market of very wealthy consumers delivers to us.

**Alison McGovern** (Wirral South) (Lab): I have been very happy to campaign in a cross-party way to remain, but as the Foreign Secretary has criticised my party's record in government, may I ask him whether his Government's cuts, loaded on to the poorest parts of our country, have made too many people question whether they have anything to lose in the referendum? Their wages have been falling since the crash, which has damaged their confidence in our economy to deliver for them. Does he believe that, when we vote to remain, we need to see real action to help people in the poorest parts of this country?

**Mr Hammond:** Yes, but we will do that only by delivering a robust economy that is soundly based and can go forward in the future. The most effective way of doing that is by being part of the European Union.

Our membership of the EU gives us both the freedom to trade in the world's largest single market—a market of more than 500 million consumers—without tariffs and the bureaucracy of customs barriers, and access to more than 50 other markets besides, through EU free trade agreements. The benefits of being in that single market are clear for us to see: 44% of Britain's exports go to the EU. How much of that trade would be lost if we put up the shutters and renounced our EU membership? How many businesses and employees who depend on that trade would go to the wall? How long would it take to negotiate a new trade agreement with our European neighbours? What would the terms be? I am prepared to bet that they would be nothing like as favourable as the terms that we have on the inside.

**Andrew Gwynne** (Denton and Reddish) (Lab): What assessment has the Foreign Secretary's Department made of the length of time that it would take for the British Government to negotiate not only a trade deal with the European Union, but, as he mentioned, all the free trade deals that currently exist between the EU and other parts of the world, so that we can trade with the rest of the world?

**Mr Hammond:** The hon. Gentleman raises a good point, and he will have heard the Prime Minister talking about that very issue only a few moments ago. We can expect that it would take us at least two years to negotiate our exit from the European Union if that was what the British people decided on 23 June. Thereafter, we would have to negotiate a trade deal with the European Union, and then trade deals with the 53 other countries around the world with which the EU has free trade agreements.

There is a small technical hitch, to which I have drawn the House's attention before: we do not have any trade negotiators, because for the past 40 years the European Union has conducted our trade negotiations for us. It is about not just time but the price that we would have to pay to negotiate that access to the single market from outside. From the evidence of others who have done that, the answer is clear. That price would involve our freedom of movement, acceptance of the entire body of EU regulation, and a whopping sub to boot—all the things that the leave campaign tell us we will escape from—with no say at all in how the rules are made. It would be the worst of all worlds.

**Chris Philp** (Croydon South) (Con): On the question of the trade deficit with the EU, which my hon. Friend the Member for Stone (Sir William Cash) mentioned a moment ago, does the Foreign Secretary agree that were we to exit the single market, the component of EU free trade that would be placed most at risk would be free trade in services, on which we enjoy a £20 billion trade surplus with the EU?

**Mr Hammond:** My hon. Friend is absolutely right. I want to address that important point later in my speech.

Any deal that we achieve with the European Union will almost certainly exclude free access to the market for services, which is something of a problem when services account for almost 80% of our economy.

**Caroline Flint** *rose*—

**Geraint Davies** *rose*—

**Mr Hammond:** Let me just make this point, then I will give way again.

By contrast, if we remain inside the EU, we can look forward to a huge dividend from an opening of the market in services over the coming years. The truth is that we have barely scratched the surface when it comes to the EU single market. The single market in goods is well developed, but in the sectors in which the UK is truly market-leading—financial, business, technical and professional services, the digital economy, the creative industries and energy—the potential remains huge, and the EU's high-value market is the place to realise it.

**Mark Tami** (Alyn and Deeside) (Lab): Has the right hon. Gentleman seen the warnings from Airbus about the threats to future investment in this country? I am

talking about more than 6,000 jobs in Alyn and Deeside and 5,000 jobs in Bristol. Does he agree that the Brexit camp think that those are jobs that we can afford to lose?

**Mr Hammond:** That question has never been effectively answered—how many jobs are those advocating Britain's exit from the European Union prepared to sacrifice on the altar of their notion of sovereignty? We have never had a straight answer to that question. What we do have is a range of independent estimates of what that number would be if we voted to leave next Thursday. I shall come to that in a moment.

It is because of the potential for the UK to open up the services market in the European Union that the deal the Prime Minister negotiated in February is so important. We now have a clear political commitment from all 27 other EU member states, plus the Commission, to accelerate the development of that market. These are the sectors in which the UK leads in Europe, and in which an expansion of the single market will disproportionately benefit the United Kingdom over the years ahead.

**Robert Neill** (Bromley and Chislehurst) (Con): Does my right hon. Friend recognise that that commitment to a proper completion of the single market in services, added to the completion of a capital markets union, places the United Kingdom in a unique position to develop its world-leading sector, and that it would be mad to walk away from that opportunity?

**Mr Hammond:** My hon. Friend is right. That is what I hear from many of my European colleagues: we are about to move from one phase of European Union development into a new phase that is hugely beneficial to the United Kingdom, yet we are talking about walking away from it. Our financial services industry alone currently contributes more than 7% of UK GDP and employs more than 1 million people, two thirds of them outside London, but there is not yet a single market for financial services across the EU. The potential is huge.

A fully functioning digital single marketplace could be worth as much as £330 billion a year to the EU economy, with the UK again set to benefit more than any other country, as the leading digital economy in Europe. By the way, it would be a huge boon for Britain's digital-savvy consumers, who would be able to shop freely across the digital single marketplace. Individuals are already feeling the benefits of last year's EU agreement, led by the UK, to end mobile roaming charges, which it is estimated will save UK consumers around £350 million a year, and for years we have all been enjoying the budget airline boom created by EU regulations.

**Nigel Huddleston** (Mid Worcestershire) (Con): Does my right hon. Friend agree that the reason why the markets had such a shock yesterday was the prospect of us leaving, based on a couple of polls? That £30 billion shock to our financial system hit not just capitalists but the pension funds of hard-working people, which deteriorated. If the prospect of Brexit caused that shock, what on earth would actual Brexit look like?

**Mr Hammond:** My hon. Friend is right. We can regard what has been happening in the markets this week as a fore-tremor—a taste of what could be to come if the people of Britain vote to take a leap into the dark on 23 June.

[*Mr Philip Hammond*]

A fully fledged energy union in gas and electricity markets could save £50 billion a year across the EU by 2030, with huge benefits for consumers through their energy bills, as well as making Europe safer from threats of energy blackmail. But it is not just intra-EU trade benefits that our membership delivers. As a member of the world's largest economic bloc, we benefit directly from being party to EU trade agreements with more than 50 other countries, with terms far more favourable than any that we could have negotiated alone, because of the combined negotiating muscle of an economic bloc with a quarter of the world's GDP.

**Caroline Flint:** Trade is one of the areas where size does matter. Will the Foreign Secretary comment on the attempts to strike a deal between Switzerland and China? We hear much about what the world might be like if we leave the EU. My understanding is that as part of the deal the Chinese are negotiating for full access to the Swiss market, but have told the Swiss that they will have to wait 15 years to get into the Chinese market.

**Mr Hammond:** The right hon. Lady is right. The deal on the table between Switzerland and China is deeply asymmetric and deeply unfavourable to the Swiss, but reflects the mismatch in scale between those two marketplaces. Being part of the world's largest economic bloc allows us to stare squarely into the eyes of Chinese and American interlocutors when negotiating trade deals.

It is a well rehearsed and well understood fact that 44% of the UK's exports go to the EU, but it is an underestimate because it addresses only exports to the EU. If we take into account the countries with which the EU has a free trade agreement—destinations for another £56 billion of British exports—the figure goes up to 56%, which does not take into account any of the countries with which the EU is negotiating free trade agreements. If we included them, we would be talking about more than 80% of UK exports going either to the EU or to countries with which the EU had trade agreements. At the very least, more than half of Britain's exports would therefore be at risk if we left the European Union, and it could take a decade or more to put in place new deals with the EU 27 and the 53 other countries with which we have free trade agreements. It is not about choosing between growing our trade with the EU or with the rest of the globe—as the figures show, our EU membership is key to both.

**James Cartlidge** (South Suffolk) (Con): Is not the central absurdity of talking about the EU deficit and the surplus with the rest of the world that our trade with the latter is largely conducted through foreign companies—Japanese car makers and American banks, for example—that base themselves here precisely because we are in the single market? They trade with the whole world—they do not see it as two different places. We as a country should have that attitude.

**Mr Hammond:** My hon. Friend is right. The world's supply chain has globalised itself. If I am honest, when I listen to the arguments of some of our opponents in this debate, although framed in terms of hostility to the

European Union, I sometimes wonder whether what I am hearing is hostility to the globalisation of our economy.

What is true for trade is also true for investment—the other side of the coin. The reality is that Britain benefits hugely as a platform for investment from both EU and non-EU countries, many of which see us as a gateway to the rest of the European Union. They come here because of our language, our skills, our flexible labour market and our domestic regulatory environment, but if I talk to foreign companies based in this country—I have lots of them in my constituency, and other Members will be in a similar position—and to others around the world thinking of making that investment decision, it is clear that the single most important factor in the decision making of most of them is our membership of the European Union. Our membership makes Britain a launch pad for doing business with the rest of Europe. Almost three in every four foreign investors cite our access to the European market as a principal reason for investment in the UK. If we lost that access, we would lose the investment. It is as simple as that.

**David Rutley** (Macclesfield) (Con): Is my right hon. Friend aware of Ernst and Young's recent report showing that the UK continues to be the No. 1 destination for foreign direct investment in Europe, with the north-west seeing the biggest increase? Does he agree that a vote to remain would encourage yet further investment in the northern powerhouse and in other regions?

**Mr Hammond:** My hon. Friend is right. Treasury analysis shows that the UK is the largest recipient of foreign direct investment in the EU, ahead of Germany and ahead of France. We get almost a fifth of total inward FDI into EU countries—20% of the investment, with less than 12% of the population. I remind the House that every pound of that investment creates jobs in the UK. It is why Australia is a disproportionately large investor here, it is why so many Indian firms use this country as a base, and it is why world leaders, such as President Obama, Prime Minister Abe and Prime Minister Modi, believe we would lose out if we voted to leave the EU.

**Mr Jamie Reed** (Copeland) (Lab): Will the Foreign Secretary confirm that that is particularly true of Japan and Japanese investment, on which this country relies for new nuclear power generation?

**Mr Hammond:** Not just for our new generation of nuclear power, but for a large part of our thriving car industry, which is built and based on our ability to export to the European Union. Japanese investment has transformed the economics of and labour relations in our car industry—it has done wonders for this country. It astonishes me that we would even contemplate undermining the basis on which that investment is made.

**Chris Philp:** Will the Secretary of State give way?

**Mr Hammond:** I will just make a little progress if my hon. Friend will allow me.

If we left the EU, the practical consequences of lower trade and lower investment would be felt directly by the British people: fewer jobs and higher unemployment. An estimated 3.3 million jobs in the UK—more than

one in every 10—are linked to exports to other EU countries, with 250,000 jobs in Scotland, a quarter of a million in the south-west, half a million in the midlands, and 700,000 in the north. How secure will they be if we vote for Brexit next Thursday? How will the spectre of rising unemployment undermine consumer spending and sap business confidence—to blight, once again, those areas of the country that have been in this cycle all too often?

**Patrick Grady** (Glasgow North) (SNP): Given the risks to the nations and regions of the United Kingdom that the Foreign Secretary is outlining, and given that the most recent poll shows support for leave in Scotland at only 32%, is he beginning to regret rejecting the SNP's call for a four-nation lock on the referendum's outcome?

**Mr Hammond:** No, I am not. This is a very important debate, but we have to use the power of persuasion to win it, not tricks. We have a week to make the case—openly and fairly. We need to let the British people decide, and then, as the hon. Member for Hayes and Harlington said, whatever their decision and however much we may not like it, we have to accept it, abide by it and implement it, and that is exactly what we will do.

Over 100,000 British businesses export to the EU. The future of every one of them—and of every person who works for them—will be put on hold if next Thursday there is a vote to leave. Will they be able to maintain access to their markets? Will they face tariffs? Will their customers hedge their bets and take their business elsewhere, just in case? It is difficult to see how even the most upbeat Brexiteer could not see that we are likely to face months, years and perhaps a decade of confidence-sapping, investment-eroding, job-destroying uncertainty that will take this country back to the dark days of 2008, and I for one never want to go there again.

**Antoinette Sandbach** (Eddisbury) (Con): Rolls-Royce has a manufacturing facility in my constituency and has made the threat to jobs very clear. Unemployment has fallen 60% since 2010, but that improvement will be put at risk, as highlighted by a CBI report stating that the shock to our economy could cost 950,000 jobs. Does the Foreign Secretary agree that that risk is simply not worth taking?

**Mr Hammond:** I absolutely agree with my hon. Friend. It is a risk we do not need to take, and it is a risk that it would be absurd to take. I just cannot believe that after all the grief and pain we have been through in this country to rebuild our economy following the disaster of 2008-09 we are seriously thinking about going back there. That astonishes me.

Economic experts have judged overwhelmingly from the evidence that Britain's economy will be stronger and more resilient if we remain in the EU. The G7 Finance Ministers, nine out of 10 economists, and independent organisations such as the IMF, the World Bank, the Institute for Fiscal Studies and the World Trade Organisation have expressed the view that the UK will be better off inside the EU.

And not just economists but more than 200 entrepreneurs—founders of household names such as Skype,

lastminute.com and innocent drinks—agree. Rarely, if ever, can an issue have united the opinions of everyone from global institutions, through trade unions, to British businesses, large and small. The overwhelming weight of economic and business opinion is clear: Britain is better off in.

**Simon Hoare** (North Dorset) (Con): Will my right hon. Friend nail from the Dispatch Box the canard that some on the exit side are peddling—that this is just a vehicle for another round of never-ending renegotiations? This is a serious, one-off decision. We will abide by the decision, and it has to be right for the future of our country.

**Mr Hammond:** My hon. Friend is absolutely right, and I am happy to repeat what he says, as the Prime Minister did earlier. The British people will have their say; they will make their decision, and we will implement it. I do not believe that our 27 partners in the EU would say, "Oh, fine, let's go through all this again," even if we wanted to. This has to be the deciding point. It is make your mind up time. People have to look at the options bus: a future they know and can predict, with Britain in the European Union—a Britain that has created 2.5 million jobs over the last six years, and a Britain with a growth rate that has outstripped that of every other country in the European Union—or a leap in the dark.

**Several hon. Members** *rose*—

**Mr Hammond:** I am going to make some progress now. I want to finish so that others can contribute.

What would be the consequences of a vote to leave? They would be: less trade, of course; lower investment; slower growth; and fewer jobs—less trade, because we would lose our access to the EU single market and to the free trade agreements the EU has; lower investment, because foreign businesses using the UK as a launchpad into the EU would go elsewhere, and UK businesses would be seeking to rebuild their markets, rather than investing for expansion; slower growth, because the economy would effectively be on hold for at least two years, and almost certainly very much longer, while we negotiated the terms of our exit from the EU; and fewer jobs, because, in a climate of such economic uncertainty, few companies would be hiring or expanding their workforce. Indeed, to answer the question asked by my hon. Friend the Member for Eddisbury (Antoinette Sandbach), the director general of the CBI, Carolyn Fairbairn, estimates that, if we left the EU, there would be almost a million fewer jobs in the UK by 2020 and that those under 34 would be hit the hardest.

Let us be clear: an exit negotiation with the EU will be far from the straightforward affair the leave camp is suggesting. We have general elections next year in France and Germany, and I can promise that every single vested interest in both those countries will be seeking to benefit from the British exit. We should expect no favours from those whom we have just snubbed. The Brexit campaign wants us to believe that we could negotiate a better deal for Britain from the outside than the one we actually secured from the inside at a time when the entire European Union was seeking to persuade us to stay. This is simple fantasy. [HON. MEMBERS: "Hear, hear!"] It will not happen.

**Helen Whately** (Faversham and Mid Kent) (Con): My right hon. Friend spoke about how companies that export to Europe would be badly affected by leaving the European Union. If we have a Brexit recession, not only will businesses that export to the EU be hit, but almost all businesses will be affected by the loss of investment in the UK and the loss of consumer income. Will not all businesses be affected?

**Mr Hammond:** My hon. Friend is absolutely right. I am afraid that I can predict, on the basis of experience, what will happen. If we get a Brexit vote, markets will go into freefall, business confidence will collapse, business investment will freeze, and consumers will panic and stop spending, and that will have a massive effect across the width and breadth of our economy.

The United Kingdom is, and should remain, an outward-looking trading nation. If we want to remain prosperous, we must move up the value curve, not down it. Britain's future has to be about higher skills, higher wages and higher investment, not the opposite.

The EU has many failings, and no one is pretending that the reforms negotiated by the Prime Minister should be the last word. If we remain on the inside, we can and should continue to influence the speed and direction of reform. If we step outside, we will continue to be affected by EU rules, but we will have no way of influencing them and no way of reforming the institutions.

The consequences of the decision the British people make on 23 June will reverberate down the generations. This is not a decision to be taken lightly; all our futures depend on it. Now is not the time for reckless risk-taking; it is time for cool, calculated consideration of the facts, the evidence and the expert opinion, and all point to the same conclusion: we are stronger, safer and better off inside a reformed European Union.

1.49 pm

**Stephen Gethins** (North East Fife) (SNP): Once again, we find ourselves involved in a crucial referendum and a crucial debate that is fundamentally about more powers for this place, and, critically, more powers for Government Front Benchers. They may have denied 16 and 17-year-olds the vote, but let us not forget that this is about younger people, about the future, and about the kind of country that we want to see. Those Front Benchers may even have been reluctant to extend the deadline so that more young people could vote, yet fundamentally next week's decision will impact on young people, and on our future, for far longer than it will impact on most people in this Chamber.

I hate to say it, but the Tory Brexiters have fought an endlessly negative campaign founded on a cynical misrepresentation of the facts. I found that out for myself a few months ago when I appealed for us to avoid "Project Fear", have a positive campaign, and give the benefit of the doubt to our opponents, only to find myself on a Vote Leave leaflet advocating for the side for which I was not advocating. That was cynical misrepresentation by those on that side, who fundamentally, instead of working in co-operation with other member states, want to launch a power grab for a Government who are the most right wing of recent times and could be about to become even more so.

In contrast to the Tory Brexit plans, the positive reason for staying in the European Union is one of co-operation between independent and sovereign member states. That co-operation makes us wealthier, with access to a single market of 500 million wealthy consumers. The EU is Scotland's top export destination—42% of our exports go there, and more whisky is drunk in France in a month than cognac in a year. But that is not going to stop us exporting to the rest of the world. Scotland benefits from a huge diaspora in markets in the United States, Australia and elsewhere, and that will still be there—it is not going away. The European Union benefits us in that people can step from Scotland into a large EU market; we are very well placed for that. Critically, this is not just about big business: small businesses benefit almost more than any others. Many businesses in my constituency cannot afford lawyers in 28 capital cities around the European Union for all the different rules and regulations, so the EU fundamentally helps them, and makes us wealthier.

**Geraint Davies:** Brexiters who say that Britain is the fifth largest economy in the world and that we are big enough to fend for ourselves forget that we are not the United States where California is nearly as big as us, we cannot be China or India, we would not want to be Japan, and France and Germany are part of the EU and locked into the biggest economy in the world. Does he agree that theirs is a ridiculous claim?

**Stephen Gethins:** The hon. Gentleman will not be surprised that I do agree. Just as Scotland is a medium-sized European state, so the UK is a medium-sized global state.

**John Redwood:** Can the hon. Gentleman explain why the trade of a number of countries that are neither a member of the EU nor have any special arrangements with it has grown considerably faster than our trade with the EU from inside it?

**Stephen Gethins:** The right hon. Gentleman oddly suggests that our trade will grow more once we leave this enormous trading bloc, with all the benefits that come with it. Like all his colleagues in the leave campaign, he is failing to face up to facts.

The EU makes us healthier. We gain from healthcare across the European Union whereby citizens from the EU can benefit from our healthcare just as we benefit from theirs. There is research that makes us healthier. Scotland is currently taking the lead role on dementia research, involving 15 organisations in 11 member states. I am proud of the role that we play in that, just as other member states are contributing to our health through their research.

**Dr Philippa Whitford** *rose*—

**Stephen Gethins:** I give way to my hon. Friend, who will have something useful to say on that point.

**Dr Whitford:** I will do my best. We have had many health gains. Part of the reason we are in this debate is that for 40 years we have never talked about anything that we have gained—the cleaner air, the cleaner water, the cleaner beaches, and the fact that medicines are regulated across the EU through its regulation system. The European Medicines Agency is sitting right here in London. This morning I chaired a—

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. We have 50 speakers who want to get in. I want to get them all in, but I cannot do that with very long interventions; they have to be short and sweet and get to the point.

**Stephen Gethins:** My hon. Friend makes a very important point about the health aspects that we all benefit from in a large range of ways.

My hon. Friend also mentioned that the European Union makes us greener. I am sure that Members on both sides of the House will join me in congratulating the Scottish Government, who have met their world-leading climate change targets four years ahead of schedule, with very little help from this place but plenty from co-operation with our European partners. We have worked together on the environment. She mentioned air quality. A number of years ago, complaints about acid rain affecting Germany's forests led to air quality directives that are benefiting each and every one of us.

**Barbara Keeley** *rose*—

**Stephen Gethins:** I will make some progress.

Scotland's renewables industry is thriving, with no thanks to this Government, but a huge amount of thanks to our co-operation with our European partners, which has created a huge amount of benefit.

**Mrs Sheryll Murray** (South East Cornwall) (Con) *rose*—

**Stephen Gethins:** I will happily take an intervention from a Conservative Member—they are all helpfully badged.

**Mr Deputy Speaker:** Can I help a little? I say to people who are going to speak very shortly and want to remain on the list: if you intervene, I am going to drop you down the list. Make your minds up—you cannot have it both ways at the expense of everybody else.

**Mrs Murray:** I will not intervene, Mr Deputy Speaker.

**Mr Deputy Speaker:** Okay, thank you.

**Stephen Gethins:** Working with our partners has made us greener, and wealthier in terms of the industries in the sector.

Collaboration with our partners has made us smarter through our universities, not least the University of St Andrews, where I see the benefits daily. Since 2014, Scotland has received over £200 million from the EU science fund, and is set to gain £1.2 billion by 2020. The opportunities for collaboration and from the students that come here benefit us all and enrich our campuses.

**Carol Monaghan** (Glasgow North West) (SNP): Across the UK, nearly 11,500 EU students are contributing income to our universities, benefiting them greatly. Does my hon. Friend agree that collaborations such as the work on gravitational waves at Glasgow University could not have happened had we not been part of the EU family?

**Stephen Gethins:** My hon. Friend makes an excellent point about collaboration in our universities. I saw that for myself at the University of St Andrews when a

French student showed me the creation of a black hole—although it is not true that that is what Vote Leave's arguments all disappeared down.

I am someone who has benefited from freedom of movement within the EU. Through Erasmus, I was able to pick up skills and opportunities that I would not otherwise have had. I do not want to vote next week to take away from young people the opportunities that I, and other Members from across this House, have had. Freedom of movement often benefits local companies as well as enriching our society. The net contribution that has been made by EU migrants is significant. If we removed EU migrants from the UK, the Chancellor would have an even bigger black hole than the one he is talking about, with the imposition of even more austerity than at present.

**Jo Churchill** (Bury St Edmunds) (Con): The students in our universities not only gain from what the European Union gives to them, but lever in some €80 billion of additional research spending, so they can help to educate more people.

**Stephen Gethins:** The hon. Lady makes a very good point. The £350 million figure that was splashed across Vote Leave's bus did not last very long when subjected to scrutiny. It also did not take into account the huge range of benefits that we gain from membership of the European Union that go beyond that membership fee, as Vote Leave put it.

Freedom of movement—this is often lost—is a two-way process. There are 1.5 million UK citizens who benefit hugely from freedom of movement across the European Union. I often pose this question, but it is yet to be answered: what is the difference between an EU migrant and a UK ex-pat living in the European Union? They are exactly the same. I and others have been appalled by the language used by the Vote Leave campaign, not least about migration and refugees, because we benefit from working with our European partners on foreign policy.

President Obama has said that his worst foreign policy mistake was not dealing with the aftermath of Libya. The campaign in Libya had nothing to do with the EU; it had everything to do with this Government not dealing with it appropriately. And where is the biggest influx of refugees coming from? They are coming from the failed state of Libya. It was a UK foreign policy failure of the worst kind and it had nothing to do with the European Union.

On the issue of UK foreign policy disasters, Labour Members will be well aware that Chilcot will be published in a few weeks' time. The European Union had nothing to do with the disaster in Iraq; it was another UK foreign policy disaster.

**Bob Stewart** (Beckenham) (Con) *rose*—

**Stephen Gethins:** I will make some progress.

Compare that with the EU as a soft power. It has made progress in stabilising south-east Europe and it could play a future role in the middle east and north Africa region and in dealing with the former Soviet Union. Europe can be a soft superpower and we need to be at the heart of that. As our partners in the EU have said, our membership of NATO and of the EU complement

[*Stephen Gethins*]

each other and have given us the longest period of peace, stability and prosperity in European history. We should not forget that.

The EU has also made us fairer. It protects us in so many ways, including through provisions for paid holidays and by giving parents—mums and dads—the right to parental leave. Just think of the draconian trade union laws that this lot here want to bring in: do we really want to be left to the mercy of a right-wing Conservative Government when it comes to social protections? Those social protections have been advanced through our membership of the European Union.

Last night, the hon. Member for Uxbridge and South Ruislip (Boris Johnson), who is not here—which does not surprise me, given the going over he got from my right hon. Friend the Member for Gordon (Alex Salmond)—was reminded that he had previously said that

“we could easily scrap the social chapter”.

He is right—they could easily scrap the social chapter and all the benefits that go with it, because, when it comes down to it, this is a right-wing Tory power grab. The right-wing Tory foxes would be put in charge of the chicken coup of progressive politics in the United Kingdom.

**Mark Durkan** (Foyle) (SDLP): The hon. Gentleman is confronting directly the supposedly leftist leave argument that ignores the fact that we would be plunged into Brexession and that pretends that there would not be more austerity or EUsterity in Europe. There would be a carnival of reaction, not just on the Conservative Benches, but across Europe, where right wing and neo-fascist parties would destroy rights in their countries, too.

**Stephen Gethins:** The hon. Gentleman makes an excellent point. Frankly, we cannot trust the Tories with social protection or the environment, and we certainly cannot trust them with workers’ rights. This is a Tory excuse for more austerity, and that is what is coming if people vote to leave.

We often hear Vote Leave and Brexiteers talk about democracy and the EU, but it has a Council of 28 democratically elected Governments, as well as 28 commissioners who are appointed by those Governments and a Parliament that can sack them. They talk of a Tory Government here who were voted for by just one in four voters, and who experienced their worst election result in Scotland since 1865. They talk of democracy and a Tory victory in Scotland with a fifth of the vote, and an SNP defeat with just under half of the vote. They also talk up democracy as they eye up a seat in the affront to democracy that sits at the end of the corridor, the House of Lords. Do not be fooled by their appeals to democracy; they could learn a thing or two from Europe about democracy.

On independence, the EU is made up of 28 independent member states. Nobody questions the independence of Germany, France, Denmark or Finland. Mary Robinson has said that she believes that Ireland truly became independent only after it joined that European Union. My hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil) made a valuable point earlier when he said that the European Union is a club for independent countries but the Union of the UK is not. Not being independent here means areas having the poll tax, nuclear

missiles on their soil, their fisheries being described as expendable and a Tory Government against the wishes of their people. That is not democratic.

I joined the SNP because I want to see Scotland in the world. The real isolation came from the Union and doing things through the prism of London. I started by saying that this is about our future, but let me reflect on the past. Scotland may be at the fringes of Europe geographically, but we sit at its heart politically. I am wearing the tie that commemorated the visit of Pope Benedict to Scotland, which was once called a *filia specialis*—a special daughter—of the Church. In 1218, the Pope tried to set out an archbishopric in St Andrews in my constituency, so even back then our European partners were protecting us from the worst excesses of this place. Even William Wallace’s first act was the letter of Lübeck and a letter to rejoin the Hanseatic League, the European Union of its day.

With our environmental commitment to a clean, green future, the excellence of our universities and our commitment to social progress, Scotland remains at the heart of Europe. I hope that the isolationist tendencies of Vote Leave and many in this place will not win out and that we vote to remain next week.

2.6 pm

**John Redwood** (Wokingham) (Con): Prosperity, not austerity, is what we want, and that will be so much easier to achieve when we cast off the shackles of the European Union. It is an institution renowned for its gross austerity and the damage it has done throughout great swathes of our continent, driving young people into unemployment, preventing school leavers from getting any job at all, and starving public services of cash. Those policies have done terrible damage in Greece and in parts of Italy, Spain and Portugal. It is good that we have some freedom to distance ourselves from those policies, and we will have even more freedom when we take back control of our money, taxes and budgets.

It was bizarre to wake up this morning to press comments that there would need to be a post-Brexit-vote Budget. I am going to wait to see what the British public really want in a vote that is still to be decided, but the Government seem to have conceded defeat by saying that they would launch an austerity Budget if the British people dare to vote for their freedom and democracy. There is absolutely no need to do that, and I reassure the British people that there would be absolutely no chance of them getting such a Budget through the House of Commons. There is no enthusiasm for it from the SNP or the Labour party, and after Brexit many Conservative MPs will vote for lower taxes and more public spending, because that is what we will be able to afford as a result of the Brexit bonus, or dividend, when we get back the £10 billion a year that we send to the EU and currently do not get back.

**Simon Hoare:** Will my right hon. Friend give way?

**John Redwood:** No, I cannot. I have to be tight on time, because others wish to speak.

Those who want to remain so hate the idea that there is going to be a dividend, because they know that that money is taken away from us and is not used for the priorities of their electors and their local health and education services. Within the European Union, we are not legally allowed to get rid of VAT on fuel—a much

hated imposition that hits those on lower incomes far more than others—but we would be free to do so as soon as the British people vote to leave, if that is their wish.

The issue of our membership of the EU needs to be looked at over the longer term. All of the gloomy and bogus forecasts by those who wish to remain are based on the assumption that the single market is a precious and virtuous body to which we can belong, which has fuelled our prosperity and manufacturing growth so far, and which would no longer be available to us if we left. Of course, they are wrong on both counts. Our membership of the single market has not helped our manufacturing. When we leave, we will still have access to the single market, just as 165 other countries around the world have access to it daily without being members, without having to accept the freedom-of-movement provisions and without having to accept the taxes and the laws that are imposed on us on a wide range of issues that have nothing to do with trade whatsoever.

The single market, when it was introduced, did not accelerate our growth rate or our exports in manufacturing in any way. The Government did a very good long-term survey, which covered the period 1951 to 2007. They started in the stable year '51—it was necessary to leave out the bit immediately after the war, when there was a big demobilisation effect—and went up to 2007. The figures for manufacturing today are identical to those from 2007, because unfortunately we had a deep manufacturing recession in '08-'09 and we are just about getting back to the '07 levels. The survey showed that between 1951 and 1972, before we joined the European Union, we had manufacturing output growth of 4.4% per annum; and that since 1972, during the long period of time for which we have been in the thing, there has been absolutely no manufacturing growth at all.

If we look at individual sectors, we can see that prior to joining the European Union, our metals sector grew at 3% per annum, but it has declined at 6% per annum since we have been in the European Union. Our food and drink industry grew at 5.6% per annum before we joined, and it has fallen at 1% per annum ever since. Our textiles sector grew at 2.6% per annum when we were out of the EU, and it has fallen by 6% per annum since we joined. We used to have a 45 million tonne a year steel industry, thanks to massive national investment and the Labour Government of the '60s, but it now produces only 11 million tonnes. We had a 400,000 tonne aluminium industry when we joined the EU, but we have only a 43,000 tonne industry left. We had a 20 million tonne cement industry when we joined the EU, but we have a 12 million tonne industry left. We had a 1 million tonne a year fishing industry when we joined the EU, and we have only a 600,000 tonne industry now.

Some of those industries, particularly the fishing industry, as my hon. Friend the Minister well knows, have been gravely damaged by our EU membership. EU rules in the common fisheries policy, and the quota allocations to other countries against the interests of our own fisherpeople, have caused the number of fishermen in our country to halve during our membership of the European Union. Our experience of manufacturing as a member of the European Union has been far from benign. High energy prices, rigged subsidies, arrangements that help other countries more than ours and a policy, quite often, of providing subsidy, grant and cheap loans to manufacturers literally to transfer plants from

Britain to other continental countries have been part of the background to the dreadful erosion of our manufacturing.

It is fair to look at manufacturing because, as I think remain campaigners always say, there is no full single market in services. The single market was completed in goods by 1992. We have experienced that single market since 1992, and it has not made any beneficial difference whatsoever to our manufacturing. The deep-set decline that has characterised our period of membership of the European Union was not turned around by the introduction of those single market measures. Fortunately, our services have not yet been damaged by the growing regulation within the EU, but the evidence from what happened to manufacturing is not encouraging when we look at what might happen to our services. There have already been many cases in which the City of London, defending its interests as a financial services provider, has found itself at variance with incoming European rules. The matter is settled by qualified majority vote, so being around the table is of no use to us because we get outvoted. If we dare to take it further, we get European Court judgments against us for our alleged infringement of the rules.

#### Several hon. Members rose—

**John Redwood:** Mr Deputy Speaker, I know that you are very keen that I keep these remarks very short. This is an important case that does not get heard in the House, so for once I will not be able to take interventions.

The position is quite simple. Outside the European Union we will continue to trade fully with it, as we do today. We who want to leave the European Union are not proposing a wholesale removal of rules and regulations. One of the genuine benefits of the single market, as has been pointed out, is that there are common rules and regulations for trading with all countries. The great news is that we will get the benefit of that whether we are in or out. The Americans, who have grown their trade with the EU more quickly than we have done from within, get the benefit of that part of the single market because they have to supply only to one specification, just as we do from within. Many of the common rules and standards are informed by global ones, but we have been kicked off the global bodies by the European Union. Outside the European Union we would have the advantage of getting back our seat, vote and voice on the global bodies, so we would have more influence at the top table in return for no longer being part of the EU.

For prosperity not austerity, for control of our own taxes, for spending our own money, for providing growth by spending that extra money, and for trading freely with Europe without all the restrictions, controls and arguments, vote leave.

2.15 pm

**Mr Nick Clegg** (Sheffield, Hallam) (LD): I am grateful to be following the right hon. Member for Wokingham (John Redwood) because he is widely considered to be one of the more erudite spokesmen for the Brexit campaign. I waited with bated breath for a cogent, coherent and practical economic analysis of why Britain's economy would thrive out of the single market. Instead we got this curious mix of fantasy and naivety, which I never thought I would hear expressed in such a way.

[*Mr Nick Clegg*]

I would like to make three points. First, the right hon. Gentleman's diagnosis of the British economy and its relationship to its European economic hinterland is based on a backward-looking view that belongs to an era of gunboat diplomacy, tariff wars and 19th-century economic rivalry. As Margaret Thatcher and Lord Cockfield, the inventor of the single market, recognised, modern trade is not about taxes, levies and tariffs; it is about the rules, the standards, the norms, the qualifications and the regulations that assist or impede trade. What possible control would we gain by being outside the room in which those rules are made but none the less, as the right hon. Gentleman has just admitted, abiding by them? That would be a catastrophic loss of sovereignty and control.

**Sir William Cash:** As usual, the right hon. Gentleman is off beam. He is completely incapable of getting anything on the European Union right. Decisions are taken in the Council of Ministers, as he well knows, largely behind closed doors by COREPER. Those decisions are not made in the manner he suggests.

**Mr Clegg:** Being called "off beam" by the hon. Gentleman is quite something. He and I share a passion for Sheffield, however, so I shall put that aside for a minute. In the economy of this country, 78% of GDP is generated by services. Services are barely affected by taxes, tariffs and levies, but British lawyers, British engineers, British architects and British creative industries trying to sell their wares, as they successfully do—we are a services economy superpower in Europe—are affected by precisely the rules that are thrashed out in Brussels, in discussions that we would be excluded from if we left the European Union.

As the right hon. Member for Wokingham acknowledged, the completion of the single market in services is, indeed, a work in progress. We are the chief author and architect of the success in that area. Why on earth would anyone walk away from the construction of a building of which they were the chief architect and the chief beneficiary? A 7% increase in our GDP is the calculated improvement in the economic performance of this country if we complete the single market in services, but the Brexit camp want to walk away from that.

**John Redwood:** Why was there no improvement in manufacturing activity with the single market?

**Mr Clegg:** Dare I say it, but even by the fairly specious standard of the statistics bandied about by both sides in this campaign, the way the right hon. Gentleman used statistics was spectacularly misleading. From listening to the Brexit campaign, people would think that the club we have been a member of for 43 years has been the fount of all misery. How come we are still an independent, free and broadly speaking prosperous nation if we have been a member of it for over four decades? I simply think that that applies to his example.

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): Will the right hon. Gentleman give way?

**Mr Clegg:** I will, if I may, make a little progress.

The second point, which is completely omitted by the analysis of Brexit campaigners, is our current account deficit. To be fair, the Government are very silent on that as well, for the very good reason that it is shockingly large. We now have a current account deficit which, at 7% of GDP, is historically and internationally very high and, in my view, unsustainable by historical standards in the long run. As the Governor of the Bank of England has said, if a country runs such a huge, unprecedented current deficit, it has to rely, as he put it, on the "kindness of strangers".

**James Cartledge:** Will the right hon. Gentleman give way?

**Mr Clegg:** If I may finish this point, I will then give way.

The only way in which that current account deficit is sustainable is if strangers from elsewhere in the world invest in assets in this country—in property, infrastructure, the financial services sector, factories and companies. It is on those investors, and on the kindness of those strangers, as Mark Carney has said, that the sustainability of the ballooning current account deficit relies. What will those strangers think after next Thursday, when they do not even know whether our country will survive at all? The United Kingdom may not persist because Scotland may trigger a second referendum, and see the United Kingdom fall.

**Ian Blackford:** Will the right hon. Gentleman give way?

**Mr Clegg:** May I just finish this point?

What will those strangers say as they see year after year of grinding political, constitutional and economic uncertainty? Why would they continue to invest in UK plc? And if they suddenly pull out their money, I tell you what will happen: the pound will plummet; inflation and prices for ordinary people will go up; and we will be caught in an economic whirlwind that, irresponsibly, these people want to inflict on millions of our citizens. It is a scandalous position to take.

**Ian Blackford:** The right hon. Gentleman is making some very powerful points. May I remind the House that we are still living with the consequences of the financial crisis in 2007 and 2008? We have the answer to the question he is asking: the stock market has fallen by £80 billion in the past few days as investors recognise the risk to this country if we have a Brexit vote next week. That is the start of the tsunami that he is talking about. Why would we risk the prosperity of the United Kingdom and, indeed, of Europe by taking such a rash action?

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. Interventions must be short to give everybody a chance to speak.

**Mr Clegg:** I played a role, somewhat thanklessly as it turned out, for five years in the coalition Government—as did my party, although it is not abundantly represented today on the Bench next to me—to try and provide the political stability that the country needed to recover

from the cardiac arrest that occurred in 2008. I think it was the right thing to do. A country cannot recover from that kind of trauma if there is constant constitutional and political instability, yet that is what the Brexit camp want wilfully to inflict on this place and on this country. It is astonishing that they want to drag us back into the furnace of that economic disaster from which we are still escaping right now.

My third and final point is that, unlike, I think, every other Member of the House, I actually worked in a relatively lowly manner—in a previous incarnation, before I went into politics—as an international trade negotiator. I was part of the EU trade negotiation team that sought to settle the terms of China's accession to the World Trade Organisation. I spent months haggling with hard-nosed Russian trade negotiators about the overflight rights paid by British Airways and European airlines for flying over Siberia. I have spent a lot of time with a lot of international trade negotiators, and I know that they are very unsentimental folk. It is almost laughable simply to state it, but the idea is that we could pull out of the world's largest economic bloc and then say to these unsentimental folk, who have driven such a hard bargain with that bloc of 500 million people, that we want not just the same but better deals and a better set of conditions on behalf of an economy of only 60 million people. Who do the Brexit camp think these negotiators are? They are not stupid or naive: they will just snigger.

I have looked in vain—I scoured the internet this morning—for the apparently many freedom-loving nations that will cut such favourable deals with us as we depart into this world of milk and honey in which, effortlessly, people will give us concessions that they did not give to a bloc of 500 million people. Can we find anyone? Have the Indians said, “Yes, sure, we'll give you what you want”? Have the Americans, Canadians or Australians said that? Has anyone said it? Not a single country anywhere in the world has said that it will give better terms of trade to the United Kingdom on its own than to the European Union.

So please, if we do one thing between now and next Thursday, by all means let us thrash it out between those who want us to remain in the European Union, flawed though it is and reformed though it must be, and those who want us to go out, but let us not do so on the basis of these falsehoods, this misleading nonsense, this naivety and fantasy, which would do this great country of ours such a terrible disservice.

2.25 pm

**Mr Peter Lilley** (Hitchin and Harpenden) (Con): It is a great pleasure—a nostalgic pleasure—to follow the right hon. Member for Sheffield, Hallam (Mr Clegg). He reiterated the fears he first enunciated in relation to our leaving the exchange rate mechanism, and those fears proved to be wrong. He next enunciated those fears in relation to our not joining the euro, and they proved the reverse of the truth. It is nostalgic to hear him recycling his damaged goods again today.

It is even more of a pleasure to follow my right hon. Friend the Member for Wokingham (John Redwood). He and I worked together at the Department of Trade and Industry. I think I am the only serving Member of Parliament, apart possibly from the right hon. Member

for Sheffield, Hallam, who has experience of successfully negotiating an international trade deal and of introducing, with my right hon. Friend the Member for Wokingham, the single market programme into this country.

We have that experience, and I want to apply it to some of the arguments because on this issue, as on most issues, I find that when we in politics do not have that experience, we simply adopt the most plausible argument that supports our case. By and large, that is what happens on matters of trade and economics in this House, because there is so little experience of them. In a way, I am a member of an endangered species as one of the few Members who has such experience.

Let me first take the very idea that trade agreements are necessary and essential for trade. I hate to say this, because I have a vested interest in claiming to have experience of these things, but trade agreements are less important than people imagine. That is particularly the case for agreements between developed countries, largely because of the success of the Uruguay round, which brought down tariffs between developed countries to negligible levels. The average WTO tariff that would apply to British exports to the EU, in the almost inconceivable circumstance of our having no free trade agreement with it, would be 2.4%. It is better not to have it and I would rather not have it, but compared with the movements in the exchange rate, it is negligible or much less important than it is made out to be. The only important trade deals are those with fast-growing markets in Asia, Latin America and Europe that still have high tariff levels, and we ought to be looking to negotiate trade deals with those markets.

**Bob Stewart:** I entirely agree with everything my right hon. Friend has said. We have not so far discussed the fact that people want our market just as much as much as we want their market. It takes two to tango in any trade deal, and trade deals will go on regardless.

**Mr Lilley:** My hon. Friend is absolutely right. Trade deals take place because they are in the mutual interests of both parties; they are not military conflicts. They take place between two parties, like trade itself.

A very plausible but incorrect argument is that trade agreements always take a long time. When the Secretary of State for Foreign Affairs was asked whether Ministers had done any study of trade agreements, he sidestepped the question. A freedom of information request has actually revealed that neither the Treasury nor the Government have done any study of the trade agreements about which they talk so knowledgeably. However, such studies have been done. I refer to the study by Professor Moser of the Centre of European Union Studies in Salzburg of every single trade agreement in the past 20 years. There are 88 of them. They took an average of 28 months, but the time for each varied greatly. The deals that took a long time were those that involved lots of countries, which certainly concurs with my experience. Of course, by definition any EU treaty involves 28 countries and takes a long time, because all 28 have vetoes. A lot of EU treaties are being held up now, but bilateral treaties take less than that average of 28 months. We should not start deluding people into thinking that it will take a long time to negotiate bilateral deals with countries that already have bilateral deals with Switzerland, for example.

[Mr Lilley]

The right hon. Member for Sheffield, Hallam asked rhetorically whether anyone was queueing up for trade deals with us. Well, look not for what they say but what they do. Switzerland has trade deals with countries whose total GDP is four times that of the countries with which the EU has trade deals. Chile has trade deals with countries whose collective GDP is even bigger. Switzerland has a trade deal with China. We are told that it is a bad deal for Switzerland, but clearly the Swiss did not think so. The Swiss published the details of the deal online; Members can look at it themselves. By the time the EU even gets around to negotiating a trade deal with China—which by the way will never succeed because the EU will always insist on human rights terms the Chinese will not accept—the Swiss will have zero tariffs on the vast majority of their exports to China.

**Mark Pritchard:** My right hon. Friend is a distinguished former Trade Secretary so knows what he is on about. We come from different sides of the debate on this issue, but does he—with all his experience and wisdom, and all his contacts both in the Commonwealth and the European Union—accept this point? Brexiteers invoke the Commonwealth leaders as wanting to do business with Britain whether we are in or out of Europe. Is it not the case that Commonwealth leaders want a trade deal with the whole of Europe, not just with the United Kingdom?

**Mr Lilley:** They probably want trade deals with whoever they can negotiate sensible ones with, if they are sensible. They will not say that it is either/or; they will want a trade deal with us, because we are the fifth biggest economy in the world, and they will probably also want a trade deal with the EU. They will find, however, that that deal takes a very long time because all 28 countries will have to agree to it first.

It is often suggested that the EU will get better deals because it is bigger. Actually, not only is it more complicated to do those deals with lots of countries, and so takes longer, but the result is worse and less comprehensive, because there are 28 times as many exceptions and exclusions. They are even less likely to be in the UK's interests, as we can see from what has happened so far. A third of the trade deals that the EU has negotiated with other countries do not include services. As has been repeatedly stated, services are very important to this country, but they are less important to the rest of the EU, so it does not bother to include them in the deals. Switzerland also attaches great importance to exporting services, so more than 90% of its trade deals include them—as of course would ours if we were independent and making our own deals.

**Kevin Hollinrake** (Thirsk and Malton) (Con): My right hon. Friend has mentioned Switzerland quite often. Switzerland is part of the European economic area, but still locates its banking services in London so as to access the rest of the European Union through passporting agreements. Does he have a solution to that difficulty?

**Mr Lilley:** Switzerland moved its banking centres to London post big bang and before the single market. I negotiated the second banking directive, which introduced

passporting for banks. I was very proud of it, and subsequently wanted to make a speech saying what a wonderful thing it was, and how wonderful the single market programme was, so I asked my officials to find examples of banks and other businesses that were doing things that were made possible by the single market programme and that sort of passporting. They could not find a single one. Nearly all banks trade through subsidiaries, so do not take advantage of passporting, which allows operation through a branch rather than a subsidiary, regulated by the British financial authorities rather than those in the country in which they operate. I will perhaps come on to other aspects of the passporting issue if time permits.

**Barry Gardiner** (Brent North) (Lab): I always listen very carefully to the right hon. Gentleman. He has made a very strong point about the difficulties in negotiating with a large trading bloc of 27 nations, including the time it would take. Why then does he feel that it would be possible, in short measure, for the UK to re-establish its trading relations with an EU of which we were no longer a part? He has made a very compelling case for why it would not be.

**Mr Lilley:** That is a very good point that I was going to come on to. It takes quite a long time for the EU to negotiate a trade deal with Canada, for example, because each country has tariffs against the other, and different product specifications and so on. Each has to trade off, say, a cut in tariffs on steel against one in tariffs on leather goods. We can see how that could take a long time, particularly if there is not much enthusiasm for it. We would start negotiating with the rest of the EU with zero tariffs on both sides and with common product standards. Zero to zero can be negotiated in a fairly short space of time, I would have thought, compared with the time needed when 10,000 different tariff lines are involved, as in other tariff agreements. It should not take long to negotiate a continuing free trade deal, with good will on both sides.

**Barry Gardiner** *rose*—

**Mr Lilley:** I am afraid the hon. Gentleman has burned his boats.

Another myth, which I am afraid has been proffered by my right hon. Friend the Foreign Secretary, is that we will need to renegotiate trade agreements with all the countries with which the EU currently has trade agreements. That is not the case. There is an accepted principle in international law called the principle of continuity: if a political unit splits into parts—as the Soviet Union or Czechoslovakia did, for example—the component parts continue with the same agreement unless one party objects to it. There is absolutely no reason to suppose that the countries with which we are currently party to free trade agreements will want to end those agreements when we leave. For example, when the Soviet Union broke up it was not a member of the WTO, so had traded under separate trade agreements with other countries. Those trade agreements migrated by agreement, so that within weeks even America had migrated its agreement to Russia and other successor states. There is absolutely no reason—

**Mr MacNeil:** Will the right hon. Gentleman give way?

**Mr Lilley:** I am sorry, but I am under pressure to finish.

I will say one final word, on the single market. It is often talked about as some arcane inner sanctum. It is simply the European market. It is like the American single market. We have no agreement with the American single market, and are not members of it; none the less, America is our biggest trading partner nationally in the world. The introduction of the single market consisted simply of standardising the product specification, so that instead of having to have 28 different ranges of refrigerator, lawn mower or whatever, we have one.

That is very sensible. It is also just as much of an advantage to an exporter from outside the EU exporting refrigerators or lawn mowers to it as it is to member states within it. In fact, others outside the EU have taken more advantage of it than we have, and their exports have gone up more than ours, perhaps because they have to bear the burden of EU regulations only on those aspects of their activities carried out within the EU, not on 100% of their firms. That is another aspect of the benefits we would get from leaving, along with our ability to negotiate free trade agreements with the fast growing but protected markets of the world on which our children's futures will depend.

**Several hon. Members** *rose*—

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. After the next speech there will be a five-minute limit.

2.39 pm

**Caroline Flint (Don Valley) (Lab):** It is a pleasure to follow the right hon. Member for Hitchin and Harpenden (Mr Lilley), and he has added to my “Heinz 57 Varieties” for what the future of our trading arrangements might be if we leave the European Union. Like the Foreign Secretary, he was right when he said that few people say they love the EU, but many, like me, passionately love our country, and believe that Britain is a strong country, one of the world's great nations, and a force for good. Our status as the fifth largest economic power is not undermined by 40 years of EU membership; rather, it has been sustained and enhanced by it.

The leave campaign has no credible answers to the question of what we gain economically by leaving the EU, and those voters who have not yet decided how to vote, often raise their concerns about the uncertain place that Britain may occupy after 23 June if we leave. I do not believe that that uncertainty is a price worth paying. Unless the Governor of the Bank of England and almost every independent economic forecaster are wrong, the UK will lose business, trade, jobs and investment if we leave, landing the Government with lower tax revenues. That means less money for our hospitals and schools. Even Brexit campaigners acknowledge that there will be an economic shock, while they plan to spend fantasy money 10 times over.

I appreciate how difficult it is for my constituents, and many others, to see the wood for the trees. Some of the claims and counter-claims from both sides have not helped, but my first concern is not for the wealthy, because they will survive whatever the outcome. The leave campaign likes to suggest that remaining in the EU is only in the interests of big corporate companies, the wealthy and the establishment. I suppose that as

MPs we are all part of the “establishment”, but if I were not an MP, I would not be—none of my family are. It is thanks to that background, wanting the best for my constituents and living in Doncaster for nearly 20 years, that I am so concerned that ordinary families might pay the price should we leave the EU.

When I was a child, only the well-off could fly abroad. Today, we have cheap air travel and we can stay in touch with home without a £300 phone bill. We have guaranteed paid holidays that we are able to enjoy, and if we fall ill our European health insurance card guarantees access to health treatment anywhere in the EU. People are helped to afford those holidays because their shopping and other bills are cheaper, and more jobs are available because of our EU membership. I do not want people to exist just to work—through the opportunity to work I want them to enjoy life too. In Yorkshire, 250,000 jobs are directly linked to the EU. Siemens is investing £160 million in offshore wind manufacturing, creating 1,000 jobs on our east coast. Siemens and BAE Systems, along with many small and medium-sized businesses in Yorkshire, believe that it is in the interests of our region and country to stay in the EU. We must protect those jobs, rights and benefits, and the enjoyment that we get from them.

The previous Labour Government signed up to the social chapter, ensuring that every worker won the right to four weeks' paid holiday. We added bank holidays on top—a good example of how we can improve workers' rights through the EU as a sovereign nation. We forget this because it is so long ago, but 7 million more people gained paid holidays or enhanced their holidays as a result of that change. Voting to leave the EU could put at risk hard-won rights, because we know that some of the biggest cheerleaders for Brexit see protections for ordinary British workers as red tape to be binned.

Some people will use immigration as a reason to leave the EU, but they do not want to tackle the exploitation of foreign workers that affects British workers too. Immigration has become the issue on which those who want to leave the EU place the blame, but the failure is not the European Union's—it is ours. I have spoken out about people's insecurities about jobs, housing and public services in the future, especially in parts of Britain such as Don Valley where we do not live in metropolitan cities. For some Labour voters and others, the benefits of globalisation seem to have passed their town by, and for many, work has become way too insecure. Those people are not racist; they want fairness, and they want the benefits of immigration to employers and to the tax take of the Treasury to be matched by a greater amount of that tax supporting communities that have additional pressures on housing, schools and health services. We need openly to discuss the benefits of migration, including the many businesses and jobs that European migrants have created in Britain, but we must not ignore it when it causes problems. Is it perception or reality that Brits are not getting the jobs filled by European migrants? Are Brits being turned down or are they not applying? Is that happening in some sectors, and why?

**Barbara Keeley:** As I said earlier, a large number—230,000—of those who work in the adult social care workforce were not born in the UK, and that sector has a 5% vacancy rate because people are not applying because of the poor terms and conditions. That partly answers my right hon. Friend's question, but is she as

[*Barbara Keeley*]

concerned as I am that the care sector, which is already in crisis, could collapse if there are further restrictions on those who come to work here?

**Caroline Flint:** My hon. Friend is right, and in Yorkshire alone more than 2,000 EU migrants work in health and social care. Sometimes we must consider the nature of the work going on, and ask why those insecure, poorly paid sectors are using migrant workers. Those workers are being exploited, and that does not do much for the users of those services either.

**James Cartlidge:** Is the right hon. Lady aware that the Labour Government introduced tier 3 in 2008, which was for unskilled migration from outside the EU? That has been closed ever since, with the official reason that we get those unskilled workers from the EU. Will she speculate on where we will get unskilled workers from in future, when the Poles, Lithuanians and so on no longer come here to do the jobs that we struggle to fill with UK workers?

**Caroline Flint:** I will not speculate, but we need a future where work in social care is not poorly paid, because we are doing a disservice to social care workers, and to the elderly people and other independent adults who rely on them. That is the challenge, and we as a country must take ownership of that and not blame the EU for all the problems on our doorstep.

There is fraud and people who are paid off the books, but that happens with British people who work illegally too, sometimes with bad employers or organised criminal networks behind them calling the shots. Many more people come here because of the work available and because English is the international language. Change is not as easy for some as for others, and leaving the EU will not solve that. The coalition Government were wrong to abolish the migration impacts fund, and it is right that freedom of movement should mean freedom to work, with people putting in before they take out. It is good news that the much maligned European Court of Justice has ruled that it is right for EU member states to be able to withhold benefits.

Let us be honest. Young Brits today do not queue up to pick crops or work in social care. The greatest deceit by the leave campaign is that the UK can keep all the access to the EU single market, but not allow EU workers to work here. If we restrict EU workers who are allowed to work here, why would the 1.6 million Brits who work or live in Europe not face similar restrictions?

**Mr Lilley** *rose*—

**Caroline Flint:** I will not give way because I have already done so twice.

Non-members of the EU do not get better deals. Why would the EU offer Britain a deal that is better than that of any of the other 27 members? That would be a recipe for every country to leave. Most of all, we must not let members of the leave campaign claim that they are more patriotic than those who want to remain in the EU. I love Britain, and we will continue to be a strong, proud nation, but we are stronger and better-off as members of the European Union.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. I now have to announce the result of the deferred Division on the Question relating to local government. The Ayes were 278 and the Noes were 4. Of Members representing constituencies in England, the Ayes were 260 and the Noes were 3, so the Question was agreed to.

[*The Division list is published at the end of today's debates.*]

I now introduce a five-minute time limit on speeches.

2.48 pm

**Sir William Cash (Stone) (Con):** I have one simple message as we approach the last week of the referendum campaign: people fought and died for the right to govern themselves; people fought and died for our democracy, and it is on democracy that everything else depends.

**Tom Tugendhat (Tonbridge and Malling) (Con):** Will my hon. Friend give way?

**Sir William Cash:** In a minute, but not now.

People fought and died for the right to govern themselves, and everything else depends on that, including the economic arguments. I urge the British people to consider the consequences for future generations if we get this wrong and vote to stay in the European Union. As a result of successive leaderships since 1972, we have given away more and more of our powers to govern ourselves.

If I may say so, I predicted the consequences of that in a book in 1990, at the time of the Maastricht treaty. I said there would be protests and riots throughout Europe, and massive unemployment. I said there would be recession and waves of immigration. I said there would be breaches of the rule of law and the rise of the far right. I was concerned about those things then and I remain concerned about them now. The direction in which the European Union is being taken is putting the United Kingdom—our voters, our people—in the second tier of a two-tier Europe dominated increasingly, through the eurozone, by the excessive economic nationalism of the German system of economic government.

Members must bear in mind that the consequences of the single market are demonstrated by what I said earlier in an intervention: we run a trade deficit, or loss, with the other 27 member states of £67.8 billion a year. That has gone up by £10 billion in the past year alone. Our trade surplus with the rest of the world has gone up by about £10 billion in this year alone to £31 billion. European growth is going down—that is the trajectory of our capacity to have growth and jobs for the young people of this country. In Europe as a whole, youth unemployment in certain countries is as much as 60%. That is a complete disgrace.

In contrast, the German trade surplus with the same 27 member states is running at £81.8 billion and has gone up by as much as £18 billion in the past year alone. That trajectory is what the third-rate so-called economists are ignoring. They are the ones who got it wrong over and over and over again: they got it wrong over Maastricht, they got it wrong over the euro and they got it wrong over the exchange rate mechanism. I listened to the absolutely absurd nostalgic nonsense of the right hon.

Member for Sheffield, Hallam (Mr Clegg). It is evident that those who got it wrong are trying yet again to mislead people.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): I am grateful to the hon. Gentleman for giving way, not least because we might have the opportunity to get answers to some important questions. He will be aware that when the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) was asked about the impact on the economy in GDP of Brexit, his answer was, "We don't know." He will also be aware that when Diane James, a UKIP MEP, was asked whether visas would be required, the answer was, "We don't know." Given that the answer to every question posed to the leave campaign is, "We don't know", perhaps the hon. Gentleman could answer these questions now.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. We need to have short interventions, not speeches. That was longer than five minutes!

**Sir William Cash:** I can say that I do know. I know because I look at the facts as they are now. The facts I have just given demonstrate that inside the single market we run a monumental trade deficit, while we have an enormous and growing trade surplus with the rest of the world. That surplus is the future. That is the vision. That is the means by which we will get jobs and ensure the future of our children and our grandchildren.

To conclude, it is very simple: this is about who governs us. If we get this wrong, we will not be able to organise and establish a democracy in this country, which is what people fought and died for in not just one world war but two.

**Tom Tugendhat:** Will my hon. Friend give way?

**Sir William Cash:** I will give way one last time.

**Tom Tugendhat:** I appreciate the loss that my hon. Friend's family suffered in the second world war. My family suffered too, and I have had the privilege to wear the Queen's uniform and fight for the peace we enjoy today. When I see the division and the spreading of hatred and virulent anti-foreign messages by some people in our country, I wonder whether they are really talking about peace or just stirring the pot.

**Sir William Cash:** I simply say to my hon. Friend that there is one person who has never, ever done that: me.

**Tom Tugendhat** *indicated assent.*

**Sir William Cash:** I am glad my hon. Friend acknowledges that. I do believe in peace. I do believe in good relations. What really troubles me, however, is that the majority voting system and the decisions taken behind closed doors are so manifestly undemocratic that they are completely impossible to justify. It has become a kind of dictatorship behind closed doors. We in this House make our decisions based on speeches and votes that are made in public and reported. We are held accountable. That is not the case in the European Union. If we give that up on 23 June, I say to my hon. Friend and to all hon. Members that they will live to regret it. This is about democracy above all else.

2.55 pm

**Diana Johnson** (Kingston upon Hull North) (Lab): I want to bring the debate to the local level and address some of the concerns that ordinary people are grappling with in making a decision on what to do on the EU. Many people in my constituency over the past few weeks have said to me that they feel angry. They feel that their city has suffered most because of the global recession and the downturn after the banking crisis. We have seen a lot of cuts to our public services. We have had the botched NHS reorganisation and people are having to wait longer in A&E. People have concerns about immigration, and the slogans the Government use about the northern powerhouse are not followed through with any action.

What worries me is the idea being put about that leaving the EU is some kind of panacea, and that somehow, magically, all those issues will suddenly disappear on 23 June if people vote to leave the EU. There are four very clear, self-interested reasons why my city of Hull, a proud trading city, should vote to remain in the EU. They are based on the economic benefits of being in the EU.

First, Siemens recently invested £310 million in building a wind turbine manufacturing factory in Hull. One thousand jobs will serve the work that DONG is doing in the largest offshore wind turbine farm off the east coast, creating another 2,000 jobs. Siemens states:

"Siemens believes that being part of the EU is good for UK jobs and prosperity and we have concerns about the possible effects of a vote to leave. We see the main benefits of EU membership as: tariff-free access to the UK's biggest export market; a common set of rules between 28 countries that reduce business costs; and access for British businesses and universities to EU-wide innovation and research initiatives, which are helping to shape the industries of the future. These advantages help to make Britain a better place to do business, not just for Siemens, but for companies across our supply chain and beyond."

Secondly, caravans are manufactured in east Yorkshire. The Sunday Times HSBC International Track 200 found that exports to Holland and Germany had increased by 21% in the past year, because their market is open and available to us.

Thirdly, on pharmaceuticals, Hull is the home of Smith & Nephew and Reckitt Benckiser. Deloitte has said that if we leave the EU there is a real risk to the UK pharmaceutical industry. At the moment, we have access to £8.5 billion of research, which would not be open to us if we left. We also have access to the innovative medicines initiative, which again will not be open to us if we leave the EU.

Fourthly, I want to say something about the university. Hull University employs 2,500 staff, with 1,000 in academic and research posts. It has received £12 million of direct EU funding in recent years, which is part of the £200 million of EU-funded research available to British universities. The vice-chancellor of Hull University states:

"There is a huge value in being at the EU table. If you are in the club, you get the chance to shape the research programme. If we weren't in the club, we wouldn't have that opportunity."

In the end, in this referendum, the power is with the people, not Members of Parliament, but the last thing my constituents need is a home-grown, self-inflicted recession and years of uncertainty and instability, and we know that the effect of recession will be felt much more strongly in places such as Hull than in Surrey

[Diana Johnson]

Heath or Uxbridge. The UK will struggle to renegotiate a trading relationship with the EU, and I am sure we will find we still have to contribute to the EU budget and accept the free movement of labour—an issue about which many people have genuine concerns—while having no say in shaping the EU’s future direction on that and many other issues. Whatever happens on 23 June, I will keep fighting for Hull, exactly as I have done up to now. I ask that Hull electors bear in mind the fact that if they choose to leave the EU, it will make the task of standing up for the city even harder.

3 pm

**Mrs Sheryll Murray** (South East Cornwall) (Con): I want to make a short contribution about the effect of the EU on the economic viability of our fishing industry and to congratulate the fishermen who have taken part in the flotilla on the Thames today to make sure we hear where they stand.

Our fishing industry is a ghost of its former self. Before we joined the EU, we had a successful, viable fishing industry all around the coast. I remember seeing fishing boats in south-east Cornwall moored three or four deep along the quayside. I do not see that today. Although fishing is no longer the largest employer in Looe—tourism is—people come to traditional fishing towns and expect to see fish being landed. A highlight they often mention is tasting fish and chips from one of the award-winning restaurants or buying fresh catch from fishmongers such as Pengelly’s in Looe. Where would tourism be without our fishing?

In 1971, just before we joined the EU, we had a thriving fishing industry bringing home millions of tonnes of fish and directly employing over 21,000 people. Last year, it caught about 600,000 tonnes and employed under 12,000 fishermen. According to a report co-ordinated by the New Economics Foundation, there was a 12% fall in the number of fishermen between 2003 and 2013. My late husband, Neil, was one such fisherman. He was forced to fish alone on his boat as a result of economic pressures arising from reducing quotas while still trying to meet the costs of increasing insurance, harbour dues and landing charges, not to mention repair costs and gear replacement.

The report attributes the decreasing employment to a decline in the number of vessels owing to the forced scrapping imposed by successive Governments to meet the artificial targets from the European Commission and to vessels investing in new technology—the latter might be true for larger vessels, operating with several deckhands, but is certainly not the case for small fishermen like Neil. It was a simple economic decision taken because he often could not land and sell the fish that swam into his net. The report also says that the trend of declining numbers of fishing vessels and fishermen is likely to continue.

The report does not mention the declining fish quotas that the EU sets each year. Haddock is just one example. The UK gets 10% of the total allowable catch, while France gets 70%, and the same applies to many other species in many other areas. Would hon. Members go into a bank alongside a French person, each of them with a bundle of notes to the value of £70, and throw £60 into the wastepaper bin, while the French person

invests it all? That is effectively what fishermen in Looe are being forced to do today because of the quota share-out agreed by the EU in 1983 known as “relative stability”.

**Bob Stewart:** Everyone in the House knows the sad story of my hon. Friend’s husband. How much increased capacity would the fishermen of Looe get were we to leave the EU?

**Mrs Murray:** My hon. Friend makes a good point, and I will come to it in a moment.

I will not get into arguments with those who want to remain, further sacrifice this great industry and abandon the economic wellbeing of our coastal fishing towns, which would be disproportionately affected. I cannot say that Neil died as a result of the common fisheries policy, but I can say that it contributed to the economic pressure he felt when deciding to fish alone. We talked about it and decided that it was better that he work alone in less rough water than work in storms to provide for two families.

I say we throw our fishermen a lifeline. Our Fisheries Minister has been to Brussels and seen for himself how little he can deliver through horse trading in the Council of Ministers over proposals put forward by the unelected European Commission. I say, in response to my hon. Friend the Member for Beckenham (Bob Stewart), that if we vote to leave, the Minister could make the decisions that apply to fishermen in the UK’s 200-mile median line limit.

As someone who has lived and breathed the UK fishing industry for 30 years, I say there are no economic benefits to UK fishermen from EU membership. About 92% of UK fishermen are calling for the UK to leave. I say we throw them a lifeline, vote to leave and take back control of our 200-mile line—80% of the total EU pond. We would not necessarily have to say to member states, “You can’t come and fish in our waters”, but it would be on our terms, not those arising from horse trading among 28 states sitting around the EU table debating proposals from the unelected, appointed, bureaucratic European Commission in Brussels.

3.7 pm

**Ann Clwyd** (Cynon Valley) (Lab): Back in 1979, I was among the first elected Members of the European Parliament, and I supported withdrawal from the Common Market. Those were the days of wine lakes and butter mountains and an out-of-control common agricultural policy subsidising overproduction and dumping on world markets. It was some years before the development of the social chapter introduced legislation on workers’ rights and equality, and there was no European environment policy.

After several years working with colleagues from all the other countries in the European Parliament, I came to a different conclusion. On 19 February 1982, I wrote an article in the *New Statesman* headed, “Why I changed my mind on the Common Market”. This year, I have written another article, again in the *New Statesman*, explaining why I still support remaining in the EU. The arguments I made then are still true. Then, as now, our socialist and social democratic colleagues in the European Parliament urge us to remain and work with them for a better future for jobs, security and workers’ rights.

One of the concerns I had then was about European action to save the steel industry. Today we are still battling to save the steel industry, particularly in Wales, but it is important for workers in multinational companies to have information about management plans for closures or mergers, and European legislation has helped to improve these rights to information. While none of us would claim that the EU is perfect—and it is not unique in that—peace, jobs, workers' and consumers' rights, the European social model and the environment are safer if we stand together as constructive members of the EU.

My party has always been a party of internationalists, but Brexiteers would swiftly make a bonfire of hard-won rights if we left. They consider four weeks' holiday, maternity and paternity leave, equality and health and safety legislation, temporary workers' rights and much more to be so much red tape to be dispensed with. Standing up to globalisation alone is a pipe dream; it requires nations to co-operate. Likewise, the pressures of immigration will not fade if we go it alone. We live in difficult times when many people are feeling discontented. To help combat that, the way forward for Britain is to continue to work with the EU for more reforms.

We see reforming and modernising the EU in solidarity with continental socialists and social democrats as an ongoing process. Do those who advocate developing hundreds of individual trade deals with countries large and small really expect to achieve more than can be achieved as part of the world's largest trading bloc? Would the Brexiteers achieve better terms in the TTIP negotiations than the EU can with strong pressure from directly elected MPs in the European Parliament and strong member states to ensure protection from rampant multinationals? I doubt it. We in Britain benefit enormously from European co-operation funding for research, regional development, cultural projects and, yes, agricultural support, as well as from peace and free trade. The EU has always been at the forefront of working to protect human rights in the world.

In Wales, EU countries buy 41% of our exports, which is worth £5 billion a year to us. Companies invest here precisely because we are in the EU, giving them direct access to the largest single market in the world. If we leave, we would soon see our big firms switching their investment to continental Europe, with the loss of thousands of jobs here.

In 2016, I still believe that we are better together. Those who will be celebrating if we leave the EU include such unsavoury characters as Putin, Trump, Farage and a bunch of climate change deniers, who have no intention of working towards a better future for the most vulnerable in our society. For prosperity and collective security, and if we want an economy and society that work for all, not just for the few, I stand by my belief that we are better off remaining in the EU.

3.12 pm

**Neil Carmichael** (Stroud) (Con): The fact of the matter is that this referendum would not be useful exercise if we were not a sovereign nation, because we would be unable to implement the outcome. That proves that we are sovereign—the questions are what we do with our sovereignty; what we do to influence our neighbours; and what we do to advance our national interest. Because we are a vibrant, ambitious and decent society, we have

to do that within the European Union, as I will explain. It is about the future; it is not some blast to the past. It means this country thinking about what we do for our people beyond today.

Let us take trade; we have heard a lot about it today. We export twice as much to the Netherlands as we do to China. That is a fact. Why does it matter and what does the European Union provide for us? It provides a huge pool of wealth. It is the world's largest single market, not just in its activity but in its value. It is nearly twice the size of China, yet some are thinking of leaving it. That would be madness, because the people we trade with most are the people who are most like us and who will benefit most from us as well. That is the trade argument.

Then we come to investment. In my constituency—and I bet in most other Members' constituencies—there are examples of powerful intervention from the European Union through investors. That matters, and 48% of our foreign direct investment comes from the European Union. What does that equal? It equals jobs and it equals rising wages and opportunities for our young people.

That brings me on to the issue of our universities and young people's opportunities to develop careers after they have been to university, not to mention the importance of opportunities for young people who do not want to go to university. The fact remains that the opportunities open to them by moving around Europe are immense, and it is vibrant for them and great for our economy. Do we want our young people to be stuck here when others are thriving somewhere else?

That brings me on to migration. It is a two-way street. We must remember that. There are just as many people coming here to help us with our skills as there are people going from here to there to make money for this economy. There are nearly 2 million Britons working or living in the European Union, benefiting from the opportunities with which being in the single market provides them.

**Mark Pritchard:** Does my hon. Friend agree that the majority of EU citizens coming to this country come here to work hard, pay their taxes and better their and their families' lives—and that the majority are not here to scrounge?

**Neil Carmichael:** Absolutely. Some factories in my constituency could not do as much as they do without the sort of skills that they can get from the European Union. My hon. Friend is absolutely right about that.

**Neil Gray** (Airdrie and Shotts) (SNP): The hon. Gentleman is making a fantastic speech. Does he agree that in some quarters, this referendum has been allowed to descend into a pseudo-referendum about immigration and that for the remain side to win, we need to show leadership over the next week and bring forward a positive case for remaining in Europe; and that we should shoot the right-wing Brexit fox that is scaremongering about immigration?

**Mr Carmichael:** The hon. Gentleman is absolutely right. I was coming on to leadership, but I will tackle the issue now. The European Union has benefited from

[*Mr Alistair Carmichael*]

Britain's membership countless times in the past. It was the British Government who drove through the single market. It was the British Government who ensured that a country like Poland could come into Europe and benefit from all its opportunities. We should not forget that when I was born, that country was based within the empire of the Soviet Union—a place where liberal democracy was non-existent and where growth and economic opportunity could not take place. Yet we have managed to get that country into a position of being totally democratic and absolutely robust in its economy. That drives a coach and horses through the argument of anyone who says that being in the European Union is somehow undemocratic or a challenge to democracy. The reality is that, when Britain shows leadership, as we have in the past, it has been good for Europe and, obviously, also good for us.

When we win this referendum campaign—I certainly hope that we do—we need to focus on the positive case. It is not a question of sniping from the sidelines; we need to get involved, set the agenda, work with our allies and ensure that the people we represent can continue to benefit from the good things that the European Union has brought.

**Ms Ahmed-Sheikh:** On that point, will the hon. Gentleman give way?

**Mr Carmichael:** I am afraid not. I am running out of time.

All organisations need to be reformed. The other day, I was told to move my car for a reason that I have still not understood. This House needs to reform; all organisations need reform—and the European Union is no exception. The key thing is that we are the ones to drive those reforms. We are the ones who should be constructing the alliances to push through the kind of Europe that we want—one that is competitive, that recognises freedom and that is at the heart of promoting liberal democracy, not just within the EU but beyond it.

The question of international impact must also be borne in mind. Europe is the world's largest single market, but it is also a place of huge influence in the world. We in Britain want to be part of that. We want to shape and develop that influence. That is why every single US President has told us, in one way or another, that we should be a member of the European Union. That is why every single Commonwealth leader has told us that we should be in the European Union. The only two country leaders that I can think of who are casting some doubt on this matter are those of North Korea and the Russian Federation. If that is the supporter group of the leave campaign, I am staying!

It is essential to make the positive case. We must do so not from an apologetic position or as a result of some tepid hope; we should do so out of ambition for our country and our young people. They need to know what we really believe—that by participating internationally with a clear agenda and a determination to turn away from narrow-mindedness and the concerns of little groups of people, we can instead think big and be big. With that drive behind us, this country has the capacity for an exciting future ahead.

3.19 pm

**Mr Jamie Reed** (Copeland) (Lab): I will begin by echoing what the shadow Chancellor said about the rights that the working people of our country have as a result of our membership of the European Union. I am delighted to see the Labour party leadership making a strong, positive case for Labour people to remain in the European Union for strong Labour reasons—but not just for Labour reasons, because remaining in the EU is in the best interests of everyone in our country.

I want to speak directly to my constituents today. I want to speak to them about what they care about, what I care about, what they have sent me here to do for the last three general elections, and why they have done so. First, I want to acknowledge the confusion, the anxiety and even the anger that my constituents will feel about the European Union. I understand that anger, and I understand that frustration, because for more than 25 years my constituents, like those in the rest of the country, have listened to incredible, outrageous lies—damned lies—about the European Union and our place in it, from talk of straight bananas to any number of invented stupidities.

People like me who believe in the benefits to our country of our membership of the European Union are largely to blame for that. We have never taken it on; we have never called it out. We have rolled our eyes, we have shrugged our shoulders, and we have been shy about taking on the lies. Now we are seemingly paying the price, but it will be constituencies like mine, and communities like the one that I represent, that will overwhelmingly suffer the most if we vote to leave the European Union.

There are specific issues that will be of profound concern to the people of Copeland, west Cumbria and Cumbria as a whole if we vote to leave the EU—our local NHS; our economic future, particularly the nuclear industry; our security; and our environment. I shall deal with them all in turn.

**Alison McGovern** (Wirral South) (Lab): My hon. Friend is speaking with characteristic eloquence about the north-west. Will he explain further why we must pay attention to the parts of our country that are geographically furthest away from metropolitan centres?

**Mr Reed:** In an ever more globalised world and economic marketplace, we absolutely must pay special attention to those peripheral communities, which have contributed so much to the economic strength of our country over many decades, particularly since the end of the second world war, but which have been—deliberately, I have to say, as a result of policy—marginalised and ignored for too long. I have to say, too, that whatever happens in respect of this referendum, the country has changed, fundamentally and permanently, as a result of that policy. The situation in the north-west, the north-east, the south-west and other peripheral economies in the United Kingdom, but particularly in England, must form a pivotal part of the national conversation in future.

Alongside my constituents, I have campaigned for years to protect local health services, including those at West Cumberland hospital, in our local community hospitals, in our general practices and dental practices.

We have built a new hospital in Whitehaven and a new health centre in Cleator Moor, and we are improving and expanding the health service in the cottage hospitals in Millom and Keswick, but enormous challenges remain. At the heart of our NHS difficulties are the policies of the Conservative Government, who deprive our community of the necessary resources, investment and recruitment. It is absolutely clear that the economic damage that would be done to our country if we left the EU would be felt throughout the NHS in Cumbria. Make no mistake: an already intolerable situation would become worse. The Conservative Government would have every excuse it could ever want to cut, slash and burn local health services in a way that we have never seen before.

As for our economic future, I have spent more than 10 years on the project to build a new nuclear power station at Moorside, in my community. That has involved writing new nuclear policy with the No. 10 policy unit in 2005, ensuring that my community was chosen as a new nuclear development site—which was never automatic—and attracting NuGen to our area as a power station developer. The project represents the single largest private sector investment that my community has ever seen—more than £20 billion—and thousands of jobs. That is investment that we need, want, deserve and have earned.

I want my constituents to think long and hard about this during the time that remains before the referendum. The United States is pleading with us to stay in the European Union, the Japanese are pleading with us to stay, and France is pleading with us to stay. NuGen, the company that is responsible for the investment in that project, is a consortium of American, Japanese and French companies. I urge my constituents to “do the math”. Brexit would undoubtedly increase the risks to the project, not just because of the financial turmoil that it would create, but because of the damage that it would do to the EU and France in particular. There are potentially profound implications for the Hinkley Point C project as well. So I say to my constituents, “Stick with our plan, stay on course with our project, do not squander more than a decade of work, and do not risk our future.”

Then there is the security issue. Brexit would undoubtedly make us less safe and less secure. With the United Kingdom out of the European Union and with the EU shrinking, contracting and weaker as a result, we will cause profound damage to NATO. What message will that send to an increasingly belligerent and expansionist Russia? Brexit could give no greater encouragement to Vladimir Putin. This is not “Project Fear”, but “Project Fact”. When I went to Chicago recently as part of the delegation to the NATO Parliamentary Assembly, we were told by the former United States ambassador to NATO that Brexit represented

“the greatest threat to the security of the United States, the European Union and the NATO area.”

Finally, let me deal with the environment. My constituency takes an uncommon pride in its natural environment: we have England’s highest mountain and lake, and some of the best beaches in the country. The European Union has helped to deliver massive improvements in our natural habitats, all of which are visited by thousands of tourists from the EU who contribute to our economy every year. Moreover, the EU paid attention to the Sellafield clean-up before the United Kingdom did.

My constituency is special, my constituents are special and we are creating something special. A vote for Brexit would threaten it all.

3.26 pm

**Robert Neill** (Bromley and Chislehurst) (Con): A few moments ago, my hon. Friend the Member for Stroud (Neil Carmichael) made a passionate and magnificent speech in support of our membership of the European Union. He and I have been on the same side on this matter for many years, and I endorse every word that he said.

Let me begin by referring, like the hon. Member for Copeland (Mr Reed), to matters that particularly affect my constituents. The largest employment sector in Bromley and Chislehurst, in Greater London, is its business and financial services sector. According to the Office for National Statistics business and employment survey, 32.4% of my constituents and their families work in that sector. It is critical to their local economy—and that is leaving aside all the jobs in the supply chain that result from the income that it provides. It is crucial to the London economy, which benefits the whole of the United Kingdom. Leaving the European Union would, without question, damage the interests of the financial services industry, in which Britain is a world leader. This is an issue in which I have taken some interest in my capacity as secretary of the all-party parliamentary group on wholesale financial markets and services.

We have a winner here, and we have an opportunity not just to make it survive, but to make it better and stronger in a reformed European Union. That is why, when I intervened on the Foreign Secretary’s speech, I wanted to stress the importance of the Prime Minister’s renegotiation achievements. There were two key achievements. First, there was the commitment that British financial firms based here in the UK, and therefore outside the eurozone—of which we will never be members: we will never be subject to its internal governance rules or their bail-outs—will none the less have the significant advantage of being able to trade freely within the eurozone and the rest of the single market. That puts us in a unique position which no other free trade agreement replicates.

If we add to that the commitment in that renegotiation to completion of the capital markets union, that gives us a double opportunity to push forward in this area, at which we excel. It would be lunacy to walk away from that opportunity. Of course the Prime Minister is right to say we could survive outside the EU; London and the financial services industry, and my constituents, would survive, but I believe there is a real risk that they would be impoverished and I see nothing patriotic in running the risk of impoverishing my constituents or the people of this country.

**Alex Chalk** (Cheltenham) (Con): My hon. Friend is making a powerful speech and makes an important point about patriotism. Does he agree that key to Britain’s national security is our economic security, and at a time when as a nation we are still borrowing as a nation more than the entire defence budget we need every single penny of public revenue to ensure our economy is strong, our finances are strong and our country is strong?

**Robert Neill:** My hon. Friend is absolutely right. The economic interest is a national strategic interest of the United Kingdom. It is a damaging thing to this country for anyone to put that at risk; there is nothing patriotic in that.

**Mr Jim Cunningham** (Coventry South) (Lab): So far I can agree with what the hon. Gentleman says, but some of us can remember the 1975 referendum, and the reality is that the options put to us by those who want to opt out were looked at then—trading with EFTA and the Commonwealth countries. The reasons why Harold Wilson thought we should go into Europe are there for all to see.

**Robert Neill:** I would not like to speculate as to the motives of those who, sometimes from genuine belief, but maybe sometimes from cynicism, want this country to leave the EU. The hon. Gentleman is right, however, that the issue was debated then. He and I can remember it—we both voted in that referendum, I suspect. Of course the EU needs reform, as everybody has said, but any businessperson will tell us, “You don’t walk away from a major market that you’re in just because it isn’t perfect; you stay in there, you negotiate your trade and you make the market work better for you.” That is basic common sense, and frankly I am amazed and mystified that some people who really ought to know better cannot get that.

**Oliver Colville** (Plymouth, Sutton and Devonport) (Con): Will my hon. Friend give way?

**Robert Neill:** I have been generous in giving way so far and I am conscious that others want to speak. I hope my hon. Friend will forgive me, because I know he will speak later.

Given the position that we have of that double success for the City of London, it would be a tragedy—a criminal thing, virtually—for this country to turn away. The financial services industry, as well as being a key UK asset and part of our national strategic interest, is not just about people in the City of London and those working in banks, insurance and offices. A successful financial services sector affects every family in this country. It affects every pension fund. It affects the pensions of millions of people, whatever their income situation or previous position in life. To put that at risk is not to damage just that industry, but to damage the whole population of this country. It damages the revenue stream, as my hon. Friend the Member for Cheltenham (Alex Chalk) just said, that underpins our public services. I am sorry to have to say this to some of my friends who I know genuinely believe otherwise, but it will be a profoundly unpatriotic thing to leave the EU.

**Victoria Prentis** (Banbury) (Con): Will my hon. Friend give way?

**Robert Neill:** One last time.

**Victoria Prentis:** My hon. Friend is making a passionate speech about various areas of the economy. Has he considered how leaving the EU might affect manufacturing industries, including a company in my constituency that has today told me that it has written to its employees to implore them to vote to remain?

**Robert Neill:** I am sure my hon. Friend is right. I too have manufacturers in my constituency. Every sector of the British economy will be damaged by Brexit. Uncertainty damages business. Economic uncertainty damages business and so does legal uncertainty, which, as a final point, makes me all the more amazed to see some people who ought to know better suggesting that somehow we could introduce some emergency legislation to circumvent the rules laid down in article 50 of the treaty were this country, regrettably, to decide to leave. That would be a breach of law. It would involve the UK being suspended from the EU, losing the protections the EU gives to our businesses and turning 200 years of British constitutional practice, whereby this country has never unilaterally abrogated a treaty we have entered into, on its head.

It would be a scandal to ask this House to do that, and I say now that I, for one, would never vote for it. But I want to make sure first of all that we never get into that situation. We need to make the positive case for why this country is better economically, socially and, I suggest, morally for being in the European Union—because ultimately we are a broader-minded, a broader-looking, a happier, a more diverse nation as a result of our membership, and I do not want the likes of the vile creature who leads UKIP to drag this country backwards.

3.34 pm

**Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): I rise to support the motion because, first, coming out of the EU defies all the logic of our emerging global economy. If we look around the world, we see that the emerging global economic superpowers are China—which might well overtake the USA as the major economic power in the world in the next 20 years—India and Brazil. As the former Chair of the Business, Innovation and Skills Committee, I visited Brazil and China to see how our businesses were faring in those countries. Some were doing very well. JCB had opened a joint venture company in Brazil and GKN had a joint venture company in China. The reason they were opening those companies was that the tariff barriers were too high for them to export from their British manufacturing bases into those markets.

We must be realistic about this. If we were to come out of the EU and try to expand our exports to those countries, we would be expanding into countries that are, quite justifiably and understandably, ruthlessly self-interested in what they need to do to develop their own standard of living. The idea that, on coming out of the EU, we could somehow make up for the deficit in our exports to the EU by expanding our trade into those developing countries is, frankly, a fantasy. The fact is that there is nothing we could do afterwards that we are not doing now, and there would be no compensatory boost in exports to those countries after coming out of the EU.

My constituency in the west midlands offers a supreme example of the benefits of globalisation and the international movement of capital. If we go back 10 or 15 years, the car industry—which for donkey’s years had been the mainstay of local manufacturing—was in a terrible state. Since then, however, there has been investment in the motor industry there, which has been mirrored in other parts of the country.

**Mr Jim Cunningham:** My hon. Friend mentioned the motorcar industry. Twenty to 25 years ago, Coventry companies such as Massey Ferguson, British Leyland and Standard were household names. That is why it is vital that we remain in Europe, in order to further develop the recovery of manufacturing in the west midlands.

**Mr Bailey:** Absolutely. My hon. Friend's experience echoes my own on the other side of the midlands economy.

The fact is that investment, particularly by Tata in Jaguar Land Rover, has transformed the manufacturing economy in my constituency and the surrounding constituencies. We now have the new i54 development, which is a supreme example of what new investment in modern motor manufacturing can do. As a result of that, the local supply chain has been rejuvenated.

We have problems, however. My constituency has more foundries than any other in the country, and they form a vital part of the supply chain that underpins our ability to produce high quality cars and superb manufacturing exports, but they have skills shortages and an ageing workforce. However, they have been helped by the recruitment of skilled workers from eastern Europe through the EU. The companies involved tell me that without those workers, their ability to meet the demands placed on them by the cutting-edge technology that we are producing to expand our manufacturing exports would be hampered and jeopardised.

**James Cartlidge:** Is the hon. Gentleman aware that the policy of vote leave is that, when we leave the EU, we will stop all unskilled migration into this country? Does he think that that is even remotely credible?

**Mr Bailey:** No. Unfortunately, however, I do not have time to address all the issues that would arise from the leave campaign's immigration policy, or lack of it. I need to focus on the relevance of these arguments to my constituency.

The fact is that without those workers, our ability to sustain this country's cutting-edge manufacturing capacity would be lost. I would be the first to agree that we should be pioneering better skills, apprenticeships and so on, and I am glad that the industry is looking at that, but it does not have the capacity to recruit those workers at the moment. If those in the leave campaign were to carry out the promises they have made on migration, there would be a real prospect that those companies would be starved of the skills they need, and it could well lead to unemployment among the long-standing indigenous population who have worked in those industries.

As I do have a few moments left, I will address some of the wider issues raised by those in the leave campaign's migration policy. Andrew Neil got out of Nigel Farage eventually the idea that they would try to reduce net migration figures to 50,000. They then deploy a seductive argument that if they stopped migration from Europe, they could have more from the non-EU countries, which I think is a pitch to our ethnic minority population, without it having an impact on our skills base in this country. The fact is that the sort of figures being quoted by the leave campaign, and by Nigel Farage in particular, would mean there would be no way we could recruit the levels of staff needed both for the manufacturing industries, which we have in my constituency, and the service

industries, particularly the care industry, which have been highlighted by one or two Members today. Those in the leave campaign are raising a particular issue to try to inflame local public opinion, but then peddling only a bogus solution. We have one week to expose that and demonstrate to people that their interests are within the EU and in sustaining our current economic and manufacturing base.

3.41 pm

**Tom Tugendhat** (Tonbridge and Malling) (Con): It is a great pleasure to see you in your place, Madam Deputy Speaker. Over the next few days, we will make the final arguments on the question that will decide the future of not only our country, but our continent. We will be asking ourselves not only who we are, but what we wish to become. Whatever answer the people of the United Kingdom give us, it will be for us here in this House to apply that decision in the best interests of our whole nation. Like many on these Benches, I have made my views known. I have spoken out for what I believe in and for what I believe to be in the best interests of my community in west Kent and the whole nation. I have fought for this country and despite some of the comments I have heard, I will not be silenced when speaking in its interest.

I recognise that today, no matter what we say, it is no longer Parliament that is sovereign—it is the people, as it rightly should be. Whatever is decided in the ballot next week, that decision will be final—50% plus one vote will carry the day. To argue otherwise would be to threaten the fabric of our political settlement and undermine the legitimacy of this House. I urge all Members to remember that in the days after the referendum and not to question the integrity or intelligence of the British people in having expressed their opinion. What may follow is less certain, but, as we used to say, it will be our job to receive our orders, gain height, turn to the right and carry on.

Of course that does not mean we have to wait to be ready. On the contrary, we should be thinking, even now, about what an in vote or an out vote would mean for Britain.

**Jim Shannon** (Strangford) (DUP): The EU's bureaucracy and regulations have reduced the number of fishing boats in Portavogie in my constituency from 130 to 70. Six major processing factories have closed in Portavogie and jobs have been lost—young people are drifting away from the sea. The EU has devastated the fishing sector in my constituency. Does the hon. Gentleman agree that if we want to ensure the re-emergence of the fishing sector in the whole of the United Kingdom of Great Britain and Northern Ireland, we have to be out of the EU? For that to happen, we have to vote no and leave Europe.

**Tom Tugendhat:** The hon. Gentleman speaks well for his constituency, but the Member who represents Menai may talk about Menai Oysters and Mussels, which sells most of its catch to Europe and would probably wish to stay in the EU. Even in one industry, there is no single answer, and it is worth listening to the debate of the whole House and to all the people of this United Kingdom, rather than just one pressure group. Of course that does not mean that we have to wait to be ready. As I said earlier, we need to get ready.

[Tom Tugendhat]

The change in the stock market over the past few days has shown that Europe affects not only the fishing industry—for the better in some ways and for the worse in others—but investment in our entire island. Today, people are looking at us and wondering what the future holds.

**Lucy Allan** (Telford) (Con) *rose*—

**Tom Tugendhat:** I wish to make some progress.

People are understandably concerned that the factors that led them to put money into our businesses may not last. The interconnected market, the skills base and the global trading agreements are not as permanent as they once thought; they are not even as permanent as they looked a few days ago. The implications and the consequences for us are very severe. Some have begun to doubt us, but they are wrong. Britain is a powerful and growing economy, and despite the undoubted hiatus that would follow a Brexit, we will recover. Indeed, for the markets, we will once again become a safe haven, but only by comparison with our neighbours. The implication that the Europe Union could disintegrate is worrying.

Let us be under no illusion as to why the option to leave the EU is bad for Britain. It is not, as some have sadly claimed, because Britain is too small. It is not because we cannot survive in a globalised world—it is clear that we are better connected and better integrated with the global economy than many other nations. No, it is because we are the economic leaders of a continent of more than 500 million people who are crying out for that very leadership and the very reforms that we offer.

**Oliver Colville:** Will my hon. Friend give way.

**Tom Tugendhat:** I will make a little progress if I may.

It is worth remembering that this House has shaped the leadership of Europe. We have already achieved two very significant reforms. First, Britain, under the then Prime Minister Margaret Thatcher, steered the competing economies of Europe into a single market. She achieved that against pressure from many other member states. She did so to extend what Britain needed then and what it needs now: economic relationships that endure across the continent. The result was a huge boost to the economy. I pay tribute to my right hon. Friend the Member for Wokingham (John Redwood), who is no longer in his place, for what he did as a member of the Cabinet that took us into the single market. I also recognise the work of my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke), who is also not in his place, as he helped us to achieve the lowest debt levels in a century.

Secondly, we have extended the boundaries of European co-operation to the borders of Russia. This may seem obvious now, but when I was growing up during the cold war, the challenge of uniting a continent seemed extraordinary. Now so obviously one nation and at peace with her neighbours, Germany was not always so, and many opposed the unity that was achieved. The inclusion of Estonia—I had the privilege of serving

with Estonian troops in Afghanistan—Lithuania and Latvia shows what inclusion can achieve in the service of peace.

**Simon Hoare:** I know that my hon. Friend is a busy man, so I do not know whether he has seen General Smith's comments in today's media about the importance of and need for co-operation and partnership. It is a compelling case that underlines the point that my hon. Friend is making.

**Tom Tugendhat:** General Smith is one of the great strategists of our generation. His book "The Utility of Force" is well worth reading.

Britain played an essential role, but it did so not just for ourselves or for others. It did so because shared wealth is good for us all. We prosper when our partners prosper, we are strengthened when our friends are strong, and we achieve peace when our friends are at peace. Therefore, whether we stay or go, we must have a plan.

Our allies around the world—in the middle east, South America, the far east and the United States of America—have invested fortunes through our markets, billions in our industries, and decades in our friendship. They need to know that our promises count and mean something. They need to know that our agreements will endure. They need to know that if we vote out, we are not turning our back on the world, because it will look to them as though we are.

Whatever happens, I urge Her Majesty's Government to commit to investing heavily in the Foreign Office over the next few years, because the trouble that we have caused our friends and allies in this very debate and the doubt that we have sown across the world are so serious that our markets are struggling, and we need messengers of hope and praise to go to our friends' capitals to reassure them. Too often we have ignored our allies, and too often we have laughed at our friends. We must move on. I have heard many people talk about patriotism. Today, I say that I am a patriot, but this is my land here and it extends beyond the sea and beyond the cliffs. This is our continent and we must lead it.

3.49 pm

**Phil Wilson** (Sedgefield) (Lab): History shows what happens when this country turns its back and stops engaging with Europe. That is why most of the world and many experts are asking us to remain where we are. Those who say that we must look to the world as well as to the EU are correct and I agree with them, but we should do that as part of the biggest and richest single market in the world. If the rest of the world is telling us that we can best deal with the rest of the world by being in the EU, we should listen. The USA, China, India, Canada, Australia, New Zealand, Japan and the whole Commonwealth have said that we should remain where we are. Not one country has come out and asked us to leave the EU. Only Russia and North Korea might want us to do that.

World economic forums such as the OECD, the International Monetary Fund and the World Trade Organisation all say the same. Unite, the GMB, the CBI and the National Farmers Union say we should remain where we are. NATO says we should remain where we are, as do universities and 90% of scientists. The Royal

College of Midwives says the same thing. Even the Royal Society for the Protection of Birds says, “Stay where you are.” If the coalition telling us to remain where we are stretches from the world’s superpowers to the local birdwatcher, we should listen to what they have to say.

I want to say a few words about the north-east of England and the con that the leave campaign is perpetrating on people not just in the north-east, but across the country. The north-east is a net beneficiary of EU grants and subsidies that help to train our young people for work and fund small businesses, our universities and agriculture, helping our economy to grow. Even the Chancellor of the Exchequer said on Monday that leaving the EU would put the northern powerhouse at risk. Between now and 2020 the north-east is due to receive about £800 million from the European Union.

**Mr Kevan Jones** (North Durham) (Lab): Does my hon. Friend agree that the north-east of England has benefited tremendously from inward investment, of which the most successful recent example is Hitachi in County Durham? I pay tribute to him for his role in securing 700 well-paid jobs building trains not just for the UK market, but for Europe.

**Phil Wilson:** My hon. Friend is right. Hitachi has come to the north-east of England for two reasons: it has an excellent workforce and is the gateway to Europe. We know that its business model for that investment—£82 million in Newton Aycliffe in my constituency—was predicated on the fact that we are part of the EU. Those who support the leave campaign say that we should not worry about losing the £800 million that we would get from the EU because they will find the money themselves.

**Nick Thomas-Symonds** (Torfaen) (Lab): My constituency, like that of my hon. Friend, benefits tremendously from European social fund money. Does he agree that it is not credible for the leave campaign simply to say one day, “We will replace that money,” without any sense of where it will get it from?

**Phil Wilson:** My hon. Friend makes a good point, which I shall expand on during my speech.

The leave campaign says that it will pick up the tab after 23 June if we vote to come out of the EU. I say to the people in the north-east, “Don’t listen to those people. They can’t do it. It’s the biggest con ever.” First of all, they are not the Government. Secondly, they have already committed to spending the money that we contribute to the EU many times over. Thirdly, the people making those comments are Conservative politicians who for years said that there was no money available, but they have now suddenly discovered a magic money tree. Like all things to do with magic, it is an illusion. Don’t fall for it. It is what it is—an illusion.

The leave campaign is spraying spending commitments around as if there were no tomorrow. Perhaps if we leave the EU, there will be no tomorrow. The campaign’s analysis shows the figures involved. It has committed to building more hospitals, providing more school places, and more spending on science, regional airports, improving railways, more housing, more this, more that, and the list goes on and on. The cost is over £100 billion—£100 billion it does not have. So now we know: as of

today, we can honestly say that the campaigners who want to leave the EU are perpetrating the biggest con trick ever on the north-east. I say to the people of the north-east, “Don’t be conned by the leave campaign’s fantasy economics.”

I must admit that I fear for the future of our region, where I have lived all my life, if we do leave the EU. Over 50% of the north-east’s trade is with Europe, and that provides more than 100,000 jobs. Those two facts alone should make people think twice about leaving. If they do think twice, and if uncertainty sets in, they should vote to remain. They should not be conned into believing that a land of milk and honey awaits us on 24 June, the day after the referendum, because it does not.

I want to say this to the people of the north-east, “Do you really believe that the people who want to leave, such as the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith), who gave us the bedroom tax and food banks, and the Lord Chancellor and Secretary of State for Justice, who said that the NHS needs to be dismantled, have the best interests of the north-east, and especially Labour voters, at heart?” I do not believe they do. They are very well off, and they will remain well off whether we vote to remain or to leave. I say to the people of the north-east: don’t be conned—vote to remain.

3.55 pm

**Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): I enter the debate with a certain amount of trepidation, especially after the powerful speech by my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat).

The reason I will be voting to remain is that, frankly, I do not trust the Germans and the French to run Europe without us there to keep a close eye on them. Over the last 16 years—as the parliamentary candidate for Plymouth, Sutton and Devonport and, more recently, as its Member of Parliament—I have always sought to take a realistic Euro-view. I am not Euro-suicidal; we should make sure that this thing works for us and that we get as much as we can out of it. However, if there is a downturn in our economy, which appears likely should we come out, any action on the issue I have campaigned on for the last 16 years—the improvement of the railways and roads down to the south-west—will be put off for another 10 or 15 years, which would be a personal disaster.

The debate on our membership of the European Union is very similar to previous debates, such as those on the corn laws and imperial preference. Thank goodness our country eventually found a way through those issues, but it unfortunately had to get involved in a few world wars in the process. I am keen to ensure that that does not happen again, especially as my relatives have fought in every world war and probably every other war—we have been here for a long time.

Our job in Europe is to maintain the balance of power. That is utterly crucial. When we have walked away from Europe, we have had to pay with an enormous amount of blood and an enormous amount of treasure. I received a briefing the other day from one of the more renowned journalists in this country, who told me that America is now looking less at Europe—it sees Russia

[*Oliver Colville*]

as a regional, rather than a world, issue—and that it is much more interested in the Pacific. If we come out of Europe, therefore, we will be Billy No Mates, and I do not want that to happen.

Earlier this year, during the recess, I spent a few days in Norway with the Royal Marines, seeing for myself some of the issues they have to deal with. I got involved in trying to build shelter, light a fire and kill a chicken—I did not do that—and it was all rather difficult. However, I also learned how important the Baltic states are for this country, and we must continue engaging in Europe because I am afraid that that issue is going to be very big. I would also add that the Americans are not interested in putting money into NATO; they are seeking to take it out, and the moment we decide to walk away from all of that, we will find ourselves having to spend more money.

**Tom Tugendhat:** Does my hon. Friend recognise that the Republican candidate for the United States presidency has declared NATO obsolete?

**Oliver Colville:** Absolutely. I find that utterly stunning. That is why we want to remain.

Babcock, which runs the dockyard in my constituency and employs 5,000 people, has written a letter to *The Times* very firmly in support of remaining. I have a boat manufacturer that is very worried about what would happen should we come out, because it thinks that the French and the Greeks will seek to protect their own boat-building industries and that it will therefore have to pay a significant surcharge. We would end up seeing the university and students in my constituency very badly damaged. We have a global reputation for marine science engineering research, and I do not wish to jettison that.

The claimant count has come down to below 4% in an extremely deprived constituency. It is rather unique to have a Conservative Member of Parliament representing an inner-city seat that has an 11-year life expectancy difference between the northern and western parts and around Devonport. It is very important that we continue to be able to invest in changing these kinds of things.

The Prime Minister has done exactly the right thing in seeking to make sure that he got the best possible deal out of the Europeans. We have to remember that if by some chance it was decided that we should become much more integrated in the European Union, we would have another referendum. I hope that will horrify all Conservative Members, because we have had enough of all this.

This is about making sure that we have a strong position in Europe and that we deliver on the economy for the west country, but also that we do not get involved in any more world wars, or wars of any sort.

4.1 pm

**Liz Kendall** (Leicester West) (Lab): Madam Deputy Speaker,

“by the strength of our common endeavour we achieve more than we achieve alone, so as to create for each of us the means to realise our true potential.”

Those words, written on Labour’s membership card, are why I joined my party. I believe they are as true for nation states as they are for the people I am now privileged to serve. I say that because the central argument made by those who want us to leave the EU is that Britain will achieve more, and have more power and control, if we vote for Brexit. I could not disagree more. In a world that is more connected than ever before, real control—the power to shape our destiny, tackle challenges, and seize opportunities rather than be left to the mercy of events—comes from working with our neighbours and allies to get the best for the British people.

President Obama says that the nations that wield influence most effectively do it through the collective action that today’s challenges demand. He is right. Being a member of the EU gives Britain more influence and power, not less: the power to sell our goods in a single market of 500 million people, according to rules that we help decide, and to reach better trade agreements as part of a bigger bloc of 28 countries; the power to tackle cross-border terrorism and crime, and to act together when the rule of international law is threatened on our doorstep, as we did with the sanctions regime we imposed following Russian aggression in Ukraine; and the power to address serious, long-term global challenges such as climate change, using our influence to secure a better deal within the EU and using the EU’s influence to get a better deal with the rest of the world. Cutting ourselves off from our neighbours and allies in Europe and attempting to go it alone would diminish Britain’s power, not increase it, and give us less control in shaping our future, not more.

While I care passionately about Britain’s influence and role in the world, in the end this referendum will come down to the central question of our economy and whether we will be better off in or out of the EU. Not a single serious or credible organisation thinks that we would be more prosperous out. The TUC and the CBI are united on this: jobs, investment and wages will be hit, and businesses and workers will suffer. The Institute for Fiscal Studies warns that our economy will shrink if we leave the EU. The costs would far outweigh the money that we would get back by no longer being a member, and we would require an additional £20 billion to £40 billion of borrowing or spending cuts on top of what is already planned.

I am campaigning for remain not just because of the risks of a Brexit vote but because of the opportunities for British businesses, workers and young people to build a better future if we remain in the EU. Membership has already benefited this country hugely, attracting crucial investment from companies such as Nissan, Siemens, Hitachi, Toyota and Jaguar Land Rover, which has brought decent jobs and training for young people in the areas that need them most.

Businesses in my constituency, such as the IT company Rock Hall and the energy efficiency company BillSaveUK, tell me that they have real potential to expand and grow their businesses in future, particularly as the single market in digital services is completed and new trade deals open up markets in areas such as clean energy. I desperately need such companies to expand and thrive so that more of my constituents can get decent jobs in the modern manufacturing industries of the future.

Many of the students I meet tell me that they are passionate about us remaining in the EU. Our great University of Leicester has benefited hugely from EU

investment in its new Centre for Medicine, which is doing world-leading research on heart disease and training the doctors of the future. Being part of the EU enables my local students to live, learn and study in other countries. They are terrified that, if we leave the EU, their job prospects will be worse.

Like me, those students are astonished that people who back Brexit, such as Aaron Banks, say that even if there is an impact on our economy, it is a “price worth paying”. But who will end up paying the price? Not Mr Banks, the right hon. Member for Surrey Heath (Michael Gove) or the hon. Member for Uxbridge and South Ruislip (Boris Johnson). It will be those who always suffer in an economic downturn—the poor, the vulnerable and the low paid. Jobs will be lost and incomes will be hit, and families will be left struggling to cope with the consequences. Slower growth and lower tax receipts will reduce funding for the public services we all rely on, and for what? The mirage of greater self-control. That is why I am passionate about us voting to remain in the EU—so that we do not put our communities at risk and so that we can seize the opportunities of the future.

4.7 pm

**Helen Whately** (Faversham and Mid Kent) (Con): It is a pleasure to follow the hon. Member for Leicester West (Liz Kendall), who rightly made the positive case for staying in the European Union and, most importantly, asked who will pay the price if we leave.

I want my constituency and my country to be prosperous, peaceful and proud of being British. That is why I will vote to remain on 23 June. I could make the security case, or a case about the sort of country that I want us to be, but today’s debate is about the economic benefits of European Union membership, so I will focus on that. Being in the European Union brings investment and jobs to the UK. It is not perfect—no relationship is—but being in the EU is good for our economy, which is good for our country.

My right hon. Friend the Prime Minister recently joined me in my constituency on a visit to the UK’s oldest brewery, Shepherd Neame. It has been expanding successfully since the recession, thanks to our strong and stable economy in the European Union, but that is not something that it, or we, should take for granted. Like many businesses, Shepherd Neame is worried about the risk that we will leave the EU, and I am worried because it is the largest employer in my constituency. If it struggles, jobs will be lost.

There is no doubt—almost everybody agrees about this, including those who are campaigning for us to leave the EU—that there will be a recession if we vote to leave. That will result in the loss of thousands of jobs. I have heard some on the leave side of the argument suggest that the loss of those jobs perhaps does not matter, and that they see it as a sacrifice that might be worth making. But jobs really do matter; they mean livelihoods and the income needed to pay the mortgage, rent and bills and to buy children’s shoes. I could go on. It may sound obvious, but I really am shocked at how dismissive some of those arguing to leave are being.

I think about what the economic squeeze that we will experience—whether it lasts five years, 10 years or longer—will mean for today’s school leavers. A generation

of school leavers was hit hard by the last recession, and we cannot have another lost generation as a result of a decision to leave the European Union.

Some Members have argued that a vote to leave could boost trade with non-European countries, but that is highly uncertain and, I would say, unlikely. Our largest export market outside the EU is the US. We exported £84 billion of goods to the US in 2014, but that is dwarfed by the more than £150 billion of goods and services that we exported to EU countries. Some Members have argued that if we leave, exports to India, Australia or Canada should increase, but the value of our exports to each of those countries is less than £10 billion per annum, and that would not change overnight.

Some time ago, before I became an MP, my day job was negotiating deals for AOL Time Warner, which at the time was the largest internet provider in the world. One thing I learned as a deal negotiator was that size matters for bargaining power. To those who say that the UK would somehow get better deals if we left the EU, I make the point that the EU is a much larger market and so has greater bargaining power in negotiations with other countries. I do not think we can be remotely confident, however great we are as a country or however good we are at negotiating, that we would be able to negotiate better trade deals with other countries than we can as part of the EU.

I am conscious of time, so I will move on quickly. The NHS is the reason why I became a Member of Parliament. Since my time doing the deals that I mentioned, I have worked mainly with hospitals and the NHS. I know just how difficult things are for the NHS at the moment. If we are to be able to afford the costs of care for our society as we live longer and demand more from the NHS, we need a strong economy. A vote to leave would damage not only our economy and prosperity but our international reputation. We are respected abroad for our values, our integrity and our collective conscience, and many countries seek to emulate our democratic system. Leaving the EU sends the wrong message. It suggests that when things get tricky, we walk away. That is not the sort of nation that I want us to be. We must be an optimistic country playing an influential role in the world, and that means being in the EU and leading from the front.

4.12 pm

**Alison McGovern** (Wirral South) (Lab): As part of Labour’s in campaign, I spoke to a woman on the phone last night. She was not sure how she was going to vote, and she did not know who to believe. She said that she just wanted the facts, so that is where I begin. We must be absolutely clear: globalisation is happening, and it is not going away. With democracy in eastern Europe and the opening up of China and India, capital, goods and people move freely across borders like never before, creating opportunities but also causing disruption. The globally connected economy means that problems in the American mortgage market can trigger a recession that spreads around the globe in hours.

That is the modern world. For us in Britain, each generation must answer this question: although we accept free trade because of the opportunities it offers, what rules are required to make the market fair? The global economy offers the UK huge potential. We have advanced service sectors, and our creative economy has boomed.

[Alison McGovern]

Nowhere is that more obvious than in our capital, which is perhaps the most globalised city in the world, but go to Manchester or Liverpool and the story is the same.

We must be honest about globalisation. Although it creates opportunity for many, it causes others disruption and dislocation. Jobs are created, but jobs are also lost. Capital movement can grow the economy, but capital hiding—offshore and untaxed—hits our public services. How do we get maximum gains from this changing world, and how do we minimise the disadvantage? That is the real question to be answered by the EU referendum.

Amid all the misinformation in this debate, there is a deep dishonesty about the campaign to leave the European Union—or perhaps I should say the two campaigns, because there are two completely contradictory arguments up and running at the same time. On one hand, we are told that we must leave so that we can stop the disruptive effects of globalisation, close the borders, introduce protectionism and give British workers preferential treatment.

**Oliver Colville:** Does the hon. Lady recognise that the Brexit campaign has also led people up to the top of the hill in relation to immigration and could be doing enormous damage to community relations?

**Alison McGovern:** I could not have put it better. Those who are feeling the sharp end of globalisation are presented with a particular suggestion about that as a solution, but as the hon. Gentleman says, it is nothing of the sort. It would sabotage the British economy, destroy even more jobs and reduce revenue for public services.

On the other hand, there is the other set of leavers—the people who think the problem with the EU is, as we heard earlier, that it shuts us off from globalisation. They say we should leave Europe and face the world, embrace non-EU immigration and let the market rip. Even if we ignore the difficulty of facing the world when we have no trade deals, that is not an attractive option. It would mean even more churn in the British economy, even more losers from globalisation and an even greater sense of dislocation.

Those are therefore two bad options and a false choice for Britain, but there is one even bigger deceit: the lie that we can have both those things at once. That is not true, because people are either up for free trade and taking part in the world, working with others to make markets work, or they want to shut Britain off from the world. By allowing that confusion, the leave campaign is misleading people. This dishonesty, which is put across as plain speaking, is about telling low-paid workers that there is an easy remedy for their woes when, in reality, the medicine will only make the patient sicker.

I agree with the Brexit lot on one thing: it is time for plain speaking. The truth is that the world economy has globalised, which brings big opportunities but also brings disruption and loss to many people. We will solve that not by running a siege economy or letting the market rip, but by staying in the single market and taking advantage of the opportunities that will come in the next few decades as we properly integrate services and

energy into that market, which is where we stand to benefit. Given that the EU is the market for 47% of our exports, we should help eurozone countries make the economic reforms they need so that they can buy more of our goods, not just leave them to fail.

As we know, co-operation is key to how we maximise our success and central to minimising the negative effects of globalisation. It is only through co-operation in the EU that we will make sure there is no race to the bottom on working conditions. For a low-paid worker, Brexit will mean worse conditions and worse career progression. For a higher-paid worker, Brexit will mean fewer opportunities, less trade, worse pay progression and higher taxes. For a pensioner, Brexit will mean less money to invest in the pensions system. Even pro-Brexit economists acknowledge that there will be a short-term hit.

I have talked about the long term, but let me take a moment to consider the short term. Brexit will mean a recession, as if we needed another recession after the horrors of 2008. Unlike in 2008, however, we would not have a Government willing to work with others around the world to solve the crisis; we would have a recession under the most right-wing Government in living memory, and we would have a closed economy that would make all of us, but especially those with the least, poorer.

This is the question on the ballot paper next week. It is a choice between prosperity in the EU and austerity out of it; between influence in the EU and irrelevance out of it; and between facing up to the modern world economy and making it work for Britain, and pretending that we can solve our problems by quitting, which we will not. Let us vote remain.

4.18 pm

**Mark Pritchard (The Wrekin) (Con):** I believe it is in our national security interest to remain in the European Union and, indeed, that it is in the national security interests of the United States and of our allies in Europe. At a time when there are many conflicts around the world and when the world is very unstable, with an aggressive Russia and a belligerent North Korea, the very last thing we want is a fragmentation of the European Union, ambiguity in foreign policy or a weakening of the European Union and of the strength we draw from one another.

There has been a lot of debate about whether NATO or the European Union is the cornerstone of our national security, but I would argue that both have become such a cornerstone. I do not resile from the fact that NATO is a major cornerstone of our national security. However, I ask Brexiteers this: if the UK were to leave the European Union, is it more likely that France and Germany would fast-track EU defence structures? My answer is yes. If that is the case, is it likely to undermine NATO? Again, my answer is yes. In my view, in the medium term we would see EU defence structures compete with NATO rather than complement it. That makes me very concerned indeed.

We also hear, on counter-terrorism, that our so-called open borders endanger our cities and towns and those who live in this country. But the majority of counter-terrorism challenges in this country are home grown. The majority of those involved in the awful and egregious attacks in Brussels and Paris were EU citizens. It is completely misleading to suggest that remaining in the

European Union increases our likelihood of suffering a terrorist attack. We could be attacked at any time. I pay tribute to our intelligence services, our armed forces and police.

Along with my hon. Friend the Member for Bury North (Mr Nuttall), I co-wrote a motion on having a European referendum that went against the Conservative Prime Minister and Government. We are where we are, and I make no apology for having played a key part in that, because it is right that, after 41 years, the British people are re-enfranchised on the European question. Nevertheless, I served on the NATO Parliamentary Assembly for five years and on the Joint Committee on the National Security Strategy for four years and, after serious reflection, I have come to the view that, on balance, for national security reasons we should remain in the European Union.

We have rightly heard a lot about the economic impacts of withdrawal from the European Union. I have absolutely no doubt that there would be a massive shock for our economy. If there was a £30 billion or £40 billion hit, yes, there would be further public sector cuts and tax rises. That would be bad for Britain, which today is leading the economies of Europe and indeed has the fastest growing economy in the G7. But without national security, we cannot have economic security, and without economic security we cannot have national security, because we will not have the funds to pay for our defence and our intelligence agencies. My hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) quite rightly called for an expansion of the Foreign Office—both the Secret Intelligence Service and the mainstream Foreign Office.

My hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) put his finger right on it: do we want to put up the white flag and surrender all that we have worked for in Europe to France and Germany? They are close allies, but occasionally on foreign policy they can be eccentric, to put it politely. Diplomacy is a key part of national security. Are we going to surrender the diplomacy of the European Union to some of the more eccentric play of France and Germany? Would we have the robust and tough sanctions on Russia over Ukraine if it had not been for the Prime Minister's and Foreign Secretary's robust representations in Brussels and around the capitals of Europe to make sure that Russia paid for its aggression? If Russia were not paying for that aggression through sanctions, would there be aggression in the Baltic states?

I am not a Europhile. I am not passionate about Europe. I love the United Kingdom. That is why I believe that, on balance, the best prospect for a safer, more secure and more prosperous United Kingdom is to remain in the European Union.

4.23 pm

**Mr Mark Hendrick** (Preston) (Lab/Co-op): The forthcoming referendum on the UK's membership of the European Union will say a great deal about how we, the British people, see ourselves as a nation. Are we a nation at peace with ourselves, internationalist in outlook, confident of our place in the world and comfortable in the belief that by working closely with others we can govern our peoples to the benefit of everyone? Or are we fearful of the outside world, feeling that the European Union is doing Europe to us rather than us being a part

of Europe, and fearing the threat of immigration, because the concept of free movement of European citizens has been conflated with free movement of refugees, economic migrants and legal or illegal migrants from outside the European Union?

We face a whole host of problems: illegal migration, people trafficking, drug smuggling, terrorism, environmental pollution to our rivers and seas, and so on, and none of those things respect national boundaries. Working together in the most successful multinational organisation that the world has ever seen, with its own single market, is a solution to our problems, not a problem in itself. Yes, we have our differences with our European neighbours, but they are settled on conference tables in places such as Brussels, Strasbourg, London, Berlin and Paris; not by bloody wars on European soil as they were for hundreds of years—indeed, in the last century, those problems escalated into two world wars and resulted in the deaths of millions of people.

The real response is for Britain to admit that those problems are also our problems. We cannot shut ourselves off politically and economically from the rest of Europe, and we must recognise the geographical and political fact that we are part of a union of nations that share common interests, values and goals, and that our neighbours' problems will soon become our own unless we work with them to help solve them. If we did not already have the European Union, we would have had to create something similar to deal with those problems, and many others.

History, solidarity, and common sense are good reasons for staying in the EU, but let me be a little more hard-headed and talk in terms of costs and benefits—I have said little about the benefits of the EU and many of the things that we take for granted. The anti-Europeans and xenophobes who say that Europe is a threat totally disregard decades of successful membership that have contributed to making Britain the world's fifth largest economy. Yes, we could “survive” and “manage” outside the European Union, but at what price? The benefit of being a member of the largest single market in the world has a cost, which is why we pay contributions for membership as we would when joining any club. We do so because we accept that the benefits outweigh the costs.

Let us consider what the UK's largest business organisation, the CBI, has said, as well as the UK's largest workers' organisation, the TUC. We have access to a \$16.6 trillion a year single market of 500 million people, which is a key benefit. The single market goes beyond a standard free trade agreement. The EU has eliminated tariff barriers and customs procedures within its borders, and it has taken strides towards removing non-tariff barriers, such as goods regulations, across the board. The UK's contribution is a small net cost, relative to the benefits, of around €7.3 billion, or 0.4% of GDP. It is clear that the UK's largest business organisation is in favour of our remaining in the EU.

The TUC general secretary, Frances O'Grady, says:

“Working people have a huge stake in the referendum because workers' rights are on the line. It's the EU that guarantees workers their rights to paid holidays, parental leave, equal treatment for part-timers, and much more...These rights can't be taken for granted...And without the back-up of EU laws, unscrupulous employers will have free rein to cut many of their workers' hard-won benefits and protections.”

Without remaining in the EU those protections could well disappear. Vote remain.

4.28 pm

**Simon Hoare** (North Dorset) (Con): It is a pleasure to follow the hon. Member for Preston (Mr Hendrick), and I agreed with most of what he said.

When we started this process, if I had been split down the middle I was 49% for leave, and 51% for remain. Today, I am 127% in favour of remain—don't worry, I haven't got my figures from the leave campaign. Two reasons have got me to that position. The first is just looking at some of the facts. I am a south-west Member of Parliament. In the first quarter of this year, we exported goods worth £9.7 billion from the south-west to the EU. Some 64% of all exports from the south-west go to the EU. In my constituency, 5,249 jobs are reckoned to be dependent on trade with and membership of the EU—one of the highest, if not the highest, in the county. On a conservative estimate, 45,000 jobs will be at risk in my region were we to leave.

The average take-home pay in North Dorset, leafy and beautiful as it is, is £16,500. It would be a dereliction of my duty to vote in any way other than to protect and to preserve that. I am not one of those ideologues who wishes to sacrifice, on some altar of so-called sovereignty, the livelihoods of my constituents. Sovereignty as an abstract does not pay the mortgage, does not pay the rent, does not pay the bills and does not put food on the table. I would not be able to look my constituents in the eye and say, "But don't worry, we're free and all the rest of it, so we can starve in our own independence." What a marvellous, marvellous legacy to leave!

**Mrs Sheryll Murray**: I relied on fisheries to pay my mortgage and put food on my table for my children. Will my hon. Friend look me in the eye and say he is happy to sacrifice an industry for the EU ideal?

**Simon Hoare**: In the first instance I would not say that our fishing sector has been sacrificed, but I have to think about agriculture. We are all absolutely right to look at this issue from the perspective of our constituents. Agriculture, in particular the dairy sector in North Dorset, would not be able to survive without the continued, guaranteed, politically colour-blind support the EU provides to British agriculture.

There are two specific things I would like to say. The first relates to the absolute lack of clarity and united vision from the leave campaign: Albania, Norway, the World Trade Organisation, something like the North American Free Trade Agreement, we can stand alone, imperial preference, let's bring back the corn laws—whatever it might happen to be! Somehow or other we have an arrogance, which I think was probably the death of a lot of our industries some years ago, that we have a right to sell to the rest of the world, in particular Europe, on terms to our satisfaction, and that they should feel jolly grateful that they are allowed to buy our product. The global marketplace does not work like that anymore. We have to earn our living.

**Chris Stephens** (Glasgow South West) (SNP): Is this not the big contradiction of the leave offer from some? They claim that we can be in the European Free Trade Association, but that would mean signing up to every single EU rule and regulation, which we would not be able to change. The only way to change EU rules and regulations is to be a member of the European Union.

**Simon Hoare**: The hon. Gentleman is absolutely right. It is either the longest suicide note in history or the worst-written business plan I have ever come across. Imagine going to the bank manager and saying, "I've got a fantastic wheeze. I'm going to put at risk 42% of my almost-guaranteed sales and leap in the dark to see if I can grow a few other markets." We can actually do both, but it seems to me to be an act of the highest folly to endanger tariff-free access to the world's largest free trading area. That would be a dereliction of our duty.

For those who slather and get frightfully excited when their erogenous zones of sovereignty are being tickled—not, in the cases of some, the most attractive prospect I can think of—let us recall and put it on the record that they keep saying that this sovereign House of Parliament must take the decisions. That is absolutely right. We are accountable to our constituents and if, after five years, they do not like what we have done they can jolly well kick us out. If we had a vote of this sovereign Parliament this afternoon, 74% of us would vote to remain—across party, across regions and across country. It is a telling sign of the clear merits and benefits of UK plc doing that traditionally British thing of fighting for our interests, championing our businesses, speaking up for our people and making sure we get the best deal possible.

I want to mention the other 60-odd per cent. of the reason I am voting to remain. I had prayed that we would not have a rerun of the debate in Russia in 1870s and 1880s and in Germany in the late '20s and '30s. Our infrastructure is under pressure. Well, we can solve that—it is a sovereign job of this place and our local councils—but, no, we will blame the Jew, the Ugandan—anybody but ourselves; we will blame them for taking our jobs, our houses, our places on the hospital waiting list, forgetting that in constituencies such as mine, 65% of people are retired and that we have a falling birth rate. We need these young people coming in to work in our services. Regrettably, we are hearing that bitter, twisted, mealy-mouthed, acid-riven debate about immigration. I do not want any part of it. There is a strong, positive narrative, about how we need that new blood and talent coming to our shores. When we go to Spain and set up a business, we call ourselves expats; when they come here, we see them as a drain. Not in my name or the name of this party! We will be voting to remain.

4.36 pm

**Paul Farrelly** (Newcastle-under-Lyme) (Lab): Madam Deputy Speaker, you, like many of us, might have seen a front-page splash in *The Times* last week trumpeting the support for Brexit from Lord Anthony Bamford of JCB, the iconic digger maker based in my county of Staffordshire. I was intrigued by the story, mainly because it smacked a little of desperation. It was, as it is called in the trade, old news, because anyone reading *The Sentinel* newspaper in Staffordshire would have known that when the good lord came out all of a year ago.

Anthony Bamford is part of just a small smattering of industrialists on the Brexit side that includes a maverick knight of the realm, Sir James Dyson, who makes those costly, complicated hoovers—in Malaysia. In reality, their views are not reflective of the large majority of British businesses, investors or economists. Our membership of the EU has been vital to our attracting much needed investment here. Nissan, Toyota and Honda from Japan

made that clear very early on, when they urged the UK to remain, and the likes of BMW, Volkswagen, Bosch and Siemens from Germany have since joined them.

**Helen Goodman** (Bishop Auckland) (Lab): Did my hon. Friend see the story in the *Financial Times* today pointing out that both Sir James Dyson and Anthony Bamford had been caught breaking competition laws by the European Commission, and suggesting that that was their motivation?

**Paul Farrelly**: I cannot speak for their personal motivation, but I am sure that they are speaking for themselves personally rather than for their own businesses.

German companies here employ 500,000 people. Along with the Japanese, they have made the UK car industry today the most successful in our country's history—along with Tata of India, of course, with its investment in Jaguar Land Rover. Tata, too, cannot fathom why Britain would want to leave the world's biggest single market. In this debate, their voices deserve to be heard and listened to, not silenced through intimidation, as was the intention at the beginning of the leave campaign. Then, of course, there are the voices of great British companies—household names such as Rolls-Royce, one of our biggest exporters. My grandad built Spitfire engines at Crewe for Rolls-Royce, and today the company, patriotically, urged its staff to vote remain.

It is not just multinationals that are emphatically in favour of our remaining in the EU. This spring, like other colleagues on the Opposition Benches, I carried out a survey of about 1,000 predominantly small businesses in my constituency, and we had a good response. Some 80% were in favour of remaining. Some wanted reforms, but they firmly believed that we should stay in, to reform from within. The response to our survey reflected the balance within the wider membership of Staffordshire's chamber of commerce and the views of the British Ceramic Confederation—the industry from which my area of the potteries takes its name. This—particularly for us—vital export-led industry wants us firmly to stay in because it is in its and the country's interests. It recognises that it is better to have one rule book, rather than 28 different ones for each country in the EU.

Let me take a local example of the new economy. One of our most passionate supporters of the remain campaign is bet365, which is now the world's biggest online gaming company and the owner of Stoke City football club, which I must of course mention. In little more than 15 years, the Coates family has built that business up into the biggest private sector employer in North Staffordshire, with more than 3,500 highly skilled staff. It is one of the UK's biggest business success stories of the last decade. Frankly, bet365 can only dream of one rule book, because at the moment it has to contend with not only 28 but far more rules, with each of the German Länder and other different European regions having their own individual regulations. Bet365 is precisely the sort of business that will benefit by staying in and extending the single market to services and e-commerce, which were key topics in the Prime Minister's renegotiations.

**Mr Jim Cunningham**: Earlier on, my hon. Friend probably heard me mention the reasons why two Prime Ministers of two different parties wanted to enter Europe, but a third who was not exactly friendly to Europe should

be borne in mind—Margaret Thatcher. Why did she sign up to the single market if alternatives were available? This is what led to the free movement of labour, the proposal for a central bank and, more importantly, the euro. This shows that some of these Brexit people were the very ones who signed up to support the EU.

**Paul Farrelly**: My hon. Friend is absolutely right. Margaret Thatcher knew exactly which side the country's bread was buttered on, as did John Major, whose Government were held to ransom by many of the people who are campaigning for Brexit this time, and who will no doubt make the life of the right hon. Member for Witney (Mr Cameron) a misery after this referendum, when we will hopefully vote to stay in. The businesses that I have mentioned, locally and nationally, will not benefit—and neither will the wider British economy—by us stomping out truculently and bad-temperedly next Thursday.

If I had more time, I would talk in greater detail about the benefits of EU membership to the NHS and higher education. I have a whole campus, Keele University, in Newcastle-under-Lyme which, together with our NHS, now has one of the country's leading medical schools. Its position is shortly to be boosted by a £20 million new research facility for drugs and medical treatments, £13 million of which will come from the EU. In all, the university, the NHS and therefore our local economy are due to gain £30 million-worth of EU funding for research and education over the next few years. It is right to point out the risk of losing it if we vote to leave. The EU has been pivotal in securing other rights that are too often taken for granted—equal rights for agency workers, minimum paid holidays, maternity pay and indeed equality of pay across the board.

To conclude, I firmly believe that having this referendum was a reckless and unnecessary gamble with our country's future. It was a tactical exercise in party management, which has seen the governing Conservative party fall apart over the issue. The right hon. Member for Witney, through two general elections and two referendums so far, has in many respects been the luckiest of Prime Ministers. I hope that his luck holds next Thursday. The decision we face next week is about much more than jobs, investment and prosperity. It is about learning the correct lessons from history. The past has shown that Britain has an important role at the heart of Europe. That engagement and co-operation make our continent more progressive, more outward-looking and more stable. Next Thursday, the right lesson to learn from history is to vote remain.

4.43 pm

**James Cartlidge** (South Suffolk) (Con): It is a great privilege to be called to speak in this historic debate. I will vote remain for one fundamental reason. I am a father of four small children, and the last thing I want is for them to grow up in a country with less opportunity than I have had the great privilege to enjoy. What an opportunity it is. If we vote to leave, this country will not go to the dogs; it will rather be a case of an opportunity cost and an opportunity missed. Alone in the world, we are the only major nation on earth that enjoys unfettered access to the European single market in a currency over which there is no existential doubt.

[James Cartlidge]

I was passionately opposed to membership of the exchange rate mechanism and the European Union, but I believe that to be a major nation in the EU but outside the straitjacket of the eurozone is to be in an incredible position; and that position has been strengthened greatly by the Prime Minister's renegotiation. Some say that it was not a fundamental renegotiation, but the securing of the one key point that the EU cannot discriminate against countries that do not use the euro means that our platform of prosperity is now secure. I believe that, by voting to remain, we can build on that in four vital strategic economic areas.

First and foremost, we will restore our reputation as a safe haven and a sound and stable country in which to invest. This referendum, like the referendum in Scotland, puts that at risk by threatening huge uncertainty. If we vote to remain, while those two constitutional issues will not go away, to the people who matter—

**Stephen Gethins:** Will the hon. Gentleman give way?

**James Cartlidge:** I should be delighted.

**Stephen Gethins:** The hon. Gentleman has mentioned the independence referendum in Scotland. At least he will concede that the Scottish Government provided a 650-page White Paper saying what they would do in the event of an independent Scotland. I have seen squat from the vote leave campaign.

**James Cartlidge:** I do not need to add very much to that, but the point that I am making is in no way intended to incite the Scottish National party. I am simply saying that I believe we will restore our international reputation as a sound and stable nation by putting those two constitutional issues not to bed but to the margins, in the eyes of the investors and the people who matter most.

My second point concerns the terms of trade. Last year I was standing on the platform at Marks Tey station, on the main line into Liverpool Street, with a member of my Conservative association. A goods train passed, travelling from the Felixstowe direction towards London, and therefore its load was obviously from China. There was a container on every single wagon. A few minutes later, a chap looked at me with dismay when another goods train went in the opposite direction, with not a single container on it. I reassured him by saying, "Don't worry: that's what we mean by 'invisible exports.'" [Laughter.] But actually, that is the key point. Because a few minutes later, on the same platform, herds of commuters—including many from my constituency—boarded the train to Liverpool Street, not to go and make widgets to be sent back to China, but to sell the insurance, to negotiate professional services, to do the finance.

That is where our comparative advantage lies. Trade is about comparative advantage—doing what you do best. If we leave, there is no way in which we can have a say in the attempt to complete the single market in services. I believe that if we stay, we will achieve that, and you cannot put a value on what that will add to our economy, given our expertise in the service sector.

My third point is about inward investment. I find it absolutely astonishing that we keep hearing from Brexit campaigners about the deficit in European trade compared with trade with the rest of the world. Only one group of companies is doing all that trade, and most of those—the ones that are making the biggest dent in exports—are foreign companies: Japanese car makers, American banks, and French pharmaceutical firms such as Sanofi, based in Haverhill, which I visited recently. Its biggest export market is, by far, the United States of America, but it is based here in the United Kingdom because we have access to the single market. To pretend that European trade and global trade are somehow separate is complete nonsense.

I believe that if we vote to remain, we will drive inward investment far higher, and therefore drive our exports. Instead of worrying about trade figures as some negotiating stance, let us look at them as we should, and conclude that we need to do better—and one way of doing that is to vote to remain, to show that this country is open again for business from around the world.

My fourth point relates to what is said about the future of the eurozone. Those who want to leave the European Union say, "The glass is half empty: we should leave because the eurozone will collapse," and so on. Our flexible position means that if the eurozone gets into trouble, that will simply reinforce our unique status in that we alone, as a big country, have unfettered access and are not in the euro. If the eurozone strengthens, that will massively boost our exports and help with our trade deficit. We cannot lose, provided we play our cards right.

I would make one final, fundamental point. There are those who say that in this referendum on neither basis are we voting for the status quo, and they are right. If we vote to remain it will not be the status quo, because we will have made up our mind: after all these years of being held back by this interminable debate about whether to be in or out, if we decide as a country to remain, we are deciding to get stuck in in Europe, representing this country. I believe we will then have to stand tall, proud and prosperous in this great continent on behalf of this great country, and the only way to do that is to do the patriotic thing and vote to remain in the EU.

4.49 pm

**Mr Steve Reed** (Croydon North) (Lab): This afternoon I want to focus on why it is important for Croydon North that Britain remains a member of the European Union. Croydon North is part of an outer London borough, but it has many of the features of an inner-city area: an extremely diverse population, high levels of youth unemployment—particularly, sadly, in the black community—and too much poor quality housing, particularly in the private rented sector, but it also has a very enterprising and ambitious population.

Croydon is at a crossroads. The Labour council elected two years ago has announced a massive £5 billion regeneration project for the town centre that will affect the whole borough. It will reshape the retail centre around a new Westfield-Hammerson's shopping mall, including thousands of new homes, thousands of new jobs, new education and leisure facilities, and a growing new tech hub. Being a 15-minute train journey from

Gatwick in one direction and central London in the other, Croydon is ideally placed to take advantage of being part of the world's biggest trading bloc.

The future looks bright for Croydon, but a big question-mark hangs over it all, and that is the threat of Brexit in next week's referendum. The investors Croydon hopes to attract will think again if Croydon is outside the European Union. They do not want trade barriers blocking their access to Europe and they will think twice about investing in an economy that is going backwards into recession.

If we tried to stay in the single market without EU membership, we would be subject to EU rules and freedom of movement, like Norway and Switzerland are, but without the veto we currently have: the same circumstances, but no voice.

**Lyn Brown** (West Ham) (Lab): That is the one argument that people on my street just are not aware of. They think we can have a trade agreement with the EU and still lower the immigration from EU countries. It simply is not true, because we would have to sign up to the same freedom of movement. We need to get that message out.

**Mr Reed:** That is absolutely true. I am sure my hon. Friend is doing as much as she can in her constituency, and I am going to be doing as much as I can in mine.

We would become weaker, not more powerful, if we left the EU. We would lose control over our destiny, not gain it. The Governor of the Bank of England has warned that a vote to leave the EU could trigger a recession, and nine out of 10 economists agree with him that Brexit would damage the economy. A vote to leave next Thursday would be the first time a country had voluntarily chosen to throw its economy into recession, and that would mean more job losses, lower tax revenues, a growing deficit, more cuts in public services like health and education, rising interest rates to prop up the pound and, because of that, higher mortgages. And it is not the wealthy élite that will suffer; it is ordinary people in places like Croydon North.

Immigration has helped London's economy to grow, and it has benefited Croydon immensely. Where there are pressures because of immigration, like housing or the NHS, those are not the fault of immigrants, who put in more than they take out; they are the fault of a Tory Government who are underfunding our health service and selling off social housing. We cannot allow immigrants to be scapegoated for the failures of this Conservative Government.

Too many people in Croydon work long hours for low pay in insecure jobs. Their lives would become harder still without the employment protection that comes from our membership of the EU. Pro-Brexit Tories have already made it clear that they cannot wait to leave the EU so that they can cut workers' rights in half. That is exactly what one of them has said they want to do. They want to remove rights for part-time workers and parents, increase working hours, and reduce paid leave. It was the European social chapter that triggered the Tory revolt on Europe, not because they want to protect British workers, but because they want to exploit British workers.

**Chris Stephens:** Is the hon. Gentleman aware of the independent legal opinion of Michael Ford, QC, who has said that in the event of a Tory Brexit, the damage

would go much further and affect collective consultation, collective bargaining and the rights of part-time workers? He also believes that TUPE rights, which apply to outsourcing, would go.

**Mr Reed:** I was not aware of that particular opinion, but I am keen to learn more about it. It does not surprise me, however, because that is what many commentators are saying about the implications of a Tory Brexit for workers' rights, jobs and the prosperity of ordinary people in this country.

For that reason, and all the others that we have heard this afternoon, I am confident that voters in Croydon North will vote next week to remain part of the European Union. The EU is an organisation that needs reform to make it more accountable, but we need to hear the concerns being expressed by people of good will and use them to make the EU work better. We cannot cut ourselves adrift and leave ourselves subject to an EU that we can no longer influence because we are isolated on the outside. Croydon is better off in Europe, and Britain is better off in Europe. I will be voting to remain next Thursday.

4.55 pm

**Mrs Flick Drummond** (Portsmouth South) (Con): Like many others in the House, I am a firm supporter of our membership of the European Union, and I was campaigning on this issue even before the general election. I support our membership not simply out of fear about what would happen if we left, even though there remain serious questions that the leave camp need to answer; my support stems from the positive contribution we can make to the organisation and the benefits we get from being a member.

We are the fifth largest economy in the world, as the leavers continue to remind us, and the second biggest in Europe. Long-term forecasts from the OECD suggest that our economy will overtake Germany's in the early 2030s, but that will happen only if we carry on along the same trajectory that we are now on. It would certainly not happen if we were to leave the EU. Why, when we enjoy such a prominent position in the world, and when we have the potential to champion the ideals that have made our country great, would we want to walk away from providing leadership, just at a time when Europe is crying out for it? People wishing to leave the EU say that our values need to be defended, and I agree, but I say that our values are also worth exporting. And exports—and, indeed, the economy—are among the most important reasons we should remain.

As a single market, the EU remains our biggest trading partner. A company can set itself up in the UK from anywhere in the world and instantly have access to 500 million consumers. The virtue of our membership attracts some of the best talent from around the world and encourages new businesses to set up here, investing in the UK and creating jobs. The UK market for goods and services is the second-least regulated in the OECD, second only to that of the Netherlands. Surely that is proof that the EU is not making us less competitive for investment.

We attract world-leading companies because of our access to the single market, but the EU is also a vast scientific and academic network that our own universities

[Mrs Flick Drummond]

and companies can draw on. Portsmouth is home to several international companies that depend on free access to European markets. It is also home to one of the most rapidly developing universities in Europe, and I believe that, in Portsmouth, our interests are best served by remaining in the European Union.

The United Kingdom is the gateway to the EU for other countries, including all the major and developing economies of the world, but particularly for the Commonwealth. Narendra Modi, the Prime Minister of India, has said:

“As far as India is concerned, if there is an entry point for us to the European Union that is the UK, that is Great Britain.”

Our membership of the EU is one of the factors that binds the Commonwealth together. We did not abandon the Commonwealth or leave it behind when we joined the European Economic Community; we provided the simplest and most straightforward route for our Commonwealth partners to get most benefit from it.

Our links with some of the most powerful emerging economies are enriched by our membership of the EU, not jeopardised by it. There are many other benefits that our membership brings to the UK and to the rest of Europe, but the overarching theme is one of stability. The equal partnerships between us and our neighbours have supported a period of peace and stability that is unprecedented in our history. We have had 70 years of peace following 1,000 years of war. That has to be worth fighting for. I hope we will vote to remain on the 23rd, not out of fear but out of confidence in our ability to shape the future of the continent, where Britain already plays a leading role.

4.59 pm

**Tommy Sheppard** (Edinburgh East) (SNP): This debate has consumed us in this Chamber for the best part of the year, at times compromising our ability to scrutinise and properly review other matters of public policy. It has also been raging for months in the communities outside, yet the most dispiriting thing about this process for me is that I find so many people who say now that they are less well-informed than they were at the beginning of the discussion. The reason for that is all to do with the manner in which the debate has been conducted. Not only has it been incessantly negative, but it has traded in glib soundbites and tried to pander to prejudice, rather than illuminate, educate and inform people so that they can make a proper decision.

I therefore hope in the limited time available to explode some of the worst myths and misrepresentations that have been put about, the first of which relates to sovereignty. Next Thursday, we will be part of the European Union and the people of this country will vote on whether to continue that relationship. In that moment, sovereignty will lie with the people of the United Kingdom. Nothing they can do next Thursday will change that situation, so no matter what the result is, in one, two or five years' time or never the people of the UK can choose to review the decision they make next Thursday. Nothing is forever, and government must always be with the consent of the people. Therefore, when those in the leave campaign say that the choice next Thursday is between retaining sovereignty here and giving it away, that is not a half truth or a misrepresentation—it is a lie.

The next point is to do with the money. We have talked about how much we contribute and how much we get back. It is a fact, and we need to tell people, that we are net contributors to the European Union, but we need to explain why that is and where that money goes. The bulk of that money goes to support social and economic development programmes in European member states that are less prosperous than we are. That is not a result of charitable donations by philanthropists in the Cabinet; it is a strategy to try to develop the economy across the continent so that in years to come the people who live in southern and eastern Europe will have the economy, the support and the money to be able to buy the goods and services we offer in this country. It is about a continental approach to economic development.

**Mr David Anderson** (Blaydon) (Lab): Is it not also much better to invest in these countries so that we can trade with them and build democratic structures than to send young men and women out there to die on battlefields, as we have done on this continent for centuries?

**Tommy Sheppard:** I could not agree more. I also want to tackle the question of democracy, because the leave campaigners have suggested that this is about an unelected, unaccountable European bureaucracy versus—I guess—the exemplar of democratic participation that we apparently have in this country. That also is untrue. There are three institutions in the European Union: the Parliament, which is directly elected by the people; the Council of Ministers, which is composed of elected Ministers from the national Governments; and a third institution made up of appointed Commissioners—but they are appointed by elected national Governments. So when people say that the European Union is undemocratic, that is also not a mistruth—it is a lie.

I now wish to speak to some colleagues on the left who have joined the leave campaign, some of whom are in my party. I regret what they have done because they have given the veneer of political breadth to a campaign that is fundamentally reactionary in its nature, and I hope they will reconsider. When we come across glib phrases such as “a bosses' Europe” or “a bosses' club”, we should take a moment to try to understand what is happening. Anyone who has a materialist view of philosophy knows that we make our own history. Therefore, the institutions that govern us are not divine, and are not inherently one thing or another; they are created by us. It is a fact that every European Union treaty there has been has been a reflection of the political balance of power in the continent at that time. In the 1980s we made great advances in workers' rights because the social democratic parties and the left parties were in the ascendancy, much to the chagrin of Margaret Thatcher at the time. In recent years, that has not been the case and some treaties have been more pro-corporate, but that is because, my friends, the left is not in the ascendancy in Europe. What those who believe in a progressive Europe need to do is link up, as the shadow Chancellor said, with other forces across the continent and explain that a different form of Europe is possible. I believe we can do that.

Finally, let me talk about this issue of migration and public services. I have been an MP for over a year. In that time, I have tried to help more than 1,200 people. Invariably, most of them have problems with public services: they want to move up the housing ladder, they

want their benefits reinstated, and they are worried about the NHS waiting lists. I can count on the fingers of one hand the number of people among that 1,200 who are citizens of other European countries. Most of them are young, working couples who are trying hard to build up their families and to build a better future for themselves—by the way, in doing so, they are making Edinburgh one of the most vibrant capitals in Europe.

**Peter Grant** (Glenrothes) (SNP): I am grateful to my hon. Friend for giving way during such an impassioned and informative speech. Does he agree that it is deeply regrettable that, for far too much of the debate on immigration, too many people on both sides of the House have concentrated on the supposed negative side of immigration rather than following the example of the Scottish Government and talking much more forcefully about the massive benefits that immigration can bring to all our communities?

**Tommy Sheppard**: Absolutely. In my experience, the people in Edinburgh East who are migrants from other EU countries, many of whom are here temporarily and do not intend to settle here, put less of a strain per capita on our public services than the population on average. A way to tackle that is to have a system of funding our public services based on population, so that if migrants go to a particular area, more money is put into the public services in that area. That is probably the fairest way to do it.

I greatly resent the way that some people have tried to turn this into a referendum on immigration. That is what it has become in some places, and I find that not only distasteful but disreputable. What I say to those people who may be seduced by those arguments is that when they see ruthless right-wing employers, who would if they could pay their workers nothing, complain about low pay, do not believe them. When they see right-wing politicians waxing lyrical about an NHS that they have made their career trying to underfund and destroy, do not believe them. Do not be seduced by this right-wing reactionary rhetoric, and vote to remain next Thursday.

5.7 pm

**Jeremy Lefroy** (Stafford) (Con): It is a great honour to speak in this debate after so many powerful and lucid speeches. I am unashamedly speaking in favour of remain, but next week my constituents each have one vote—the same number I do. My job here is to try to represent what I see as their best interests. They may not see it like that, but it is what I see as being in the best interests both of my constituency and the country.

I will follow on from what my hon. Friends the Members for Faversham and Mid Kent (Helen Whately), for Portsmouth South (Mrs Drummond) and for North Devon (Peter Heaton-Jones) have said about the importance of stability, prosperity and co-operation, and about the United Kingdom's place in the world and its position as a force for good.

Let me start with stability and prosperity. It is quite clear—this is acknowledged even by those who speak for leaving—that there will be at least a short-term impact on the United Kingdom economy if we leave the EU. My hon. Friend the Member for Uxbridge and South Ruislip (Boris Johnson) has said as much. He talks

about the Nike swoosh, or the dip, that would happen. We are talking about not a graphic but a direct impact on people's pockets and on Treasury revenues.

As for what happens in the medium term, there is more debate. A vast majority of economists have said that being part of the European Union would be better for our economy in the medium and long term, but I accept that there are a wide range of views on that. How much that would cost—how much we would gain, or not gain—is more difficult to say. One thing is absolutely clear: those who claim that we will thrive outside the European Union in a way that we do not inside are profoundly mistaken.

Economically, there are two areas in which we suffer the most. The first is our failure to export enough, which we have spoken about time and again, and the second is our productivity. Neither has anything to do with our membership of the European Union, and both have everything to do with ourselves. Germany and France have considerably higher productivity levels than us, as does the United States. Germany is quite capable of exporting three or four times as much to China as we can, from within the European Union. I fully agree that there are aspects of regulation and so on where we might do better if we controlled them entirely ourselves, but those are minor points—mere pinpricks—compared with the responsibility on our shoulders to improve our productivity and exports. We can do that whether we are inside or outside the European Union. Coming out of the EU is no panacea.

It is clear that where we will suffer if we leave is in inward investment. I have spoken to inward investors in my constituency on whom thousands of jobs depend, and they say they want us in and that it is very important. As the Foreign Secretary said earlier, with our current account deficit as it is, a reduction in foreign investment would be dangerous. I have not had investors coming to me and saying, "I've been waiting for you to leave the European Union so that I can invest in Stafford." That has never happened.

On co-operation and Britain's place in the world, I am unashamed about the need to work together. There are many challenges in this world, and putting ourselves on the outside is not the way forward. We must not underestimate the importance of good relations with our neighbours, even if they come through difficult meetings in the European Union week in, week out and month in, month out. The other bodies of which we are a member, such as the United Nations, are no substitute. They meet infrequently and are much bigger bodies.

Who wants us out? Do our best friends? Do the United States, Australia, New Zealand and Canada—those with whom we have the strongest personal and political ties? Absolutely not.

**Mr MacNeil**: The hon. Gentleman is making a very good speech, which plays into the idea of getting some sort of independence from the European Union. It strikes me that there is a misunderstanding among some people in the debate about the referendum. The EU is not a country, it is an intergovernmental organisation. That fundamental point has been misunderstood by people who imagine that they are leaving some country. They are not. They are leaving an almost global body, and that is the mistake that many of the exiters make.

**Jeremy Lefroy:** The hon. Gentleman is right. The EU is a body of proud sovereign countries that take their independence extremely seriously. The east European countries did not throw off the Soviet yoke to get a yoke from Brussels.

When it comes to stability, prosperity, co-operation with others and the United Kingdom's place in the world, I firmly believe that we are better in, so I shall be voting to remain.

5.12 pm

**Wes Streeting** (Ilford North) (Lab): It is a pleasure to follow the hon. Member for Stafford (Jeremy Lefroy) and to return to the topic of my maiden speech barely a year ago, as this country prepares to take what will undoubtedly be the biggest decision of our lifetime, which will determine the direction and destiny of our nation not just in the coming days, weeks, months and years but over the course of this century.

Global power is shifting from the western economies that dominated the 20th century to the emerging giants of the 21st century. Powers are pivoting away from nation states toward global corporations, and in that context the only question that should be on people's minds as they cast their vote next week is which route and which choice will deliver prosperity, security and opportunity in a rapidly changing and globalised world.

Globalisation is an unstoppable process. It brings many possibilities and many opportunities for our constituents and for our country, and it also brings challenges. The question for any Government, whether our Government or Governments around the world, is how to shape globalisation to serve the best interests of their people, how to mitigate its challenges and how to make the most of the possibilities. How on earth can the right answer to those questions be to say, "Stop the world—I want to get off"? Has it not been striking in the course of this debate on the economy that there has been no debate about which is the best route to achieve what I have described?

Trying to get consensus among economists is like trying to get consensus among Labour MPs or Conservative MPs about the direction of their respective parties—virtually impossible—yet it has been achieved. The overwhelming consensus of our nation's leading economists is that our country would be more prosperous inside the European Union than outside it. The Trades Union Congress and trade union leaders argue that being in the EU is in the best interests of working people and workers' rights. Businesses small and large say that they can make the most of the opportunities available to them if we are a member of the European Union.

Well evidenced claims have been made about the impact of leaving the EU on jobs, investment and opportunities for our workforce, but what has been the response of the leave campaign? It can be summed up in the two words uttered by Nigel Farage last weekend when he was asked about the impact of a fall in sterling: so what? I would love to be in the privileged position of not worrying about what the state of the economy means for the financial security of me and my family or that of my constituents. The truth is that when sterling falls and jobs are lost, it will not be the wealthiest who are hit but the opportunities of the vast majority of people on low and middle incomes.

The members of the leave campaign seem to have largely left the Chamber. *[Interruption.]* They have sailed down the Thames. However, was it not striking that we heard the right hon. Member for Wokingham (John Redwood) reinvent himself as an anti-austerity campaigner? We have also heard the right hon. Member for Surrey Heath (Michael Gove) claiming to be the saviour of the NHS, repeating the untruth that £350 million a week will be saved and invested in the NHS if we leave.

It is not often that I turn to our former Prime Minister, Sir John Major, for words of wisdom and encouragement about the direction of our national health service, but did he not have it right when he pointed out how preposterous it is to believe that the hon. Member for Uxbridge and South Ruislip (Boris Johnson), the right hon. Member for Surrey Heath and their friends have the best interests of the NHS at heart? Even a former Conservative Prime Minister says that we cannot trust those on the right wing of the Conservative party and their fellow travellers in UKIP with the future of our national health service, so why should we believe them?

On economic forecasts, there can be no certainty, only analysis and assumption. In picking figures, we should trust the judgment of every leading economic voice, every university leader, the leaders of our trade union movement, the leaders of our businesses, and our leaders from across the political spectrum. They have come together because they believe remaining in the EU to be in our national interest.

**Lucy Allan:** Does the hon. Gentleman also think that we should trust the voice of the people?

**Wes Streeting:** I absolutely do. I voted to give the people a choice, and I will abide by their decision next week.

I say directly to my constituents that they have an enormous responsibility resting on their shoulders. Every day since I was elected to Parliament last year—on a slim majority and against the odds—I have said that I will put their interests first. They may not always agree with me, but they will always know where I stand. Every day, in every vote, the only question in my mind is, what is best for my constituency and my country? Now, my constituents face that choice in a vote that is more important than any that Members of Parliament will take part in during this Session.

Where does our country's future lie? Leading Europe or leaving Europe? As far as I am concerned, there is only one answer to that question if people want a future for our country that provides economic security, national security and the ability to take on the big issues and global challenges facing us in this century. That is why I urge my constituents to make the progressive, the pragmatic and the patriotic choice to remain in the European Union.

**Several hon. Members** *rose—*

**Madam Deputy Speaker (Natascha Engel):** Order. We are getting slightly tight on time. If Members do not take so many interventions, there will be no need to lower the time limit. However, if they continue to take interventions, I am afraid there will be. For now it is fine, as long as people keep to a minimum of interventions.

5.18 pm

**Rebecca Pow** (Taunton Deane) (Con): I am pleased to follow the impassioned words of the hon. Member for Ilford North (Wes Streeting).

I want to start my speech in this historic debate by asking a question: have we been prosperous for the last 40 years? Yes, we certainly have. We have become the fifth greatest economy in the world, and that is while being part of the European Union, and not despite being part of it. Our economy has grown by 65% during that time. That time has also been peaceful, as my hon. Friends the Members for Tonbridge and Malling (Tom Tugendhat) and for Portsmouth South (Mrs Drummond) said, and we should not forget that.

The EU is by no means perfect—there is much that I personally do not like—but on economic grounds there is an overwhelming reason to remain within it. That is the overwhelming consensus when I talk to businesses in my constituency. I will mention a few companies I have visited that all say that we are better off in. Pritex in Wellington manufactures sound-proofing for the car industry. The chief executive heads up the Society of Motor Manufacturers and Traders, and he has categorically stressed that the car industry operates totally EU-wide; it is a £15 billion trade for the UK, so we need to remain in the EU. W. H. Hendy and Sons makes high-pressure water pumps in Wiveliscombe. That is in a rural area, but the company exports right across the EU. It goes with delegations to get contracts in other parts of the world, and it could not do that alone, so it needs us to be in Europe. That is critical for rural jobs in my constituency, which we must not put in jeopardy.

Ministry of Cake, based in Taunton, is a £30 million business employing 300 people and the largest dessert maker in the EU. You have probably eaten some of its cakes, Madam Deputy Speaker, as it supplies coffee chains here and right across the EU. The managing director says that his UK bestseller is chocolate fudge cake, but the market in the UK is saturated, so he now needs to get 25% of his trade from the EU. He therefore needs us to stay in, because it is the best place to get trade from. We share E numbers, standards and clear labelling, and we have a free market, and he has access to all the labour in that market. He could not operate without the migrant labour force in Taunton. Nor could another great business in Wellington—K. S. Coles, the vegetable packers, run by Ken Coles. He employs 70 labourers in the winter, mostly migrants, and hundreds more in the summer, to pick beans, peas and strawberries. I do not know whether you like mashed swede, Madam Deputy Speaker, but I do. The company is not only the largest supplier of swedes to our supermarkets in this country but the second largest supplier of swedes to Germany, so it exports right across the EU and needs us to stay in for the sake of that trade.

On all those grounds, we need to remain within the EU. It is a no-brainer. As we have heard, we already have the best possible deal. We have no euro, we have free trade, we have 300 million people we can access, we have a rebate, and we have a veto on laws. What more could we want?

The subjects of agriculture and the environment are close to my heart and important in my rural constituency. The CAP is vital to our agricultural industry. The £20 billion of funding that the industry gets to keep the

environment in good shape is absolutely priceless. It not only keeps the rural economy going but keeps people on the land and gives us low-priced food. If we leave the EU, the price of food will rise, mark my words. We have high welfare standards that we have to keep to, so our food will be expensive to produce and we will be flooded with cheap food from Europe. Our farmers therefore need us to stay in.

On the environment, birds do not stop at the boundaries of countries, and we share the water and the air, so we are much better off within the EU. The framework of EU legislation made us clean up our beaches and water. Our beaches, in particular, are vital for our tourist industry in the south-west. There is a direct spin-off between the environmental benefits of being in Europe and the economic benefits, both of which are absolutely clear.

The EU is not perfect, but let us be at the table fighting to improve it, especially through our presidency. Let us be sure that there is some of that chocolate fudge cake at the EU table.

5.23 pm

**Mary Glendon** (North Tyneside) (Lab): It was really good to hear the hon. Member for Taunton Deane (Rebecca Pow) make the case for the EU in terms of the economy, agriculture and the environment.

It is very easy for me to support this motion on behalf of the people of North Tyneside and, I hope, the wider community of the north-east, because over the years our region has received billions of pounds in investment from Europe. As my hon. Friend the Member for Sedgfield (Phil Wilson) said, our region is entitled to more European funds than any other English region, and in the next five years it is due to receive £726 million in European funding. The single market has been hugely significant for business development in the north-east, with more than half our exports going to the EU and 160,000 jobs relying directly on that trade.

**Ms Margaret Ritchie** (South Down) (SDLP): Will my hon. Friend give way?

**Mary Glendon:** I will carry on, if my hon. Friend does not mind.

It is no wonder that in a recent survey the North East chamber of commerce found that the majority of the region's businesses wish to remain in the EU. The same survey highlighted the frustration that businesses feel about having to deal with EU regulations, but the conclusion was that the single market remains the region's most important market and that it will continue to be so well into the future.

The benefit to the north-east is further illustrated by a study by *The Chronicle* in Newcastle, which found that the north-east has received an average of £187 per head in EU funding since 2007, compared with £82 in the rest of the UK. The generous funding from the EU to our region stands in stark contrast to how we fare when it comes to receiving funding from this UK Government.

I remind the House that it was a Tory Government who forced the closure of the Swan Hunter shipyard in Wallsend in the mid-1990s, with devastating consequences for Tyneside. However, thanks to money from the EU, the yard is undergoing a massive transformation. North

[Mary Glendon]

Tyneside Council was awarded £6.7 million of European regional development funding to part-fund enabling infrastructure works at the former shipyard, which has opened up development on a strategically important enterprise zone site.

Between 2007 and 2013, under the European structural fund programme, North Tyneside Council was the accountable body for nearly £13 million in our region. That money part-funded the refurbishment of a new centre for innovation on our enterprise zone site, creating flexible start-up and business incubation space for small and medium-sized enterprises. Some £1.8 million of ERDF funding was used towards funding business support to enable start-up support, particularly in our disadvantaged areas, resulting in a rate of 400 start-ups per year.

The council is already undertaking work to maximise European structural and investment funds from the current programme to meet the EU 2020 strategy ambitions of achieving smart, sustainable and inclusive growth. The newly funded business support programme, Made in North Tyneside, will bring great benefits to the local community and businesses alike. In addition, the council is working with partners on a community-led development to help the most disadvantaged communities in the top 20% most deprived areas to utilise both ESF and ERDF funding to achieve economic growth in their own localities.

I hope that the north-east will not be fooled by those in the Brexit camp who claim that we would be better off leaving the EU. Since 2010, the north-east has suffered huge public spending cuts right across the board under the Tories—from the police and fire services, to the closure of Government offices—all of which have cost jobs and a loss of income to our local communities. The truth is that the future prosperity of my constituency and the north-east region is inextricably linked to the EU. Being unrepentantly parochial, I say that that is reason enough to remain.

5.28 pm

**Lucy Allan (Telford) (Con):** Thank you, Madam Deputy Speaker, for calling me to speak in this very important debate. I have listened with great interest to the many excellent speeches that have been made.

There is an increasingly healthy trend of Members from all parties coming to this place having had a career outside of politics and life experience that they can bring to our debates. During the year in which I have had the honour to represent Telford, I have seen many fine examples of our debates being informed by that experience and expertise.

I am a chartered accountant. Before coming to this place, I specialised in the financial sector, specifically in investment in financial markets. I want to draw on that experience and bring it to the debate. Over the months, the debate on the EU has, naturally, been characterised by passion on both sides. That has led to increasingly impossible claims and predictions, which have seemed to the outside world, on occasion, alarmist and fanciful. I want to put on record some of the more moderate and balanced perspectives of investors who, because they earn their living generating investment returns for clients, truly understand the meaning of the word risk. We have

heard that word repeatedly today and on other occasions. Investors are motivated to put economic considerations before any others.

I am sure that Members present who have an interest in economics will be familiar with the outstanding reputation of Neil Woodford, an investor in UK business. The Woodford report, which was published earlier this year, provides a balanced commentary on the economic impact of Brexit. I encourage those who genuinely harbour fears about a post-Brexit economy to read that report. In case they do not have the chance to do so, its main conclusions are: first, that the most extreme claims about the costs and benefits of Brexit are wide of the mark and not evidence-based; secondly, that a more tailored immigration approach, the freedom to make trade deals with global trading partners, moderately lower levels of regulation and savings to the public purse, although they will not be huge, will have some positive net benefits; and, thirdly, that the most plausible outcome from Brexit will be a modest positive impact on jobs and growth. Neil Woodford states:

“We continue to think that the United Kingdom’s economic prospects are good whether inside or outside the European Union.” We have a Conservative Government to thank for that.

Neil Woodford is in good company. Richard Sharp, an external member of the Financial Policy Committee who has more than 30 years’ experience in finance and who is in constant contact with major international investors in UK businesses, said in evidence to the Treasury Committee:

“The UK is a thoroughly investable economy and it would remain a thoroughly investable economy whichever way the vote goes”.

The tone of those professional investors is a welcome relief from the sound and fury that political campaigns inevitably generate—although the debate today has been moderate and considered.

From my experience in the financial sector, and after listening to investors and advisers, I believe that when we look back in the not-too-distant future at GDP, employment rates, the FTSE 100 index and inflation, it will be difficult to identify when exactly Brexit occurred. The FTSE 100 is up £17 billion today; I think that some people may not have been following the markets. I want to reassure the House that despite what is said by the ardent campaigners, whose will to win I fully understand, we can sleep easy in our beds on June 24 because the economy will remain strong either way.

We have heard a great deal from the establishment, the elites and bureaucrats, and all those who benefit from the EU, but they are not talking the language of my constituents in Telford. They are not listening to the millions of ordinary people across Britain whose everyday lives are most affected by our membership. Many people in Telford are affected by increasing pressure on public services, by the difficulty of getting a school place and by waiting times to see their GP. The less well-off are the most exposed to the day-to-day reality of our membership of the EU.

We in this place have said enough. Now it is time for the British people to have a say. They want to be free—free to decide who comes to our country, free to make our own laws and free to trade with the rest of the world. On Thursday, I know that the people of Telford will trust their hearts and their instincts and vote for Britain’s future.

5.33 pm

**Helen Goodman** (Bishop Auckland) (Lab): Britain stands at a crossroads. The nation has to make a big choice: whether to stay in the EU or to leave. The EU was built on the ashes of world war two once people realised that security and prosperity were linked. Today, again, the world is an uncertain place. Russia has forcibly taken Crimea. Syria is in the throes of a devastating civil war. What is the best approach? Should we pull up the drawbridge or co-operate with our neighbours?

The Labour and trade union movement was built on the principle of solidarity, and what is true for individuals is also true for nations. I believe that, since 2010, this Tory-led Government have set about mending the public finances in the wrong way—cuts instead of investment, austerity rather than growth—and this has led to deep unfairness and economic insecurity. People must now think carefully about what is the best choice in the real world.

On putting jobs first, why has the head of Hitachi said that “jobs would be lost” if we left the EU? Because Britain is a market of 60 million people, whereas Europe is a market of 500 million people. If we leave, next time he invests in a new production line, it will be more economic to build it somewhere else. Today, Rolls-Royce has said the same. Foreign indirect investment creates 85,000 jobs in this country every year, which are all at risk from Brexit.

The Brexit campaign has totally failed to set out how a new trading arrangement would work. It has suggested the arrangements for Norway, Switzerland, Canada and Albania, but even the Prime Minister of Albania does not think that that is a good idea. Why has the head of Glaxo, part of our brilliant pharmaceuticals industry, said that the EU is the best platform for success? Because one system for drug licensing is faster and more efficient than 28 systems. Yet Dominic Cummings, the Lord Chancellor’s former Spad who now runs Vote Leave, told the Treasury Committee that “that is complete rubbish.” Such breath-taking arrogance is putting 93,000 jobs at risk.

Let us look at the car industry. If we leave, it will face tariffs of 10%. It is supposed to cope with that through labour market flexibility, which, translated into English, means wage cuts. Wages account for only a third of total costs, so people would have to take a 30% pay cut or lose their jobs. There are 450,000 jobs at risk.

The hon. Member for Uxbridge and South Ruislip (Boris Johnson) and my right hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) have visited textile factories that, outside the EU, would face a 6.5% tariff. It is hard to cut wages in such factories because the Low Pay Commission reports that most of the workers are on the minimum wage, so another 56,000 jobs are at risk, mainly in the north and the midlands. When I challenged the hon. Member for Uxbridge and South Ruislip about that, he said that “there is no need for them to worry.”

It is all right for him: on top of his MP’s salary, he takes home another £250,000 every year for his column in *The Daily Telegraph*. His attitude is flippant to the point of irresponsibility, and this is not a joke.

Let us look at what is happening in the markets: £60 billion has been wiped off the value of shares in London in a week, and people are so desperate to get their money out of London that they are prepared to

pay the German Government to look after it. That may be good news for the hedge funders, who make their money betting on volatility and then use it to fund the Brexit campaign, but it is certainly not good news for the millions of people whose pensions depend on the strength of the FTSE 100.

Security and prosperity are linked. The question on the ballot paper is the choice between letting off the leash a right-wing Tory Brexit group that is able to destroy the life chances of millions of ordinary people, and voting to remain in and holding on to the security and prosperity that we have in the EU.

5.38 pm

**Steve Double** (St Austell and Newquay) (Con): I feel a bit of a lone voice because I am going to speak in favour of voting to leave next week. It is very important for me to do so because I believe that Labour Members’ comments about a Tory Brexit betray the fact that they are not listening to the British people. The vote next week will quite clearly be very close, but at least half of the British people have had enough of the EU and want to leave. By calling this a Tory Brexit, Labour Members are just not listening to the many millions of British people who have genuine concerns about our current relationship with the EU.

This debate, however, is about the supposed economic benefits of our membership of the EU. I will address one very specific point in that regard. According to the House of Commons Library, in 2016 Britain is forecast to give £20.5 billion gross and £11.2 billion net to the EU, so we will be getting back some money from that £20 billion. No one can deny that that will be a large sum of money, and there are various opinions about how it could be spent, but only if we leave will we get to decide how it can be apportioned.

Part of the money we get back from the EU comes in the form of economic development aid. The constituency in Cornwall that I have the privilege of representing is one of the areas in England that benefits the most from that aid. Over the past decades, Cornwall has received hundreds of millions of pounds in regional growth funding from the EU.

**Mrs Sheryll Murray**: I believe Cornwall has been getting around £65 million a year since 2001.

**Steve Double**: I thank my hon. Friend for that—I was about to make the point that over the past 10 years or so Cornwall has received around £600 million in economic development aid. But we need to remember that that is not EU money. The EU does not actually have any money—there is no magic EU money tree. It is our money, which we give to the EU. It converts it into euros, then converts that into sterling to give back to us, except that it gives it back with a whole load of strings, bureaucracy and red tape attached about how we can spend it.

The fact is that that money is not working. It was meant to create 10,000 new jobs in Cornwall. In fact, in the past 10 years or so, it has created around a third of that number. That Cornwall has now qualified for a third round of EU funding demonstrates that the funding is failing. It is not lifting the Cornish economy as intended. It is not raising wages or the standard of living in the way it was designed to.

**Martin Docherty-Hughes** (West Dunbartonshire) (SNP)  
*rose—*

**Steve Double:** I will not take any more interventions, I am afraid.

There is a very simple reason for that failure. We are not able to spend the aid on what we need to in Cornwall. How we should spend it is dictated, Big Brother fashion, by the EU. The requirements are designed for a Europe-wide programme that does not fit the Cornish economy. I will give an example. The current round of funding is targeted only at supporting and providing facilities for small and medium-sized enterprises. But Cornwall does not need another load of SMEs. We need big companies to come and invest in Cornwall, to create better-paid jobs and provide career opportunities for our young people. That is what Cornwall desperately needs.

Just this week, business leaders told me that there were two projects on the table and ready to go. One was from a large company that wants to invest in Cornwall and create jobs, and the other was from a manufacturing company in Cornwall that is ready to expand, producing lots more jobs. Both need European regional development fund support but do not qualify for the current round because they are not SMEs. The EU is giving us back our own money but telling us we cannot spend it on what we need and want to spend it on in Cornwall.

I do not know whether any other Members recognise this situation, but I get quite wound up when I see that wonderful blue plaque saying, “Funded by the European Union”. Every time I see one, I think, “No, that was funded by British taxpayers’ money that you have recycled and given back to us then told us how to spend.”

We are often told we should vote remain because of all the economic support we get from the EU. Well, from a Cornish point of view, it is not working. Our own money is recycled, but how it can be spent is dictated to us. I contend that we would be far better off keeping that money ourselves in the first place and having the British Government decide how we can support our regional economies.

The theme of this debate has been the risk of leaving against the certainty of remaining. I say that there are quite clearly risks in remaining. No one knows what the future of the EU will be. The eurozone crisis has not gone away, but has just been kicked into the long grass, and the migration crisis will continue to be a major issue in the EU. There is no certainty. The vote is not between the status quo and leaving. We are voting on whether to remain, and there are many, many risks in a remain vote. Let us be honest with the people of this country that there are risks on both sides. I will certainly be voting next week to leave.

**Several hon. Members** *rose—*

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. I must reduce the time limit for speeches—*[Interruption.]* Members may well sigh, but I cannot add to the number of hours in a day or minutes in an hour. The time limit is four minutes.

5.45 pm

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): Sometimes in this Chamber we say that we have heard it all, but talk about turkeys voting for an early Christmas!

The hon. Member for St Austell and Newquay (Steve Double) wants to give back £600 million that has been given to Cornwall by the EU. What twisted logic. Over the past two days, the world has woken up to the risks of Brexit. The hon. Member for Telford (Lucy Allan) said that the markets bounced by £17 billion today, but she ignored the fact that the FTSE index has fallen by £100 billion over the past week—a net £80 billion has been wiped off the FTSE as investors around the world begin to recognise the threat to our prosperity. Every renowned economist in the land has talked about the risk that we face from Brexit, not just in this country, but the risk of instability in Europe as well.

Not long ago we faced the financial crisis of 2007 to 2008, from which we have barely recovered. We have seen the markets react and sterling fall; the euro has fallen as investors flee towards the door. That is the risk that the Brexiteers are putting in front of the people of the United Kingdom. When we consider the fall in the value of the stock market, we are talking about people whose future pensions are being cut. That is what the Brexiteers are threatening for pensioners around the country, and we must all wake up and ensure that we vote for prosperity, security and sustainability by remaining in the EU.

**Martin Docherty-Hughes:** Does my hon. Friend agree that the argument made outside this House, and critically in English communities, is about policies such as housing? The problem of England’s housing shortage lies fairly and squarely at the feet of the British Government, and with successive Governments who have undermined social housing for the working class since the times of Margaret Thatcher.

**Ian Blackford:** My hon. Friend makes an important point. We hear scare stories about constraints on housing, health and education, but it is the Government’s responsibility to plan for the increase from immigration. We must also consider the opportunity for all our people to live and work throughout Europe, from which we have benefited. In Scotland, 42% of exports go to the European Union and have a value of £11 billion, with 300,000 jobs directly connected to them. We must not play with fire and risk prosperity and jobs in Scotland and the rest of the UK.

There is a complete fallacy about immigration. Mark my words: we will end up back in the single market, and as a consequence we will have to accept free movement of people. The idea that we will fix the so-called problem of immigration with an exit from the EU is simply flawed and a lie. In Scotland, as my right hon. Friend the Member for Gordon (Alex Salmond) has often said, we are not full up. We need migration, and for young people to come with families and deliver prosperity for Scotland. We need families such as the Brains, who live in Dingwall in my constituency and who this Government want to throw out.

Let me turn to Europe’s potential, and how trade and investment have benefited us. Let me mention opportunities for jobs, and workers’ rights that have been protected through Europe. The Minister for Employment is not in her place, but she said that she wants to deal with some of the rights for workers that come from the European Union. We must say to those on the left and those who voted for Labour, the SNP,

the Green party and Plaid Cymru: “For goodness’ sake, don’t risk your employment rights with a vote for Brexit next week.”

There is a real danger to this country that if the UK votes for Brexit, the keys to Downing Street will be taken by the likes of the ex-Mayor of London and his cronies on the right of the Tory party. We face the risk of a right-wing Tory Government that will affect people throughout the country. Scotland’s future is in Europe, and if we end up next week with the UK voting out but Scotland voting in, the SNP will stand up for the rights of Scottish people and ensure that this House does not pull us out of Europe against our will.

5.49 pm

**Ben Howlett** (Bath) (Con): It is a pleasure to follow such eloquent speeches from across the House. I probably share exactly the same concern as the hon. Member for Ross, Skye and Lochaber (Ian Blackford) about a possible increase in whisky prices. I hope staying inside the EU will keep prices down low.

It is often quite difficult, in a debate that has lasted for so many months and so many hours, to add something new. I want to commence today with a measured assessment of the highly likely instability a vote to leave would cause our economy and what that instability may lead to. Later, I want to return to the benefits our economy receives from our membership of the EU, particularly in the south-west and in my constituency.

We have heard from many economists in this debate, some of whom were more convincing than others. I am not an economist—I am an economic historian—but I think it is helpful to look back at recessions caused by external factors in our history and explain how their impact helps to predict what could happen after a Brexit in a couple of days’ time.

During the 1976 International Monetary Fund crisis, the Labour Government of the time faced one of the largest crises of confidence in the British economy since the second world war. Britain racked up huge debts, creditors lost confidence, there were runs on the banks, inflation was sky high, interest rates rocketed and unemployment began to shoot up. Fast-forward 30 years to the recession of 2007 to 2008 and the country was running a substantial deficit, debts had been rising for years and the world economy faced the worst sovereign debt crisis in our history. There were queues of people withdrawing cash from their bank, unemployment rose, recession hit the UK and it has taken years of hard work to rebuild the confidence of our creditors. The current Government have worked hard to restore our economy, brought unemployment levels to record lows and put more money in all our constituents’ pockets.

Both those incidents caused a reduction in the confidence of our creditors in our ability to repay our debts. One required an IMF bailout, the other a downgrade in our credit rating. Despite the hard efforts of this Government, a budget deficit still persists and it is vital that the costs of servicing that debt are kept low. We retain confidence that the UK will be able to service the debt. Rating agency Standard & Poor’s has already signalled a downgrade of the UK’s credit rating by up to two degrees in the event of Britain leaving the EU. We cannot sacrifice years of hard work of deficit reduction for a leap into the dark. We have to learn from our past mistakes before we make that decision. That is on top of

the risks posed to jobs and economic growth that Members from across the House and almost every major economist and financial institution have warned about thus far. Leaders of the leave camp cannot guarantee a single job in the event of an exit. I seriously do not think Britain is in a position to be able to put all that at risk. If we take the leap into the unknown, we do not know how big the recession will be, how long it will continue or how deep it will go. It is an absolute no-brainer: Britain is stronger, safer and better off inside the European Union.

Finally, I want to turn quickly to the benefits that the UK’s membership of the EU brings to the UK economy, in particular to my constituency. Many Members who are also from the south-west have noted that 250,000 jobs in the south-west are linked directly to our place in the EU, and that withdrawal from the European Union could put tens of thousands of jobs at risk in our region. The Government have done so much to boost our economy and reduce unemployment levels. All that hard work could be undone quickly as the result of a Brexit. My constituency has a very vibrant tourist economy. I do not want anything to put it at risk. In conclusion, we are better and stronger in the European Union than out.

5.53 pm

**Mike Gapes** (Ilford South) (Lab/Co-op): It is a pleasure to follow the hon. Member for Bath (Ben Howlett). He rightly reminded us of some of the economic problems this country has had, so let us go back to 1973 and 1974 when we had a three-day week. Since then, despite difficulties throughout the time we have been in the European Union, our country has been wealthier, more prosperous and more influential in the world in those deep dark days of 1973. People forget that.

One thing that really concerns me about the referendum debate is that when people come to vote, they will not be answering the question that is on the ballot paper. Some are angry about rubbish in the street and some are disappointed because it takes them four hours to get through to their GP surgery on the phone. Someone told me she did not like it that her next-door neighbours, from eastern Europe, smoked in their garden rather than in their house, meaning she could not open her windows. When I put that on Twitter, I was accused of being patronising. I am sorry but these are the kinds of reasons being given in conversations I have had. The referendum is in danger of becoming a generalised, anti-Government and anti-politician vote. That is the danger of referendums.

But we are where we are. I ask my constituents to think about their children and grandchildren. This referendum is not a vote on how they feel today; it is a vote forever. It is like buying a dog: it is not just for Christmas. We need to think about what kind of country we are. Are we, as the Foreign Affairs Committee said in a recent report, going to become smaller and less influential in the world? Do we, by leaving the EU, want to put our permanent membership of the UN Security Council in doubt? France would then be the only permanent member from the EU. At the moment, the other 27 member states broadly accept the status quo within the EU, but that would change. Do we want to damage our relations with our Commonwealth partners and neighbours? India, Pakistan, Bangladesh, Sri Lanka, Australia and Canada all want the UK to remain in the EU because we make it more outward-looking to them and the rest of the world.

[Mike Gapes]

We face a fundamental choice over our future. How do we work effectively with partners on climate change? How do we deal with tax avoidance globally? How do we ensure minimum standards? How do we uphold the values of the universal declaration of human rights, which are under attack from Russia and others? On that last point, it is great that today an EU country—unfortunately not us but Slovakia—has beaten Russia 2:1 in the Euros. It augurs well for our country on 23 June. Russia is not going to win the Euros, and it is not going to get its way in our referendum.

5.57 pm

**Matt Warman** (Boston and Skegness) (Con): It is with some trepidation that I rise to speak in this debate, because the Euroscepticism of Lincolnshire in general and the town of Boston in particular is well known. It awarded UKIP the highest share of the vote outside Clacton—we all know what happened there—and UKIP also won in the EU elections. I do not take it lightly that the constituency changed heart in 2015 and sent a Conservative to this place, and I do not for one moment deny that there is a single, clear reason why Boston is so often on television, in the papers and online. That reason is Europe, and specifically immigration.

A generation of politicians failed Boston. First, it was Portugal and then Poland, Lithuania, Latvia and beyond that sent their most motivated people to do low-paid work, primarily in Britain's fields. Two things happened as a result. First, agriculture thrived and population growth meant a raft of businesses sprang up aimed specifically at new communities. Some churches thrived and local hospitals that previously struggled for numbers found they had the opposite problem. But the second thing was the other side of the coin: pressure on public services increased, the tax credits bill rose and local people saw their town change rapidly. People started to say they did not hear English accents on the streets as much as they previously had. Those tensions were palpable.

The impact of free movement and of economic growth means that Boston is, on paper, thriving, but it is often cited as the most Eurosceptic place in the United Kingdom. Some 10,000, and in reality many more, of the 65,000 population are not English. Why, then, did they elect a pro-EU MP? It is clear to me that Europe needs reform, but ultimately this referendum is a once-in-a-generation opportunity to look to the future.

The most recent figures suggest that some 4,452 jobs in the constituency depend on our membership. That is more than four times the jobless total. When I visit local schools, I see that integration can work, and I view Boston's future diversity with profound optimism. I deeply regret that the Government cancelled Labour's migration impacts fund in 2010, and I passionately welcome its imminent return at three times that level under this Government. I passionately believe that the economic gamble of leaving is not one that I can responsibly ask my constituents to take. If we vote to leave, it will disillusion even more voters with politics, when it turns out not to be a panacea.

I believe one thing above all else: this referendum is not an opportunity to punish the young for the mistakes of previous politicians, but it is a chance for politicians

to reflect on ourselves here. We need to explain better, communicate more and make sure that disconnection does not extend to disenfranchisement.

I will vote to remain tonight, and I expect that the House will do the same, but we must note the difference between the result in this House and the result on Thursday. We must look to our own future if we are adequately to represent our constituents in the future. I will vote to remain, but I urge all Members to understand why there is a deep and legitimate disconnect between many of our constituents and many of us across this House.

6.1 pm

**Andrew Gwynne** (Denton and Reddish) (Lab): It is a pleasure to follow the hon. Member for Boston and Skegness (Matt Warman), who described next week's vote as a "once-in-a-generation opportunity". Having been born in 1974, that is certainly how I see it. I was just one at the time of the last European referendum in 1975. For me, it really is a once-in-a-generation opportunity to plough our future. At that time, my constituency voted to remain in the European Economic Community by 2:1. I have been knocking on doors for several months and have spoken to many of my constituents on the Labour In for Britain bus and at the street stall last Saturday in the centre of Denton, so I am not naive enough to think that that result will be repeated next Thursday. It is likely that when the votes are counted, my constituency will be on the opposite side of the argument.

In common with the hon. Member for Boston and Skegness, I think it would be remiss of me not to explain to those among my constituents who have yet to make up their mind why I believe that a vote to remain in the European Union would offer the best future for the communities that make up Denton and Reddish. I do so by challenging some of the assumptions of the leave campaign. I was unfortunate enough to watch its television broadcast last night, and it seemed to fall into five areas: the £350 million; the NHS; immigration; Turkey; and "take back control of our country".

Well, we know that the £350 million figure is incorrect because it fails to take into account the rebate that Mrs Thatcher secured or the money we get from the EU for our fishing and farming industries, for science, training, education and urban regeneration.

When it comes to the NHS, I say that money cannot be spent twice. The money that we send to the European Union would almost certainly have to be sent to the EU anyway for us to continue to trade within a free trade area. If we use Norway as an example, we find that it pays more per head of population for its position than we do to be a fully paid-up member of the European Union. That money is not going to be there for the NHS.

As for immigration, if we have a Norwegian or Swiss-style deal—, of course, none of us actually knows what deal the Brexiteers are proposing—we shall have to accept free movement within the single market. And as for Turkey, we have a veto on Turkish membership, because we are at the table with the other 27 European Union member states. If we give that up, we shall have no say, particularly if the rest of the European Union reaches an agreement on Turkish membership, and we are in the free trade area that will then include Turkey.

Finally, there is “taking back control”. I agree, in one sense, with the right hon. Member for Wokingham (John Redwood), who says that being in a free trade area, or a common market, means having to accept common rules and regulations. What kind of control are we taking back when we give up our seat at the table in the Council of Ministers, when we give up our European Commissioner, and when we give up our European parliamentary seats, where precisely those common rules and regulations are being made? That is not taking back control; it is giving up control.

I say this to the constituents of Denton and Reddish: next Thursday, vote remain.

6.6 pm

**Wendy Morton** (Aldridge-Brownhills) (Con): It is a pleasure to speak in such an important debate.

Next week, as we know, the country faces an historic vote. We will all have the chance to have our say on the UK’s future, be it remain or leave. However, we must remember that this is not a general election. If we are not happy, we cannot vote again in five years’ time and change our minds.

It was the campaign to keep the pound that first got me involved in politics. I was, and still am, sceptical about the European Union, and I will always feel more British—in fact, more northern—than European. I also come from a business background, and, having seen it at first hand, I understand the frustration caused by the red tape with which small businesses in particular are often faced.

On a personal level, I have found the decision on whether to remain or leave a tough one. Like many, I have pondered, and I have considered the arguments for and against. I have sometimes struggled with the arguments presented by both sides, and, I must add, the tone in which they have been presented. Having spoken to constituents at the weekend, I believe that a number of them feel the same. I am not content with the EU, and that is why I have taken my time. I wanted to be sure about my decision. I am under no illusion about the fact that there are those who will accuse me of having sat on the fence, but for me, it was important to make the right decision.

Over the weekend, I talked to one of my constituents about the EU. We had had discussions with others about remain and exit, and all the ins and outs and all the arguments, but that one person said something that really struck me: “All that I want from politicians is for them to be straight with us, the British public.” It was one of those moments when one hears very wise words, and I heard them from someone on my patch.

Having taken account of all the matters involved—but especially business and the economy, safety and security—I will, on balance, support the remain campaign. That does not mean that I am content with the status quo; far from it. The EU needs continuous reform, and it is time that it was more accountable to us. I noted the wise words of my hon. Friend the Member for Boston and Skegness (Matt Warman) about our connecting, or reconnecting, with the public. We need that connection with Europe as well, so that we understand more about what it is doing for us.

During the last few years, we have done so much work and made such tough decisions to secure our country’s

economy, and I do not want that to be put at risk. I believe that it is in the interests of my constituency and my country to remain.

6.9 pm

**Stephen Kinnock** (Aberavon) (Lab): It is a pleasure to follow the hon. Member for Aldridge-Brownhills (Wendy Morton). I congratulate her on making absolutely the right choice about the referendum.

The decision facing the electorate on 23 June is a choice between economic security and global influence inside the EU or a leap in the dark outside it, and nowhere will the consequences of that choice be more deeply felt than in my constituency, where the Port Talbot steelworks is the beating heart of our economy and community. I was therefore pleased to see that this week Tata Steel UK sent an all-staff communication stating:

“The European Union influences very important aspects of Tata Steel’s business in the UK. The EU is by far our largest export market, with over a third of our UK steel heading there. And that’s not including the steel that goes via our customers—the EU is a critical export market for the UK’s car makers for example. So access to that market is fundamental to our business and one of the preconditions for this trade is that EU laws and regulations are followed. If the UK were to exit the EU and set these rules ourselves, it is likely we would still need to adhere to EU rules to enter that market. The difference: we would no longer have a say in how those rules are set up or applied.”

We know that the British steel industry is in a precarious state. The last thing it needs now is the turmoil that would be unleashed by a Brexit. That is why I am looking forward to once again joining steelworkers in Aberavon town on Saturday to send the message loud and clear that the steel industry is stronger, safer and better off inside the EU.

The bread-and-butter case for remaining is clear, but there is also a compelling strategic case to be made. The fact is that Britain succeeds when we open ourselves to the world, not when we close ourselves off. We succeed as a nation when we trade, forge alliances and build bridges. We are at our best when we are leading, not leaving.

In the spirit of cross-party consensus that is gripping the House this afternoon, I would like to quote Winston Churchill, who in 1948 spoke of the “three majestic circles” that should define our approach to the world: the Commonwealth, the United States and Europe, with Britain being

“the very point of juncture”,

the only country with

“a great part in every one of them”.

Churchill’s message is as true today as it was almost 70 years ago. He knew then, and we know now, that weakening our ties with one circle will inevitably weaken our ties with all three. President Obama made that clear during his recent visit, because he knows that a strong Britain in a strong Europe is a stronger ally for the US. We need not just take his word for it; Prime Minister Modi has said that Britain is India’s gateway to the EU. If we leave, Mr Modi’s priority will not be us, it will be to find a new gateway.

Like all nations, we have grappled with the forces of globalisation for thousands of years. From the moment the Romans landed on our shores, we have been an

[Stephen Kinnock]

integral part of the international community, buffeted by the winds of commerce, conflict and geopolitics. Over the centuries we marshalled the arts of empire building, trade, and alliance building to emerge as the pre-eminent global power. Since 1948 we have evolved from being an imperial power to being a global partner. This transformation—this journey—has been morally, politically and economically right, and it has been powered by the politics of economic realism. The movement of goods, services, capital and people across national borders has given rise to a world in which the lines between the domestic and the foreign have blurred. Fast-forward 42 years and we see how right we were; from the steel crisis to the Panama papers, from the refugee crisis to taking on the Kremlin, the EU is the key player in all those issues, and that is why it is critical that we vote to remain on 23 June.

6.13 pm

**Mike Wood** (Dudley South) (Con): I was born in March 1976, almost exactly nine months after the last referendum; I have not dared ask my parents how they felt about the result. I never expected to be campaigning to leave the EU, having spent seven very happy years working in the European Parliament for what was then the EPP-ED Group, working on internal market policy, including the development of the existing services directive. I have certainly seen a number of benefits of the EU, but I have also seen too many of the frustrations and limitations that are involved in our membership.

This is a question on which it is possible to have mixed feelings. It is also a question on which it is quite possible, and indeed right and natural, for good and reasonable people to reach different conclusions without any of them ceasing to be good, reasonable and rational people. I do not take a negative view of the Prime Minister's renegotiations, as some people have done. I think it was genuinely the best deal available, and it is an improvement as far as it goes. If we end up staying in next week, I would rather it was on the basis of having those changes than of not having them. However, they do not represent the fundamental reform that the EU needed in order to really transform our relationship with it.

I understand the argument that the Foreign Secretary made earlier. He talked about the number of our partners who are suddenly committed to competitiveness. I used to feel that way too—I used to believe it—but unfortunately, I saw that happening far too many times during the seven years that I was in the European Parliament. I remember Lord Patten calling for an end to the EU interfering in every nook and cranny of daily life. I remember Romano Prodi's competitiveness action plan and, a few years later, José Barroso's revitalised Lisbon strategy. Each was announced, with a great deal of fanfare as a game changer in how the EU approached competitiveness and growth, but it was always back to business as usual within a few months. I have seen nothing to suggest that anything has really changed since I left 10 years ago, because it is in the culture of the European Union to be a rather more insular and inward-looking organisation than it ought to be.

I am proud to be Member of Parliament in the black country. It is the home of the industrial revolution, and we still produce world-class goods and services that are

sold around the world. I am proud to represent businesses that export to some of the fastest-growing economies in the world—countries such as India, Brazil, Saudi Arabia, China and Taiwan. Sadly, the EU is too often a barrier to trading with those countries. I saw that when I was in Brussels, and I have certainly seen it since, as a Member of Parliament. I have therefore reached the conclusion that black country trade would be better served if Britain were to take back the power to negotiate those trade deals and reclaim its independent voice on international bodies.

This week's edition of *The Spectator* is surely correct in saying that no one—politician, economist or mystic—can be sure what the future has in store, and whether we will remain or leave. However, we can be sure that whatever happens, Britain will be better able to respond and adapt as a sovereign country living under its own laws. Britain can look forward to a prosperous, more outward-looking future trading and co-operating in Europe and also with countries outside Europe. That is why, like so many of my constituents and so many small businesses, I shall be voting to leave the European Union.

6.17 pm

**Nic Dakin** (Scunthorpe) (Lab): I shall be voting next week to remain in the European Union, for three reasons—an idealistic reason, a practical reason and a selfish reason. The idealistic reason is that the EU has contributed to peace and freedom within its member states, and that is something for us to be proud of.

The practical reason is that we are interconnected with our European neighbours. A constituent stopped me on the street and asked whether we would still be able to use the European health insurance card if we came out of Europe. She was anxious because her husband has a particular medical condition and they have to go to a warm climate in Europe every winter. They are protected by the European health insurance card while they are there. That makes a practical difference to her, and she told me that if it were not for the card, they would have to pay an extra £2,000 each time, which would make it impossible for them to go. So practically, it is important that we stay in the European Union.

The selfish reason is that we are better off in the European Union. No one in this debate has challenged the view that there will be a massive economic shock if we leave. Everyone accepts that. Indeed, that fact is recognised by nine out of 10 economists, by the OECD, by the IMF and by the World Bank. There is consensus on that, and it is clear that there will be difficulties if we leave and that jobs and livelihoods will be affected. It is better for our self-interest if we remain in the EU.

The list of businesses lining up to say that they are in favour of remaining in the European Union is vast. It includes Hitachi, J. P. Morgan, GKN, Airbus, Glaxo, BT Openreach and, today, Rolls-Royce. They are joined by 90% of trade unions. Businesses and employers' and employees' organisations are in favour of remaining. The EEF, the manufacturers employers association, is overwhelmingly in favour of remaining in the EU because it is good for manufacturing, and as my hon. Friend the Member for Aberavon (Stephen Kinnock) said, the steel industry would face even more challenges if we left the EU.

**Kevin Barron** (Rother Valley) (Lab): My hon. Friend is right. After the miners' strike in the mid-1980s, the running down of coal mining in my constituency and many others in South Yorkshire devastated the local economies, which were fragile even when mining was taking place. Thousands of jobs were lost not only in coal mining but in supply industries. The objective 1 programme, which was introduced in 2000 and ran for six years, put some £2.4 billion into not only jobs and skills but health, neighbourhood renewal and housing. More than £820 million of that came from Europe, and without it south Yorkshire would not be what it is today. Many Ministers travel to places like the advanced manufacturing park, but they would not be able to go there if Europe had not taken the lead in the regeneration of poor areas in the UK. Such places just would not be there.

**Nic Dakin:** My right hon. Friend is completely right about the power of the European Union in assisting us in regenerating areas of the countries like his so that there can be a renaissance and they can move forward.

I echo the reference that has been made to Siemens, which is an important employer in my region, with a base in Lincoln and developments in Hull. It has said:

“Siemens believes that being part of the EU is good for UK jobs and prosperity and we have concerns about the possible effects of a vote to leave.”

The company is investing in new wind power and renewables, which bring a lot of opportunities for steel. We should not take any risks with that future.

There is a massive choice about our future before the nation. In making that choice, I hope that everyone thinks it through very carefully. We respect the view of the British people, and I hope very much that they vote to remain.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. I am afraid that a three-minute limit will need now to apply.

6.21 pm

**Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): I wish to speak today to outline the huge benefits that have been secured by our membership of the European Union and, in particular, the benefits to my constituency and the wider valleys of south Wales. There is no doubt that the choice facing our country next week is the biggest political decision many of us will face in our lifetime. The EU was set up after the second world war and has acted as a forum to bring the countries of Europe together to promote peace and partnership. We have seen a long period of sustained peace during this time, and we should not underestimate the role of the EU in promoting peace across the continent of Europe.

In my constituency, and across south Wales, we have seen huge investment in recent years in transport projects, regeneration and support for training and job opportunities. In the 1980s, the Thatcher Government ripped the heart out of many of the communities in south Wales and left thousands of people on the scrapheap. Following the election of a Labour Government in 1997, and the work done by Gordon Brown and Tony Blair to secure European objective 1 status for the valleys and west Wales, we have seen our valleys regenerated. Working with the Welsh Government, many communities have seen their

areas transformed. In the community where I live, local people, the local authorities and others have worked hard to develop a regeneration strategy that secured European funding and regenerated our area. Over the past 15 years, we have seen new employment units, new museums and a new community resource centre, all match-funded with EU funds. These projects were also a catalyst for further investment from the local authority and the Welsh Government.

Merthyr Tydfil town centre has seen huge regeneration, and the area is almost unrecognisable from what it was about 15 years ago. Town centre enhancement has taken place, with the creation of open space with a new town square. The wider county borough of Merthyr Tydfil has seen improved transport links, flood alleviation schemes and village centre improvements. Merthyr Tydfil has a brand-new, state-of-the-art college, attracting and supporting students in a variety of fields. The college has benefited hugely from the EU and continues to do so. When I visited there last October, students highlighted to me the benefits of the Erasmus programme, which supports our young people to study and undertake exchange visits and learning across the EU.

In Wales, thousands of jobs are supported by, or are reliant on, EU funding, and leaving the EU would have a massively negative impact on the Welsh economy. The claims by some Tories that leaving the EU would free up investment for public services is almost laughable. These are the very people who have spent their political lives dismantling public services and creating a smaller state. I do not believe for one minute that they have had a damascene-style conversion. The idea there would be extra investment for public services is just not credible.

As a socialist, I believe that we are always better off together—better off working in partnership with others. We will always achieve more by our common endeavour than we will do alone. I believe that to be the case for individuals, communities and indeed countries. For the sake of our communities and for our standing in the world, the only vote next week, on 23 June, is for us to remain.

6.25 pm

**Rachael Maskell** (York Central) (Lab/Co-op): The EU is far from perfect—we have heard that today—but that is true of this place, too. The policies that have come out of this place have really impacted on people in our communities, and many of them are finding life tough.

As I have gone through the streets of York listening to people, I have heard them talk about housing and the fact that this Government have not built the houses in which they can afford to live. They are talking about their job insecurity. Some 4.5 million people are now experiencing insecurity at work, and people are really struggling with the cuts to public services. All those issues that people are articulating come from Westminster, not the EU.

I want to consider and draw out these questions. Why is it that those who have always strived for people to have decent jobs and good employment rights; who are against the agencies undercutting workers; and who have always argued for protections around health and safety in the workplace—the trade unions—are arguing for us to remain and reform? Why are those who have always spoken up against inequality, injustice and poverty;

[*Rachael Maskell*]

who have created the fight against the things that are happening at the moment; and who have always supported our communities saying remain and reform? Why is the Archbishop of Canterbury making the argument? Why is the Archbishop of York, who has just spent six months walking 2,000 miles and listening to people, saying remain and reform Europe?

The environmental movement understands the fragility of our planet, and it is saying that the way that we will change that is to remain and reform. The universities—the brains of Britain—say that for the future of our science base and research base we must remain in Europe and reform from the inside.

We must listen to the forces of good in our country. These are the people who have a history of always standing up for our families and our communities, and they are united in saying remain in Europe, but reform it as we go. They are unlike the Brexiteers—the people who have brought forward the bedroom tax, cuts to the benefits of disabled people, and harsh pension rules, and who have not protected people desperately needing homes. The hon. Member for Uxbridge and South Ruislip (Boris Johnson), for example, slashed social housing plans in London so that the millionaires could buy their assets. These are the people who have also advocated privatisation in the NHS.

We need to stand with those who have always fought for the people of this country. They are the people who are saying remain and reform. History is on their side, and as we face the challenges of our planet today, we need to be in the debate and at the table so that we can form the agenda for the future. We should not be isolated and on our own. Therefore, the only option on 23 June is to vote to remain in the EU.

6.28 pm

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I wanted to use my short time to focus on the importance of the European Union to communities in my constituency of Inverness, Nairn, Badenoch and Strathspey, in the highlands and of course in Scotland. There are 175,000 EU citizens living and working in Scotland out of a population of 5.4 million people. We have a problem not of immigration, but of emigration in the highlands. Those people from the EU who work for us are vital to the health industry. They fill skills gaps and help our tourism economy, but they are more than that. These people are not just numbers and EU citizens, but our neighbours, our friends and part of our communities. It is a two-way process. At the moment, both of my sons are working abroad in Europe: one in Germany and one in Spain. Earlier, we heard it said that this is about not immigrants or migrants, but expats when it suits.

**Ian Blackford**: I am delighted that my hon. Friend has given way. He is making some very important points. Does he also agree that those of us representing seats in the highlands and islands have benefited enormously from the European Union with the investment that is taking place in our roads and our infrastructure? The European Union has been a voice for good, and that is true for our crofters and farmers. All highlanders, along with everyone else, should vote to stay in.

**Drew Hendry**: My hon. Friend makes a very good point. If not for the 40 years of the European Union, I wonder whether we would have that symbol of progress in the highlands, the Kessock bridge, which unites our constituencies. Given the paucity of investment from the Westminster Government through those decades, I believe that we would not have seen that or many other investments. Just imagine what would have happened there.

The UK's relationship with the EU is a two-way street. We heard earlier about the European health card. This week I got the great news that Stephanie Inglis, the Commonwealth games medal-winning athlete who was critically injured in Vietnam, is coming home. That is terrific news. She was out there with travel insurance, and the insurance company found a loophole allowing it not to pay. It has taken £300,000 worth of fundraising to pay her bill. Imagine if that accident had happened in the European Union to one of our constituents without cover. That is why it is important that we recognise what we get back.

Between 2014 and 2021 the EU will have invested €192 million in the highlands and islands through the transition programme. We get more out than we put in. The hon. Member for St Austell and Newquay (Steve Double) is not in his seat—he obviously read his badge and took it as an instruction. If he wants to give that money to the highlands and islands, he is welcome to do so. Tourism is a £5.4 billion industry in the highlands, and airfares have been reduced by 40% over the time that we have been involved in the European Union, and budget airlines have become available to us.

The right-wing element in the leave campaign—which is the Leave campaign—wants to get rid of red tape, employment rights and consumer rights. That is the kind of red tape that leave campaigners want to get rid of. The hon. Member for Uxbridge and South Ruislip (Boris Johnson) has spoken of a takeover. He has always had a long-term plan. Today it seems that there is a possibility that he will make Mr Farage a Lord so that he can bypass holding a by-election for him. We know that the hon. Member for Uxbridge and South Ruislip wants a Boris island. On 23 June let us not make the UK Boris island.

6.32 pm

**Mr David Anderson** (Blaydon) (Lab): I will start as I intend to finish. We need to think what will happen next week if we vote to leave. Who will be driving the Brexit bus? It will not be the hapless Prime Minister or the man who has been described as Pinocchio from No. 11. It will be people such as the Lord Chancellor and Secretary of State for Justice, the man who trebled tuition fees, brought us a Back to the Future school system, took away the education maintenance allowance and destroyed Sure Start, or the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith), who destroyed Remploy, brought in the bedroom tax, gave Atos free rein, cut sick pay, cut jobseeker's allowance and hit disabled people's security.

Others who would be on the Brexit bus include the Leader of the House, who privatised probation, sacked 7,000 prison officers, destroyed legal aid, restricted access to tribunals and cut support for personal injury legislation; the new kid on the block, the Minister for Employment, who described British workmen as the laziest in the

world and pretends that she will pump billions into the NHS and VAT cuts; the Secretary of State for Northern Ireland, who is risking the peace in Northern Ireland, ignoring the impact on our oldest and closest neighbour, and pretending that we can leave the porous border between the north and the south and still keep out the so-called hordes from Turkey, Syria and Iran; and finally, the clown prince, the hon. Member for Uxbridge and South Ruislip (Boris Johnson), who sold out his friends, his party and his country to move from City Hall to No. 10. His idea of negotiation was never to meet the unions while the tube was in chaos. He is a man who thinks that a funny line puts everything right. Well, I'm sorry—this is no laughing matter. If we want a joker to be Prime Minister, let us vote for Peter Kay.

That is the motley crew who will be in charge if we vote leave next Thursday. Behind them all is the man who has had the Prime Minister on the run for a decade, Mr “Farridge”. These are the people who will be heading off to Brussels with the intention of coming back here and starting this country on a path to deregulation and a free-for-all. They really do want the UK to be the Hong Kong of Europe.

To all those who are confused by the position of my party in the debate, I say, “Be very, very clear. If the Brexiteers win next week, you will need Labour more than ever.” This is the fight of our lives and it is more important than party politics. It is the defining moment of this new millennium. I urge everyone not to make the mistake of getting even with politicians who they think have let them down. I urge people not to let their anger and worries blind them to the reality of where we could end up, and not to let an unprincipled bunch of right-wing deregulators use xenophobia and racism as a front to change the future prosperity and security of this country.

6.34 pm

**Danny Kinahan** (South Antrim) (UUP): This is the last of my chances over the past few weeks to put the case as an Ulster Unionist that not all Unionists are for leaving—the Ulster Unionist party is for staying in, although it is a free vote for the others. I am proud to be part of the Northern Irish team that wants to remain, along with the Social Democratic and Labour party, the Alliance and Sinn Féin, although we all have slightly different views. As we have heard, we all need to pull together if we are to remain. The public are fed up with the battling, the bullying and the hyping; they just want—in so far as they can—to have the facts on the table, to know how they will be affected and to have a chance to vote. We have to let them decide, and then things fall to us.

I say, as a Unionist, that we all have to work together. My greatest concern in this whole debate is that the Union may fall apart if we leave the EU. If Scotland, as SNP Members have indicated today, does its own thing, Northern Ireland will be stuck out there in the north-west, with Ireland on a different set of rules and Scotland on a different set of rules. We will then be coming to England for help whenever we need it, although I do not want Northern Ireland to carry on holding out a begging bowl.

When it comes to the economy, I am proud to have been on a Northern Ireland Affairs Committee that produced a balanced document, given that seven of its

members were for out, and all the others were for in, and I recommend that document to everyone. However, the key point for me was when an Italian hedge funder told me, “It’s all very well for everyone in the south and everyone who is wealthy. They’ll be able to bounce along and succeed on their own if you leave, but everyone else—those who don’t have the strong marketing teams and the funds to expand—will struggle. They will be the ones who suffer.” That is the north, Scotland and all sorts of other places. We need to pull together. The Union should pull together.

The last point I want to make is that, when we go to the Somme and see the countryside and all the graves, we realise that there was not just that war—there was Waterloo, Agincourt and all the other European wars. Our duty is to lead and to be in there, showing people how to do things, pulling them all together, changing what needs to be changed, and not having the bloodbaths we had in the past. That is why I want to stay in.

6.37 pm

**Christina Rees** (Neath) (Lab): There are great economic benefits from being a member of the European Union, and those are nowhere more obvious than in Wales. I am very proud of the investment that has been made in west Wales and the valleys, but less proud of the fact that we receive this money because we are one of the poorest regions in Europe.

A generation ago, the economic foundations of my constituency were torn apart by the closure of the mines; but visit Neath now and you see a bustling town, with shops opening, businesses starting up and a £13 million town centre redevelopment in progress, due to EU funding. But that image of a bright future is now on hold until a week tomorrow.

Projects financed through our membership of the EU have helped launch 485 businesses, supported 7,300 people into work and created more than 1,355 jobs. Some 14,870 qualifications have been gained, and nearly 5,000 people have completed an EU-funded apprenticeship in Neath County Borough.

Neath Port Talbot County Borough Council is leading with the Workways project, funded through £16.7 million of EU structural funds. The project has tackled barriers that prevented individuals from finding or returning to employment; supported job searches; improved CV-writing and interview skills; and provided access to training. It has also developed links with local employers.

I must also mention the Swansea Bay science and innovation campus, which has had a substantial impact on Neath and the surrounding region. That would not have happened without £95 million of EU funding. I praise the efforts of Derek Vaughan, Labour MEP for Wales and former leader of Neath Port Talbot County Borough Council, and Ali Thomas, the current leader, for creating that project. We are very proud of them.

I would be delighted if the leave campaigners could offer guarantees that in the event of Brexit, structural funds currently provided to west Wales and the valleys would be replaced like for like by the Government—gobsmacked, but delighted. However, like the Welsh First Minister, Carwyn Jones, I doubt that would happen. Yesterday, Carwyn said of the leave campaigners that they

“have no more power”

[Christina Rees]

to make such a promise  
“than my children’s pet cat.”

They could do nothing to protect the 100,000 jobs in Wales that depend on our trade. For that reason, I will vote to remain.

6.40 pm

**Seema Malhotra** (Feltham and Heston) (Lab/Co-op): I thank the more than 35 hon. Members from both sides of the House who have made speeches. I cannot mention them all, but I shall highlight a few of the points that were made.

My hon. Friend the Member for Kingston upon Hull North (Diana Johnson) talked about anger at cuts to public services but said that there is no way that leaving the European Union will magically solve that problem. My hon. Friends the Members for North Tyneside (Mary Glindon) and for Sedgfield (Phil Wilson) said that 160,000 jobs in the north-east are reliant on trade with the European Union, with much that comes through European structural funds that create opportunities for jobs, start-ups, and their local economies.

My hon. Friend the Member for West Bromwich West (Mr Bailey) talked about concerns about the impact on our manufacturing industries. My hon. Friend the Member for Bishop Auckland (Helen Goodman) noted the total failure of the leave campaign to set out how any new trade agreement could work.

**John Redwood** *rose—*

**Seema Malhotra:** I am afraid I do not have time to give way.

My right hon. Friend the Member for Cynon Valley (Ann Clwyd) said that our rights are safer if we stand together, and that we should not risk those rights being jeopardised by those who see them as red tape. My hon. Friend the Member for Wirral South (Alison McGovern) said that we need to stay in the single market for our economic prosperity and security, that we should not risk a race to the bottom on working conditions, and that the vote next week is a choice of austerity versus prosperity and influence versus irrelevance.

We are a proud nation—proud of our history, our diversity and our place in the world as a nation that has been at the forefront of progress in science and technology and in politics. I am proud of our place at the heart of the European Union. The vote next week is not just about keeping the world as it is today—it is about how we stand tall with our neighbours in shaping and creating the world of tomorrow, and facing the global challenges of sharing our prosperity and tackling the issues on the environment, tax avoidance and humanitarian crises. Those challenges will not go away if we leave the European Union; instead, we will have fewer allies as we seek to confront them. For our trade, manufacturing and employment, we gain from being members of the European Union. That is why Labour is pro-Europe and the party for reform in Europe. Our message is based on opportunity, hope and fairness—opportunities for future generations and for our economy and society from our membership, now and in the future.

I spoke to a man in my constituency who was conflicted about his vote. His parents were planning to vote leave, but then he asked himself what that would mean for his

children. He thought about his children’s opportunities and decided it was vital to get his parents to think again about what their vote would mean for their grandchildren. Why are young people so positive about the European Union? It is because they cherish the freedom to travel, to learn and to experience what Europe and the world have to offer. When young people think about migration, they can see it also in terms of the opportunities it brings for them. Yes, we recognise that immigration needs fair rules and proper controls, but we cannot deny the benefits. Over the past decade, migrants from new EU member countries have contributed £20 billion more in taxes than they have taken in public services and benefits. More than 52,000 EU migrants work in the NHS.

We understand people’s legitimate concerns about the threat to their jobs from the undercutting of wages and the pressure on public services, but that is why we need stronger laws against bad employers and the migration impact fund, which should never have been cut. We need more houses and access to skills and apprenticeships.

I have no truck with those who say that we should choose between the Commonwealth and the European Union. That is absolutely a false choice. When the people and leaders of the Commonwealth nations say that it is in our interest to remain, we should listen to them. Likewise, when young entrepreneurs say that being in the EU has given their businesses the chance to go global overnight, and when scientists such as Stephen Hawking and 150 fellows of the Royal Society say that membership is vital for the future of scientific research, we should listen to them. When the National Union of Students, the Institute for Fiscal Studies, the OECD, the National Farmers Union and many others say that we should remain, we should listen to them.

We are part of plans to create a digital single market in Europe, which will be a huge opportunity for Britain’s tech industry, creating the best part of 4 million jobs and worth €400 billion a year. Many of those jobs and opportunities will be available to this country’s entrepreneurs. Why would we walk away from that? This is what the future of the European Union can offer: more jobs, better jobs and better rights at work.

The European Investment Bank, an EU institution in which Britain holds a sixth of the shares, is the world’s largest international public bank and it is directly owned by member states. In the past 10 years, the bank has invested more than £40 billion in UK infrastructure. Last year alone, the UK received £5.6 billion from the EIB to help regenerate communities and invest in infrastructure up and down the country, with projects such as campuses in Swansea and Belfast and the technology and innovation hub at Strathclyde, and £250 million went to Northumbrian Water.

Let me be clear: I do not wish to scaremonger, and no one should vote based on fear, but people must vote with their eyes open to the risks. I have been asking businesses what makes Britain an attractive destination to invest in, and companies tell me time and again that they choose to invest in Britain because of our language, inclusive culture, heritage and world-class education system, but a key compelling factor is because it also provides access to European markets and, through them, to the rest of the world. That pull factor will disappear overnight if we walk away from the European Union.

**John Redwood:** Will the hon. Lady give way?

**Seema Malhotra:** I will not give way, I am sorry. The right hon. Gentleman has already spoken today.

Just today, Rolls-Royce, a world-leading company, has joined other companies in making it clear to staff that a leave vote would be detrimental to their company, because uncertainty would put investment decisions on hold. I believe that businesses need to be as bold and forthright in public as they are in private, sharing with their employees the same analysis as they share with their shareholders about the impact of a leave vote.

This referendum must be about more jobs, better jobs and better rights at work. What would it say about Britain if we were to leave? What would it do to the reputation of a nation that has done so much to shape attitudes, culture and institutions across the world if we were to walk away from our closest neighbours? That goes against all that we have stood for as an open and progressive nation.

We know that the European Union is not perfect, but this is an argument for reform, not for walking away. A vote to remain is a vote for stability and security for all our citizens in an increasingly uncertain global world. It is a vote to remain part of the world's biggest trading bloc, with safeguards for the environment and protection for consumers.

We achieve much more by our common endeavour and by working together. When we look around the world, the achievements of the European Union must not be taken for granted. Sometimes, in the words of Joni Mitchell,

“you don't know what you've got till it's gone”.

We know that the European Union is not perfect, but we should be leading, not leaving. I urge all hon. Members to join us in the Aye Lobby tonight.

6.50 pm

**The Chief Secretary to the Treasury (Greg Hands):** It is my privilege to bring this most timely debate to a close. This is, of course, the final word from the Government at the Dispatch Box before the British people go to the polls next week to make one of the most important decisions about the future of the United Kingdom in the modern era. For many people, this is the biggest political decision that they have ever had to make. Indeed, I was only nine years old at the time of the 1975 referendum.

This is not like a general election. It is not just a choice for the next five years. There is no going back from the choice that we make, as a nation, next Thursday. A vote to leave would be irreversible. There is no “try before you buy”, and there are no returns. That makes it all the more important that we make the most of the opportunities, such as this debate, to look again at what is really in the interests of everyone in the UK.

I thank all Members for their contributions. In closing the debate, I want to be very clear about my conviction that the UK is far better off as part of the European Union than outside on our own. There have been 53 speakers today, 46 of whom have supported Britain's staying in Europe, many of them passionately so. I cannot mention all of them, so I will refer briefly to four—two from each side.

First, my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton), in a moving and important speech, declared for remain here on the Floor of the

House. I commend her for making the right choice. In the interest of fairness, let me briefly mention one of the speeches against the motion, of which there were not many; there were seven in all. I did not agree with the arguments made by my hon. Friend the Member for South East Cornwall (Mrs Murray), but she made extensive references to Looe in her constituency, where I spent many happy years as a child growing up, and it was great to hear references to places such as Pengelly's fish shop.

I will mention two speeches from Labour, by the hon. Member for Kingston upon Hull North (Diana Johnson) and the hon. Member for Newcastle-under-Lyme (Paul Farrelly). Far be it from me to suggest how Members should campaign in their constituencies on the matter, but I thought both of them did well to mention the local businesses, local jobs and local facilities that would be under threat from a vote to leave the European Union. I have to mention that the hon. Member for Newcastle-under-Lyme and I were both migrant workers in the 1980s in West Berlin in the Feinschmecker-Etage of the Kaufhaus des Westens.

I want us to remain, and I say that as someone who is not blind to the faults and the flaws of the European Union. Being critical of the EU does not mean wanting to leave the EU; it means wanting to keep enjoying all the benefits it has to offer while continuing to fight for the best interests of the UK in Europe. If we choose to stay, we can have the best of both worlds. We will never be forced to join the euro, and the deal struck by the Prime Minister in February means that our rights as a country outside the eurozone will be protected, as my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) said. We will have no membership of Schengen, no ever-closer political union, greater control over welfare and greater control over the pull factors for migration.

Crucially, we will also be at the heart of the single market, which is improving in the areas of services, capital, energy and digital. We will have a seat at the table when the rules affecting us are set. We can trade freely with half a billion people inside the EU. As part of this huge trading bloc, we have gained much better deals with other countries across the globe than we ever would have done had the UK been sitting at the negotiating table alone.

**John Redwood:** Will the Minister give way?

**Greg Hands:** I do not have the time. I am sorry.

Today, we have seen yet further proof that the UK's economy is on the road to recovery. We have the highest employment level on record. Unemployment is at its lowest since 2005, the year I first entered Parliament. We can be proud of what we have achieved. However, we are putting our hard-won recovery in jeopardy: with one enormous leap into the dark in just eight days' time, we risk throwing it all away.

I care about facing up to the facts. It is only right to examine what voting to leave might do and, frankly, we should be concerned. In the Treasury, we have done a lot of work to understand what leaving the EU might mean for this country. One study of the short-term impact of leaving suggests that if we vote to leave, we could be pushing ourselves headlong into a recession within a couple of years. In fact, compared with remaining,

[Greg Hands]

we might well see a rise in unemployment of between 520,000 and 820,000; a fall of between 12% and 15% in the value of sterling; a decrease in GDP of between 3.6% and 6.0%; and increased borrowing of anything up to £39 billion, which is the equivalent of a third of the NHS budget each year. Some people say, “So what?” Others say, “This is a price worth paying.” For the vast majority of people in this country, however, these things—they are just what will happen in the immediate aftermath—really matter.

We have debated employment rights quite a bit and heard about the benefits of the EU in creating and guaranteeing them, but no one among the leavers has been quite clear about which of these rights would be guaranteed if we leave. So many questions have been left unanswered about what Britain might be like if we left. Of course, there is also the possibility we might still just have to follow any regulations handed down by Brussels, but, crucially, with no choice or influence over what they are. Norway is a clear example: it is required to comply with EU legislation, such as the working time directive or the agency workers directive, in exchange for access to the EU market, but, crucially, with no vote on the decision making.

It is also unclear how leaving the EU could be better for our businesses and for our trade, because the world in which we live and trade is more globally interconnected than ever before. All the alternatives to EU membership would represent a huge step backwards in terms of trading with the EU and, I believe, with the rest of the world as well.

It is the sheer number of uncertainties about leaving the EU that is so concerning. People desperately want to know what leaving would really mean. What would our relationship with the EU be? Would we have access to the single market, and if so, on what terms? What about our trading relationships with other countries, and what happens to all the laws and rules we have that come from the EU? Resolving such questions will be intricately complicated—so much so that it is doubtful whether negotiations would be completed after a decade, let alone in this Parliament. Let us think about that for a moment: where will our lives be in a decade’s time? Let us think in particular about the young people whose futures also lie in the balance on this decision: where will they be after a decade?

Our economy is growing once more. In my view and that of the Government, that is not an accident. It is the result of the sacrifices we have all made, and the parts we have all played in fixing the economy. A vote to leave, with all the uncertainties that surround it, will put all of this country’s hard work at risk. Let us listen to our global allies such as the United States, Canada, Australia, Japan and Germany, and indeed to businesses based in this country—not just our major financial corporations, but the smaller companies that rely on exporting to the EU market. It is clear to me, as it is clear to them, that it is by remaining in a reformed European Union that we can keep growing, not bring about a recession of our own making; keep creating jobs, not jeopardise people’s livelihoods; and keep attracting investment, not lose out to our international competitors.

As I said at the start, this debate represents the final opportunity for this House to look at this vital question. This is not about the narrow interests of any one

political party; it is about coming together in the national interest. If, like me, the House believes Britain is stronger, safer and better off in the EU, I urge it to support this motion.

*Question put.*

*The House divided: Ayes 257, Noes 0.*

**Division No. 21]**

**[6.59 pm**

**AYES**

|                          |                         |
|--------------------------|-------------------------|
| Abbott, Ms Diane         | Davies, Byron           |
| Ahmed-Sheikh, Ms Tasmina | Davies, Geraint         |
| Aldous, Peter            | Djanogly, Mr Jonathan   |
| Alexander, Heidi         | Docherty-Hughes, Martin |
| Ali, Rushanara           | Donaldson, Stuart Blair |
| Allen, Mr Graham         | Doughty, Stephen        |
| Anderson, Mr David       | Dowd, Jim               |
| Arkless, Richard         | Dowd, Peter             |
| Ashworth, Jonathan       | Dromey, Jack            |
| Austin, Ian              | Drummond, Mrs Flick     |
| Bailey, Mr Adrian        | Dugher, Michael         |
| Baldwin, Harriett        | Dunne, Mr Philip        |
| Barron, rh Kevin         | Eagle, Ms Angela        |
| Barwell, Gavin           | Eagle, Maria            |
| Beckett, rh Margaret     | Ellis, Michael          |
| Benn, rh Hilary          | Ellison, Jane           |
| Beresford, Sir Paul      | Elmore, Chris           |
| Berry, Jake              | Evans, Chris            |
| Betts, Mr Clive          | Evans, Graham           |
| Black, Mhairi            | Farrelly, Paul          |
| Blackford, Ian           | Fitzpatrick, Jim        |
| Blackman, Kirsty         | Fleelo, Robert          |
| Blackwood, Nicola        | Flint, rh Caroline      |
| Blenkinsop, Tom          | Flynn, Paul             |
| Bottomley, Sir Peter     | Fovargue, Yvonne        |
| Bradley, Karen           | Freer, Mike             |
| Bradshaw, rh Mr Ben      | Furniss, Gill           |
| Brake, rh Tom            | Gapes, Mike             |
| Brennan, Kevin           | Gauke, Mr David         |
| Brock, Deidre            | Gethins, Stephen        |
| Brown, Lyn               | Gibson, Patricia        |
| Brown, rh Mr Nicholas    | Glen, John              |
| Bryant, Chris            | Glindon, Mary           |
| Buck, Ms Karen           | Goodman, Helen          |
| Burden, Richard          | Grady, Patrick          |
| Byrne, rh Liam           | Graham, Richard         |
| Cadbury, Ruth            | Grant, Peter            |
| Cameron, Dr Lisa         | Gray, Neil              |
| Carmichael, Neil         | Green, Kate             |
| Cartlidge, James         | Greening, rh Justine    |
| Chalk, Alex              | Greenwood, Lilian       |
| Champion, Sarah          | Griffith, Nia           |
| Chapman, Douglas         | Gummer, Ben             |
| Cherry, Joanna           | Gwynne, Andrew          |
| Clark, rh Greg           | Haigh, Louise           |
| Clarke, rh Mr Kenneth    | Hall, Luke              |
| Clwyd, rh Ann            | Hancock, rh Matthew     |
| Coffey, Ann              | Hands, rh Greg          |
| Coffey, Dr Thérèse       | Hanson, rh Mr David     |
| Colville, Oliver         | Harman, rh Ms Harriet   |
| Cooper, rh Yvette        | Harper, rh Mr Mark      |
| Corbyn, rh Jeremy        | Harrington, Richard     |
| Cowan, Ronnie            | Harris, Carolyn         |
| Coyle, Neil              | Hayes, Helen            |
| Crabb, rh Stephen        | Hendrick, Mr Mark       |
| Crawley, Angela          | Hendry, Drew            |
| Creasy, Stella           | Hepburn, Mr Stephen     |
| Cummins, Judith          | Herbert, rh Nick        |
| Cunningham, Mr Jim       | Hillier, Meg            |
| Dakin, Nic               | Hinds, Damian           |
| Danczuk, Simon           | Hoare, Simon            |

Hodge, rh Dame Margaret  
 Hodgson, Mrs Sharon  
 Hollern, Kate  
 Hollinrake, Kevin  
 Hopkins, Kris  
 Howarth, rh Mr George  
 Howell, John  
 Howlett, Ben  
 Huddleston, Nigel  
 Huq, Dr Rupa  
 James, Margot  
 Javid, rh Sajid  
 Johnson, Diana  
 Jones, Andrew  
 Jones, Gerald  
 Jones, Mr Kevan  
 Jones, Mr Marcus  
 Jones, Susan Elan  
 Kane, Mike  
 Keeley, Barbara  
 Kendall, Liz  
 Kinahan, Danny  
 Kirby, Simon  
 Lavery, Ian  
 Lefroy, Jeremy  
 Letwin, rh Mr Oliver  
 Lewell-Buck, Mrs Emma  
 Lewis, Brandon  
 Long Bailey, Rebecca  
 Lucas, Ian C.  
 Lynch, Holly  
 Mackintosh, David  
 MacNeil, Mr Angus Brendan  
 Mactaggart, rh Fiona  
 Madders, Justin  
 Mahmood, Mr Khalid  
 Mahmood, Shabana  
 Malhotra, Seema  
 Marris, Rob  
 Marsden, Mr Gordon  
 Maskell, Rachael  
 Matheson, Christian  
 McCaig, Callum  
 McCarthy, Kerry  
 McDonald, Stewart Malcolm  
 McDonald, Stuart C.  
 McDonnell, John  
 McGovern, Alison  
 McInnes, Liz  
 McMahan, Jim  
 Meale, Sir Alan

Mearns, Ian  
 Milling, Amanda  
 Monaghan, Carol  
 Monaghan, Dr Paul  
 Morton, Wendy  
 Mulholland, Greg  
 Mullin, Roger  
 Murray, Ian  
 Neill, Robert  
 Newlands, Gavin  
 Nicolson, John  
 O'Hara, Brendan  
 Osamor, Kate  
 Oswald, Kirsten  
 Parish, Neil  
 Paterson, Steven  
 Pawsey, Mark  
 Pearce, Teresa  
 Perry, Claire  
 Pickles, rh Sir Eric  
 Pound, Stephen  
 Pow, Rebecca  
 Prentis, Victoria  
 Pugh, John  
 Rayner, Angela  
 Reed, Mr Jamie  
 Reed, Mr Steve  
 Rees, Christina  
 Reynolds, Jonathan  
 Ritchie, Ms Margaret  
 Robertson, rh Angus  
 Rutley, David  
 Ryan, rh Joan  
 Salmond, rh Alex  
 Selous, Andrew  
 Sharma, Mr Virendra  
 Sheerman, Mr Barry  
 Sheppard, Tommy  
 Sherriff, Paula  
 Skidmore, Chris  
 Slaughter, Andy  
 Smeeth, Ruth  
 Smith, rh Mr Andrew  
 Smith, Angela  
 Smith, Cat  
 Smith, Chloe  
 Smith, Julian  
 Smith, Owen  
 Smyth, Karin  
 Soubry, rh Anna  
 Stephens, Chris

Streeting, Wes  
 Swire, rh Mr Hugo  
 Tami, Mark  
 Thewliss, Alison  
 Thomas-Symonds, Nick  
 Thompson, Owen  
 Thomson, Michelle  
 Thornberry, Emily  
 Timms, rh Stephen  
 Tolhurst, Kelly  
 Trickett, Jon  
 Twigg, Derek  
 Vara, Mr Shailesh  
 Vaz, rh Keith  
 Vaz, Valerie  
 Warman, Matt  
 Weir, Mike  
 West, Catherine

Whately, Helen  
 White, Chris  
 Whiteford, Dr Eilidh  
 Whitehead, Dr Alan  
 Whitford, Dr Philippa  
 Williams, Craig  
 Williams, Hywel  
 Williams, Mr Mark  
 Wilson, Corri  
 Wilson, Phil  
 Wilson, Mr Rob  
 Winnick, Mr David  
 Winterton, rh Dame Rosie  
 Wishart, Pete  
 Wright, Mr Iain

**Tellers for the Ayes:**  
**Vicky Foxcroft and**  
**Jeff Smith**

#### NOES

**Tellers for the Noes:**  
**Mr Alan Campbell and**

**Grahame M. Morris**

*Question accordingly agreed to.*

*Resolved,*

That this House believes that the UK needs to stay in the EU because it offers the best framework for trade, manufacturing, employment rights and cooperation to meet the challenges the UK faces in the world in the twenty-first century; and notes that tens of billions of pounds worth of investment and millions of jobs are linked to the UK's membership of the EU, the biggest market in the world.

### Business without Debate

#### DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

#### FINANCIAL SERVICES AND MARKETS

That the draft Building Societies (Floating Charges and Other Provisions) Order 2016, which was laid before this House on 8 February, in the last Session of Parliament, be approved.—(*Harriett Baldwin.*)

*Question agreed to.*

## Tees Valley Inward Investment Initiative

*Motion made, and Question proposed,* That this House do now adjourn.—(*Julian Smith.*)

7.12 pm

**Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): Lord Heseltine's report "Tees Valley: Opportunity Unlimited" was written to explore the possibilities of transforming the SSI steelworks site and attracting internal investment into Teesside. Unfortunately, I do not believe it offers the comprehensive plan that was promised. Instead, it recycles many proposals that have already been published or suggested by the combined authority and the local enterprise partnership. I hope the Government will pay more attention to those aspirations now that they have been endorsed by the former deputy leader of Conservative party, but few marks can be given for originality.

As we all know, the SSI steelworks closed in autumn 2015, and as a result 5,000 jobs were lost directly or indirectly. Government inaction over the Chinese dumping of cheap steel in the UK market, high energy costs and a lack of infrastructure helped contribute to the steel crisis that made the report necessary. From reading it, however, we would think that the economic impact of the closure had all but been dealt with. Specifically, Lord Heseltine claims that employment levels have recovered since the closure of the steelworks. Not in my constituency: unemployment has increased by 23%. In the constituency of Redcar, where the steelworks were located, unemployment has increased by a staggering 43% since September 2015. It is not acceptable to ignore those facts, or to deny the reality that many of my constituents are facing in trying to find a job. I believe it is right that Lord Heseltine paints a positive picture of Teesside's future, but he cannot gloss over the fact that the heart of Teesside's economy, the steelworks at Redcar, has stopped beating on this Government's watch. Nor must we forget Caparo in Hartlepool or Air Products or the many redundant offshore workers returning to the Teesside conurbation.

Lord Heseltine's report talks about the steel industry solely in the past tense, as if it was some relic rather than the industry with huge potential that we know it to be. Thankfully, the remaining steel mills in Teesside, including Skinningrove in my constituency, still produce high-quality long products. With the right Government backing, the steel industry has a genuinely long-term future on Teesside and in the UK.

Unfortunately, the report offers no serious recommendations to secure the future of the steel industry in Teesside and the UK, and this at a time when the future of the 25, 42 and 84-inch tube mill in Hartlepool is still uncertain. The Government are now finally attempting to respond to the steel crisis, in part due to the hard work of Teesside MPs. I hope that the remaining steel mills on Teesside that still have uncertain futures are not neglected by the Government in the way the works in Redcar were, and I urge Government action to secure the long-term future of the remaining works, despite the fact that the report fails to suggest any.

**Mr Iain Wright** (Hartlepool) (Lab): I pay tribute to my hon. Friend for the fantastic work that he has done to ensure a viable future for the steel industry. He was

kind enough to mention the pipe mills in my constituency. Can he reassure me that we will be talking up the steel industry in the north-east to make sure that it has a viable future we can be proud of as part of a modern, dynamic manufacturing supply chain?

**Tom Blenkinsop:** I thank my hon. Friend for raising that point. The Greybull deal for long products, which covered Skinningrove in my constituency, the beam mill in Redcar and of course Scunthorpe, took 18 months of hard work and negotiations to help the Government help the industry come to a deal. It meant assisting Tata in releasing the assets so that we could get not just a buyer but a responsible buyer. As we know, the initial purchaser was seen in a suspicious light in Government circles, as well as in Opposition circles, but eventually, given time, we were able to get Greybull in and formulate a new British steel company. Something similar needs to be done for strip and speciality steels as well as for tubes, for Hartlepool and, further down the road, for Corby. There has to be a national strategy that interacts with local agencies.

Although SSI TCP has gone through a hard closure, much related industrial expertise remains in the region. Specifically, the Materials Processing Institute in Grangetown uses world-leading research to develop innovative approaches in the materials processing and energy sector. Last week, the MPI welcomed representatives from the Slovakian steel industry who wanted to learn how to improve and innovate in their steel industry. That came after recent similar visits from Swedish and German Government representatives.

Another institute harnessing the UK's expertise in this area is TWI, which not only exports knowledge and experience but trains more than 25,000 students each year in testing and researching welding and inspection technologies. Those are, of course, linked to the tube mills. TWI has offices around the UK, including in Middlesbrough. If the Government were to invest to unite and strengthen those institutes, steel in the UK could leap ahead of our global competitors. I have previously advocated the Department for Business, Innovation and Skills taking advantage of that expertise as a way to secure investment and harness expertise to give our industries the edge over competitors, which would make the term "northern powerhouse" more than just words.

I turn to the site itself. Lord Heseltine recommends that responsibility for it be passed to the mayoral development corporation as soon as possible. There are significant costs associated with reclaiming the site, and I am concerned that without additional funding from central Government, much of the corporation's budget will be consumed by those costs. The clean-up costs at previous sites, such as Ravenscraig and Corby, ran into the tens of millions. I note that the report requests that Her Majesty's Treasury pay for any further assessment needed on the site. Will the Minister outline what the Government contributions to the costs of regenerating the site will be? A cast-iron guarantee of long-term regeneration funding from the Government is necessary to secure private and commercial investment in the site.

We also need funding for an investigation into whether the existing blast furnace has a future—that has to be nailed down—and into the existing mills on the SSI site, whether the continuous casting plant or the basic oxygen

steelmaking plant, because those assets could be reused. At the moment, under the official receiver, their future is unclear. For example, I know from local knowledge that the locos on the site, without which nothing can be moved on a 3 square mile site, have been cut up and sold off. We want a potential buyer to come forward to reuse the site for industrial purposes—hopefully steel, but we are not choosy as long as it is used for some form of industry. Removing the assets, cutting them up and selling them off undermines its ability to be resurrected.

That leads me on to the future use of the site. Helpfully, a large part of the former steelworks, earmarked for a second blast furnace and plate mill in the 1970s, is still empty and relatively clean. In my view, the prairie, as it is known, should be earmarked for job-creating development early in the process. With good access and links to the still existing deep-water terminal, it could be a prime area for warehousing and distribution. Indeed, it could have a manufacturing dimension if the Government were to revisit an earlier but rejected proposal by the combined authority, which was for the whole area around Teesport, including the SSI site, to be designated as a free port. That could mean tax-free status for the land, allowing the importing of raw or semi-finished materials that could then be fashioned into final products for possible re-export. The idea was turned down flat, as I understand it, by Her Majesty's Revenue and Customs. If there is the will, it is one suggestion that the Chancellor could prioritise.

I turn to the recommendations that Lord Heseltine makes about boosting investment in the Tees valley. He rightly highlights the importance of transport to building the economy, but Government action does not seem to be aligned with his thinking. In answer to my question on the report's recommendation to extend the trans-Pennine electrification scheme to include the Northallerton to Teesport line, the Minister confirmed that the line would not be included in the scheme and that its electrification would not be considered until after 2022. On top of that, on the day after the report's publication, a clause was added to the Government's Bus Services Bill limiting the ability of councils to run their own bus services, despite the fact the report states explicitly that local leadership is the key to boosting transport infrastructure.

We are therefore presented with the absurd situation of a Conservative Lord publishing a review commissioned by the Department for Business, Innovation and Skills, which makes proposals on transport, yet within days the Department for Transport contradicting or ignoring the report. I hope the Minister and the Department for Transport will present a united response to the report that provides Teesside with the infrastructure it needs to boost investment.

On the energy economy, Lord Heseltine rightly praises the work done so far to build the industry in Teesside. I hope that the Department of Energy and Climate Change will continue to work with local partners, in line with the approach outlined in the devolution deal. Lord Heseltine also rightly asks the Government to clarify their position on the carbon capture and storage industry. Their decision not to proceed with the CCS commercialisation competition has left a lot of uncertainty about the future of the industry. I asked for clarification of that point in April, and my hon. Friend the Member for Stockton North (Alex Cunningham) received an answer as recently as 1 June stating that the Government would set out their approach to CCS "in due course".

That is not good enough for Lord Heseltine; it is not good enough for me and my constituents; and it is certainly not good enough for potential CCS investors in Teesside, including existing energy-intensive industries. I hope a statement on the Government's approach to the industry, which will only grow in importance in my constituency, will be presented soon.

I will finally highlight areas that I believe are vital to Teesside but are not touched upon by the report. As on steel, the report fails to make serious recommendations on mining, which employs hundreds of people in my constituency. Unfortunately, at one mine in my constituency, up to 250 of the 1,000 strong workforce were made unemployed at the beginning of this year. People are losing jobs that are vital to the east Cleveland economy, leading to some terrible and tragic consequences, with redundancy processes happening in the lead-up to Christmas last year. There is nothing in the report to help those people or to promote investment in a new mine, despite the fact that new mining locations are being developed by Sirius, for example. Logistics is another growing industry based around Teesport that is neglected in the report. I hope that Government action will extend to supporting that sector, too.

Put simply, the report is not good enough. It asks the Government to "consider", to "make assessment for" and to "take account of" all sorts of things, but it does not call for clear action and Government support to keep our steel industry alive, regenerate the SSI site and make us the world leader that we know we can be. Without the action that is needed, I am afraid that under this Government and with these empty recommendations, the Hercules of Teesside will remain an infant.

Perhaps the Minister will be able to assuage my fears and commit the Government to the following: providing additional resources to the mayoral development corporation to ensure that its role is not limited to maintaining the SSI site but includes renewing its potential; re-evaluating the free port proposal for an area including the SSI site; acting to support the remaining works in Teesside and actively exploring how skills in institutes such as the MPI can give the industry a secure footing; setting money aside to fund an additional road crossing over the Tees; re-examining the proposal to include the electrification of the Northallerton to Teesport line in the trans-Pennine scheme; prioritising the Tees valley in the roll-out of the national teaching service, given Lord Heseltine's criticism of educational establishments in the area—that should include addressing parity of school funding not just for Teesside schools, but for schools throughout the north that are not receiving as much as those in the south; continuing to commit resources and support from the Department of Energy and Climate Change to the energy sector in Teesside; and developing a new plan to support carbon capture and storage in the Tees valley.

If the Government cannot even commit themselves to implementing the recommendations in the report, it will have been a complete waste of time and money. Can the Minister tell us how much it has cost the taxpayer to produce a report that is full of proposals on which, apparently, the Government do not currently wish to act?

I hope that the review, and the comments that I have made today, will not be forgotten as a result of their proximity to next week's referendum. Whatever choice

[Tom Blenkinsop]

the people of the Tees valley make on the European Union, Teessiders will need to see more action from their Government than they have seen so far.

7.25 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (James Wharton):** I congratulate the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) on the broad thrust of his speech. I think we can all agree that Teesside is a wonderful place that provides incredible opportunities, and that we should now focus on how those opportunities can best be delivered.

The Tees valley has many great strengths. Teesside contributes more than £12 billion to the national economy each year. Its rate of new business creations is higher than the UK average, and unemployment has fallen from about 31,400 in December 2014 to 27,000 in December 2015. However, that does not mean that it has not faced real challenges, of which the hon. Gentleman gave specific examples. He also gave us his thoughts on both the work that has been done and the work that still needs to be done to overcome some of the difficulties that our economy has faced.

The Tees valley economy has been growing for some years, but it has certainly faced difficulties. We must now focus on what is great about the area—what we can sell and what we can talk about, and how we can promote the economy to those who might wish to invest in it—but also on how we can gain the maximum benefit, and unlock the potential that exists. There is some good news. In February, Lord Heseltine and I attended PD Ports' launch of its new £35 million redevelopment and expansion. In March, Cavitech opened its new office. Nifco, a company in my constituency, has expanded into two new facilities over the past four years. On Friday I opened the new offices of Odyssey Systems in Stockton, which means the provision of IT services, the creation of jobs, and investment in the Tees valley. There is, in fact, a great deal of good news, but there are also those challenges, which still need to be addressed.

Lord Heseltine's report is an important part of the process. It is an important step in the journey towards both identifying opportunities and addressing them when we are able to do so. It is an independent report: although it was commissioned by the Government, it does not set out the Government's position any more than it sets out the position of the local authorities, businesses and universities that contributed to its production. It contains a wide range of recommendations, many of which have been broadly welcomed, although there is, of course, debate about how some of the challenges that it identifies should be addressed. That debate is welcome.

The hon. Gentleman made clear his views about what might be done in future. I shall be happy to work with anyone who has the best interests of Teesside and the Tees valley at heart, to consider any specific recommendations and work with the Government to establish whether they should be delivered, and, if we conclude that they should, to ensure that that happens whenever possible.

Teesside has a complex local economy. We have experienced the great shock of the loss of SSI in Redcar and its impact on the economy—not just the impact on

those who were directly employed, but the impact on those in the supply chain. We are left with a site which is in itself challenging, given the need for remediation, investment and support to bring employment back to the area, but which is also part of a bigger picture along the banks of the Tees, speaking not just to a glorious industrial past but to the incredible potential for a brighter future. That is why I very much welcome and support the establishment of the mayoral development corporation in its current shadow form. It is populated by some well-informed and capable business people and the leaders of our local authorities. It is bringing together many of those who want to make a contribution to the future of the Tees valley economy, and it has a remit that stretches further than the SSI site, which looks down the banks of the Tees, to what can and needs to be done.

The hon. Gentleman is right that a great deal needs to be done. We are still in the early stages of dealing with the official receiver, who has a job to do. Government and the board and the GovCo that sits under the Department for Business, Innovation and Skills are talking to the official receiver about the best way through the process, to give us the best chance of making a success of the site that is left at the end of those discussions and, at the end of that, when it is handed over fully to Government. We are in talks with local businesses about identifying opportunities, and work needs to be done to understand the needs of that site and to understand the clean-up, the infrastructure potential and the opportunities to attract investment. That stands at the heart of the issue we are here to discuss today: the investment we want to attract to Teesside.

In Lord Heseltine's work in the Tees valley in recent months, he has worked with UK Trade & Investment to identify where Government can assist in bringing investment to the area, and to identify those potential investments that will help to drive regeneration and create jobs. I welcome that work and I know he is looking to support it where he can, and I have had discussions with a number of potential international company investors who could bring jobs and work to the Tees valley. I know that work will need to continue if we are to ensure employment is brought to that former site and into the broader area over which the development corporation will operate. This will go hand in hand with the Government's programme of devolution.

Tees valley is at the forefront of the devolution agenda and will be one of the first areas to have elected a new metro-mayor, in May next year. It has agreed a deal with Government, but I want it to go further—to agree more, to take more control and to take more powers from central Government so they can be exercised closer to the people who are affected by the decisions the new mayor would be able to make for that local economy. None the less, it is on that journey and those talks are under way.

The hon. Gentleman spoke of areas of industry that he felt needed more attention than they have perhaps been given in the past. I can assure him I have had numerous meetings with Sirius to talk about the mining potential not just from its investment in north Yorkshire, but also through into the Tees valley, and the difference that can make to our economy locally and the jobs it can create.

The hon. Gentleman talked about logistics, which offer a huge opportunity for the Tees valley. The port is a great asset, is one of the largest and most successful in

terms of tonnage in this country, and it is already making a significant contribution, but I have no doubt that it can do more and should be supported to do so.

**Mr Iain Wright:** The Minister mentions industries and sectors and I want to mention two more in which we have comparative advantage: the processing chemicals industries, with NEPIC leading; and the great potential in the offshore wind supply chain cluster. What tangible steps will the Minister and Government take to ensure we can accentuate the positive and fulfil the potential of these industrial sectors?

**James Wharton:** The hon. Gentleman makes an important point. Teesside is of course internationally respected for the chemical processing industry; not just NEPIC but CPI and the work done in that sector provide good jobs, long-term investment and real opportunity to attract more. We always want to continue to support that. As part of the process of looking for international investors, we are looking to support those organisations to see where more investment can be brought in. The chemicals and processing industry will form part of the story going forward of the sites that the MDC will become responsible for and the work it is doing.

**Tom Blenkinsop:** The Minister mentions CPI and its importance to the local and national economy. Can he comment on my question about MPI and the steel catapult: do the Government intend to go forward with that? In our area we have the capability of R and D closely associated with the former blast furnace. That could provide the inward investment necessary to get that industry going again in our locality.

**James Wharton:** I will come on to talk about that. I just want to address the second part of the question from the hon. Member for Hartlepool (Mr Wright). He asked about offshore wind, and significant approvals have been given for offshore wind not far off the coast of Teesside. This will present a real opportunity to bring investment to our area. I know that live discussions are taking place with companies in the Tees valley about how they can be part of that supply chain and bring jobs and investment to our area through being part of the processes of delivering that potential driver of our economy. I have had discussions with some of those local companies, and I am supporting them as far as I can. Some of the discussions are of course commercially sensitive, but I also want to extend a direct offer, particularly to the hon. Gentleman, given his constituency's interest in the matter. If there is something specific that a company in his constituency would like to see done, if there is a meeting that it would like the Government to attend, or if there is any assistance that I can give, he need only call on me to arrange it. If the Government can support or help, I will join him and do everything I reasonably can to persuade people to take the right decisions.

The hon. Member for Middlesbrough South and East Cleveland asked about the Materials Processing Institute. There is a bid from that organisation for a catapult similar to the one we have already mentioned, but my understanding is that that bid is not sufficiently strong at this time. However, despite that having been the initial decision and recommendation by officials, it

is my intention to ask the Secretary of State for Business, Innovation and Skills to look personally at that and to ask officials whether improvements or changes could be made that would enable that to be delivered.

The Government have to take these decisions on a sound basis, and they have to assess things fairly, wherever in the country they might be, but if there is potential and opportunity, it is important that we ensure that that has been explored to the fullest degree. If there is something that can deliver benefits and improvements to our area and bring investment and jobs to our communities, I want to see it explored and every avenue considered—certainly before any negative decision is made—in the hope that a positive decision might be forthcoming. I am happy to give a commitment to ask for that work to be undertaken, and I will do so following the debate this evening. I do not know what the outcome will be, but whatever happens with the individual projects of which we have spoken and with the individual recommendations in Lord Heseltine's report on the economy of the Tees valley, we have great potential and I am confident that we have a great future.

The *Evening Gazette* newspaper is running an Invest in Teesside campaign, recognising that the more we talk up our area and highlight the opportunities that exist there, the more we can jointly achieve and drive forward for the benefit of its economy. I look forward to working with hon. Members across the House—indeed, I have little choice other than to make that offer in relation to the Tees valley. I look forward to working with the *Evening Gazette*, with local businesses, with the local enterprise partnership, with the new combined authority and with the mayor—when they are elected next year with the exciting range of powers that they will have, whoever they might be—to drive forward investment in Teesside.

Our area is very well placed to profit from many of the exciting things that are happening in the world and from the great skills of the people who live in our communities. We have a duty to work together to deliver on that, but that does not mean that the Government will acquiesce in every request, or that we will do everything that is asked of us immediately. It means that we will properly assess and consider the situation, and think long and hard about the right approach to take. We will build a broad consensus on what can be done for the good of the economy of our area. That work is well under way, as we can see in the mayoral development corporation and in the devolution deal that has been agreed. I hope we can also see that in the tone of this evening's debate.

**Tom Blenkinsop:** I repeat a question I asked in my speech about an investigation into the remaining assets on site at SSI, including the continuous casting and basic oxygen steelmaking equipment. I also asked whether there would be an investigation into the blast furnace itself. This is important because it would enable us to establish the degree to which the assets might be redeemable or saleable. It would also give the official receiver an instruction about how those assets could be used in future.

**James Wharton:** Given the specific nature of the hon. Gentleman's question, I will seek to address it. The site is in the hands of the official receiver, and the Government are talking to them. We are working to ensure that the

[James Wharton]

site is handed over in the best possible circumstances that can be achieved, given its sad recent history, and when that happens we will of course seek to maximise the use of all the site's assets and the land, including any assets that remain on it. That will primarily be channelled through the development corporation, which will drive that process. It is in all our interests that that proper work is done in the appropriate way and at the appropriate time.

I am absolutely confident that the Tees valley has a bright future ahead of it. We have the most incredible people, businesses and opportunities. Given the things

those people and businesses are doing and the way in which the leadership in the private and public sectors is pulling together in the interests of the broader local economy, these could be exciting times. We have faced a difficult year, but I hope that by working together we can ensure a brighter future for all our constituents.

*Question put and agreed to.*

7.39 pm

*House adjourned.*

## Deferred Division

### LOCAL GOVERNMENT

That the draft West Midlands Combined Authority Order 2016, which was laid before this House on 28 April, in the last Session of Parliament, be approved.

*The House divided: Ayes 278, Noes 4.*

*Votes cast by Members for constituencies in England: Ayes 260, Noes 3.*

### Division No. 20]

#### AYES

Adams, Nigel  
Aldous, Peter  
Allan, Lucy  
Allen, Heidi  
Amess, Sir David  
Andrew, Stuart  
Argar, Edward  
Atkins, Victoria  
Austin, Ian  
Baker, Mr Steve  
Baldwin, Harriett  
Baron, Mr John  
Barwell, Gavin  
Bebb, Guto  
Bellingham, Sir Henry  
Beresford, Sir Paul  
Berry, Jake  
Bingham, Andrew  
Blackman, Bob  
Blackwood, Nicola  
Blunt, Crispin  
Boles, Nick  
Bone, Mr Peter  
Borwick, Victoria  
Bottomley, Sir Peter  
Bradley, Karen  
Brake, rh Tom  
Bridgen, Andrew  
Brine, Steve  
Brokenshire, rh James  
Bruce, Fiona  
Buckland, Robert  
Burns, Conor  
Burns, rh Sir Simon  
Burrowes, Mr David  
Byrne, rh Liam  
Cameron, rh Mr David  
Campbell, Mr Gregory  
Carmichael, rh Mr Alistair  
Carmichael, Neil  
Cartlidge, James  
Caulfield, Maria  
Chalk, Alex  
Chishti, Rehman  
Churchill, Jo  
Clark, rh Greg  
Clarke, rh Mr Kenneth  
Clegg, rh Mr Nick  
Cleverly, James  
Clifton-Brown, Geoffrey  
Coffey, Dr Thérèse  
Collins, Damian  
Colvile, Oliver  
Crabb, rh Stephen  
Davies, Byron  
Davies, Chris  
Davies, David T. C.

Davies, Glyn  
Davis, rh Mr David  
Dinenage, Caroline  
Djanogly, Mr Jonathan  
Dodds, rh Mr Nigel  
Donelan, Michelle  
Double, Steve  
Dowden, Oliver  
Doyle-Price, Jackie  
Drax, Richard  
Drummond, Mrs Flick  
Duncan, rh Sir Alan  
Dunne, Mr Philip  
Ellis, Michael  
Ellison, Jane  
Ellwood, Mr Tobias  
Elphicke, Charlie  
Eustice, George  
Evans, Graham  
Evans, Mr Nigel  
Evennett, rh Mr David  
Farron, Tim  
Fernandes, Suella  
Field, rh Mark  
Foster, Kevin  
Francois, rh Mr Mark  
Frazer, Lucy  
Freeman, George  
Freer, Mike  
Fuller, Richard  
Fysh, Marcus  
Garnier, rh Sir Edward  
Garnier, Mark  
Gauke, Mr David  
Ghani, Nusrat  
Gibb, Mr Nick  
Gillan, rh Mrs Cheryl  
Glen, John  
Goodwill, Mr Robert  
Gove, rh Michael  
Graham, Richard  
Grant, Mrs Helen  
Grayling, rh Chris  
Green, Chris  
Green, rh Damian  
Greening, rh Justine  
Grieve, rh Mr Dominic  
Griffiths, Andrew  
Halfon, rh Robert  
Hall, Luke  
Hammond, rh Mr Philip  
Hammond, Stephen  
Hands, rh Greg  
Harper, rh Mr Mark  
Harrington, Richard  
Hart, Simon  
Haselhurst, rh Sir Alan  
Hayes, rh Mr John

Heapey, James  
Heaton-Harris, Chris  
Heaton-Jones, Peter  
Henderson, Gordon  
Herbert, rh Nick  
Hermon, Lady  
Hinds, Damian  
Hoare, Simon  
Hollingbery, George  
Hollobone, Mr Philip  
Hopkins, Kris  
Howarth, Sir Gerald  
Howell, John  
Howlett, Ben  
Huddleston, Nigel  
Hunt, rh Mr Jeremy  
James, Margot  
Javid, rh Sajid  
Jayawardena, Mr Ranil  
Jenkin, Mr Bernard  
Jenkyns, Andrea  
Jenrick, Robert  
Johnson, Boris  
Johnson, Gareth  
Jones, Andrew  
Jones, rh Mr David  
Jones, Mr Marcus  
Kennedy, Seema  
Kirby, Simon  
Knight, rh Sir Greg  
Knight, Julian  
Kwarteng, Kwasi  
Lancaster, Mark  
Latham, Pauline  
Lee, Dr Phillip  
Lefroy, Jeremy  
Leslie, Charlotte  
Letwin, rh Mr Oliver  
Lewis, Brandon  
Liddell-Grainger, Mr Ian  
Lidington, rh Mr David  
Lopresti, Jack  
Loughton, Tim  
Lumley, Karen  
Mackinlay, Craig  
Mackintosh, David  
Main, Mrs Anne  
Mal, Mr Alan  
Malthouse, Kit  
Mann, Scott  
Mathias, Dr Tania  
Maynard, Paul  
McCartney, Jason  
McLoughlin, rh Mr Patrick  
Menzies, Mark  
Mercer, Johnny  
Merriman, Huw  
Metcalfe, Stephen  
Miller, rh Mrs Maria  
Milling, Amanda  
Mills, Nigel  
Milton, rh Anne  
Mitchell, rh Mr Andrew  
Mordaunt, Penny  
Morgan, rh Nicky  
Morris, Anne Marie  
Morris, David  
Morris, James  
Morton, Wendy  
Mowat, David  
Mundell, rh David  
Murray, Mrs Sheryll  
Murrison, Dr Andrew  
Neill, Robert  
Newton, Sarah  
Norman, Jesse  
Nuttall, Mr David  
Offord, Dr Matthew  
Opperman, Guy  
Parish, Neil  
Pawsey, Mark  
Penning, rh Mike  
Penrose, John  
Percy, Andrew  
Perry, Claire  
Phillips, Stephen  
Philp, Chris  
Pickles, rh Sir Eric  
Pincher, Christopher  
Pow, Rebecca  
Prentis, Victoria  
Prisk, Mr Mark  
Pritchard, Mark  
Pugh, John  
Pursglove, Tom  
Quin, Jeremy  
Quince, Will  
Raab, Mr Dominic  
Redwood, rh John  
Rees-Mogg, Mr Jacob  
Robertson, Mr Laurence  
Robinson, Gavin  
Rosindell, Andrew  
Rudd, rh Amber  
Rutley, David  
Sandbach, Antoinette  
Scully, Paul  
Selous, Andrew  
Shannon, Jim  
Sharma, Alok  
Simpson, David  
Simpson, rh Mr Keith  
Skidmore, Chris  
Smith, Chloe  
Smith, Henry  
Smith, Julian  
Smith, Royston  
Solloway, Amanda  
Soubry, rh Anna  
Spelman, rh Mrs Caroline  
Spencer, Mark  
Stevenson, John  
Stewart, Bob  
Stewart, Iain  
Stewart, Rory  
Streeter, Mr Gary  
Stuart, Graham  
Sturdy, Julian  
Sunak, Rishi  
Swayne, rh Sir Desmond  
Swire, rh Mr Hugo  
Syms, Mr Robert  
Thomas, Derek  
Throup, Maggie  
Tolhurst, Kelly  
Tomlinson, Justin  
Tomlinson, Michael  
Tredinnick, David  
Tugendhat, Tom  
Turner, Mr Andrew  
Tyrie, rh Mr Andrew  
Vaizey, Mr Edward  
Vara, Mr Shailesh

Vickers, Martin  
Villiers, rh Mrs Theresa  
Walker, Mr Charles  
Walker, Mr Robin  
Warburton, David  
Warman, Matt  
Wharton, James  
Whately, Helen  
Whittaker, Craig  
Whittingdale, rh Mr John

Wiggin, Bill  
Williams, Craig  
Williams, Mr Mark  
Williamson, rh Gavin  
Wilson, Mr Rob  
Wollaston, Dr Sarah  
Wood, Mike  
Wragg, William  
Wright, rh Jeremy  
Zahawi, Nadhim

**NOES**

Clwyd, rh Ann  
Lucas, Caroline

Skinner, Mr Dennis  
Spellar, rh Mr John

*Question accordingly agreed to.*

## Westminster Hall

*Wednesday 15 June 2016*

[MRS MADELEINE MOON *in the Chair*]

### **Developing Countries: Jobs and Livelihoods**

9.30 am

**Jeremy Lefroy** (Stafford) (Con): I beg to move,

That this House has considered jobs and livelihoods in developing countries.

I draw attention to my entries in the Register of Members' Financial Interests.

"A good job can change a person's life, and the right jobs can transform entire societies. Governments need to move jobs to center stage to promote prosperity and fight poverty".

Those are the words of Dr Jim Yong Kim, president of the World Bank, in his introduction to the 2013 World Development Report. In 2014, my right hon. Friend the Secretary of State for International Development said:

"Growth reduces poverty through jobs...raising incomes for individuals through the dignity of work and providing tax receipts for governments to fund basic public services like health and education."

On the other hand, the lack of jobs and the opportunity to earn a living fuels discontent and unrest and drives economic migration. We are seeing the consequences right now, which is yet another reason why working in partnership around the world is both the right thing to do and very much in our national interest.

In sustainable development goal 8, UN member Governments commit that by 2030 they will achieve

"full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value".

Just last year the International Development Committee published a report on jobs and livelihoods. One of its recommendations was that jobs and livelihoods were "such an important issue" that its successor Committee in this Parliament should take it up

"to assess what progress has been made."

I am sure that that will happen in the coming years, but I wanted to ensure that the matter was raised in the House. I am delighted to see so many colleagues present. Other members of the International Development Committee would have been here, but the timing of the debate clashes with a meeting of its Sub-Committee on the Independent Commission for Aid Impact.

**John Howell** (Henley) (Con): Does my hon. Friend feel that the Prime Minister's initiative to make a number of MPs, such as myself, trade envoys will contribute to the work he is describing, given the wide role we have been given? How much does he think the prosperity fund will play a role in helping to develop local industries and situations to enable the creation of new jobs?

**Jeremy Lefroy**: I am most grateful to my hon. Friend for that intervention. He is doing fine work as a trade envoy for Nigeria, which is vital, because British investment around the world will help to create jobs. The prosperity fund will provide opportunities for people to develop that work. I entirely agree with my hon. Friend.

The 2013 World Development Report estimated that, globally, 200 million disproportionately young people are unemployed, with a further 620 million young people neither working, nor looking for work. Due to age profile and population growth, the report estimates that a further 600 million jobs will need to be found in the next 15 years just to keep employment rates constant. Personally, I would put that figure even higher, at closer to 1 billion.

**Mr Gregory Campbell** (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing this debate. He is discussing the figures and alluded to the fact that we would like to go further. Does he agree that it is almost a pipe-dream that the sustainable development goal that appears to indicate the elimination of poverty and unemployment, particularly in developing countries, will be achieved by 2030? We really need radically to reassess what we are doing to achieve that goal.

**Jeremy Lefroy**: The hon. Gentleman makes a valuable point. One reason why I called for this debate is because not nearly enough work is going on around the world. The UK is taking a lead, but he is absolutely right that much more needs to be done here and around the world.

In many countries, much of the work is subsistence agriculture and low-income self-employment—that is true for something like 50% of the 3 billion people working worldwide. Making ends meet is extremely difficult. I have to admit that all the figures I have cited are imprecise and sometimes speculative, which is a problem. We do not have accurate data, but I hope we will see more in future. It is about not only data but action, but action depends on good data.

The World Development Report found that: first, there are too few productive waged jobs in modern, formal sectors; secondly, most people are engaged in very low-productivity, seasonal or subsistence work in both rural and urban areas; thirdly, there are large gaps in job opportunities for women, youth and marginalised groups; fourthly, much work is in poor conditions, or is unsafe or risky, including in formal employment; and fifthly, many labour market-related institutions are ineffective, including skills institutions.

**Patrick Grady** (Glasgow North) (SNP): I congratulate the hon. Gentleman on securing this debate. I apologise that I cannot stay for the whole debate, but I am going to an event in the House of Lords to mark Small Charity Week and speak about the importance of small charities in international development. Does he agree that many small and grassroots organisations have an important role to play in equipping people in developing countries with precisely the kinds of skills he is talking about, which they need in order to move into productive employment?

**Jeremy Lefroy**: I entirely agree with the hon. Gentleman. I will give an example of that later in my speech, but he is absolutely right. I made a similar point in Monday's debate in this Chamber on foreign aid expenditure.

What can be done? I shall give several possible solutions. First, let us work with what we have. I shall start with agriculture, because it is at the heart of the economies of most developing countries. It provides most of the

[Jeremy Lefroy]

work and a considerable share of GDP, Government income and exports. It also provides the basis for local manufacturing. Even in developed economies such as ours, food and drink production is the largest manufacturing sector. Why should that not be the case in developing countries?

Although all countries will of course wish to diversify into other sectors and reduce reliance on agriculture, that is not the same as neglecting agriculture. That mistake has been made far too often in the past, both by Governments and by their aid-funded advisers. I am glad to say that things have changed over the past three decades. Countries such as India and Vietnam, and more recently Ghana, Tanzania and Ethiopia—to name but a few of many—have given much more prominence to agriculture and increased their support of it. The same is true of development agencies, especially the Department for International Development. I welcome that.

Working with what we have in agriculture also means working with the smallholder farmers who are its backbone. When I started to work with smallholder farmers nearly 30 years ago, the view of many was that they were on the way out, and that the future of agriculture was large-scale farming. In fact, they are more important than ever, providing food security even in conflict zones. For example, in the 1970s Angola produced a similar amount of coffee to Uganda, but Angola's coffee was almost all produced on large estates, while Uganda's was produced by smallholders. Both countries went through long periods of turbulence. Today, Uganda's coffee production is the same as it was back then, if not more, but Angola's coffee production has almost disappeared. Smallholder farmers are incredibly resilient.

**David Simpson** (Upper Bann) (DUP): I congratulate the hon. Gentleman on securing this debate. He has vast experience of developing countries. Does he agree that there needs to be an emphasis on educating young people so that there are links with the business community? He will know that every year in the House there are campaigns to get children in developing countries into education. That would help them on the pathway to jobs, no matter how little.

**Jeremy Lefroy**: I agree entirely. I shall address that issue in a moment, because it is vital.

I have a couple of other examples of sectors in which we can work with what we have. Hospitality is important in every developing country. It is about not only international tourism, but looking after people in one's own country and wider region. Hilton estimates that, if there is proper investment around the world, the hospitality sector alone could create an additional 70 million jobs over the next decade. Apart from agriculture and agricultural processing, construction is very likely to create and sustain jobs and livelihoods in most parts of developing countries. I shall say a little more about that later in my speech. We must also consider local services. Services are often neglected in favour of large manufacturing investments, yet in every town and city, along every main street, one will see service businesses. We need to support and encourage them, because if every service

business employed one more person, millions more people would be employed throughout the developing world.

Secondly, not only should we work with what we have, but we must not stand still. Everyone wishes to see a better life for their family. Incomes from agriculture can be improved in many ways. That subject is worth an entire debate in itself, but, to be brief, they include enhanced productivity through better inputs, advice, irrigation, finance, diversification, storage to reduce crop losses, and access to markets and to information about those markets. In other words, that means moving on from subsistence agriculture.

DFID's recently published conceptual framework on agriculture puts it well. It says that there is

“the assumption that sustained wealth creation and a self-financed exit from poverty depend, in the long-term, on economic transformation and the majority of the rural poor finding productive and better paid employment outside of primary agricultural production”—

note that the framework says primary—

“Despite the need for this transition, agricultural growth and downstream processing and productivity growth are likely to be important, if not essential, as a continued source, if not driver, of growth.”

When I was involved in buying cocoa from smallholder farmers, we saw the price per kilo paid to farmers, and hence their income, rise at least fourfold over two or three years as result of a combination of improved quality, better logistics, a higher world market price and a greater percentage of that price being paid to the farmers. It also depended on having a reliable buyer prepared to take a long-term approach, rather than one driven by short-term trading considerations. The farmers' improved incomes not only sustained and improved their own livelihoods but created jobs at a tremendous rate. The money stayed in the local economy to support input dealers, schools, clinics, general stores and bars. That, in turn, created jobs in local and national manufacturing and service businesses. I am a believer not in trickle-down economics, but in trickle-up economics, and smallholder agriculture is at the heart of that.

I have concentrated on agriculture, but the need not to stand still applies to all the other sectors I mentioned. In hospitality, training, good-quality service and investment meet the needs of nationals, not just tourists. There is no reason why someone cannot provide an excellent hotel or tourist spot for their own population. They do not need to rely on a few hundreds of thousands or tens of thousands of overseas visitors.

Construction jobs can be enhanced through a formal apprenticeship scheme of the kind I mentioned. They can also be supported by placing specific requirements on contractors in large infrastructure projects to employ and properly train local people in their work. That is increasingly happening, but it needs to be extended to the most senior levels of the contract, not just the grassroots workers. Skills are best transferred in the heat of building a major road, bridge, airport or railway line.

**Imran Hussain** (Bradford East) (Lab): Does the hon. Gentleman also recognise the importance of urban planning, in particular for the foundations it lays for economic development? We need to do more on that.

**Jeremy Lefroy:** That is a very interesting point. I agree. We see the consequences of poor urban planning in many parts of the world. In that context and the general context of construction, I would like to ask the Minister whether all the infrastructure and construction projects that DFID supports now have clauses that require the training and development of local skills, rather than just bringing in professionals and others from outside.

Thirdly, we must act locally and regionally, not just from the capital city. People working at the grassroots are the best at creating large numbers of jobs, so Governments and aid organisations need to concentrate their work there, not just in capitals or large cities. The Bangladesh-based international development agency BRAC is effective at doing that, as I saw in Babati in Tanzania—a small town south of Arusha, which the International Development Committee visited in 2014. Charities such as Hand in Hand, set up by the Swedish entrepreneur Percy Barnevik, also work outside the main cities and capitals.

In Nigeria, which the International Development Committee visited in March, DFID has an office in Kano. I think it is the only major aid organisation based in Kano, which gives it the advantage of having a greater appreciation of the situation on the ground. I would encourage the same elsewhere. I would like to see DFID staff based in regional towns and cities, not just capitals. Given modern communication technology, we do not need expensive infrastructure to do that, and I think many would welcome the chance to do their work outside the bubble of a congested, expensive capital city.

Regional trade is vital. DFID has some excellent programmes—in particular, TradeMark East Africa, which, like many things I am going to talk about, is worth an entire debate itself. I will not say more about it at this stage, other than that I believe it has done some excellent work in breaking down trade barriers across the region.

Fourthly, we need to embrace job creation in public services, which are sometimes forgotten. Building public services, such as health and education, provides huge job opportunities. The NHS is the UK's largest employer by far. At the moment, in Tanzania there is one doctor for every 25,000 people, whereas in the UK it is something like one for every 350. If Tanzania increased its number of doctors to one for every 2,000 people, that would create more than 20,000 highly skilled roles in that country alone, and probably more than 100,000 in total in the health sector. I am very glad to hear that this month Tanzania is considering increasing its health spending substantially in its budget. If that happens, there will be greater employment in the health sector. The same applies to education.

Of course, there is an argument that that depends on increasing Government revenue. That is absolutely true, but it also depends on choices about how Government revenue is spent. It is a virtuous circle: greater access to healthcare and education helps people's productivity, and hence increases the income that generates taxes. I do not have an estimate of how many additional jobs will be created in developing countries if staffing and education reached just one quarter of developed countries'

levels, but it would be in the millions globally, and almost all would be filled by the young people who need them most.

Fifthly, we need to be inclusive. We need to ensure that the work covers everybody, and women and girls must be at the heart of it. Policies that exclude people are not only wrong, but bad for jobs and livelihoods, and hence economic growth.

Sixthly, there must be access to the right kind of finance, without which we cannot create jobs and livelihoods. Again, a separate debate is required on that issue, so I will limit myself to two examples. Small and growing businesses, which will create the most jobs and need finance, tend to be seen as risky. Commercial banks are increasingly risk averse in developing countries, as they are in developed countries, as they implement capital adequacy rules designed, understandably, to protect depositors. Loans come with high security requirements, so finance will increasingly need to come in forms that are not so restrictive. The providers will need to be willing to take on risk—that applies as much to the UK as to developing countries. The last thing we should do is discourage entrepreneurs by promising them destitution if things go wrong, which is pretty much what commercial banks in developing countries do: they take everything away if the loan goes bad.

*The Economist* recently published an article with examples of that kind of finance, including GroFin and Equity for Tanzania. I have to declare an interest: I helped to found Equity for Tanzania, and I am director of its charitable parent organisation in the UK. It leases equipment to the growing businesses in Tanzania, and takes as security only the equipment itself. It has the specific aim of job creation. Returning to the point that the hon. Member for Glasgow North (Patrick Grady) made, it was supported by a small grant from DFID about 12 years ago and developed into a much larger organisation.

The second example is CDC—formerly the Commonwealth Development Corporation—which invests in larger business. It has the specific aim, set up by the previous Secretary of State, my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell), to create jobs and livelihoods, and to work in the most needy countries. I welcome that.

Finally—this also relates to the point made by the hon. Member for Glasgow North—we need education and training. A strong and diverse economy built from the grassroots also needs a vibrant education and training system that teaches not simply the essential building blocks—mathematics, sciences and languages—but the skills that people need to work for themselves or run a small enterprise. When the International Development Committee visited Sierra Leone in 2014, President Koroma stressed to us his desire to see more vocational training. In Nepal in 2015 we saw a vocational training scheme run by the Swiss and supported by DFID. There is a tendency to see traditional vocational training models as ineffective, having high capital and running costs and being inaccessible to young people. I believe we need models that are more akin to our apprenticeship schemes, and that are based on working alongside skilled businessmen and women. People should receive financial support for doing so, together with some central training. That is cheaper and more effective.

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I also suggest there is a need to embed business and self-employment training within school curricula. Most students will end up working for themselves, or in small enterprises, and they will be better prepared if the training starts in school—again, the same applies in the UK. We do not have enough of that in our school curricula. It would also raise the status of business and self-employment as something a student wishes to do, rather than as a last resort if they cannot go to university or obtain a government or salaried job of some kind. Excellent work on that is done by Youth Business International, part of the Prince's Trust network, and Peace Child International.

I will now look briefly at DFID's work, first at its economic strategic development framework, which has five pillars: improving international rules for shared prosperity; supporting the enabling environment for private sector growth; catalysing capital flows and trade in frontier markets; engaging with businesses to help their investments contribute to development; and ensuring that growth is inclusive and benefits girls and women. I have already touched on many of those subjects, so DFID is already covering a lot of the ground. The DFID framework, however, excludes the role of public services in economic development, especially job creation. When the framework is next revised, I ask the Minister to include that in it; it is important.

The second area in which DFID is doing a lot of work is its youth agenda, "Putting young people at the heart of development", published only in April this year. It focuses on two transitions, between childhood and puberty, or adolescence, and between education and productive work, going from dependence to independence. The April publication has been followed up with a couple of internal papers on youth and jobs, and youth and entrepreneurship. DFID is apparently preparing for a consultation on the issues later this year. That is good, and I welcome it, but we need not only consultations and papers, but action. DFID has the opportunity to lead such work internationally.

Finally, there is the World Bank, which I began with. I declare an interest, as I chair the international Parliamentary Network on the World Bank & International Monetary Fund. In 2014 the bank launched its Solutions for Youth Employment initiative and an umbrella trust fund for jobs, which is supported by DFID. Will the Minister tell us about any progress on that? Are we simply discussing a lot of nice platitudes, welcome though they are, and even policies, or are we talking about real action to create, or support the creation of, those jobs and livelihoods, which are so urgently needed?

In conclusion, I welcome what is being done at the moment. As the hon. Member for East Londonderry (Mr Campbell) said, we must go a lot further and a lot faster. I want to see every DFID bilateral programme fully engaged with the host Government on jobs and livelihoods, particularly for young people. They will find an open door, because that will always be one of the top priorities of any responsible Government. That does not necessarily mean large programmes in every country—we need to avoid duplication—but it does mean constant dialogue to see how we can support the Government.

DFID needs to use its influence in all multilaterals to put jobs and livelihoods at the centre of activity, particularly

in health and education, which we cannot see as somehow completely divorced from jobs and livelihoods, because they depend on people working in them and having their jobs and livelihoods in those sectors.

Make no mistake, this is possibly the biggest challenge of our generation, along with tackling climate change. Hundreds of millions of young people could be ignored, without hope, seeking to move elsewhere, and at the mercy of people traffickers or extremists, or we could have those same young people engaged, valued and able to contribute where they are.

9.53 am

**Jim Shannon** (Strangford) (DUP): It is a pleasure to speak in the debate, Mrs Moon. I congratulate the hon. Member for Stafford (Jeremy Lefroy), who set the scene very well, as he always does. He clearly has not only a vast amount of knowledge and experience, but compassion for the people concerned and those he has interacted with over the years. It is always a pleasure to hear him, and it is a pleasure to follow him.

This issue must be highlighted; it is one in which many of us have an interest, especially given ongoing concerns about the amount of money that this House sets aside for overseas aid. We had a debate here on Monday about that, and the Minister responded to it. Every speaker in that debate said how important it was to retain the target of 0.7% of gross national income, although there were concerns about how the money is allocated. It is therefore important to not only retain money for aid in line with the GNI target, but look at its allocation.

I am unapologetic about always seeking what is in the best interests of my constituency and highlighting the best we have to offer. I have stood against austerity cuts that affect the vulnerable in our society and impact adversely on those who do not enjoy the same quality of life as many of us in this Chamber. I am proud to be an Ulsterman, with all that that entails—loyalty, compassion and generosity. My wee country is well known for having a big heart, which is why I have no difficulty in saying that it is essential for the Department for International Development to continue overseas aid. I know that on that issue, I speak on behalf of the vast majority of my constituents, who are generous to a fault.

In Parliament, we talk about the living wage and quality of life, and I argue passionately on behalf of my constituents on those issues, but I have also seen the flipside: those in other countries who have no quality of life or living wage. On a visit to a British Army base in Kenya with the armed forces parliamentary scheme—the hon. Member for Stafford was on the same trip—I was given a small glimpse of children living in absolute poverty, with no life and no hope whatever. I saw despairing mothers seeking to feed their children with scraps, and I saw men willing to work, but there was no work to be had. My heart was touched, just as I am touched by the needs in my community. When I saw such need, I knew that I would always stand up for the allocation of a small amount of funding to overseas aid to ensure that we can deliver the jobs and opportunities that the hon. Gentleman spoke about, and that the debate is all about.

I want the funding to be allocated, but there must be wisdom in how it is allocated to ensure that, as the saying goes, we give people the tools to feed themselves

and their families for days and months, rather than simply giving them a meal. However, there is no point in giving a starving child a fishing net; wisdom lies in providing the child with a meal and the family with the ability to find future meals. That underlies the title of the debate, which is about promoting jobs and livelihoods in the developing nations that we support.

In March 2015, the International Development Committee published a report on jobs and livelihoods that said:

“Jobs and livelihoods is such an important issue we recommend that our successor Committee takes it up in the next Parliament to assess what progress has been made.”

It was clear in the previous Parliament and this one that the Committee knows that jobs are the only way to make a lasting difference to the lives of people throughout the world. The questions that arise are: have we been successful in our aim? Have we achieved those goals? Are we moving in the right direction?

**Mr Gregory Campbell:** I agree with my hon. Friend, but does he agree that the sustainable development target of eliminating unemployment and poverty over the next two Parliaments in the United Kingdom stands in stark contrast to escalating youth unemployment in developed nations? The eurozone has 40% youth unemployment. Without a radical and fundamental change, how on earth will we ever see anything remotely close to reducing unemployment and poverty in developing countries, let alone eliminating them?

**Jim Shannon:** My hon. Friend is most wise, as always. He sets the scene. There are many difficulties at home and abroad. All we can do in the debate is to set the scene and the goals, and contribute, we hope, to a strategy for a way forward. That is what we are trying to do. In 2014, the UK provided £752 million in bilateral aid directly related to jobs, businesses and the economy. Some £358 million was for particular production sectors, such as agriculture and forestry, and £394 million was for economic infrastructure and services, such as transport and storage, or banking and financial services. Together, that accounted for 11% of bilateral aid from the UK.

**David Simpson:** My hon. Friend has mentioned substantial amounts of money. Does he agree that it is essential for that money to be targeted on the people who need it? So often, we have seen corruption in a lot of the countries, with the money being siphoned off and going to the black market or whatever, and not getting to the people who need it.

**Jim Shannon:** My hon. Friend is right. Monday's debate in Westminster Hall, to which the Minister replied, clearly hinted at such things. We all outlined examples where aid had not been focused on the sector that it should have been. My hon. Friend is right to highlight that point, as we did on Monday.

The Independent Commission for Aid Impact published a report on DFID's private sector development work in May 2014, giving it an overall amber-red rating. It found that

“The impact of individual programmes is positive...and DFID has demonstrated its ability to assist the poor through a range of interventions”.

However, it also found that

“It has not turned these ambitions into clear guidance for the development of coherent, realistic, well-balanced and joined-up country-level portfolios.”

The hon. Member for Stafford is therefore right that that is what we should try to focus on.

How much of the money actually achieved its aim? Not much, it would seem. Have we made progress and moved from the amber-red zone? My fear is that we have not. Before her children came along, my parliamentary aide used to go to Africa every year in the summer to carry out mission and humanitarian aid work, and she told me of the horrific corruption in many countries that prevented aid from getting to where it was needed; my hon. Friend the Member for Upper Bann (David Simpson) mentioned that, too. The same goes for containers of agricultural equipment that we in Northern Ireland sent overseas; the containers reach their destination with some things having been taken out of them. In fact, those who pack the containers have learned to pack the essential stuff in the back, in the hope of it reaching its destination. The Elim church missionaries in Newtownards in my constituency of Strangford do fantastic work in Malawi, Zimbabwe and Swaziland in Africa, as do many other churches across the whole of Northern Ireland, and indeed the United Kingdom.

Stories of corruption make it clear to me that work on ending it needs to be carried out with the Governments to which we send aid. We need to ensure that, when we send aid bilaterally, we do so only when there are procedures in place that allow it to make a difference on the ground, rather than being swallowed up in paperwork and translation. One of the best ways of achieving that goal is to use those who are already on the ground, and to divert funding through bodies that we see making a difference, whether that is Oxfam, Christian Aid or mission bodies with permanent staff on the ground.

The hon. Member for Glasgow North (Patrick Grady) spoke about charitable work. I know of one church in my constituency that, instead of giving Christmas presents, promoted the gift of a cow or a goat to Africa, so that individuals could breed the cows and in the meantime sell milk, or use it to live on. That is a practical way of doing things that changes lives in a small way. It may be a small change for the Government, but the change made in villages throughout Malawi and Zimbabwe was in no way small. Can we learn a lesson from missionaries who have been on the field for 20 years, and who know the systems and how to work in them to achieve results? I believe so.

There is a desperate need for jobs and livelihoods in these countries, and there is an onus on us, as a country that allocates a great deal of funding, to ensure that that is achieved, and that funding is not caught up, or whittled away in the process of getting to the man on the street. I look forward to hearing from DFID. I apologise to the Minister and the shadow Minister for the fact that I will not be here for their speeches, as I have a Select Committee to go to at 10.10 am.

I believe that we can effect change with the much-needed funding that this generous nation of the United Kingdom of Great Britain and Northern Ireland gives each and every year, and I encourage other countries to do the same.

10.2 am

**Mrs Flick Drummond** (Portsmouth South) (Con): It is a pleasure to serve under your chairmanship, Mrs Moon. What a great opening my hon. Friend the Member for Stafford (Jeremy Lefroy) gave to the debate on this incredibly important subject. As I had only two minutes to speak the other day, I was unable to congratulate the Minister on his knighthood—congratulations!

The UK has made significant contributions to improving the livelihoods of the poorest on the planet, and it is in our interests to help developing states strengthen further, economically and politically, if we are to avert the rise in emigration to the UK from developing countries. The UN states that we will need to create 30 million new jobs every year to keep up with the growth in the global working-age population. The enormity of that challenge is not something that the developing world can—or even should—shoulder by itself.

Our commitment to overseas business development should not be seen as just another programme aimed at helping the poor. It helps everyone, including the countries giving the aid. We are a trading nation, and as such we must always be on the look-out for new markets and new partners to work with. That includes those countries where we have to help develop and foster the conditions necessary for business to flourish.

It is in our national interest to encourage the growth of developing countries by unlocking the enormous potential of the private sectors in those countries. By encouraging business growth, we are turning those who receive state aid into key trading partners. Investment in developing countries brings them into our markets, as we now see across Asia and Africa. For example, our programme to support Rwandan agriculture has transformed the industry from a subsistence-based activity into one that is commercially oriented. With help from DFID, the Rwandan Government have collected greater tax revenues, which has meant that Rwanda's dependency on foreign aid has declined. The Rwandan Government's spending on education and healthcare programmes has trebled as a result of the revenues they have collected. Bilateral trade in goods between the UK and Rwanda exceeded £10 million in 2012, and UK exports to Rwanda totalled £7 million. The top exports included power-generating machinery, medicinal and pharmaceutical products, and general industrial machinery.

It is vital that we get the world's young into work for their own dignity and personal development as well as their economic future. In so many places in the world, we see the consequences of young people feeling that they have no future because of conflict or migration, but where people have the opportunity to support themselves and their families, we see greater stability. That in turn encourages greater business development and attracts more investment.

The UK can be proud of its involvement in the millennium development goals, which significantly improve the livelihoods of billions of people. In particular, the UK's action on development goal 8 has meant that, between 2000 and 2014, bilateral aid to the least developed countries fell by 16% in real terms, while 79% of imports from developing countries entered developed countries duty-free.

Globally, the population covered by 2G grew from 58% in 2001 to 95% in 2015, and anyone who has travelled in developing countries can see that even the

poorest individual now has a mobile phone. Internet use has grown from 6% of the world's population in 2000 to more than 40% in 2015, and 3.2 billion people are now linked to the content and applications that we can access here in the UK.

Those achievements in internet provision, coupled with the ready availability of technology, mean that people are seeing the quality of life in the developed world, so it should come as no surprise that the UK is a popular destination for those who have the skills and qualifications to get themselves here. Technology has vastly improved all our lives, and the opportunities for developing countries are even greater. Developing countries and businesses based there have leapfrogged obsolete technologies, which has allowed them to take advantage of the same level of technology that we enjoy. That has also placed on us a need to accelerate our programmes and ensure that as the expectations of those who live in developing countries rise, so do the opportunities available to them.

A lack of sustainable jobs, and livelihoods that fall below expectations, threaten to undermine our progress on the wider goals of tackling poverty. Unless we address that problem, we will continue to drain away the most educated individuals from the communities that need them most. As of April last year, about 80,000 doctors registered in the UK had obtained their primary medical qualification outside the UK. Many of them qualified in India, Pakistan, South Africa and Nigeria. In effect, developing countries are paying to train doctors for our health service. We have a high demand for doctors, but taking them from the world's developing countries is counterproductive and not sustainable. Our foreign aid and investment in business development will not see real results unless we create an environment in which aspirational people see their future in their own communities.

A UN report highlighted that 780 million people in the world are earning less than \$2 a day, which is the UN development goals' definition of absolute poverty. We know that society as a whole benefits when more people are contributing towards their country's growth, but employment must be worth while and rewarding. That is why it was so important that the UN reaffirmed its commitment to the principles of the global development goals in 2015. We will continue to build on what we have achieved.

We have committed to ensuring that everyone can enjoy prosperous and fulfilling lives by 2030 through the creation of sustainable jobs and by sharing the benefits of technology. Our business development spending must continue to be directed towards developing countries, helping them to build their economies and develop themselves. Continuing with that programme contributes significantly to our wider goals of eradicating poverty and conflict. It is essential that we make that one of our major focuses for the next 15 years and beyond.

10.8 am

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): It is a pleasure to serve under your chairpersonship, Mrs Moon. I congratulate the hon. Member for Stafford (Jeremy Lefroy) on introducing this important debate. He is a real advocate of what

works in international development and it is a privilege to serve on the International Development Committee alongside him.

I am pleased to be able to take part in the debate. I have a great interest in the subject; I am a member of the Select Committee on International Development, and have a local interest as the Department for International Development in Scotland is based in East Kilbride, in my constituency. We need to recognise the importance of making sure that there are sustainable, inclusive jobs across the world; we must place that at the heart of the UK's development agenda. I am particularly proud of my party's work on that. The Scottish Government have a firm commitment to advance Scotland's place in the world as a responsible nation. They have a £9 million international development fund and a £6 million climate justice fund, which supports 11 projects in places that include Malawi, Zambia, Tanzania and Rwanda.

Goal 8 of the sustainable development goals is about jobs and livelihoods. That key objective is required to be achieved by 2030. There is, as we have heard, much work to be done to realise that aim, and progress must be regularly monitored, and measured effectively through improved data collection and the development of disaggregated data. We need to ensure that the disproportionate unemployment rate for young people is tackled. About 600 million new jobs must be created just to keep things constant. Unemployment affects women and disabled people disproportionately. The target includes full and productive employment for all and equal pay for work of equal value, ensuring that no one is left behind. An example to consider is work that has been funded in Malawi, including projects focused on job development and economic growth. This month I met Malawian farmers who had developed a fair trade enterprise that enabled many people in their community to develop sustainable businesses. Their venture supported others besides their own families, and enabled many children to attend school. I would like DFID in future to fund initiatives of that type and think about developing them.

The Global Concerns Trust has run several projects that have helped adults with disabilities to receive vocational training. In one project, 106 adults have been given training in carpentry or tailoring, and the trust has given 57 people the tools they need to start their own business. Our development portfolio should ensure that no one is left behind. Another project has given 62 people with disabilities vocational training, as well as training in business skills and prevention of HIV/AIDS, so that they can help others in their community. That has helped people to earn a living, with a more than fivefold increase in income on average for those trained. Those achievements may seem small in scale, but they have a huge impact. They allow people the opportunity to develop and grow, and to create businesses and become economic contributors. They are then not reliant on government project work or aid for sustainability.

It is important for developing countries to have sustainable economies for growth—but that is not the only reason. There are also enormous psychological benefits to being employed and economically active. It gives dignity and fulfilment. Without a job people feel that there is no future for them or their families. Jobs meet important psychosocial needs, and work is central to individual identity and social status, whereas conversely

there is a strong association between worklessness and poor health, including poor mental health, and poverty. Working towards full employment in developing countries helps to create a foundation of growing prosperity, inclusion and social cohesion.

DFID works on private sector development, but there is much work to be done in that realm. We need to engage private enterprise to ensure that the millions become the trillions that we need to leverage our sustainable development goals and make progress. We need a focus on entrepreneurship and allowing people to develop their own skills and attributes, including technological skills, which are so important to economic development. We also need effective measures to eradicate forced labour, slavery and human trafficking. We need to work at many levels.

It is necessary to develop clear guidance to ensure that future assistance is clearly structured to create coherent opportunities. It is a fundamental issue and it is of the utmost importance that we get it right and continually assess our progress. We need the UK Government to report on progress in an open, accessible and participatory way, supporting the active engagement of all, including children and marginalised groups. As I have mentioned, a key issue is that we require better datasets, which should be disaggregated across countries. I am hopeful that technology will be able to transform people's lives—particularly women's lives—across the world. Tools and equipment reduce drudgery and increase the amount of quality time that can be spent with family and on education. I would like a fair trade symbol to be developed, if possible, to show in particular women's contribution to the production cycle, where women lead and develop businesses in the developing world. I should be grateful if the Minister commented on whether that is a helpful idea.

Jobs and livelihoods are crucial for all. The sustainable development goals mean that we must make progress at home as well as in developing countries. More focus is required on enabling, and less on scapegoating of the workless. That will give a motivation for change. I look forward to working constructively in the International Development Committee on this issue, as well as at home in my constituency, developing jobs and livelihoods for all.

10.15 am

**Chris Evans** (Islwyn) (Lab/Co-op): It would be remiss of me not to congratulate the Minister on his elevation to a knighthood. I am sure that as a former Vice-Chamberlain of Her Majesty's Household, who is traditionally held hostage in Buckingham Palace before the state opening, he had plenty of opportunity to lobby the right people, and his lobbying has come to fruition.

It would be remiss of me, too, not to pay tribute to you, Mrs Moon. Through your membership of the Select Committee on Defence you have become an expert in foreign affairs, international development and safety and security around the world, and I pay tribute to you for all that you have done in that field. You are now a leading light in this Parliament on those issues.

I want also to pay tribute to the hon. Member for Stafford (Jeremy Lefroy), whose speech taught us all a lesson. I have been a Member of Parliament for six

[Chris Evans]

years. So often in this place Members stand up, and we hear them read out a speech; but with his speech today the hon. Gentleman proved that he cares—and cares passionately. Throughout our debate we have seen something that we should remember in the midst of the referendum—many people try to divide us into in and out camps, but the one thing that unites us is that we are human. People in developing countries may live in places whose names we cannot pronounce, and that we do not understand; but if we care about poverty it does not matter whether it is in Blackwood or Newbridge in my constituency, Stafford or Mozambique. We all have a duty as human beings to care about those who are impoverished and who are suffering, around the world. The hon. Gentleman's speech, and other speeches today, have expressed that.

There are many things we sometimes take for granted in the UK, which is one of the most developed countries in the world. We have fantastic infrastructure, such as our extensive network of motorways, which stretches across the country. We have the resources to put into projects such as HS2, to make a drastic improvement to rail links between the north and south. We do not have to rely on international aid for our business. Instead, we attract considerable foreign direct investment. Indeed, in 2014 the UK attracted foreign investment in a record 887 projects, which created more than 31,000 jobs in this country. Investors know that money invested in the UK is safe and will generate returns, in the main.

We are the lucky ones. For much of the rest of the world, specifically developing countries, the infrastructure and stability that we take for granted are simply not there. We have a responsibility to contribute towards the economic development of less developed countries, so those who live there become a market for us to trade with. More customers can never be a bad thing. Our assistance to developing countries in their efforts to industrialise, and to create business and thereby employment, is a moral duty. It will help to raise millions out of extreme poverty.

The United Kingdom has a long history of supporting international development. I may be partisan, but I am proud that the Department for International Development was founded by a Labour Government in the 1960s, under Jennie Lee, the widow of Aneurin Bevan. I welcome the commitment to more than double international development funding to £1.8 billion in 2015-16. We must ensure that that money is spent in the most effective way, providing the most value for money not only for our own citizens but for those we are trying to help. However, efforts so far have not been effective enough. The problem cannot be solved simply by throwing more and more money at it. We have seen over and over again that that does not work.

Although it is true to say that private enterprise contributes around 90% of jobs in developing countries, international aid must involve considerable planning and a joined-up approach in public institutions that takes a holistic view of a country. We must ask the question: what do they need, aside from money and finance, to do the business they need and to bring the jobs they need?

Businesses in developed countries rely on stability. It is simply not possible to do good business where there is war, conflict, crime and, above all, corruption. If we

throw money at businesses in insecure countries, can we truly expect them to do well and ultimately provide jobs? It stands to reason that businesses will not prosper if they have to pay tributes or bribes to corrupt local politicians, or if corrupt businesspeople pocket aid money rather than invest it in their business. The president of the World Bank, Jim Yong Kim, said in 2013 that “corruption is public enemy number one”.

In describing the effects of corruption, he said:

“Every dollar that a corrupt official or a corrupt business person puts in their pocket is a dollar stolen from a pregnant woman who needs health care; or from a girl or a boy who deserves an education; or from communities that need water, roads, and schools. Every dollar is critical if we are to reach our goals to end extreme poverty by 2030 and to boost shared prosperity.”

**John Howell:** The point the hon. Gentleman makes about corruption is a very good one. Is he aware that the country I look after for the Government—Nigeria—has a President who has come to power to try to cure the corruption problem there and is doing a very good job on it? We are trying to help that through a number of projects, including a very exciting one: the judicial college will help to train judges to be able to deal with that sort of situation.

**Chris Evans:** I am aware of the fantastic work in Nigeria and of the election of the President, who has got to the core of the problem. As we have seen in the past in places such as Rwanda, when corruption hits, it muddies the waters for fantastic projects such as those the hon. Gentleman mentions. It also gives rise to the idea that we should cut back on international aid and affects the efforts we are making.

Our strategy for international development clearly needs to focus on supporting the security infrastructure in developing countries and ensuring they have robust legal systems that can root out corruption. Security is fundamental to stability—I do not have to tell you that, Mrs Moon, since you are a long-serving member of the Defence Committee. Without stability, it is impossible for businesses to not only thrive but, in many cases, to survive.

The joined-up approach must also ensure that aid is given to education services and health services and invested in the infrastructure and logistics capability, which facilitate trade and economic growth in developing countries. A key reason for the rapid development of industrialised and highly developed economies is the heavy emphasis on education. A good, open and inclusive education system not only gives workers the basic skills they need to become a productive member of their local economy, but allows those with the ability to develop the skills to innovate and solve their own problems by developing their human capital.

Another key point is that the aid we provide should allow developing countries to help themselves, which we know they want, as nobody truly wants to rely on charitable aid. We all know the proverb, “Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.” In this case, that is very apt.

If we do not focus our aid on the fundamental things without which business cannot flourish—security, law and order, education, healthcare and infrastructure—we run the risk of continuing the cycle of extreme poverty

and unemployment. If crime pays more than work or education, it is no surprise that many young men in developing countries turn towards it. That is yet more evidence that developing economies need balanced and simultaneous improvement, investment and aid across the board. It simply will not do to build an extensive road network if corruption is rife, just as it will not do to tackle corruption without investing in infrastructure.

Some say that charity starts at home and that we should cut away aid to developing countries. To me, that is a narrow-minded view. If we support economies in developing countries, we open up new markets where we can sell our products. Surely that is a win-win situation, as we will bring millions of people out of extreme poverty—the goal we all strive towards—and create more export and business opportunities for British companies, creating more jobs at home. We have a moral duty when it comes to international development. I am pleased to see that everyone who has spoken in this debate, from all parties, shares that goal.

**Several hon. Members** *rose*—

**Mrs Madeleine Moon (in the Chair):** Order. I need to go to the Front-Bench spokespeople at 10.30 am.

10.25 am

**Wendy Morton** (Aldridge-Brownhills) (Con): I am grateful to you, Mrs Moon, for giving me the opportunity to speak. I will keep my remarks brief. First, I congratulate my hon. Friend the Member for Stafford (Jeremy Lefroy), who has over a number of years shown great passion, commitment and dedication to international development, and brings a huge experience and knowledge to this place. I have known him for a number of years. We have been to Rwanda, Burundi and Sierra Leone for Project Umubano, and I can vouch for his commitment to international development and in particular to entrepreneurship, livelihoods and jobs. This is a timely debate, following the debate in this Chamber earlier this week about the 0.7% target and the report on the implementation of the SDGs from the International Development Select Committee, of which I am a member.

I will keep my remarks to one simple fact: if we truly are committed to the 0.7% target, which I believe we are, and to the sustainable development goals, the way to move beyond aid and to move countries away from a dependency on humanitarian aid, with which I fundamentally agree, is through encouraging sustainable development and economic development. That means giving people a life chance, whether it is in our country or abroad. As the hon. Member for Islwyn (Chris Evans) said, if we teach a man a fish, he will feed several people. We must give people an education, which they need if they are to get on in life, just as they need to be able to earn incomes to look after themselves and their families.

DFID has a very good reputation for supporting many business projects. I have seen some of them, in particular in Nigeria. We need to keep our focus on enterprise and entrepreneurship. We need to keep women involved in this agenda as well, and above all, we need to recognise the value that business and enterprise can bring.

10.27 am

**Stuart Blair Donaldson** (West Aberdeenshire and Kincardine) (SNP): It is a pleasure to serve under your chairpersonship, Mrs Moon. I congratulate the hon. Member for Stafford (Jeremy Lefroy) on securing this debate. It is not the first of his debates in which I have spoken in this place, and I am sure it will not be the last. I am delighted to contribute today.

As Members have said, goal 8 of the 2015 UN sustainable development goals makes promoting inclusive and sustainable economic growth, employment and decent work for all a key objective for the world to achieve by 2030. Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs that stimulate the economy while not harming the environment. Job opportunities and decent working conditions are also required for the whole working-age population. An adequate supply of jobs is the foundation of sustained and growing prosperity, inclusion and social cohesion. Where jobs are scarce or where livelihoods leave households in poverty, there is less growth, less security and less human and economic development.

In the current turbulent economic environment, job creation is one of the most pressing global development priorities. The aim to support employment and livelihoods with rising incomes, dignity and respect is a development goal that the Scottish National party would like to see at the heart of the UK's development agenda. Jobs connect people to their society and the economy. Access to safe, productive and fairly remunerated work is a key vehicle for battling poverty.

As has been mentioned, the World Development Report 2013 found that:

“Worldwide, 200 million people, a disproportionate share of them youth, are unemployed and actively looking for work. An estimated 620 million youth, the majority of them women, are neither working nor looking for work. Just to keep employment rates constant, around 600 million new jobs will have to be created over a 15-year period.”

It also highlighted that the problem in many developing countries was that, although unemployment rates could be low, only a minority of workers were wage earners. More than 3 billion people are working worldwide, but almost half of them are farmers or self-employed. Most of the poor work long hours, but simply cannot make ends meet.

The SNP is committed to advancing Scotland's place in the world as a responsible nation by building mutually beneficial links with other countries, as outlined in the Scottish Government's international framework. Since 2007, the Scottish Government have doubled the international development fund to £9 million per annum and launched the climate justice fund, bringing the total spend on international development work since 2007 to over £86 million. The SNP has also highlighted Scotland's commitment to the sustainable development goals.

Work funded by the Scottish Government has included projects focusing on job development and economic growth in Malawi. For over a decade, they have supported the Scotland Malawi Partnership and its sister organisation, the Malawi Scotland Partnership, which is based in Malawi. Through the two organisations, more than 94,000 Scots and 198,000 Malawians work in partnership together, and more than 300,000 Scots and 2 million Malawians benefit from those activities every year. The

[Stuart Blair Donaldson]

main focus of the Scotland Malawi Partnership is to work in dignified partnership with local people or Ubale, as they say in Chichewa. Scotland is playing an active and important role in helping to support jobs and livelihoods in Malawi by building markets for Malawian products.

Kilombero rice is a high-quality aromatic rice which the Malawi Government believe is an important export crop. For smallholder farmers it is an effective cash crop, which is popular among the urban population. The challenge is to assist more farmers to turn their smallholdings into effective, market-orientated, small businesses, which together can dramatically improve the livelihoods of people in northern Malawi.

JTS—Just Trading Scotland—is a Scottish fair trade importer. KASFA—Kaporu Smallholder Farmers Association—is a farmers' association in northern Malawi. They have been working together, with support from the Scottish Government's international development fund, to improve livelihoods and to strengthen communities. Since 2009, JTS has been working to establish a market for Kilombero rice, selling through civic society groups in Scotland: schools, churches and fair trade groups. This in turn has encouraged fine food distributor, Cotswold Fayre, and larger retailers like the Co-op to stock the product.

Howard Msukwa and Kenneth Mwakasungula, who are both rice farmers, visited Scotland last month to promote the launch of the rice in Co-operative food stores across Scotland and to tell people about the project's success. The benefits of the scheme have been recognised by local rice farmers in Malawi. I had the pleasure of hearing both gentlemen speak at the Scotland Malawi Partnership road trip in Aberdeen.

Over the last five years, membership of the farming association in Malawi has grown from 2,500 to 6,700. Northern Malawi now has an effective farmers' organisation that can deliver training and cost-effective farm inputs, and plays a vital role in community development. More farmers can send their children to secondary school and the first students are finding places in universities and colleges.

The key to success has been to link farm development work with establishing markets, which offers farmers an assured income. This encourages them to invest time and money to transform their farms. With altitude, climate and weather conditions ideal for cultivating coffee, Mzuzu coffee is another crop with a fast-growing reputation from one of the best coffee-growing regions in the world. In the 2014-15 Malawi "taste of harvest coffee" competition, Mzuzu took the top five positions. Interestingly, the first coffee plant in Malawi was introduced in the 1870s by John Buchanan from Scotland—it originated in the Royal Botanic Garden in Edinburgh, so there is a strong historical link.

The recently completed project by Scottish Government-funded TraCSS—Trading with Climate Smart Supply—aimed to stimulate sustainable economic growth in Malawi through development of agricultural value chains in a climate-smart and pro-poor way. The objective was to improve the competitiveness of tea, coffee and pigeon pea value chains in an inclusive way to deliver improved smallholder incomes and to reduce natural resource degradation. One of the outcomes of the project was

the distribution and implementation of the "Handbook for Sustainable Coffee Production in Malawi" through the Coffee Association of Malawi—CAMAL.

I am coming to the end of my time. The work of the Scottish Government and the Scotland Malawi Partnership demonstrates how Government aid and civic society can work to create markets for developing countries that will support jobs and livelihoods in the developing world.

10.35 am

**Imran Hussain** (Bradford East) (Lab): It is a pleasure to serve under your chairmanship, Mrs Moon. I follow other hon. Members in congratulating the Minister on his recent knighthood and elevation. In months to come, we may disagree on many things, but we can agree that there is no question of his commitment and passion to his current role and public service.

I also congratulate the hon. Member for Stafford (Jeremy Lefroy) on securing and introducing this important debate. He has a long-standing commitment and expertise in this area. Indeed, he was present when this important matter was last considered by the Select Committee on International Development. He made some important points in his excellent speech today and emphasised the importance of supporting industries such as construction and agriculture. He also made an important point about young people and putting more emphasis on education and training.

Hon. Members on both sides of the Chamber made passionate and important contributions about ending extreme poverty, at the heart of which is corruption. It is real and must be addressed. It is a major roadblock to economic development around the world.

Hon. Members referred to another important point: the SDG and whether it is over ambitious. I think it is time we were ambitious and aspirational. Unemployment around the world may not be eradicated by 2030, but we can have that vision and I ask the Minister to ensure we thoroughly mark the SDG8 indicators.

Regardless of who someone is and regardless of where they live in the world, a good job can change their life. Decent opportunities and decent wages provide families with shelter, food and security. That not only provides direct benefits for the earner, but their wage gets passed around the community and benefits others. We know this and it presents obvious reasons for helping to create jobs in developing countries. However, around half of the world's population still lives on roughly \$2 a day and the World Bank's World Development Report 2013 estimated that 200 million people around the world were unemployed and looking for work.

Evidence shows that 600 million new jobs that are needed globally for a growing population and particularly in developing countries, so it is clear that much more needs to be done.

**Mark Durkan** (Foyle) (SDLP): Should we not recognise that, even when people seem to be outside extreme poverty according to statistics and are earning more money, many are in newly urbanised centres in the developing world? Their income may be above the indicators, but that does not take account of the fact that they are paying crippling rents to live in shanty-town conditions, even though their working environment may

be quite modern, and they pay huge costs for water. They may have a livelihood, but their living conditions may not be good.

**Imran Hussain:** The hon. Gentleman makes a pertinent and timely intervention. He is absolutely right: there is strong evidence to suggest that, for many people, employment does not mean they are not living in poverty or even extreme poverty in some cases. The other issue with regard to urban areas, which I raised in an intervention, is urban planning. That is another barrier and we need to give it a lot more thought.

Certain aspects of DFID's overall record can be commended. For instance, it provided £752 million of bilateral aid directly related to jobs, business and the economy in 2014. However, the figure fluctuated throughout the time of the last Government before the strategic framework for economic development set aside £1.8 billion, so I would be grateful if the Minister gave an assurance that that spending will be maintained following the bilateral aid review. Can he also indicate when we will have the findings of the bilateral aid review or report?

There are also specific areas where I will give credit where credit is due. DFID is regarded as an expert on mid-level private sector development programmes, and I hope it learns from the success in that area and applies it to others. The International Development Committee, whose Chair, my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg), is here today, noted that DFID also has excellent examples of work in areas such as public financial management that it should build on.

Nevertheless, I seek clarification from the Minister on a number of areas. First, on SDG 8, can he assure me that the indicators will be thorough when we get them? With regard to private sector development, we welcome work that facilitates the development of sustainable and secure jobs in developing countries, and we recognise that the majority of jobs will be created in the private sector. Indeed, the private sector provides some 90% of jobs in developing countries, according to various reports.

That is not to say that we are supportive of all measures. I have a particular concern about the expertise of staff in DFID working on private sector development—the Independent Commission for Aid Impact found in its May 2014 report that there were gaps in knowledge and experience. I would therefore be grateful if the Minister told me whether progress has been made in addressing the concerns raised by the commission. How many full-time staff in DFID are working on private sector development? How many, if any, are externally contracted staff brought in to advise on private sector development projects? How many staff working on private sector development come from backgrounds of working in the private sector and working on businesses in developing countries? Does DFID make training and mentoring opportunities available to staff working on private sector development, so that they can build their expertise? I appreciate that the Minister may not have all the answers to hand, but I would appreciate a response, even if it is a written one, at some stage.

The final issue I want to raise is working conditions. We cannot overlook the potential influence that DFID has in helping to reform labour practices and working conditions in developing countries, so I would like assurances from the Minister that any aid or assistance

provided by DFID or other Departments to foreign states or businesses is provided only with assurances that they abide by working standards.

10.43 am

**The Minister of State, Department for International Development (Sir Desmond Swayne):** It is a pleasure to follow the hon. Member for Bradford East (Imran Hussain), and I thank him for his kind words. He referred to my passion, but it is clear that his passion equals, if not exceeds, mine, as does that of the hon. Member for Hackney North and Stoke Newington (Ms Abbott). I sometimes imagine that we disagree less than we think, but what is clear is that we all share the same objective and the same passion.

Today we have debated a very important, game-changing report. Since that report, we have been pushed in a direction that we were very keen to head in in the first place. We have created a new directorate for economic development by combining five separate departments. We have created a new youth and education department to focus on the transition from school to work, and to drive that focus through all the bilateral relationships and all our programmes. We have implemented a new growth diagnostic. This is the focus that my hon. Friend the Member for Stafford (Jeremy Lefroy) demanded there be in every bilateral relationship and every programme. The diagnostic informs every team of the barriers to growth in the countries in which they are working, so that they can devise programmes with the greatest impact on growth. My hon. Friend referred to the new agricultural strategy; it is, as he demanded, focused on smallholder agriculture. We will shortly publish—after we have disposed of that business on 23 June—our new economic development strategy.

The delivery of this agenda is vital to all the global sustainable development goals across the entire piece, and not just to the most obvious ones—1, 8 and 9. We will not see a reduction in world poverty of the order that we want unless we get a great increase in inclusive growth. In the past, we have had growth that has not generated inclusivity or sufficient jobs. It is vital that we get inclusive growth, because as we have heard so often this morning, we need 600 million new jobs in the next decade; otherwise, we will have a growing army of underemployed, frustrated and increasingly angry young people. As we have heard again this morning, lack of economic opportunity, a job and a livelihood is the principal driver of migration. That has been going on for decades. Millions of people have dropped everything that they have known and moved from their homes to the unknown in pursuit of economic activity. We are beginning to notice it as we see that tide of humanity coming up from south-Saharan Africa. Nevertheless, that driver has existed for decades, and we have to address it by providing those jobs.

I accept that not any job will do. It is no good having jobs that enslave. That is why we are still concentrating our programmes on work and freedom. There is what we are doing with the International Labour Organisation in Bangladesh, and there is the ethical trading initiative and the responsible, accountable and transparent enterprise initiative. Those are vital, but in the end it all comes down to jobs. The Government have an important role in that regard. My hon. Friend referred to the importance of public services. Yes, public services are important;

[*Sir Desmond Swayne*]

there are important jobs and roles in public services. It is precisely for that reason that we take—and manage—the very considerable risks of working through Government-provided services in places such as Nepal, where our healthcare programme is channelled through Government provision, although it is a corrupt environment.

I share the passion of the hon. Member for Islwyn (Chris Evans) for tackling corruption. He is absolutely right, and that is why our programme on governance under SDG 16 is so important to our economic development programme. It is precisely for that reason that we held the anti-corruption summit and, the day before, the summit to engage with civil society on how it deals with that. As I say, the hon. Gentleman is absolutely right: where elites hijack the lucrative parts of the economy and wreck it, that impoverishes everyone. When a person gets an important job in the Government or the civil service because they are someone's cousin, rather than capable of carrying out that function, that leads to complete inefficiency.

Over and over again, we find Governments getting in the way of the creation of jobs, through unwillingness or lack of capacity to raise revenue to invest in the necessary infrastructure; a lack of regulation, or over-regulation; or a lack of contract law or any other law, or of the rule of law. All those things drive away investment.

The real engine of job creation is private sector-led investment. One of the principal barriers to that investment thriving is the lack of necessary infrastructure. A reduction in productivity of some 40% throughout Africa and Asia is accounted for by the lack of necessary infrastructure, and it is estimated that Africa suffers a vital reduction of 2.1% in its annual growth rate as a consequence of the lack of necessary infrastructure.

Some 1 billion people have no access to electricity, and 1.3 billion live nowhere near a road. We must address those infrastructure problems. There is an annual deficit of some \$3 trillion a year, in terms of the infrastructure that we need to invest in. Most of that must be provided by Governments. Grant aid will remain important for filling about half of that infrastructure gap, but all investors will need to increase their ability to invest massively if we are to do that. That is why we are working with the World Bank and the regional development banks.

We are working on projects on hydroelectricity in Nepal and power sector reform and roads in Nigeria. We have launched Energy Africa, working in 14 sub-Saharan African countries to address the needs of 600 million people who are without electricity. Although we only launched the campaign last year, we have proved the root; we kick-started the campaign with the work that we did with M-KOPA, which has put in place some 300,000 solar panels that serve 1 million people. It has also used highly innovative methods, so that power can be paid for using pay-as-you-go mobile phones.

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): Where we have been relatively slow in moving to meet the infrastructure needs of Africa, the Chinese have moved relatively rapidly. Does he agree that that is not entirely unproblematic, because the Chinese do not share our commitment to human rights?

**Sir Desmond Swayne:** The quality of our investment and the fact that we do not tie our aid certainly make our aid of a higher standard. I accept the hon. Lady's challenge: we need to raise our game, and that is why we use the Private Investment Development Group to leverage more investment. Through an investment of \$1.2 billion, we have secured \$20 billion from the private sector and \$9 billion from international financial organisations to provide early equity, long-term debt and guarantees to meet vital infrastructure needs. Equally, we use CDC, our development capital arm, to blaze a trail and show other investors that there are profitable opportunities even in the most difficult markets. We recapitalised that with some £730 million last year, and we are driving that into the infrastructure sector. CDC has backed some 40,000 GWh of production as a consequence of the move into the power market.

**Mrs Helen Grant** (Maidstone and The Weald) (Con): On the point about opportunities, does the Minister agree that we need policy coherence between the climate change goals and economic development policies?

**Sir Desmond Swayne:** My hon. Friend is right. Climate-smart development must be integral to everything we do. It has to be a part of it. It is not a box to be ticked; it must be designed into the programme from the start.

My hon. Friend the Member for Henley (John Howell) mentioned the prosperity fund in his intervention on my hon. Friend the Member for Stafford. I take a slightly different view of the prosperity fund. We are spending all this taxpayers' money creating opportunities and opening markets, and my breath is taken away when other countries simply move in and take the opportunities that have been created by that investment. The prosperity fund's primary objective must be to reduce poverty. However, it is right that that fund should make British companies alive to the opportunities available to them. We will not tie our aid.

As an aside, I point out that 80% of our procurement is with British companies simply because they are the most competitive we can find, but my hon. Friend the Member for Henley drew attention to an important point in the piece. This is, of course, an enormous agenda. It is a whole trade facilitation agenda, and my hon. Friend mentioned the importance of trade envoys. We spend about £1 billion a year on trade facilitation and improving the ability of the least developed countries to enter our markets and to trade effectively. Trade dwarfs aid. It is a vital part of the agenda. The hon. Member for Bradford East raised the vital issue of urban planning. It is precisely for the reasons that he gave that we launched the new programme for economic development in cities, and that will be driven forward with a will.

The whole piece, including TradeMark East Africa and the trade facilitation agenda, is part of the drive for economic development that is at the centre of everything that we do regarding the provision of jobs. I come back to a point that has been made several times this morning: it is all about jobs. We need 600 million high-quality new jobs that will not impoverish and enslave people. That is what we have to deliver. I defer to my hon. Friend the Member for Stafford to sum up the debate.

10.58 am

**Jeremy Lefroy:** I am most grateful to everybody here for their valuable contributions. We have touched on a huge range of subjects that are vital to consider in relation to jobs and development. The hon. Member for Strangford (Jim Shannon) spoke about the need to tackle unemployment everywhere, and the importance of small projects. The hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) mentioned the important work that the Scottish Government do through their development fund, and how critical it is to work with young people. The hon. Member for Islwyn (Chris Evans), in a powerful and passionate speech, spoke about the business environment, the importance of tackling corruption, stability and direct investment.

My hon. Friend the Member for Portsmouth South (Mrs Drummond) spoke about many issues, and particularly the importance of the digital economy in the developing world. My hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) mentioned the importance of education. The hon. Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) spoke about the vital nature of partnership working and the work that the Scottish Government have done in partnership with Malawi on Kilombero rice and, indeed, Mzuzu coffee, which I have had the pleasure of tasting. The hon. Member for Bradford East (Imran Hussain) spoke powerfully about the need to be ambitious and aspirational, and touched on city planning.

The Minister spoke about DFID's work, which I commend. He indicated that DFID is moving powerfully in the directions in which I would like to see it go. He spoke about infrastructure and Energy Africa, which my right hon. Friend the Member for Welwyn Hatfield (Grant Shapps) instituted last year, and about how that is already making progress.

Above all, there is a passionate desire here to work for inclusive, job-rich growth in developing countries, because that is important for the people in those countries, and because it allows them to stay where they are and not put pressure on our country. It is in their interests and ours.

*Motion lapsed (Standing Order No. 10(6)).*

## Electric and Low-emission Vehicles

11 am

**Glyn Davies** (Montgomeryshire) (Con): I beg to move,

That this House has considered infrastructure and regulations to support electric and low-emission vehicles.

We have worked together a lot in various all-party parliamentary groups and on various issues, Mrs Moon, but this is the first time I have served under your chairmanship, and I very much look forward to it. There should be a large measure of agreement on this subject; I do not expect much disagreement. My interest is in securing information from the Government, rather than challenging them on policy, so this should be a pretty easy debate for you to chair.

I am not in any way a petrol-head—I am not even a car enthusiast. The drivers behind my interest have been more to do with climate change, the targets we set in 2008 to reduce carbon emissions and, following on from that, safety and training within the motor industry in relation to ultra-low emission vehicles.

The transformation we are seeing in the motor industry in our country and across the world is happening much quicker than we might have anticipated a few years ago. Last year, there was a more than 50% increase in the number of pure electric vehicles sold in Britain. We heard last week that by 2025 all new vehicles in Norway will be electric or low-emission vehicles, which is a tremendous change that will accelerate. This is not one of those issues where we are talking about what might be achieved. It is only five years since most motor companies decided to go down this route. Obviously Toyota started in the 1990s, but five years ago every car company in the world started to recognise that electric vehicles were going to be the future and were moving quickly down the road.

Additionally, we are seeing the development of driverless cars and trains. We are seeing an absolute transformation in the way in which we will use our roads in future. There are many important associated issues. One is the massive investment needed in the vehicle charging network across the country—the infrastructure, electric charging points and hydrogen charging points. We need unbelievable investment, which is the purpose of my speech.

We also need investment in training and developing technicians to support electric vehicles. The main driver behind my initial interest in this subject was the climate change targets we set in 2008 to meet the fundamental target of an 80% reduction in our carbon emissions by 2050. The stepping stones are the fourth and fifth carbon budgets—we are currently discussing the fifth carbon budget—and we want transport to contribute to that. Power generation has changed an awful lot. Generally speaking, we will meet the targets, but transport and heating are two areas that simply have not moved as quickly as we might have wanted.

**Neil Parish** (Tiverton and Honiton) (Con): I congratulate my hon. Friend on securing this debate. The Select Committee on Environment, Food and Rural Affairs recently looked into air quality, and one issue is the hotspots in the cities where we have very high levels of nitric oxide. We therefore need to get our diesel lorries, cars and buses out of those areas. We need more electric cars and electric vehicles. Government support to install

[Neil Parish]

the necessary plug-in points, and so on, especially in the centre of cities, is important to increasing air quality in those hotspots.

**Glyn Davies:** My hon. Friend is certainly right, but it goes much further than that. We are seeing a whole new industry develop. The motor industry is a big part of the British economy, and it will completely change over the next 20 years. My interest in the climate change targets led me to accept an invitation to go to the BMW training centre at Reading. It was an eye-opener in several different ways, and not just my drive in an i8, which I would recommend to anyone. It is a bit like being in a rocket—it is an amazing experience. The visit helped me to understand what is happening, particularly on the development and training of technicians.

The second eye-opener was on the safety of working on electric cars. I had not realised that the batteries in electric cars are 600 V. Any mistake results in death or very serious injury. That is the reality, so training is crucial. Anyone who works on an electric car without experience and training puts themselves in great danger. We have a lot of work to do to ensure that people are properly trained. Of course, the main distributors already ensure that they have people who can work on such cars, but it will not be long before electric cars enter the second-hand car market and are taken to local garages and to people who do a bit of second-hand car repair. We have to avoid the sorts of accidents that will seriously damage the industry. Developing and discovering technicians is becoming increasingly difficult. The Institute of the Motor Industry tells me that its surveys show that more than 80% of small independent garages have huge difficulty recruiting technicians. Will the Minister comment on how we can increase the numbers, and the skills, of technicians available to work in this emerging industry across Britain?

**Julian Sturdy (York Outer) (Con):** My hon. Friend is making a powerful argument about technicians and the way that technology is moving. I am delighted that York was awarded “Go Ultra Low” city status for its work on installing electric charging points to move the electric car industry forwards. He is right about infrastructure, but does he agree that electric cars will not solve the whole problem and that we have to consider hydrogen, too? Does he agree that Germany and Japan are moving their hydrogen technology forward at a rapid pace? Is that not something that the UK should follow? We need to train technicians in hydrogen technology, as well as on the electrical side of things.

**Glyn Davies:** My hon. Friend is absolutely right. We do not know exactly what the future holds. We should use the term “ultra-low emission vehicles,” rather than “electric vehicles,” because hydrogen fuel cell technology may well develop quicker. Things change incredibly quickly. It is only five years since the companies starting producing electric cars. In another five years, who knows? Hydrogen fuel cells might be the future, but that technology requires massive infrastructure investment, too. Unless people can charge their car at a reasonable distance from home, the industry will not take off. That is one of the issues the Government face. There has to be an element of assessment of what the future will be, but

having said that, we must be prepared for technology and invention taking us down a road that we had not wholly anticipated taking.

There are three points that I wish to raise with the Government; I am keen to hear the Minister’s response to them. First, I am not a natural regulator, or a person who would naturally support new licensing regimes; I would probably support the opposite approach. However, this is a massive industry. The IMI claims that by 2030 there will be a commercial and social benefit of £51 billion. I do not know how accurate that figure is, but clearly there will be a huge commercial benefit from what is going to happen. There is potential for a huge export business. All those things will happen, but we must have the safety and the technicians. Developing that side of the industry is important. It is not just about having the ability to manufacture cars; we also need the technicians to support that industry, and at the moment we just do not have them. We have to develop a system to deal with the safety aspects, and probably to help the development of a professionalism in working with these low-emission vehicles.

The Government might have to consider providing financial support, and they will certainly have to introduce a licensing system, because one death in an electric vehicle would clearly be massively tragic for the individual concerned and their family, and also tragic for the entire industry. A report of a death from an electric car on the front page of the *Daily Mail* would inflict a massive blow on an industry that I think will be hugely important to the future economy of our country.

The second issue is whether the Government should financially support a training industry. Again, I am not a natural supporter of Government intervention, through finance, in commercial markets, but the Government already support the development of the electric car industry. We offer grant support for the purchase of new vehicles, to reduce their price and to develop the industry, so I do not see any reason why we ought not to consider supporting the training infrastructure that is absolutely vital if the industry is to develop successfully. That is another issue that I would quite like to hear the Minister comment on.

The third issue is about the IMI. I have been very grateful for its advice and support; it makes a very strong argument on this issue, and that has informed some of the things that I have said this morning. I hope that the Minister would consider meeting the IMI to talk through the points that it makes very powerfully and persuasively. In my view, such a meeting would be very helpful, and I hope that the Minister is willing to agree to it.

**David Mowat (Warrington South) (Con):** My hon. Friend is giving the Minister some good points to consider; I have a further point that he might wish to consider about this industry. In most EU countries, electric cars increase carbon emissions because of our current generating profile. As was rightly said, the fifth carbon budget is under consideration. Do we not need to be aware that this technology, at least for the next decade, will potentially increase carbon emissions in the UK and most parts of Europe?

**Glyn Davies:** I thank my hon. Friend for that intervention. That is a comment I have heard before. However, we are developing a completely new technology. The aim is

lower emissions. We are trying to reach a decarbonisation target. Unless we achieve the aim of decarbonisation, this industry will not deliver what we want. However, I think that in the longer run, this is the route that we will go down. Practically, this is what is going to happen, and we need to take commercial advantage of this opportunity.

**James Heapey (Wells) (Con):** My hon. Friend has secured an excellent debate, and he is being a very useful advocate for electric cars. However, does he agree that the great advantage of electric cars, as part of the electrification of both transport and heat, is that they present a fantastic storage opportunity within the grid, which may help us to achieve our decarbonisation targets, rather than making them more difficult to achieve?

**Glyn Davies:** Again, that is a hugely helpful contribution to the debate. I am on the Environment and Climate Change Committee with my hon. Friend, and we know how important the development of storage is for the future. Electric cars are potentially one of the major means of storage. If their use develops quickly, as I expect it to, they will be a major contributor right across the board to our meeting our decarbonisation targets.

I do not disagree with the Minister; I hope that he can respond to the questions that I have put to him. This debate is the start of a major discussion about the development of a new industry, and I look forward to hearing his response to it. In closing, may I say how grateful I am to those hon. Friends who have intervened? They have made very good points that I probably should have included in my speech.

11.16 am

**The Minister of State, Department for Transport (Mr Robert Goodwill):** It is a great pleasure to serve under your chairmanship, Mrs Moon. I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing the debate. I must admit to being a petrol-head, or rather a diesel and steam-head. Nevertheless, I understand that although it is important that we preserve our historic vehicle heritage, we should also look to a more sustainable future. I assure the House that the Government are committed to positioning the United Kingdom as a world leader in electric vehicle uptake and manufacture.

Under the Climate Change Act 2008, the UK became the first country to introduce a legally binding target on climate change—an 80% reduction in greenhouse gas emissions by 2050. Transport needs to play a leading role, both to meet this important national target and to address air quality issues in the UK.

In the transport sector, emissions are dominated by those from road vehicles. We have therefore set ourselves the aim of nearly every car and van on our roads being a zero-emissions vehicle by 2050. That will require all new cars and vans on sale to be zero-emissions by around 2040. I understand that this is a bold and ambitious target, which is why we have in place one of the most comprehensive support packages in the world, and at the last spending review we committed over £600 million to help grow the UK market for these vehicles.

**Neil Parish:** I congratulate the Government on the money they are spending in this sector. However, in the particular hot-spots within cities, where there is actually a court case for Britain to reduce its emissions by 2025, there is a need to act much more quickly, particularly in those inner-city areas where we have problems with nitric oxide.

**Mr Goodwill:** Thankfully it is not nitrous oxide, which would be a laughing matter. Nitric oxide and nitrogen dioxide are major pollutants. Of course, now that we know more about what is happening in diesel engines after the Volkswagen scandal came to light, the Government are working on that issue. Indeed, I am working with my fellow European Ministers, particularly those in Germany, to address that problem. Sustainable vehicles such as electric and hydrogen cars, which produce no tailpipe emissions, will certainly play a very important part in the transport sector.

It is interesting to note that although the record on car emissions has been disappointing, trucks have been operating pretty much as they should, mainly due to the fact that the monitoring equipment, which previously was too big to get in the boot of a car, is now able to be put on the back of a lorry. So the truck and bus sectors have actually been very good.

Since 2011, more than 70,000 claims have been made for plug-in car and van grants. At least £400 million has been committed to this scheme. With the grant guaranteed until at least March 2018, tens of thousands more motorists will be helped to make the switch to a cleaner vehicle.

Electric vehicle sales are now growing rapidly. Registrations reached a record high in 2015, as 28,188 new electric vehicles arrived on UK roads. More electric vehicles were registered in the UK in 2015 than in the previous four years combined. I am very proud of that progress. Electric vehicles have the potential to unlock innovation and create new advanced industries that spur job growth and enhance economic prosperity.

The low emission vehicle industry already supports more than 18,000 UK jobs and is a key pillar in our ambition for a low-carbon, high-tech, high-skills economy. The UK is already attracting global investment. Nissan's LEAF, which is built in Sunderland, makes up 20% of electric vehicle sales across Europe. Geely has pledged £300 million to make plug-in hybrid taxis and vans at a new plant under construction in Coventry, creating 1,000 jobs. Ford's Dunton technical centre in Essex is one of only two global hubs for the development of its electric powertrains.

Support for electric vehicle charging infrastructure has also facilitated the growth of home-grown and ambitious small and medium-sized enterprises. For example, in 2015 Chargemaster, a company that designs and manufactures its products in Milton Keynes, launched its new UltraCharger, which is already being sold in the UK and abroad.

The electric vehicle market is already a success story for the UK, but we need to maintain momentum if we are to meet our ambitious goals. We recognise the need to develop manufacturing and servicing skills to support the growing ultra-low emission vehicle market. The Government have set out an industry-led approach to skills training and apprenticeships. The new Institute

[*Mr Goodwill*]

for Apprenticeships' programmes are already emerging, for example at Gateshead College's skills academy and at Nissan in Sunderland. I understand the point that my hon. Friend the Member for Montgomeryshire made: as cars get older and move down the vehicle food chain, so to speak, there will be more call for servicing at local garages. It is important that they have the skills to service the vehicles safely and so ensure that we do not have any nasty accidents.

In terms of air quality, the Office for Low Emission Vehicles' "Go Ultra Low" city scheme is dedicated to supporting cities across the UK to deliver transformational change. Some £40 million has been awarded to eight cities delivering more infrastructure, including lane access, additional planning requirements and a host of other measures. Those exemplar cities will be key in demonstrating ways of addressing air quality issues. The Government-backed self-regulatory body for the motor industry is committed to maintaining high standards covering new technologies, warranties, car service and repair. The garage finder helps locate businesses committed to the Chartered Trading Standards Institute's approved code of practice. I hope the progress we made through the block exemption on data for the servicing of conventional vehicles will also help people access the data they need to service these new kinds of vehicles.

Thanks to Government leadership and growing private sector and local authority engagement, the UK now has more than 11,000 public charge points, including more than 850 rapid charge points. That is the largest network in Europe. There are also more than 60,000 domestic charge points. The latest statistics suggest that the average distance to the nearest charge point is just over 4 miles in Great Britain, although I admit that my constituency is a little bit of a charge point desert, and I hope that will be addressed. There are a number of such locations; the constituency of the Secretary of State for Transport is another that does not have a large number of charge points, and we need to address that in parallel with the tourist industry.

**James Heapey:** In advance of the Energy and Climate Change Committee's hearing about electric cars last week, I did some work to look at the roll-out of petrol pumps for petrol engines a century ago. It was clear that the car came first and the petrol network thereafter. Incentivising the uptake of electric cars must surely be the priority, rather than incentivising the roll-out of charging points. Will the Minister comment on how the Department for Transport and the Treasury intend to compensate for the loss of petrol pump tax revenues as a result of an increased uptake of electric cars?

**Mr Goodwill:** I suspect that that question should be put to the Chancellor of the Exchequer, but falling duty levels from petrol and diesel because we have embraced this new technology would be a very good problem to have. Dare I say it, but I am sure the Chancellor or future Chancellors will come up with other, more devious ways of collecting tax from everyday people. As someone who owns a car constructed in 1900, I am well aware of the problems—particularly in the UK, as we were so slow to embrace the gasoline engine car—that people had refuelling their cars. They are not unlike the problems that people are having in charging their electric vehicles.

The electric vehicle only really makes sense on a slow overnight charge, when we have surplus electricity in the grid. Although fast charging is there to address issues of range, there is not really a prospect of thousands and thousands of cars up and down the country fast-charging at service stations. Electric cars make sense in terms of overnight charging at home.

A point was made earlier about sustainable electricity. We talk about zero tailpipe emissions, but that electricity has to be generated somewhere. Germany has sustainable delivery, but given its decision to abandon its nuclear programme and rely more on fossil fuels, the way that hydrogen and electricity are generated is a problem when it comes to better electric and hydrogen vehicles. Norway, with its large amounts of hydroelectricity, is well able to take that up.

Another point raised in an intervention was about electric cars as a means of storage. I was recently at a conference in Germany, where that issue was raised with Tesla. One of the issues is the number of cycles that a car's battery may have to undergo if it is used as a means of storing electricity to be released into the grid. Some of the manufacturers are concerned that the battery life of their vehicles—it is very good, and better than many expected—could be compromised by large numbers of charge cycles being used in that way. An alternative is that when cars are scrapped the old batteries could be put into banks and used for emergency power supplies in hospitals or to augment the grid.

**David Mowat:** I was listening carefully to what the Minister said about the potential for increased carbon emissions due to this technology, notwithstanding the storage point, which I accept. He said that there were 28,000 electric cars in the UK. Does his Department make any attempt to measure the incremental increase in carbon emissions that that has caused, given our current generating profile and our likely profile in the short term? Is that number measured at all? I know that is an issue for the Energy and Climate Change Committee.

**Mr Goodwill:** The calculation certainly needs to be done as we roll out these vehicles. I expect that the Department of Energy and Climate Change is making those predictions. It depends, as my hon. Friend said, not only on the proportion of sustainable vehicles in the fleet, but on how that electricity is generated, particularly off-peak and overnight. Nuclear energy—the Government are determined to press forward in building a new fleet of stations—is ideally suited to overnight charging using off-peak electricity.

Throughout this Parliament, charging infrastructure will also be delivered through dedicated schemes for cleaner buses and taxis. As part of the £40-million "Go Ultra Low" city scheme, millions of pounds of funding will contribute to infrastructure deployment across eight cities in the UK. Those projects are focused on the most advanced technology for fast, reliable, smart and easily accessible charging for every driver. Highways England, which the Government have more control over than cities, has £15 million of funding to ensure that there is a charge point every 20 miles across 95% of the strategic road network, with rapid charging where possible.

Hydrogen fuel cell vehicles also have an important role in decarbonising road transport. I heard what my hon. Friend the Member for Montgomeryshire had to

say about driving the BMW vehicle. I drove the Honda vehicle, and it was no different from driving any other car, which is probably a problem solved. It was a pleasure, and I did not know that it did not have a normal engine under the bonnet. We are supporting infrastructure provision in line with the current state of market development. The Government provided £5 million of funding to help develop 12 publicly accessible hydrogen refuelling stations to support the roll-out of hydrogen vehicles. All 12 are being commissioned during the course of this year and will provide a significant first step towards an initial hydrogen refuelling network.

Just last month, a refuelling station in Teddington in London was officially opened by the Under-Secretary of State for Transport, my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones). The network of stations will support vehicle manufacturers that are introducing their first models of hydrogen fuel cell vehicles. Indeed, our support for hydrogen for transport has helped secure the UK's status as one of only a handful of global launch markets for hydrogen fuel cell vehicles.

There is much more that I could have said about our ambitions to press forward with this new technology. I am grateful to my hon. Friend for securing this debate on an important subject. I underline the Government's commitment to ensuring that these sustainable new technologies are rolled out in the UK.

*Question put and agreed to.*

11.30 am

*Sitting suspended.*

## Further Education Colleges: Greater Manchester

[JOAN RYAN *in the Chair*]

2.30 pm

**Mike Kane** (Wythenshawe and Sale East) (Lab): I beg to move,

That this House has considered further education colleges and skills in Greater Manchester.

It is a pleasure to serve under your chairmanship, Ms Ryan. May I beg your indulgence and that of other Members? As this debate is about Greater Manchester, we should pause for just a second to reflect that today is the 20th anniversary of the devastating IRA bomb in our city. I remember exactly where I was that day: I was loading my bike on to a car in Northenden, five miles away, and I still heard and felt the blast. I was one of the first civilians to be allowed through the cordon by the security services that week to see the impact at first hand. There were 200 people injured and £1 billion-worth of damage, and 1,000 business properties were wrecked. I pay tribute to the then Prime Minister, John Major, who stood side by side with the Labour authority at the time and—it is worth putting on the record—with the European Union, which pumped tens of millions of pounds into the regeneration of our great city, which started its great renaissance back then.

Greater Manchester is a city region of 2.7 million people and the fastest-growing metropolitan economy outside Greater London. The GM economy has great assets in health and life sciences, finance and professional services, as well as the creative and digital sectors, but there are considerable challenges with employment inequality and regeneration, about which there is wide consensus between stakeholders. Greater Manchester is at the forefront of moves to devolve central Government powers in England, which reflects the strong governance in its combined authority. Although it faces some challenges, the college sector in Greater Manchester also has considerable strengths. There are 21 colleges in the Greater Manchester region: 10 further education colleges and 11 sixth-form colleges.

I want to preface my remarks today by talking about skills in Greater Manchester, productivity and the link between productivity and pay. Finally, I shall discuss in detail the current area review, which is ongoing and hopes to report back in June. In GM, the education, skills and work system is currently characterised by the fact that 40% of children who enter school are not school-ready. Some 47% of young people in GM are leaving school without English and Maths GCSEs. We have a long-standing issue with low skill levels in our working-age population. Qualifications are an imperfect proxy for skill: nevertheless, Greater Manchester has enduring skills gaps at both the bottom and the top end of the skills spectrum. In GM, 33% of the 16 to 64-year-old resident population had at least a level 4 qualification in 2015, compared with 37% across the UK.

However, it is important to remember that there are larger differences within the GM districts than between GM and the rest of the country. For example, 48.4% of Trafford residents hold a level 4 qualification or above, compared with 25% in Rochdale—my hon. Friend the

[Mike Kane]

Member for Rochdale (Simon Danczuk) is here today—where there is huge inequality in educational attainment. Last year, 10% of 16 to 64-year-old GM residents did not have any qualifications at all, compared with 8.8% across the UK. In part, skills difficulties in GM owe something to historical problems with schools in the city region. In GM as a whole, in the past academic year 55% of pupils obtained five GCSEs at grades A\* to C, including maths and English, which compares with the English state-funded average of 57.3%. Again, there are large differences within districts in GM.

The Greater Manchester city region has been a long-standing and emphatic supporter of apprenticeships. The districts that comprise Greater Manchester co-ordinate a strategic approach to apprenticeships through the apprenticeship hub. Of just under 30,000 apprenticeship starts last year, 27% were for 16 to 18-year-olds, 29% were for 19 to 24-year-olds and 42% were for those aged 25 and older. By level, 64% of starts are at the intermediate level, just over a third are advanced and 2% are at the higher level.

Analysis of job growth and economic forecasting suggest that the strongest job growth will be at level 4. Meanwhile, only a small minority of starts in the further education system are at that level, so there is an active debate about supply and demand mismatching. Employers in several key sectors report difficulties in recruiting the skills they need, and any MP who visits factories, workshops or other places of work in their constituency will hear that from the managing directors of those companies. In my constituency alone, I have recently been speaking to HellermannTyton, Manchester Airport and Endress+Hauser, and they have all highlighted that.

The city region is taking active steps to encourage more provision at level 4, including investing in apprenticeships and supporting the concept of an institute of technology in Greater Manchester. If I may be so bold, I really think that the agenda our current mayoral candidates should be talking about is how we close the gap in the Manchester economy. We spend roughly £23 billion on public services and we raise roughly £18 billion. The first job of any new Mayor will be to break even—to bridge that gap—so that we can become more powerful as a conurbation.

The skills challenge is not simply on the supply side, however; there are also issues relating to skills utilisation. For example, in recent years the number of graduates has risen faster than the number of graduate jobs in the local economy, in spite of Media City, the growth of Spinningfields as a financial district and the growth of parts of central Manchester as an agglomeration of law firms. Demand for skills is also likely to be constrained by the business models of GM employers. I am loth to criticise employers, but it is clear that many in the city region pursue low-cost, low-value, low-skill business models to a greater extent than is the norm in the UK. That has to change.

Let me move on to productivity. Labour productivity in Greater Manchester is lower than the UK average. In 2014 gross value added per job in GM was £39,000; in the UK it was £45,000. There are productivity gaps between GM and the UK in all the main sectors, with the notable exception of manufacturing, where GM has

an advantage. The largest productivity gaps are in the knowledge-intensive sectors, including financial and professional services and property. In my recent discussions with Accenture, the company was very clear that the Greater Manchester economy lacks digital skills, which will be one of the largest growth areas in years to come. The low-productivity sectors account for a growing share of jobs; in 2000 they represented 35% of employment, but by 2014 the proportion was 40%. Overall, GM has a £10.4 billion productivity gap with the rest of the country.

Low pay is a significant problem in Greater Manchester. Nearly a quarter of jobs in GM pay less than the living wage. In some districts, such as Oldham and Rochdale, the proportion is around 30%.

**Liz McInnes** (Heywood and Middleton) (Lab): Will my hon. Friend give way?

**Mike Kane:** I would be glad to give way; it has been a long stretch.

**Liz McInnes:** I am grateful for my hon. Friend's gratitude—I can see that he is flagging a little. He makes a very good point about areas that get less than the living wage. My constituency is the second-worst in the north-west for constituents not being paid the living wage, which 40% of my constituents do not get.

**Mike Kane:** I could not agree more. The key thing is that it is a complicated mix of skills, qualifications and pay. I do not want to turn this into a row with the Government, but Opposition Members do not believe that the national living wage is the actual living wage, as defined by the Living Wage Foundation. As I said earlier, we need employers to invest in technology and the skills of their workforce, so that people can move up from cleaner to chief executive in all the companies in the conurbation.

Greater Manchester wages are still recovering from the effects of the recession. There has been a decline of living standards in Greater Manchester, where they have fallen faster than elsewhere in the UK. Average hourly pay in 2014 was below that of 2002. In 2004 workers earned £11.62 on average for every hour they worked. By 2014 that was £11. Since 2009 wages have fallen by 10%, and last year inflation-adjusted annual median pay was more than £1,200 a year less than the UK average. Low-paying sectors account for 36% of all jobs in GM's total employment market of 1.2 million jobs, and some 400,000 people work in those sectors. Approximately 130,000 women and 90,000 men were low paid in 2014. Men's wages declined most during and after the recession, leading to a shrinking of the gender pay gap due to that levelling down. By 2014, after adjusting for inflation, men earned, on average, £12.92 an hour and women earned just £10.37—a 25% differential. Well over half of young people under 25 are low paid.

The national programme of post-16 reviews was announced in July 2015 and will run for almost two years until summer 2017. There will be 41 reviews in total, covering all parts of England. The University and College Union has raised a number of serious concerns about the Government's area-based review programme, both in general terms and specifically in relation to Greater Manchester. Currently the net liabilities of the

post-16 sector are estimated to be £1.5 billion and there are around 80 colleges in discussions about mergers. Over the past five years, funding has fallen by nearly a third in key areas such as adult education. If we add inflation-based costs, colleges need to make efficiency improvements of around 40% to 50%. At the same time, the general trend is that quality is worsening, according to Ofsted, which is a damning indictment of the Government's record in the sector.

The review in Greater Manchester started in September 2015 and is now reaching a conclusion. The core aim of post-16 area-based reviews is to ensure that colleges are in a stronger position to deal with the challenges they face in the future, making them more financially sustainable and better placed to provide the education and training needed in their local economies and communities. The July 2015 policy statement on the area-based reviews set out the expectation that they will lead to fewer, larger colleges. The draft proposals would create a number of new groupings in the further education sector: a group in the north comprising Bolton College, the University of Bolton and Bury College; a group in the east comprising Stockport, Oldham and Tameside Colleges; and a group in the centre that would include the Manchester College and Trafford College, along with a number of other training partners. There are also FE colleges that are yet to declare any alignment.

A significant flaw in the review process has been the exclusion of 11-to-18 schools and university technical colleges from discussions about the future structure of 16-to-19 education in the city region. Although there are good logistical reasons for managing a review process with a limited number of institutions, there are more than 50 schools with sixth-form colleges in GM, educating more than 8,000 young people. Some of those sixth forms have very small numbers and may not be financially sustainable at current and future funding rates.

There is also a problem with the banking system. One of the key barriers to implementing change in GM is the banks' attitude to the sector. They insist on charging colleges with contractual break clauses for their loans when merging with other colleges. Those fees can amount to more than £1 million, which restricts viable colleges from coming together for the benefit of Greater Manchester. Does the Minister believe that colleges will have to divert funds from community development to cover those fees? The Department for Business, Innovation and Skills and the Treasury have set aside a figure for restructuring the FE sector nationally, which is rumoured to be in the region of £500 million. In GM it is being described as funding that will be available only as loans and not as one-off grants. Viable colleges will not want to saddle themselves with debt from the merger with another college.

So what needs to be done? It is clear that Greater Manchester needs to make progress in tackling the large number of people in the workforce without qualifications, as well as attainment at age 16 and higher level skills development. The area-based review and devolution of the adult education budget will help, but in the main they are focused on the 19-plus skills system. Much of the funding is spent on tackling the lack of achievement by age 16. The combined authority would like further powers over the 0-to-19 skills system, rather than its existing powers over the 19-plus skills system alone. Work is under way to put in place a memorandum of

understanding with the Department for Education to ensure that its commissioning of provision is aligned with Greater Manchester's needs and that decisions taken in one part of the system are consistent with those that we are making in the 19-plus part of the system, which will be a devolved matter.

The skills system is confusing for many people and the quality of advice and guidance on careers and education is variable. The Sainsbury review of pathways, which is due to be published shortly, could be significant in helping to clarify that. However, we need to recognise that current Government policy is that skills at level 3 and above are the responsibility of employers and individuals via adult learner loans. Such loans are currently available only for full qualifications, but many people and employers want and need specific short courses to gain employment or tackle skills shortages. Research has shown that 40% of digital and creative companies in Greater Manchester have lost business due to skills shortages. Targeted short courses, for example in social media, could help to solve some of those issues. Greater Manchester is therefore working with BIS as part of the devolution deal to examine the potential for flexibility in adult learning loans. It would be great to hear the Minister's views on that.

We need to increase employer engagement in the skills system. We know, as local MPs, that there is a huge mismatch. There are some great examples, but there is a lack of consistency across Greater Manchester. We have to work with employer groups to get the message out about investment in skills and to get their input into the provision that GM needs to meet its future needs. We need better modelling of workforce requirements, so that we can train our young people for the jobs of the future. The apprenticeship levy is an opportunity to drive higher level skills development for new recruits to GM companies and to upskill the existing workforce, which will drive higher levels of productivity in GM firms. Greater Manchester has made the case to the Government for greater involvement in the apprenticeship levy implementation. It should also be noted that the devolved Administrations in Scotland and Wales have far greater control over the way in which the levy is spent. The area-based review will help shape an important part of the infrastructure that GM needs to develop future skills, but it only will be part of the solution.

2.49 pm

**Ann Coffey** (Stockport) (Lab): It is a pleasure to see you in the Chair, Ms Ryan. I congratulate my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) on getting this important debate for Greater Manchester. The decisions made in the review will have far-reaching consequences for young people and employers in the region. He gave an excellent and comprehensive outline of some of the issues that we need to tackle.

In my contribution, I will refer first to the excellent report prepared by Councillor Andy Sorton, who represents one of the priority 1 areas in Stockport—the Brinnington and Central ward. "Educational Attainment in Priority 1 Areas" was produced in July 2015. In his foreword, he sums up the problem:

"Recent GCSE results showed a substantial drop in attainment for secondary school children in priority areas. Attainment in the Central Area of my ward fell from a low base of 36% attaining

[Ann Coffey]

5 A\*-Cs in 2012-13 to only 14.3% in 2013-2014, a drop of 21.7%. In Brinnington this drop was 43.2% to 20.9%, a 22.3% fall. To contextualise this, performance in Stockport was, on average, 58.4%."

The latest available figures, for 2014-15, show an improvement on that 36% attaining five A\* to Cs in Central, but in the Brinnington area there was a further fall back to 15.3 %, a drop of 6 % on the previous year. Average attainment for the borough was 58.3%, similar to the previous year. Those are shocking statistics.

Stockport is a borough of contrasts, with areas among the 1% most and 1% least deprived in England. The "State of the Nation 2014" report, in a summary of the overall progress being made across the north-west, commented:

"38 per cent of poor children fail to achieve the expected level in reading, writing and maths at age 11: this varies from 32 per cent in Halton to 48 per cent in Stockport."

Interestingly, of the four secondary schools with the highest number of students from priority 1 areas, when looking at English and maths GCSE results, only disadvantaged pupils at Stockport Academy performed well when compared with their peers by Ofsted. Stockport Academy was built under the Building Schools for the Future initiative of the previous Labour Government, recognising that issue of inequality of attainment for children in poorer areas.

There are further statistics, such as the December 2014 ones on 16 to 18-year-olds classified as NEET—not in education, employment or training—which suggest that 11% of young people from priority 1 areas fall into that category. The comparable figure for the rest of the borough is 4%. Also, 18% of 18-year-olds in priority 1 areas are not in education, employment or training. On absences, pupils from priority 1 areas are almost three times more likely to have an unauthorised absence from school than pupils from outside the areas. Also, 12.4% of all pupils from priority 1 areas were recorded as "persistent absentees" in the 2013-14 school year. That is more than twice the average rate across Stockport, which stood at 6.1 %. The unemployment benefit claimant rate in priority 1 areas is three times the average for the borough. We all know the lifetime effect of failure in the education system for young people and their families.

In an October 2015 letter sent to Greater Manchester MPs, David Collins, the Further Education Commissioner, and Peter Mucklow, the Sixth Form College Commissioner, announced the area review of post-16 education and training institutions. The letter stated:

"This is an important opportunity to shape the provision for learners and employers in the Greater Manchester area and to ensure clear, high quality professional and technical routes to employment, alongside robust academic routes, and better responsiveness to local employer needs delivered by strong, high status, and where relevant specialist, institutions."

I agree.

I also agree that savings could be made by amalgamation, with consequent administrative changes, such as the sharing of human resources and payroll, or by looking at duplication of course offers, provided that no young people are disadvantaged by travelling costs. There

could also be an argument for having one principal for all the colleges. The area review, however, must also address that issue of inequality of attainment in secondary schools, and the response of the post-16 sector to that.

In the area review, I want to see proposals for further education that will engage young people, such as those in Brinnington, because the challenges are huge. If young people have lost interest at school and have stopped attending, how will that change when they reach 16? How will their educational attainment be improved by a further education offer when they have already failed in the secondary system? At the very least, the offer that Stockport College or colleges in other areas make must be local, and attendance must be affordable for the young people and their families. They must believe that what is on offer will make a difference to their life, that it is something they want to do, and that they will get a job, or self-employment, from it.

Those young people have ability and they are creative, but they are young people for whom the education system and the wider social care system have failed. They are the children of the children I worked with as a social worker; some are the children of those children. Failure will be the inheritance of their children, and they and the wider community will continue to pay a price for that.

Those issues are, of course, not within the remit of the area review, but the response to the review has to have regard to the circumstances of those young people. I will be interested to hear whether, as part of the review, any young people talked to the commissioners about their issues and how they might be engaged more in learning and developing the skills that future employers will need.

As my hon. Friend the Member for Wythenshawe and Sale East mentioned, we are going through huge changes in jobs as a result of automation. I am the co-chair of the all-party group on retail, and we are undertaking an inquiry on the effect of automation on jobs. It is clear that there will be more jobs in retail, but entry-level jobs will be not shelf-stacking, but managing the robots that stack the shelves. That will change the entry-level skills needed. We have to meet those challenges by ensuring that all young people—particularly those who are difficult to engage—have those skills.

I would like, in the area review's reorganisation of colleges and courses, an offer of partnership working between young people and secondary schools in every locality. Without that, any reorganisation will continue to exclude young people from the opportunity to achieve something in their life by making them an offer that they cannot or will not accept.

**Mike Kane:** My hon. Friend makes a powerful point about joining up the skills system and the further education system. It is astonishing to most Labour Members, who have in general been warm supporters of devolution, that the schools sector has not been devolved. Michael Wilshaw, the chief inspector himself, has said that local politicians in Manchester and Liverpool should get more involved in improving standards in our schools. The one way in which we could do so is by having the school commissioner system devolved to the conurbations. Does she agree?

**Ann Coffey:** I absolutely agree. That is an excellent point, which I am glad my hon. Friend has made,

because I was about to make it. I put that point to the FE Commissioner—indeed, I sent him a copy of that report—and he assured me that he was on the case. As my hon. Friend has just said, however, if we are to make partnerships work, we cannot have national Government in charge of one part of the partnership and local government in charge of the other. That is where there has been a history of failure in delivering social policy. On the provision of education and skills to young people, there is no longer a separate education agenda and skills agenda; they have to be integrated from quite an early age. I agree with my hon. Friend that for the partnership to work, it must all be devolved to Greater Manchester. That is my plea. I hope that we can have further discussions about how we can make the partnership work, engaging those all-important primary and secondary education systems in how the FE sector responds.

2.59 pm

**Simon Danczuk** (Rochdale) (Ind): It is a pleasure to serve under your chairmanship, Ms Ryan. I thank my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) for calling this important debate. I will concentrate my comments on the area review that is taking place and how it relates particularly to my constituency of Rochdale but also to the wider conurbation.

That review will not solve but should have an impact on some key issues that need addressing, including the need to improve productivity, as my hon. Friend said, not just in Greater Manchester but right across the country, and to improve economic growth across the sub-region, particularly in the northern part of the conurbation around Rochdale and Oldham and perhaps into Tameside. The review could also help to reduce benefit dependency. It needs to address the “hourglass economy” that the UK Commission for Employment and Skills has described, in which we have too many low-level skills and some highly skilled workers but we do not have enough people with middle-level skills. I hope that the area review will go some way to helping to address that.

I like the ideas in the review of looking for economies of scale—that is positive—realising real savings so money can be redirected to funding real priorities rather than structures, and devolving to and involving local authorities. However, I have some concerns about whether the review genuinely addresses problems with the curriculum offer in Greater Manchester. Will it reduce duplication of courses? Are the right courses being offered in the right places for the right people and the right companies? I am also concerned about the review’s scope. As my hon. Friend said, it does not include 11-to-18 schools or university technical colleges. That said, the process has been more positive than negative. Let me say also that the combined authority has done good work in bringing the review together and acknowledging that there are gaps in the work that has been done, not least on the curriculum but also on how FE connects with transport and on quality and the estates. That must surely be the next stage of what follows from the review.

Let me turn to Rochdale. Rochdale Sixth Form College and Hopwood Hall College both perform very well and are highly regarded by both their respective sectors and, most importantly, the learners themselves. I was at

Hopwood Hall’s awards ceremony just last week, and was extremely impressed by the diversity of learners and the progress that they are making. I am relaxed about the sixth-form college. It performs very well, is very well run and is beginning to go down the road of acquiring academy status. Although I am also exceptionally happy with the performance of Hopwood Hall College, I am a little worried that it is currently looking like it will remain an autonomous and independent college, which means that it will not merge with any other colleges. I think that the management and leadership of the college will be happy with that, but I have concerns on two levels. First, it is a missed opportunity for the college’s leadership and expertise to be fed into helping underperforming institutions. Secondly, I am worried that the college will be squeezed between the bigger beasts that are being created. Although it looks attractive to remain independent—I am not making a Brexit argument in this instance—and it would be positive for the college solely to serve the precise needs of Rochdale, the truth is that the larger establishments will have better and bigger lobbying power.

Let me conclude my remarks with some points that the Minister may want to consider addressing. First, if several colleges remain independent, how will we guard against that squeeze? Secondly, what further scope is there to address the curriculum offer? Thirdly, will it be possible for the combined authority to reshape the proposals during implementation if they appear to be inappropriate?

3.4 pm

**Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to see you in the Chair, Ms Ryan. I pay tribute to my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) for securing this most timely and pertinent of debates. I think we can all agree that we like to talk about this subject, but to have 90 minutes in which we are not discussing the European referendum is extremely welcome.

I put it to colleagues that Greater Manchester is of course the greatest city region in the country. Anywhere we go in the world, people know who we are. We are a great city region that is, through devolution, on the verge of even further greatness. With more autonomy over long-term investment, infrastructure and innovation, we have a once in a generation opportunity proactively to reshape our economy. We can encourage the growth of specific industries, build proper communities, not just lists of houses, and attract better paid and better quality jobs; but to be ready for all that, we must first build a robust platform for educational attainment and significantly improve our population’s skillset. I share the aspirations that have already been expressed for even further local control and devolution in this area.

Further education is the bridge between schools and the world beyond. It is the link between education and the workplace. It is the sector through which life chances are enhanced, horizons are broadened and second chances are realised. Further education is a stepping stone. It is a leg up. It is a place where ambitions are fostered, new interests are cultivated and barriers are broken down. It is a vital chapter in my own story and in thousands of British success stories. Yet too often FE remains the poor relation in Britain’s education sector. It is undervalued, under-resourced and too often a political football.

[Jonathan Reynolds]

I would like to join colleagues in taking the opportunity to reverse that position by making four brief points: first, that the skills revolution that we need in Greater Manchester depends upon a reasonably resourced and strategically valued FE sector; secondly, that we must improve our ability to predict what skills our economy and businesses will need in future; thirdly, that political interference and goalpost moving must be stopped for the sake of our local economy; and finally, that there needs to be a radical rethinking of FE provision for people with special educational needs in Greater Manchester to ensure that wider life chances are truly accessible to all.

Let me start with the need for resources and investment. As it stands, nearly half of the population of my borough of Tameside hold no qualifications beyond level 2. An enormous 48% of residents are only qualified to GCSE level or equivalent. Just 17% hold traditional degree-level qualifications and only 1% are qualified to postgraduate level. To boost wages, attract better jobs and reduce the local welfare bill, it is self-evident that we must urgently upskill the local economy.

It has long been my view that the most effective way to increase educational attainment is to invest heavily in early-years education. Interventions from birth will make the greatest difference to an individual's life chances and provide the greatest return on investment to the taxpayer for every pound spent. However, to fail to invest adequately in further education is to write off successive generations of young people who did not benefit from the intensive early-years opportunities that we all want to see.

GCSE results have improved strongly in Tameside recently, but there are still significant legacy problems. It is imperative that an ambitious skills strategy forms part of the Greater Manchester devolution strategy and named funds are earmarked within that to support quality local FE institutions. It is also imperative that funds are directed to where they are needed most. I do not think that I am ever described as a parochial MP, and I absolutely understand that a strong Greater Manchester is essential to a strong Stalybridge and Hyde, but I am concerned that local FE leaders tell me that they simply cannot access capital funding and perceive a bias towards central Manchester in the funding of projects that they know the neediest people in our local population will not be able to access.

Tameside has shown that even in these times of quite painful austerity, local investment really works. Through the bold Vision Tameside project, which is a collaboration between Tameside Council and Tameside College, a newly built college in the centre of Ashton is bringing learning into the heart of our local economy. I can share the great news that Vision Tameside is already showing signs of success. Historically, one of the biggest problems in our borough has been an exodus of young learners to FE establishments elsewhere, but this morning the new principal of Tameside College confirmed to me that admissions to the newly built college in Ashton for this September are up on last year by a quite phenomenal 500 places. Students will now learn in an exciting environment that is fit for purpose, with local shops and cafés benefiting from their custom and Tameside becoming a net importer of FE students—not a net exporter. I cannot recommend that vision highly enough.

My second point is that we must diversify our local skills mix. We must get better at predicting what skills the economy in Greater Manchester will really need. As it stands, the skills base in Tameside is unequivocally too narrow. The latest labour market data that I have for this debate suggest that I have more individuals employed in health, social care and education in my constituency than in all other occupations put together. That is clearly not a sufficiently diverse employment base.

I also have, however, twice the national average number of constituents employed in the manufacturing industry, with thriving employers such as the Hyde Group, Smurfit Kappa and Kerry Foods. Even though I said I would not mention the EU, I cannot resist praying for a remain vote next week to protect jobs in the manufacturing sector. Although I will always value public sector jobs and will fight to defend the role of manufacturers and producers, we also need to understand what Tameside's and Greater Manchester's role might be in a future, more knowledge-based, economy.

Quality apprenticeships in relevant areas, like the creative and digital training opportunities, are being provided locally by Brother UK, and that is an excellent start. I would also like to see a focus on future roles in emerging sectors such as green and low carbon technologies. We need to work more closely with our existing employers to map their likely medium-term needs while we try to attract other employers and steer our economy's longer term needs.

My third point is that political interference is actively harming the success of further education in Greater Manchester. Just as primary school teachers have seen SATs altered at the last minute and secondary teachers have seen GCSE requirements amended without sufficient warning, so educators in the further education sector have seen goalposts moved counterproductively by the Government with their heavy-handed approach to remodelling qualifications. The most acute example of this is perhaps the reforms to functional maths and functional English assessments. Such courses provide the opportunity for those who have missed out on essential GCSE-level qualifications to have a second chance at acquiring those core credentials. The Government have now introduced external testing to replace teacher assessment, which has moved the goalposts so dramatically that pass rates in Tameside have halved, and in many places have fallen to single figures. If we make it impossible for people to acquire basic level numeracy and literacy skills, we effectively consign them to the scrapheap, and there will be no winners from this approach.

Finally, as the parent of a child at a special educational needs school, I cannot contribute to a debate such as this without mentioning the dire need to improve further education opportunities for those with special and complex needs. Take autism, for example. It was my great privilege to help Ambitious about Autism's youth patrons to develop their employ autism campaign, which highlights that although 99% of young people with autism want to work, only 15% of adults with autism are in work. That is a shocking one in four young people with autism not accessing education beyond school.

The employ autism campaign asks for more opportunities to develop skills post-16. As part of my drive to see Greater Manchester become an autism-friendly city, I

want us to take a lead on this agenda with more specialist courses and more specialist day colleges, and with no young person left behind through a lack of post-school opportunities.

Ms Ryan, thank you for the opportunity to contribute to today's debate and to re-establish further education in Greater Manchester as a top priority. Let us invest where it is needed and build a competitive sector that makes our region's labour market fit for the future.

3.12 pm

**Jeff Smith** (Manchester, Withington) (Lab): It is a great pleasure to serve under you as Chair, Ms Ryan. I congratulate my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) on securing this debate and on the way he comprehensively set out the context in the education landscape. It was an excellent introduction.

I want to make a few short remarks about the process and scope of the area review, and about the effect on my constituents in south Manchester. Further education plays a vital role in our local economies and our communities. It can boost growth and drive personal achievement and social mobility. The best FE colleges are adaptable to local needs and provide skills and training where local areas need them most, and they can design courses according to local needs, such as the innovative higher education/further education hybrid courses offered at the Fielden campus of Manchester College in my constituency, so I welcome the chance to discuss FE and skills in Greater Manchester today.

We have a mission in Greater Manchester to skill up our communities to meet the challenge of the modern economy and to give them the flexibility and adaptability to thrive. We need to match our economic success with educational success, so there are questions about how we change our system to educate our young people, and how we deal with adult retraining and skilling up an underqualified population. These are big challenges. Overshadowing any discussion about FE and skills in Greater Manchester is the area review. Some would say that the area review has overshadowed the sector itself in recent months. The view among some people I have spoken to in the sector is that it has come at the wrong time, has the wrong focus and has distracted people from getting on with the job of improving standards in the sector. Certainly the delay in the process has not helped anyone.

There are merits, as my colleagues have mentioned, in some of the aims of the area reviews, but there is certainly a feeling that the area reviews are more about saving money than improving access for students or raising standards, which is not helped by the fact that the initial guidance on the review was about cutting costs, not meeting learner needs. The Greater Manchester area review is a process that should serve the needs of students and the local economy, not the need of the Government to cut budgets.

There is a wider problem about the scope of the review. People in the sector feel that the review has not addressed the real problem, which is the skills shortage that we have heard about and how we design a whole sector to meet the challenge. The Library has confirmed that the most popular reason given by employers in Greater Manchester for having hard-to-fill vacancies was,

“Low number of applicants with the required skills.”

There is an argument that the area reviews have been too focused on structures and governance, rather than tackling the challenge. The review falls short of tackling the long-term reforms that Greater Manchester needs, and it may turn out to be a missed opportunity to properly review post-16 provision across the system.

**Liz McInnes:** Does my hon. Friend share my concern that the Greater Manchester Combined Authority has spoken of its dissatisfaction with the proposals made by the 10 FE and 11 sixth-form colleges involved in the steering group? The GMCA is concerned that only two mergers have so far been proposed involving five colleges. Is my hon. Friend going to talk about that in his speech?

**Jeff Smith:** I will certainly refer to that. Such concerns are legitimate and the combined authority is right to raise them. They certainly need to be addressed.

The process needs to look at further education provision as a whole and should consult all post-16 providers. The Association of Colleges, Unison, the University and College Union and others have all pointed out the dangers of a narrow review process that ignores large numbers of FE providers. In its review of post-16 Government policy, the Public Accounts Committee argued:

“It is unclear how area-based reviews of post-16 education, which are limited in scope, will deliver a more robust and sustainable further education sector.”

I believe that is the case in Greater Manchester.

The area review, as we have heard, has not encompassed university technical colleges or the 50 school sixth forms in Greater Manchester, in which more than 8,000 young people are taught. There are 11 sixth-form colleges included in the Greater Manchester area review, of which 100% are judged good or outstanding. They are already doing a really good job for the students they serve. I have no problem with including them in a review of further education and skills in the region, but they do not work in isolation. The system needs to work together. I do not see how we can design a system for the future without looking at the whole system in the present.

The review also does not deal with the key issue of devolved funding. As we know, the Government have already moved to devolve £6 billion of health and social care funding to Greater Manchester, and there are plans of course for a wide package of devolution of resources that we in Greater Manchester have long argued for. I echo the comments made earlier about the need to have oversight of school improvement on a local and regional basis. The devolution of the adult skills budgets was announced in March, but there is no real sign of the same for 16 to 19 and apprenticeship funding. There is a question to be answered here. This inconsistency of devolution of funding arguably prevents the Greater Manchester Combined Authority from shaping the reviews according to the real demands of the region and the various parts of the sector that are trying to deliver the change that we need.

The needs of Manchester's students are changing. There is higher demand than ever for English and maths courses; more students are choosing work-based learning over traditional FE pathways; and there are big increases in demand for English for speakers of other languages—ESOL—courses at a time when there has been a cut in Government funding. Giving the

[Jeff Smith]

Greater Manchester Combined Authority the power to manage and distribute funding according to need could help colleges to be more flexible in such developments. That feeds into the wider agenda. If we are going to devolve responsibility we need to give the combined authority the proper means to deliver it.

Finally, I want to highlight some specific concerns about the proposed Tameside, Oldham and Stockport merger that will particularly affect my constituents in south Manchester. The various merger possibilities have been described as shotgun weddings, and it does feel a little like that. I wonder how much consideration was given to the idea of some of the less successful colleges working with a variety of the more successful ones, rather than being forced into mergers that may not be appropriate. What appears to be happening on the east side of the conurbation is a merger of three less successful colleges into, potentially, one larger less successful college. I hope that that is not what will happen: we need to learn lessons from successful colleges.

Leaving aside the estimated £50 million of taxpayers' money that may be needed to make the mergers viable, I am concerned about the effect on learners—particularly the nearly 400 constituents of mine who attend Stockport College. I am concerned about what the new arrangements may mean for them in terms of their courses and access to institutions. There is a worry that my constituents currently studying at Stockport and the other colleges will suffer reductions in the number of courses, increases in journey times or other disadvantages as a result of the proposed mergers. I seek reassurance that my constituents will not be detrimentally affected.

It appears to many people that the review has not yet dealt properly with issues of quality. It has simply looked at college mergers to address financial concerns. It has not dealt with retraining and reskilling and has not yet come up with a convincing plan that will give us the confidence that we have an FE sector fit for the job of equipping our residents for the future. Greater Manchester residents deserve better.

3.21 pm

**Mr Gordon Marsden** (Blackpool South) (Lab): It is a pleasure to serve under your chairmanship, Mrs Ryan, and a great pleasure to be present at this debate. I congratulate all my colleagues who have spoken. My hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) gave a speech that was a tour de force, covering the whole area. That does not always happen in such debates; sometimes cobblers stick to their narrow lasts, but my hon. Friend should be congratulated, as should my hon. Friends the Members for Stockport (Ann Coffey), for Manchester, Withington (Jeff Smith), for Stalybridge and Hyde (Jonathan Reynolds), for Heywood and Middleton (Liz McInnes) and for Rochdale (Simon Danczuk).

My hon. Friend the Member for Wythenshawe and Sale East introduced a personal point at the beginning of his speech, and rightly so, because the event he referred to was a seminal moment in the history of Greater Manchester. I hope I may be forgiven for saying that it gives me particular pleasure to be here today to hear the things that have been said, because I was born

in St Mary's hospital in the centre of Manchester. My parents came from Didsbury and Burnage, and I spent my first years—until I left school—in Levenshulme and Stockport, so the places and names that I have heard today have a lot of personal resonance for me, as well as their strategic resonance.

It is right to think of Greater Manchester as an organic area that had a long period of emergence and evolution. As a historian I am tempted to give a paean to the role of Greater Manchester in the history of the industrial revolution. [HON. MEMBERS: "Go on!"] We do not have the time. People talk about the northern powerhouse and other such things, and how to replicate them elsewhere; I have on occasion said that the Minister should remember that the Construction Industry Training Board apprenticeship levy took a long time to get together, and in the same way we need to recognise that Greater Manchester's cohesiveness and forwardness has not come about in a period of two or three years. It came about over 30 or 40 years, going back to the mid-70s when the Greater Manchester county was created, and the 10 boroughs entered it. The Government in the 1980s negatively and vandalistically got rid of that, with consequences that remain today in the area of transport. At the same time, that period was of seminal importance, because the 10 boroughs of Greater Manchester came together in particular to defend their municipal ownership of Manchester airport. In a way that started the process of cohering and evolving to the point where we are today.

My hon. Friend the Member for Wythenshawe and Sale East particularly talked about the fact that the Greater Manchester districts have for a long time been initiators, cheerleaders and co-ordinators for apprenticeships. When my hon. Friend the Member for City of Durham (Dr Blackman-Woods) and I compiled a pamphlet for the Smith Institute in 2013 about the work of local councils on apprenticeships, we highlighted the work of a number of Greater Manchester councils. That is something to remember in the context of my hon. Friends' comments about the fact that, with regard to skills, the current devolution process is but half-formed. Without that involvement in apprenticeships, there is much that needs to be done about skills shortages that cannot currently be done through area reviews or by Ministers, however well-meaning.

My hon. Friend the Member for Wythenshawe and Sale East made a huge number of salient points and referred to the skills shortages in key areas. He was right to quote, as other hon. Members have, the concerns of the University and College Union. One of the things that is missing, by and large, from the area review process is involvement and consultation. That is a frequent issue extending through government. I see it when I am wearing my other hat, in higher education, where we await a major Bill. It is not just a question of getting things right with college principals or vice-chancellors. It is also a matter of getting things right with the skilled people under their remit: the junior lecturers and assistants, and all the people who keep those colleges, universities and campuses going. That is too often missed out of the process.

As I have said, colleges have done great work to support young people, but also older people, in gaining skills. They are vital to sub-regional economies. We cannot afford damage to the link between colleges and

businesses or the many decent networks of colleges and schools in the area, through errors and failures in the Government's area review programme, even if it is an unintended consequence. That is why one of the first things I said when I took on my role on the Front Bench in October was that FE is all about getting local people into work, with skills, in the local economy. That is not just a pious plea. It is very necessary to think about it now. In January 2015 Professor Alison Wolf, who as the Minister will know was the author of the Wolf review of vocational education—which has been praised and much quoted by the Government—said that Britain's supply of skilled workers could “vanish into history”. We cannot afford to let talented and skilled young people—and older ones—fall by the wayside because colleges have closed and the funding is not there to develop the skills needed to boost sub-regional economies. To that I would add the vital role of FE colleges in the community in working with local authorities and local enterprise partnerships.

We have heard a lot today about the working out of the *devo max* process—the devolution process in the Greater Manchester area. I particularly emphasise the point that my colleagues made to the Minister about the potential for combined authorities to take on skills, education and training powers. Over-centralised Whitehall-led area decisions that are taken now could hamper their ability to do that effectively. That is particularly the case for utilisation of the adult skills and community learning budgets that are being devolved under the relevant part of the settlement.

I want now to talk about some of the particular issues that have been touched on today in the Greater Manchester context. One hon. Friend—I cannot remember which one—referred to the Public Accounts Committee December report, which mentioned the absolute necessity of delivering “robust and sustainable” FE solutions. At the time that was said, we saw two things in the Greater Manchester process. First, the timescale that the Government set out—this is true across the country—was ludicrously optimistic. We know that there have been problems, delays, and everything that has gone with that.

The second point that has come out of what has been said today is the tension between what my hon. Friends are talking about doing—taking on more powers—and the clear frustration of the Greater Manchester Combined Authority that it is waiting in the wings, almost as a shadow boxer, while the process is going forward. I refer again to the points made by the Greater Manchester Combined Authority in the *FE Week* article, which came after the fifth steering group meeting on 25 May. The Minister needs to take account of this:

“The GMCA said it ‘remains to be convinced’ that the proposed outcomes will ‘deliver the integrated learning infrastructure that is needed, taking Greater Manchester as a whole rather than focusing institution by institution.’”

It also said that it

“wants to ask the Secretary of State to award it the ‘power to make further changes to these proposals, should it become clear that the current options cannot deliver a Greater Manchester-wide learning infrastructure that meets needs.’”

I do not want to rain on the commissioner's parade and echo what my hon. Friends have said about the significant amount of co-operation that is needed to go forward in a sensible way, and I know that the commissioners are constrained by the narrow remit the

Government gave them, which has been quite clear in some of the things that have been said publicly and even more clear in some of the things that have been said privately. This is an iterative process, and I ask the Minister what he proposes to do to widen that remit and to give more of that ability to his commissioners and others to be flexible. The Greater Manchester area-based review progress report, which went to the leaders of the town councils, says:

“As Leaders will recall, the options chosen are not the decision of the GMCA, they are up to FE Commissioner, Secretary of State and College Boards...which are still incorporated bodies which no one has the right to close at present”.

That is the factual state of play, and it is therefore important that it is taken into account.

The Minister will know that there have been massive funding pressures in further education for several years, which have led to a £1.5 billion deficit across institutions nationally. The report that Bury College put forward stating why it wanted, or felt it needed, to enter into this process, said:

“The Further Education Sector has been subject to five successive years of funding cuts and fiscal restraints, which has weakened the financial stability of Colleges across the sector. No college has been immune to this impact and many colleges have already sought to mitigate the impact by exploring different structural arrangements such as federation, merger or shared services.”

I could go on about our critique of the way in which the Government have, while promoting apprenticeships funding, treated them rather as a one-trick pony and have not looked at other serious cuts, such as in adult skills, retraining and so on, but I will not. FE colleges have often been very adaptable, but that statement from Bury College demonstrates that even adaptable organisations need to have a bit of framework to breathe.

As my hon. Friend the Member for Manchester, Withington said, this process seems to be a shotgun marriage. There would have been more confidence in the process if those broader institutions had been brought into the equation. Greater Manchester is a particularly sharp example of that. Figures were quoted of the numbers of sixth forms in schools and the number of sixth-form colleges. Comparative to the number of sixth-form colleges countrywide, there is a very high proportion. It is therefore particularly important that some of the particular needs are met, both of sixth-form colleges that are included in the process, but also of schools and academy sixth forms.

James Kewin, the deputy chief executive of the Sixth Form Colleges Association, has talked about some of the flaws in the process in not including school and academy sixth forms. That, too, has been a problem. I ask the Minister again whether there is any prospect, even at this late stage, of taking account of that broader framework in the remaining reviews. When he or whoever comes to decide on the recommendations, will they bear that in mind when accepting or modifying the recommendations the Secretary of State receives?

We have also heard about the impact on students. As I reminded the Minister when we had a debate on the north-east FE situation at the beginning of the year, mergers between colleges can be particularly harmful to the social fabric and social mobility of young people in rural and suburban areas. Suburban areas are an issue in Greater Manchester, and the observations of my hon. Friend the Member for Manchester, Withington

[Mr Gordon Marsden]

about how his students will be affected by what happens at Stockport College are a very good example. However, it is not just about the mass of students; it is also about some of the particular groups of students who may be affected. At the University and College Union's recent conference, Elane Heffernan, a member of its disabled members standing committee, made that point, saying that FE is

“one of the most integrated places where you can be”

as a learner. I am conscious of what my hon. Friend the Member for Stalybridge and Hyde said about the need to beef up the role and position of students with special educational needs in FE, which is part of the point.

Another point I want to make is that the process will affect not just FE, but higher education. Literally thousands of people in the HE sector get their qualifications at FE colleges. Because of that, what happens to those FE colleges in the context of mergers will have a significant impact on the provision of HE in the areas concerned. I do not want to comment on the merits or demerits of individual proposals, but I am thinking particularly about the potential merger of the University of Bolton with Bury College and Bolton College. The Minister needs to think about that process as well, and I would like him specifically to address what will happen to higher education under this set of reviews.

To put this into the broader context, the Government's Sainsbury review, which is very important, is about to come out, and hopefully a skills White Paper will come along with it. It seems bizarre to many of us that what is actually the higher skills issue is likely to be dealt with not in the new Higher Education and Research Bill, but in the schools-for-all Bill. I am not particularly concerned about where things turn up—it could be in one Bill or another—but I am concerned about the apparent lack of co-ordination and co-operation between the Department for Education and the Department for Business, Innovation and Skills. I am even more concerned because, at the end of the day—this comes back to the points that my hon. Friends made—if we are to be successful in driving forward skills for older people as well as younger people in Greater Manchester and elsewhere, there has to be a strong engagement between that process and the process of job creation which, of course, also involves the Department for Work and Pensions. If it all goes wrong, the Government will have a lot to answer for, not simply because the structure process has sometimes been untimely, but because of the way in which they have framed it.

My hon. Friend the Member for Manchester, Withington referred to many people having felt that, in this process, they were part of a shotgun wedding. Many of the processes may have been shotgun weddings, but we need to see what sort of baby they produce. The baby that they produce will be firmly the responsibility of this Government and those two Departments. I hope they will take on board what has been said about the combined authority, and think positively and creatively about widening its powers and allowing it, and the boroughs concerned, to have a real say in the final outcome.

**Joan Ryan (in the Chair):** I am going to call the Minister now, but may I ask him to be sure to leave just a couple of minutes at the end, so that I can go back to the Member who moved the motion?

3.40 pm

**The Minister for Skills (Nick Boles):** I will be very happy to, Ms Ryan. It is a pleasure to serve under your chairmanship, and to respond to what has been a really interesting and constructive debate. I congratulate the hon. Member for Wythenshawe and Sale East (Mike Kane) on securing the debate and on approaching it in such a thoughtful and constructive fashion.

The area review is taking place in the northern powerhouse, in the Greater Manchester authority. I am sure that we would all be happy to admit that the co-operation between the Manchester authorities has been long standing and has many mothers and fathers. Nevertheless, I hope that hon. Members will recognise that on the northern powerhouse's birth certificate the name George Osborne is there as “father”. The delivery of the vision of the northern powerhouse is what the area review and devolution of skills to the Greater Manchester combined authority are critically designed to achieve.

**Mike Kane:** The shadow Minister, my hon. Friend the Member for Blackpool South (Mr Marsden), is the historian, but I just want to point out to the Minister that it was Daniel Adamson who built the ship canal in 1860 and who coined the phrase “northern powerhouse” when he envisaged a single market from the banks of the Mersey estuary to the banks of the Humber estuary—but carry on.

**Nick Boles:** I am always happy to be corrected on a point of history; I am sure that there is room for Mr Adamson's name on the birth certificate as well.

It is a great pleasure to respond, because normally I find in these debates that, when the fundamental purpose of the Government's policy has been attacked, I have to spend so much time explaining and defending it that I cannot actually address any of the more detailed questions of implementation that have been raised. Today, given that there seems to be a general acceptance that, at least in principle, the area review has the potential to create a stronger and more sustainable system of further education in Greater Manchester, I hope that I can actually spend the time available addressing some of the particular points.

I will start with the points made by the hon. Member for Wythenshawe and Sale East. As his hon. Friends have said, he gave a brilliant exposition of the skills challenges facing the Greater Manchester area. He specifically asked about concerns raised by the UCU. I want to reassure him that last week I met the union's general secretary to discuss some of those concerns and how we can ensure that, where possible, we consult trade unions and their members on some of the ideas emerging from the area reviews. I have asked the union's general secretary to come back with some specific ideas about how that might work. I hope that will satisfy some of the hon. Gentleman's concerns.

The hon. Gentleman asked an important question about break clauses on bank loans—I have been asked it before in the House but have never had long enough to go into detail. I know that this has caused people some concern. We do not yet have a specific example of a college that is facing a very substantial payment that it was surprised by and that it does not want to enter into.

The first point to make is that in the restructuring of bank facilities it may be, in a merger or some other kind of transaction, that the bank will have the technical right to impose certain charges. It is a matter of negotiation. They may have the right to, but if they see that the overall new construction or group is actually going to be a better borrowing risk for them, and make it more likely that they will get their money back or be able to lend more money, which is what banks are in the business of after all, then they can novate loans—to use the jargon—without break costs when the new loan is lower risk.

The critical point, which will apply not only to break clauses but to everything in a sense, is that although we will be strongly encouraging colleges to undertake the changes and mergers when that is what is recommended, ultimately that will be a decision for them. They are independent institutions and they will be able to take into account the full range of costs and benefits. There may be costs, to some extent, or bank charges, but they will need to go ahead only if the benefits of other cost savings or advantages are greater than those charges. As I said, I hope that in reality those charges will not prove to be as much of a problem as the hon. Gentleman perhaps feared.

The hon. Gentleman raised a very interesting question that we will not be able to go into in great detail now. However, I hear him and have some sympathy with his point that adult learner loans are not available for short courses. Although we have career development loans, their terms of repayment are less attractive to students than those of adult learner loans.

**Mr Marsden** *rose*—

**Nick Boles:** May I just finish my sentence and then I will be happy to give way? I understand the point. I think we need to learn from some past mistakes. If we start having the taxpayer subsidising loan provision for very short courses, which is not something I want to rule out in principle, one has to ask how the Government and the taxpayer will be reassured that those short courses are genuinely valuable—as well as being valuable to the individual and their employer, they have to have some transferrable skills value. That is so that taxpayers' money is not subsidising activity that is beneficial only to that narrow employer in that narrow job. That is something we are wrestling with, and I would be happy to hear ideas from the hon. Member for Wythenshawe and Sale East and other hon. Members on the subject.

**Mr Marsden:** I am grateful to the Minister for giving way and entirely take his point about not wanting to subsidise—if I can put it that way—short-term courses that are not going anywhere. That might lead us into a broader discussion about credit accumulation processes and the rest, but I do not want to touch on that now. The point I want to make is that at the moment, as the Minister will be well aware, the take-up of those adult learner loans was somewhat less than 50% at the last count. It might be—dare I say it?—in his interests, or in the future interests of any person occupying his post, when negotiating with the Treasury, to make the point that there is this demand in the way that my hon. Friends have described, and that it could be valuable if a reasonable construction of it could be made.

**Nick Boles:** I hear that, and I assure the hon. Gentleman that the Treasury is very much aware of the issue. We have obviously expanded the application of advanced learner loans to a broader age group and a broader range of levels, but he is right that we nevertheless have more budget than is currently being utilised and there may be a way safely to extend its use. There are also issues with the Student Loans Company, which has a pretty big administrative burden at the moment, as he will be well aware. It manages those loans, so there are also technical implications. I would be very happy to discuss detailed ideas about that with hon. Members in future.

I want to move on to the question, which a number of hon. Members raised, about the involvement of schools in the area reviews, the request by Greater Manchester Combined Authority for greater power over schools and—the hon. Member for Stockport (Ann Coffey) raised this—whether what is going on in those schools is going to be considered as part of the area review. There are a couple of things to say. First, the regional schools commissioners are required to contribute to the underlying analysis for the area review and to be closely involved. The Greater Manchester Combined Authority is absolutely encouraged to have a very close relationship with the regional schools commissioner, as are individual MPs. I know that Government Members have started meeting the regional schools commissioners, as we have encouraged, and have found the meetings to be incredibly useful. Regional schools commissioners are available to meet hon. Members to discuss any concerns they might have.

On integration, in the sense of the programme of study that leads people and makes it more likely that they are going to succeed when they move into college and post-16 education, I hope that hon. Members will be willing to wait until the Sainsbury review and the skills plan are published. I can promise them that it will be very soon after the referendum, so it will give us something rather more interesting to talk about. I hope that will give a more complete picture of how we are looking at the curriculum, how people, including people with special educational needs, as the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) said, can be best placed to succeed in that curriculum, and how we can ensure better access and a better step up into further education programmes than is currently the case. That will all be addressed in the skills plan and the Sainsbury review. We are keen to discuss that with hon. Members in time.

The hon. Member for Heywood and Middleton (Liz McInnes) intervened to raise a number of concerns—the hon. Member for Wythenshawe and Sale East also referred to them—about whether the area review specifically in Greater Manchester is ambitious enough and whether it is taking too long. Theresa Grant, who is chairing the review, is one of the most impressive public officials I have come across in my time in government. I am strongly inclined to agree with anything she says about any subject. As the representative of the combined authority, she does not believe that the colleges are being sufficiently ambitious. Concerns were raised that those that are hanging on to their independence, for understandable reasons—perhaps they are already good or outstanding—may not be looking far enough out and should think about the future landscape and opportunities, not just about rifts and threats.

[*Nick Boles*]

I strongly encourage the colleges that are part of the review to take on board Theresa Grant's comments and to work with her in further meetings—I believe that there will be another one next week—to try to see whether there is a way to grasp the opportunities more boldly than the initial proposals were grasped. That is my comment about her comments as chair, because ultimately it is for the review and the individual colleges within it to decide what recommendations they will adopt and to implement them.

I understand that there have been questions, not least by the shadow Minister, about whether we could give the Greater Manchester combined authority more power to enforce some of the recommendations. If we render colleges no longer independent, their whole balance sheet will suddenly come into the public sector balance sheet. I am not sure that Greater Manchester combined authority wants all the liabilities of the Greater Manchester college sector on its balance sheet as it starts life as a combined authority, and nor do we in Government. We must be a little prudent.

Having said that, those colleges will understand that the Greater Manchester combined authority will shortly control the entire adult skills budget. It will form outcome agreements with different colleges and will be able to move money around, as they can do already with capital, as has been noted. If we are in the business of pleasing our customers, I hope that all the colleges in the area review understand that the Greater Manchester combined authority will be a tremendously important one and take on board its recommendations on how the review should unfold.

I think I have addressed everything I had noted. If no one wants to intervene before I sit down, I am happy to hand over to the hon. Gentleman who introduced the debate.

3.54 pm

**Mike Kane** (Wythenshawe and Sale East) (Lab): It has been good to have the time and space to debate this matter and I thank everyone who has contributed. My hon. Friend the Member for Stockport (Ann Coffey) was right to highlight inequality within boroughs and not just between boroughs, as I did in my speech. We must reflect more on that in the review process. She

continues to champion the cause of carers, people in care and their further education, which she does brilliantly in this House.

I could not agree more with my hon. friend the Member for Rochdale (Simon Danczuk), or rather I sort of agree and disagree. Level 2 to level 4 skills are missing. I believe, although I do not have empirical evidence, that globalisation and the advance of technology is sucking out some jobs as we go to advanced manufacturing in our economy. We must address that. People now in their 40s and 50s who did apprenticeships when they were young are being hit hard by globalisation and sometimes blame the wrong people politically. We as politicians must all think more about that.

My hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) is right that we must have strong local colleges. They are doing amazing things in Tameside. Agglomeration and specialism are the way forward, but it must be remembered that that is easier in the south-east where there is fantastic transport. There must always be a strong local element.

My neighbour and hon. Friend the Member for Manchester, Withington (Jeff Smith) is right that there is a feeling that this is more about form than function. It must concentrate on what the outcomes are for young people rather than protecting institutions as they stand.

The shadow Minister is an historian, and he does not have to prove his Mancunian roots to me. We have been talking about this ever since Arkwright, who powered his mill in Miller Street in 1792, and the industrial revolution—I will match my hon. Friend history for history. He is right to highlight the concerns of the UCU.

It is good that the Minister is talking to the trade unions. I will take his word about the break clauses and we will try to find specific examples to help the Government work this through. I will take him up on his offer to provide ideas for learner loans. I agree with him that Theresa Grant is one of the finest local government officers in the conurbation. She is leading on this and we wish her all the very best in the review.

*Question put and agreed to.*

3.57 pm

*Sitting suspended.*

## Social Investment

[MR CHRISTOPHER CHOPE *in the Chair*]

4 pm

**Susan Elan Jones** (Clwyd South) (Lab): I beg to move,

That this House has considered support for social investment.

It is a great pleasure to serve under your chairmanship, Mr Chope. I think it was the former New York governor Mario Cuomo who liked to repeat this quote:

“You campaign in poetry; you govern in prose.”

I apologise in advance because many of the practicalities relating to social investment and social enterprises are technical by their very nature, so most of my speech will be in prose, and pretty dry prose at that, but just for a moment I want a word of poetry, or at least a word of vision, to remind us what social investment and social enterprises are all about. As Social Enterprise UK, the national body for social enterprises, puts it:

“Social enterprises trade to tackle social problems”

and

“improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. And so when they profit, society profits.”

As a Labour Member of Parliament, I was interested to learn that it was the great social activist and researcher the late Lord Michael Young, author of my party’s 1945 manifesto, who 53 years later, in 1998, founded the School for Social Entrepreneurs. That perhaps reflects the fact that some of the best ideas for social improvement today come from the social enterprise sector.

Social enterprises are everywhere and can do almost anything. They are coffee shops, cinemas, pubs, banks and bus companies, to give but a few examples. Allow me, Mr Chope, to use the example of a social enterprise in my constituency: Splash Community Trust, which runs Splash Magic. That social enterprise was formed to reopen Plas Madoc leisure centre after Wrexham County Borough Council decided to close it in April 2014. The local community came together to save the facility, which the Splash Community Trust now runs for the benefit of the community. Splash Magic provides not only swimming and leisure facilities for the local community, but employment for local people, tackling health, employment and social problems. It is a great success story. This debate is about Splash Magic and every other social enterprise in our country, and how best we can support them.

**Jim Shannon** (Strangford) (DUP): I thank the hon. Lady for raising this very important issue. She has outlined one example of how social enterprises can make a difference. Some 2 million people have been employed through social investment, and it contributes £55 billion to the economy and has helped many social ventures. Does the hon. Lady agree that more community groups and small charities need to be aware of the help that there is in accessing funds, such as the Big Lottery Fund and other charitable funds, and that they should not be put off by long, complex forms and in-depth requirements, and be left feeling unable even to apply for community-changing grants?

**Susan Elan Jones:** I agree totally with what the hon. Gentleman says and the importance that he attaches to social investment—but now back to the prose. In 2012, according to ICF GHK’s report, “Growing the Social Investment Market”, which was commissioned by the Government, there were 68,000 social enterprises in the UK and they contributed at least £24 billion to the economy. Subsequent estimates suggest that the economic contribution could be far higher than that.

Social investment is of course the enabler of social enterprise. It is the use of finance to achieve a social as well as a financial return. The social investment market assists voluntary, community and social enterprises to raise capital that they may not be able to secure from conventional investment sources. It also helps investors to find organisations that will deliver for them a social as well as a financial return. The Charities (Protection and Social Investment) Act 2016, with which the Minister will be very familiar, gave charities the power to make social investments. I welcome that.

As it is often difficult for social enterprises to secure conventional bank loans, social investment is often a more suitable way for social enterprises to finance their activities. A significant reduction in grant funding in the voluntary sector and a move towards a dominance of contracts are two reasons for the increase in the popularity of social investment. Although social investors do expect a financial return, that often decreases in inverse proportion to the level of social return that investors wish to see. As a report for the Big Lottery Fund found, that means that social investors are often willing to accept lower financial returns if the social impact is greater.

Last year, a significant report was published. The “State of Social Enterprise Survey 2015”, supported by Santander, is the most comprehensive research undertaken into the state of the sector. It told of some great successes, such as how the proportion of social enterprises that grew their turnover in the 12 months prior to the report was 52%, well above the comparative figure of 40% for small and medium-sized enterprises. It also revealed that 31% of social enterprises are working in the top 20% most deprived communities in the UK. That is in itself an interesting figure and a sign of the social enterprises’ success.

However, the same research also stated that 39% of social enterprises believe that the lack of availability of funding or finance is a barrier to their sustainability, and although there was widespread support for the Public Services (Social Value) Act 2012, there was concern about its practical implementation. Both points need careful consideration and action.

I am sure that the Minister will want to praise Big Society Capital Ltd, which came about because people such as Martyn Jones, my predecessor as MP, campaigned on dormant bank accounts. Big Society Capital Ltd was set up under the Dormant Bank and Building Society Accounts Act 2008, which defined Big Society Capital as an organisation that exists

“to...enable other bodies to give financial or other support to third sector organisations”.

It was established by the Cabinet Office and launched as an independent organisation with a £600 million investment fund in April 2012. The investment fund comes from

[Susan Elan Jones]

dormant bank accounts via the independent Reclaim Fund and four leading UK high street banks. Both my party and the Minister's are rightly proud of Big Society Capital.

As co-chair of the all-party parliamentary group on charities and volunteering, I was privileged to chair a meeting recently on social investments. An interesting range of opinions were expressed, many by practitioners who deal with social investments and individuals who run social investment funds. There were many excellent contributions at the meeting. I pay particular tribute to John Smart of the transport industry social enterprise HCT Group, with whom I discussed some ideas in greater depth. In the light of the ideas raised at the all-party parliamentary group meeting, I will make the following proposals, and I would be grateful if the Minister responded to them in turn. First, I would be grateful if the Minister considered a change in accounting regulations to allow quasi-equity to be disclosed as equity rather than debt. It is often inappropriate and/or difficult for a social enterprise to take out loans. That is particularly true during their start-up phase, when they need capital for growth.

Under Charity Commission regulations, charities are unable to raise equity—that is, sell shares—or distribute reserves by way of dividend. That poses the question of how a social enterprise or charity can raise money for its development or growth. Quasi-equity investment allows an investor to benefit from the future revenues of an organisation. Under a quasi-equity agreement, an investor would receive a percentage of a social enterprise's future earnings, which means that if the organisation performs well, the investor receives a good return. Conversely, if the organisation does not do well, the investor will receive little or no return.

In a typical social loan, the investor is investing in the organisation to help it to grow, taking the risk that the growth will occur. That is similar to a conventional equity investment, but the organisation does not issue shares. However, under current regulations, quasi-equity must be disclosed as debt on an organisation's balance sheet. That can lead to the balance sheet looking over-gear, which is a particular problem when bidding for contracts, especially as commercial organisations tend to raise equity to fund expansion, and so do not face the same issues with their balance sheets.

A change in accounting regulations to allow quasi-equity to be disclosed as equity rather than debt would improve the social investment market. The change would be of great help to social enterprises that work with local authorities. When the social enterprise has the opportunity for open dialogue with commissioning authorities, it can explain its position and balance sheet. However, online portals are increasingly used as the method of bidding for local authority contracts, which provides no opportunity to explain the balance sheet position. Allowing quasi-equity to be disclosed as equity would go some way towards creating a level playing field between social enterprises and their mainstream commercial competitors. It would also be beneficial if contracting authorities could recognise that social enterprises, as not-for-profit entities, have different balance sheets from their commercial competitors.

Secondly, will the Minister consider an increase in the level of social investment tax relief? Individuals making an eligible investment can deduct 30% of the cost of their investment from their income tax liability, but only up to about £290,000 over three years. I know that there are many technical and legal issues, but change would attract more inward investment to the sector and allow social enterprises to expand and build on the good work that they are already doing to benefit society.

Thirdly, will the Minister further discuss the role of social impact bonds? There is clearly a wide range of different views on the subject, and I suspect that the Minister has heard many of them. The National Council for Voluntary Organisations, for example, is concerned about the fact that such a high proportion of the Cabinet Office's spending—somewhere between £80 million and £105 million, I believe—is being committed to social impact bonds, which it sees as largely untested and as having a costly commissioning model. Although the organisation welcomes opportunities to learn more about how that model could be used to deliver social outcomes, it questioned whether SIBs should be such a high priority for the Cabinet Office, at the expense of other projects, until there is a better evidence base for their efficacy.

Some of us see social impact bonds as an effective way of de-risking contracts for the delivering social enterprise and the commissioning body, and as a good way for social enterprises to tap into available funds and have a social impact without the cost and commitment of loan or quasi-equity structures.

I am delighted to have had the opportunity to make my points today, and I look forward to hearing the Minister's response.

4.14 pm

**The Minister for Civil Society (Mr Rob Wilson):** It is always a pleasure to serve under your chairmanship, Mr Choqe. I begin in the traditional fashion by congratulating the hon. Member for Clwyd South (Susan Elan Jones) on securing the debate. I welcome her interest in a very inspiring sector. She said it was quite dry, but I found her comments very interesting and I will come back to some of her ideas in due course. Her comments should not have been unexpected because, as she said, she chairs the APPG on charities and volunteering. The group recently held a session on social investment, which obviously proved to be interesting and has generated a number of ideas.

Social investment can drive innovation in the sector, as we heard from the example of Splash Magic in the hon. Lady's constituency. It is a powerful tool to tackle some of the biggest challenges in society today and, in the case of her constituency, to tackle jobs and growth issues. Social investment helps economic growth by supporting the UK's thriving social economy. It also supports social innovation by channelling funding towards entrepreneurial solutions to longstanding social problems, and helps public services by delivering better outcomes and, in some cases, savings to the taxpayers.

I have embarked on an ambitious reform programme for charities and social enterprises because it is my aim to deliver a sector that is more independent, resilient and sustainable over the long term, and much better able to meet the challenges that it faces. Since the

general election, the Office for Civil Society has supported the creation of a new fundraising self-regulator. I know that is not directly relevant to social investment, but it is still important to raising money for charities, in particular. The new self-regulator is being led by Lord Grade, as the hon. Lady will know. It has the legislative powers needed to give the public confidence that fundraising scandals are a thing of the past, and is a chance to restore the public trust and confidence needed so that a generous public continue to donate to the causes that matter most to them.

The new Charities (Protection and Social Investment) Act 2016 gives the Charity Commission tougher powers to enable it to regulate the charity sector much more effectively. As the hon. Lady said, the new Act also clarifies the law on social investment, enabling smaller charities to have the confidence to get involved in this hugely beneficial area.

The UK is now recognised as a world leader in social investment. For example, we set up the world's first social investment bank, Big Society Capital—the hon. Lady went into some of its history—and the first social investment tax relief, which I will talk about further. The first ever social impact bond was also in this country, so we have a lot to be proud of.

We also created Access, the Foundation for Social Investment, to which the hon. Lady did not refer. That has £100 million to support more organisations to take on and get ready for investment, helping to stimulate the pipeline of social investment deals over the next 10 or 15 years. We have made money available through the local sustainability fund, which was created to help organisations to secure a more sustainable way of working by providing funding and support to help them to review and transform their operating models.

**Jim Shannon:** In addition to what the hon. Member for Clwyd South (Susan Elan Jones) said in her speech, we also recognise the good work of the Big Lottery Fund. It is always good to recognise organisations that make a significant contribution to social investment, and the Big Lottery Fund enables that to happen. Does the Minister feel it is important to encourage and support that?

**Mr Wilson:** The Big Lottery Fund has some £700 million of grants at its disposal each year, and it is an important part of the funding landscape in this country. It does an awful lot of great work, and I encourage organisations that perhaps have not made funding proposals to the Big Lottery Fund in the past to do so now. The Big Lottery Fund is trying to do a lot to make it easier for organisations to get hold of grants and to ensure that it is focusing on some of the more disadvantaged areas across the United Kingdom.

Returning to my previous comments, I want the leadership that the Government have shown on social investment to continue. The Government are therefore supporting social impact bonds, as the hon. Member for Clwyd South said, and so far we have created 32 social impact bonds, which is more than the rest of the world put together. We have enormous experience of social impact bonds and the social impact bond market. SIBs work on the principle that the Government pay only for the outcomes that we want to see and that we agree should be delivered. Social investors provide the

up-front investment to scale up innovative services and are repaid by the Government based on the outcomes delivered.

SIBs are being deployed to get to the heart of some of the biggest challenges that we face as a country. They often focus on things such as early intervention, which will help us to contain the ever-expanding demands on our public services. I recently visited the AIMS—accommodation, intense mentoring, skills—project of the Local Solutions organisation in Liverpool, which is supporting young homeless people into accommodation, training and employment. The programme allocates a trusted mentor to each young person to provide a single contact point, delivering personalised support across multiple services. The programme is financed via a SIB and is a great example of how commissioning for outcomes can give social sector organisations the freedom to do what is needed, when it is needed. SIBs help to foster genuine partnership between the Government, social sector organisations and social investors, supporting organisations that can innovate in ways that big government finds difficult. Perhaps most importantly, SIBs focus on delivering meaningful outcomes for people, and there is more to come.

As the hon. Lady will probably have picked up, the Prime Minister recently announced our new £80 million life chances fund, which is an important next step on the journey and will show how social investment can transform local public services. The fund is a down payment on a social impact bond market that I hope and expect to be worth £1 billion by the end of this Parliament. I want to see more social impact bonds and to support those who want to use this innovative source of capital, which is why we are working with the University of Oxford to create a new centre for excellence that will develop world-leading research in social impact bonds and innovative Government commissioning and will provide the practical support that local commissioners need as part of that process, but there is more to the market than social impact bonds.

**Susan Elan Jones:** The Minister is making some interesting points about SIBs, and the debate will clearly continue among organisations, but may I draw him on to the issues of quasi-equity and of equity and debt, please?

**Mr Wilson:** The hon. Lady made three specific proposals. The first was a change to the accounting rules, which she believes will help social investment by disclosing equity, rather than debt. I understand that, and I am happy to look at it. The second was an increase in the level of tax relief. Obviously I will need to discuss that with Treasury colleagues. Again, I am happy to look at it, but I cannot give her any commitments. Thirdly, she wanted to discuss further the whole investment in SIBs, which I have been trying to address.

I will talk about some other issues, too. Alongside charities and conventional social enterprises, new kinds of businesses are committed to making a social impact through their business without having constraints on how they distribute profits. Such businesses are part of the UK's already diverse and growing social economy, and an independent review is currently considering how to increase the economic and social impact of mission-led businesses in the UK.

[Mr Rob Wilson]

The hon. Lady mentioned dormant assets, which is another area that offers real opportunity. I believe there is a host of such assets that belong, in aggregate, to the public and should therefore be used to benefit society, not specific firms that may be sitting, unwittingly or not, on these stores of potential public value. I have set up an independent commission on dormant assets to explore what additional assets could be released to good causes, potentially transforming the way we support the sector.

We have done, and are doing, a lot to support social investment, but I do not plan to be complacent. There is more that we can do, and I will continue to drive the agenda forward. The breadth and innovation of our social sector in the UK is truly inspiring, as the hon. Lady will have witnessed. We are surrounded by incredible organisations that deliver life-changing services and reach all corners of our society. For example, I visited the social enterprise Clarity, which has been providing employment for blind and disabled people for 160 years. Employment in manufacturing a range of beauty and household products enables Clarity's staff to develop their independence, build their confidence and play a full part in society. Such organisations demonstrate exactly why I am so committed to the sector, which is why I am determined to build their resilience and sustainability so that they can thrive and grow.

Again, that is where social investment comes in. I want to make it easier for anyone to be a social investor, from individuals to foundations to corporate organisations. I want to help investors to connect, through their investments, with the causes that matter the most to them. I would like to see pension providers offer products in which a percentage of their members' money goes to social investments. We are seeing that work successfully in the French pension system, in which billions of euros have been channelled to social impact investments. Product

providers in this country have so far made limited progress on developing social investment offerings for retail investors, so that area has real potential.

Some organisations are pioneering retail products. Threadneedle, for example, has a UK social bond fund with tens of millions of pounds under management that can be accessed by individual investors. That is just the tip of the iceberg for retail fund offerings. Millennials will be the beneficiaries of the largest intergenerational wealth transfer in our history, and in the future successful investment managers and product providers will need to cater for their preferences. They are more interested in values-based lifestyles than previous generations, which includes consumption choices but also the way they want to invest. The Government want to back those people in the choices they want to make, as well as supporting the incredible social enterprises and mission-led businesses we have in the UK to grow in scale to make an even bigger impact on the lives of beneficiaries and communities that they are changing every day.

I am delighted to have had the opportunity to discuss social investment in Westminster Hall today. Social investment is important because it is part of the long-term future of civil society in this country. We have a truly inspiring social sector here in the UK that contributes not only to the lives of our citizens but to the economy at large. We have all seen at first hand the impact that such organisations are having and the difference that they make to people who need them the most. We all want to ensure that the sector can thrive, which is why I am focused on delivering a sector that is more independent, more resilient and more sustainable over the long term. We can see that social investment is working. There is demand from social enterprises and investors alike, which is why I know that social investment is here to stay and will continue to grow and drive this vital sector.

*Question put and agreed to.*

## Ceramic and Brick Industries

4.29 pm

**Wendy Morton** (Aldridge-Brownhills) (Con): I beg to move,

That this House has considered the ceramic and brick industries.

It is a great pleasure to serve under your chairmanship today, Mr Chope, and to see Members from both sides of the Chamber here in Westminster Hall. As vice-chairman of the all-party group on ceramics, and because the brick industry is in my constituency, I felt that it was important to raise this issue with the Minister.

The ceramics industry employs around 20,000 people in the UK, generating £2 billion in sales and exporting products all over the world. It is undoubtedly an industry of huge importance to our country.

In my constituency of Aldridge-Brownhills, there has been a large ceramics presence in the area since the early 19th century, when clay and coal mining boomed in the district. The availability of jobs in mining resulted in a population surge in Aldridge, to 2,478 by 1901, and by 1906 two of the mines—known locally as Drybread, which is near Coppice Road, and Bare Bones, at Leighswood—employed nearly 1,500 people between them. There is also the Brownhills Miner. If anyone is travelling through Brownhills or is on the A5, please make a detour to see Jigger, a 40-foot statue standing at the end of Brownhills High Street. It is a wonderful reflection of a proud industrial heritage.

Aldridge-Brownhills is now home to four companies working in the ceramics industry, which directly employ around 300 people across five sites. Some of the most famous clay products in the world originate in Aldridge, from the beautifully hand-crafted Imperial Bathrooms products, which are exported all over the world, to the bricks made at the Ibstock and Wienerberger sites, which are used to build new housing stock in the UK. Recently, some of the clay for the stunning art installation by Paul Cummins called “Blood Swept Lands and Seas of Red”—the poppies, as many will know, that were installed at the Tower of London—came from the Potclays quarry in Brownhills.

**Robert Ffello** (Stoke-on-Trent South) (Lab): I congratulate the hon. Lady on securing this debate. May I ask her to say a word not only for the fantastic ceramics industry itself—I am truly blessed in Stoke-on-Trent South with some wonderful businesses that are directly involved in ceramics—but all the ancillary businesses, which do related work such as designing or maintaining kilns?

**Wendy Morton:** Absolutely. The hon. Gentleman makes a very valuable point. In any discussion about business, it is always worth reminding ourselves that it is not only the one business that matters but all the other businesses that feed into it, be it businesses that work with kilns, businesses that provide paint brushes or businesses that do a whole host of other things. Also, there are all the other businesses, which are often family businesses, around the area, which perhaps provide sandwiches or other things for the people working in all these companies.

However, the ceramics industry is approaching a worrying period of uncertainty. The European Commission published its legislative proposals for the emissions trading system phase 4 in July 2015. These proposals

cover the period from 2021 to 2030 and propose a target of achieving at least a 40% reduction in EU greenhouse gas emissions by 2030. The key issue for ceramics within the EU ETS proposals is carbon leakage, notably the evaluation of industries so that they are deemed either at risk or not at risk of it. Some sectors are likely to meet the proposed carbon leakage quantitative threshold, but the situation for other sectors, mainly the heavy clay industries and particularly those that produce bricks, clay roof tiles and clay pipes, is less clearcut, which is why I felt there was a need for this debate.

The UK Government recently announced their position on the EU ETS phase 4 and suggested that free allowances should be focused on only a handful of sectors, with other sectors receiving a lower-tiered proportion. The ceramics industry is extremely concerned by this tiering proposal, as ceramic manufacturing sites would need to purchase significantly more allowances. Indeed, it is predicted that heavy clay producers such as those in my constituency would have to buy all their carbon allowance after 2027. A number of ceramic manufacturers have said that that charge alone is likely to exceed their profits.

As part of its Ceramic EARTH campaign, the British Ceramic Confederation has used figures from the Department of Energy and Climate Change to estimate that UK heavy clay construction product manufacturers will pay more than £40 million by 2030 under this proposal, which equates to almost £1 million per year per factory on average.

Clearly this situation concerns me and many other people, because businesses, jobs and investment are at stake. Therefore, I ask the Minister to continue to look at this proposal, which is for a system that supports only a few energy-intensive industries at the expense of many others. I genuinely fear that the UK proposal will burden businesses with very high extra costs. In fact, energy costs and climate-related taxes already make up around 30% of a brick maker’s production costs, and I fear that this proposal will only add to the issues that they face.

I am sure that others in Westminster Hall today are aware that there is a growing demand for housing in this country—we often discuss and debate it in the Chamber. Construction of houses is at an eight-year high and therefore the demand for materials is growing too. Brick is the most popular cladding material for building walls, with over 80% of new homes using bricks. Brick is unmatched for its durability, low maintenance costs, aesthetics and lifetime sustainability.

I recently had the pleasure of visiting one of the brick factories in my constituency and it was an inspiration to follow the production of bricks, from the clay pit behind the factory all the way through to the finished product at the end. It was only when I stood on top of the huge kiln that I really appreciated just how much energy goes into such large kilns to produce bricks for us.

**Angela Smith** (Penistone and Stocksbridge) (Lab): The point that the hon. Lady made about the sustainability of the industry is a good one, and she made it well. Clay pipe making is very prominent in my constituency—90% of the UK’s production of clay pipes takes place in my constituency. Of course, clay pipes are very sustainable and very long-lasting, with a life of well over a hundred years. Does she agree that, although other forms of

[Angela Smith]

production are of course valid and important, we ought not to forget the importance of such manufacturing capacity?

**Wendy Morton:** The hon. Lady makes a very valuable point. I will focus more on bricks, because they are produced in my constituency, but I appreciate and understand that this issue is not only about bricks but about clay pipes. When we look around the country, we often hear stories about, for example, the sewers under London. They have been in place probably for centuries, using British-manufactured clay products, pipes, bricks and lots of other things as well. I thank her for making that point.

To meet the UK demand for new housing, we will need a 60% uplift in clay products for over a decade. Unfortunately, rising demand for bricks and clay roof tiles has been met by unprecedented levels of imports. We need to encourage and focus on investment here in the UK, and consider future innovation. In 2014, brick imports accounted for 25% of sales in this country, representing a direct loss of around £80 million per year for the UK economy. The rising rate of imports of heavy clay from outside Europe shows how the EU ETS phase 4 will not really work if the industry loses its full carbon leakage status.

**Jim Shannon (Strangford) (DUP):** The hon. Lady is setting a very important scene. I do not have any clay making or ceramics works in my constituency, but I see the issue that she is raising. Surely there is a very simple solution. On 23 June, vote no and get out, and we will not have to be under the regulations that she has referred to.

**Wendy Morton:** I am grateful to the hon. Gentleman for his intervention. I happen to disagree with him in terms of this debate. In fact, I have yet to declare my position on Europe, but it will become clearer later today.

The UK has some of the most energy-efficient manufacturing plants in the world. Specific energy consumption—in other words, energy efficiency—in the entire ceramics sector has improved by around 30% in just over a decade. To do this, hundreds of millions of pounds have been invested to make many UK plants as energy-efficient as is currently possible, and yet they could all be forced to buy all of their carbon allowance if the tiering proposal is accepted. I ask the Minister this simple question: is that fair?

The uncertainty in the industry caused by the proposals and the rise of imports means that future investment is becoming difficult and unsteady. It will make the UK even more vulnerable to higher carbon non-EU imports. We need stability and continuity. As someone who comes from a business background, I know how important that is for businesses from all sectors. It is only through stability and continuity that they feel safe and secure in investing in the future.

**Caroline Nokes (Romsey and Southampton North) (Con):** I also congratulate my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) on securing this important debate. Michelmersh in my constituency is a fantastic local brick maker. It would always make

the point that it wants continuity and certainty so that it can make investment decisions that ultimately mean that jobs stay in the UK and do not disappear to China.

**Wendy Morton:** My hon. Friend makes an important point. The subject of the debate is important, because behind it are jobs and our local economy. I do not wish to see de-industrialisation. The UK has a proud industrial history. We should also recognise that importing products from outside the EU would defeat the point of the emissions trading system. Overall, manufacturers outside the EU are not as well regulated. The electricity generation and the fuels used are more carbon-intensive, and the transportation of goods to market emits additional carbon.

As I said, the matter of housing is frequently raised in the House. The British Ceramic Confederation estimates that the Government's programme of house building has the potential to create more than 3,000 direct ceramic manufacturing jobs in the UK and give a big boost to the sector and GDP. However, that is not being realised because of the threat of carbon leakage loss and the uncertainty that brings.

Turning to energy costs, brick makers in the UK pay about 80% more for their electricity than the EU average price, according to Eurostat. Despite much mention of the renewables compensation scheme for energy-intensive industries, brick makers are not compensated at all in the UK for renewables costs. I am sure my right hon. Friend the Minister will know that seven ceramic manufacturers in the UK are likely to receive renewables compensation, in contrast to more than 100 German ceramic and clay sites. Clearly we do not have a level playing field, and we need one.

**Robert Ffello:** Given that a lot of the players in this market that have factories in the UK also have factories in such places as Germany, surely one pressure comes from saying to those companies, "You can get compensated in Germany. Put your production in Germany, not the UK."

**Wendy Morton:** The hon. Gentleman is absolutely right. At the end of the day, I want a level playing field for our industries in the UK so that we can compete. We need to extend the number of companies that the compensation covers. I am pleased to note that the hon. Member for Stoke-on-Trent North (Ruth Smeeth) is here today. She is chair of the all-party group on ceramics. I am sure she will make reference to and, I hope, welcome the Chancellor's announcement of the ceramic valley enterprise zone status in her constituency. That is welcome news, and I am sure she will have more to say on that, but we need the right energy and carbon policies to unlock investment at this critical time when we continue to secure the country's economic recovery.

The Government have set a key target in their construction strategy of a 50% reduction by 2025 in the trade gap between total exports and total imports for construction products and materials. Ceramics and bricks can make a real contribution to that target, but that will happen only if we have a level playing field that enables us to compete.

The ceramics industry does not just face issues within Europe. As a result of dumped imports, between 2006 and 2011 a huge number of direct jobs were lost in the

ceramic tableware and kitchenware industry within the EU as Chinese exports tripled. Since the EU anti-dumping measures were introduced in 2011 for tiles and in 2013 for tableware, the industry has stabilised its production, brought manufacturing processes back to the EU and created jobs and investment opportunities, including with clay and other materials suppliers.

The ceramics industry is, I fear, one of the most vulnerable to overcapacity in the Chinese economy. If market economy status is conferred on China by the EU, despite it only meeting one of the five necessary criteria, it will make the maintenance of adequate and meaningful anti-dumping measures, which currently protect tiles and tableware, impossible, the progress the industry has made since 2011 will be lost, and the industry will once again be put at risk. It would also further add to the uncertainty the sector is facing. What assessments have the Government and the Minister made of the impact of market economy status for China on the ceramics industry? Will they continue to listen to the views of the industry? Colleagues in the European Parliament recently rejected MES for China in a plenary vote.

I come from a business background. I believe in manufacturing. Businesses need continuity and stability to invest, innovate and thrive. As a country, we cannot decarbonise by de-industrialising and shifting our carbon emissions to another part of the world. Will the Minister look seriously at this issue? I want our industries to prosper and thrive. The ceramics industry needs competitive energy prices and the rejection of market economy status for China, but above all it needs a level playing field. That is why I am asking the Government to recognise the strategic importance of the ceramics industry and, in particular, bricks, pipes and roof tiles. I am sure that other Members will mention other products, too, and I leave that to them. We need the Government to look at today's industries to see how they can be best supported to thrive in tomorrow's markets.

4.46 pm

**Ruth Smeeth** (Stoke-on-Trent North) (Lab): It is a pleasure to serve under your chairmanship, Mr Chope. I thank the hon. Member for Aldridge-Brownhills (Wendy Morton) for securing such an important debate. I agree wholeheartedly with all her comments, with the exception that I think the priority should always be tableware.

I am the chair of the new all-party group on ceramics, and am proud to represent the Potteries—the historic centre of our country's ceramics industry—so it will come as no surprise that I consider the sector to be of great importance. Across Stoke-on-Trent, more than 7,000 people are still directly employed in ceramics—more than in any other industry. With the ceramic valley enterprise zone, the future of the industry is clear; there is huge opportunity for development and huge potential. We need to ensure the level playing field that the hon. Lady spoke about so articulately.

I was saddened in our last debate to hear that the Minister so rarely finds the time to eat a proper meal from our excellent Stoke-on-Trent tableware, or even from the less-than-excellent Chinese tableware utilised by her Department, but that lack of familiarity with the craftsmanship of Dudson, Churchill or Steelite need not concern her in today's debate. There is so much

more to the ceramics industry than just tableware, important though that is. It is those other applications that I wish to focus on today.

In my constituency, we are proud to be home to Johnson Tiles, the UK's leading tile manufacturer and pioneers in the field of ceramic design. Like the brick factories in the constituency of the hon. Member for Aldridge-Brownhills, it is a major employer and a big contributor to our national economy. Bricks and tiles are not just important to the livelihoods of our constituents, however; they are key strategic industries in their own right, providing the raw materials that our country needs to build and to grow. The Government have repeatedly stated their commitment to a major programme of house building, which I very much support. We cannot build new homes without the raw materials for construction, and the Government's ambitions, if fulfilled, could be an incredible opportunity for our brick and tile industries.

**Angela Smith:** And pipe industry.

**Ruth Smeeth:** Indeed. My hon. Friend will undoubtedly highlight that later. I am concerned that under the Government's policies on these sectors, the benefits will not be felt as keenly as they should or could be. Indeed, if we do not support the industries appropriately, the benefits of any construction boom will be reaped not by our businesses, but by brick factories in north Africa, Turkey and elsewhere, where costs of production are lower and future risks less pronounced.

Despite their importance in the supply chain for house building and construction, and despite the wide range of high-tech applications, I fear that the brick and ceramic industries are being treated as poor relations by the Government. I can only hope that this debate will help to persuade the Government that more can and must be done to support the industry, which sets the benchmark for innovation and for commitment to sustainable manufacturing.

The British Ceramic Confederation's EARTH campaign is doing valuable work in highlighting some of the major issues affecting the brick and ceramic industries. One such issue concerns China's ongoing bid for market economy status. I have spoken before in this hall about the threat that MES for China would pose to British industry, and I have also raised the Government's apparent acquiescence to China's demands. Nevertheless, the ceramics industry's concerns on this matter are significant and bear repeating. Granting market economy status to China would leave us with no defence against unfair Chinese dumping practices, and would allow our domestic market to be flooded with inferior goods at prices that are simply not achievable without the state intervention and rock-bottom labour costs that Chinese industries take advantage of—or exploit.

It is well established that China has, to date, met only one of the five criteria required for market economy status. It is also recognised that the impact on the British economy of granting China such a status would be severe, with a potential cost of 3.5 million jobs across the UK—jobs we can ill afford to lose.

**Robert Ffello:** I would, of course, mention wonderful firms such as Mantec, Wedgwood and Cromartie, but I do not want to go through the list because you will not

[Robert Flello]

allow me, Mr Chope. In addition to the “legitimate” importation, or dumping, of Chinese goods in the UK, there is still a massive problem with counterfeiting—including with dangerous chemicals and materials—and intellectual property theft by companies in China. That is being dumped on our market as well.

**Ruth Smeeth:** I totally agree with my hon. Friend and neighbour in Stoke-on-Trent South. I am dealing with one such case in my constituency, in which a company has, unfortunately, been a target of infringement. We have to look seriously at what we can do to provide support. There is no easy answer, but we have to deal with these problems at every level.

**Robert Flello:** And not give China MES.

**Ruth Smeeth:** And not give China MES to make the situation even worse. Let us be clear: these fears are not baseless. They have been raised time and again by all the major employers in the sector, including those in my constituency, and by GMB, the trade union that represents the sector, and which has done an incredible job in both the UK and Europe to highlight the challenges that MES would pose.

In the European Parliament, these concerns have been widely recognised. A recent vote against granting market economy status to China was overwhelming: 546 votes in favour of not granting MES, and just 77 against not doing so. Furthermore, the motion received support from British MEPs from across the whole political spectrum—Labour and Conservative—who were united, as I hope we are today. Does the Minister agree that that demonstrates just how valuable our EU membership is to the protection of British industry? Will she confirm whether the Government will listen to their European representatives and work with our EU partners to help block China’s bid?

It is heartening to see so many Members from both sides of the House here today; it is a sign, I hope, of the depth of feeling on the issue. We all want our excellent brick and ceramic industries to continue to grow, thrive and prosper; all we are asking for is a level playing field, so that those ambitions can be fulfilled.

4.53 pm

**Craig Tracey** (North Warwickshire) (Con): It is a pleasure to serve under your chairmanship, Mr Chope. I congratulate my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) on securing this debate.

I shall focus on the EU emissions trading system policy, which has already been highlighted but is of particular concern to Wienerberger, a brick manufacturer based in Kingsbury in my constituency. Like my hon. Friend the Member for Aldridge-Brownhills, I had the chance to stand on top of the kiln when I visited the company recently, which was quite exciting. Wienerberger has 13 factories throughout the country that produce bricks and roof tiles. It employs 1,165 people in the UK. Its Kingsbury factory alone produces 40 million bricks per annum, which is enough to build 5,000 new homes.

Wienerberger’s specific problem is the proposal concerning the future carbon leakage policy. As has already been pointed out, and as I know the Minister is

aware, carbon leakage in this sense refers to the relocation of UK production to locations where it is cheaper to manufacture because of environmental policies and/or lower energy costs. The direct result is a loss of investment and jobs from the UK economy. In EU ETS phase 3, ceramic sector installations, which include brick and clay roof tile factories, are deemed to be at risk of carbon leakage. As a result, factories receive a proportion of allowances based on the average of the top 10 performers across the EU in that sector, free of charge. If, as has been proposed by the UK and France, a tiered approach to carbon leakage risk is adopted in phase 4, it is likely that the ceramic sector will be reclassified as no or low risk and will thus receive significantly less free allocation.

**Wendy Morton:** Does my hon. Friend agree that with the increased demand for housing, we should be looking at ways to support the brick manufacturing industry?

**Craig Tracey:** My hon. Friend pre-empted part of my speech. She is absolutely right that we need more houses, and that it makes absolute sense for the bricks for those houses to come from local businesses in the UK.

The loss of the free allocation I have described will, when combined with an escalating market price for carbon allowances, significantly increase the cost of production. Meanwhile, competing construction materials, such as cement, will retain free allocation, creating market distortion. The situation is particularly acute in the UK as the carbon price floor, a UK-only policy instrument, adds further costs to the EU ETS carbon price for power producers. That additional cost is being passed on to businesses via electricity prices, with manufacturers being unable to pass them on to customers. Countries such as Germany and Italy are compensating for renewable electricity charges, but the UK is not. That further reduces the competitiveness of the UK brick and clay roof tile industry.

Wienerberger has factories across Europe, including in countries with significantly lower electricity costs than the UK. Any increase in UK production costs makes future investment in its UK factories far less attractive than investment in other European countries.

**Mike Wood** (Dudley South) (Con): On that very point, the family-owned Hinton Perry & Davenhill brickworks in my constituency has recently invested £5 million in new energy and production efficiency measures. Does my hon. Friend agree that undermining the business model on which such brickworks operate reduces investment in energy efficiency, thereby worsening the situation, rather than helping?

**Craig Tracey:** I cannot say much more than that my hon. Friend is absolutely right. That is the nub of the problem. It is about investment as much as anything else.

Given the Government’s commitment to delivering 400,000 affordable housing starts by 2021, and the Construction 2025 strategy, which seeks to achieve a 50% reduction in the trade gap between total exports and imports of construction products and materials, it is essential that we maintain a UK manufacturing base of bricks and clay roof tiles. In order to achieve that, we must support local manufacturers in the UK, which will ultimately reduce the need for imported materials.

Competing construction materials such as cement and steel are set to retain carbon leakage status, creating distortions in the UK market. Importing construction products will have a negative effect on the UK trade balance and increase the UK's consumption-based emissions. I should add that it is not only the brick and ceramics industries that raise these concerns; there is also support from other energy-intensive sectors, such as paper and glass industries.

In summary, my asks of the Minister are that the Government support these very important industries by ensuring that no tiered approach is applied, and that ceramic installations retain full carbon leakage mitigation; by maximising the provision of free allowances to preserve the UK's competitiveness; and, finally, by allowing the current qualitative assessment process to continue. I look forward to hearing my right hon. Friend the Minister's response.

4.59 pm

**Mary Robinson** (Cheadle) (Con): It is a pleasure to serve under your chairmanship, Mr Chope. I am pleased to have the opportunity to speak in this debate, and I congratulate my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) on securing it.

As Members know, in the autumn statement the Government committed to building 400,000 new homes in this Parliament. I am pleased that brick manufacturers want to play their part in achieving the Government's ambitious goal. Yet with that ambition comes a need for the steady production and supply of building materials for Britain's new homes. When Britain last built 200,000 new houses a year, it required stocks of more than 1 billion bricks and the production of almost twice that number to fulfil orders and keep the prices of basic construction materials stable. Although I am pleased that figures from the Department for Business, Innovation and Skills show an increase in brick production, and that the Office for National Statistics and the chair of the Brick Development Association agree with those figures, we need to ensure that the brick manufacturing industry and the other elements that go into building our homes are recognised. They must be appreciated as an important staple for house building and increasing market values.

**Wendy Morton:** Does my hon. Friend agree that, as we seek to build more houses, the construction industry needs a continuity of construction materials? That includes bricks, roof tiles, pipes and everything else that is required for constructing a home.

**Mary Robinson:** I totally agree. We need exactly that package if we are to achieve this ambitious target.

I welcome the British Ceramic Confederation's ceramic EARTH campaign, which aims to raise the profile of the industry's important contribution to the UK economy. To be able to compete internationally and secure jobs, we must ensure that all sub-sectors receive mitigation measures to fully guard against the leakage of carbon investment and jobs outside the EU, and there must be action to lighten the cost of UK/EU energy, climate and environmental policies, which harm the sector's ability to remain competitive on the international stage.

I share an interest with my hon. Friends the Members for Aldridge-Brownhills and for North Warwickshire (Craig Tracey): my constituency is home to the national headquarters of Wienerberger, the UK's third largest brick manufacturer. Wienerberger is responsible for producing all the elements of construction. It is the only multinational producer of clay block for walls, clay roof tiles, ceramic pipe systems, and concrete and clay pavers. It provides what the firm calls a "whole building envelope".

**Wendy Morton:** My hon. Friend is talking about one of her local companies that produces bricks. Does she accept that the many companies across the country that manufacture such products, from small family-run companies to the much bigger national and international companies, are all affected by the EU ETS and the market economy status?

**Mary Robinson:** That is exactly right. They have an all-pervasive influence.

Innovation and speed are important in meeting the Government's targets. Innovation can drive down construction time. For instance, Porotherm—Wienerberger's clay block walling system—has been used to build an apartment block complex in South Harrow, which is currently being finished. It has reduced the construction time by 20% from 15 to 12 months. One floor is rising every eight days, readying the roof for installation within 10 weeks. That new method of brick production has reduced overall construction time and speeded up access to home ownership. Therefore, where there is demand for good-quality housing, and where there are brownfield sites with appropriate planning permission for construction, we should recognise that developments in the brick industry enable quicker construction and allow properties to be released much sooner than the market is currently used to.

It is clear from Members' contributions that investment in new capacity is needed to help the industry with the production of bricks. That should be at the forefront of our concerns. As Members have mentioned, in the EU ETS phase 3, all ceramic sectors and sub-sectors are deemed at risk of carbon leakage for direct carbon costs, but they will not be compensated for indirect carbon costs. The key issue for phase 4 legislation is to guard against the leakage associated with indirect and direct costs. However, there are shortcomings to those proposals—most notably, an insufficient number of free allowances for the industry. Thus there would be a uniform percentage reduction, known as the cross-sectoral correction factor, to keep within the minimum. To avoid the CSCF, the introduction of a tiered approach, although helping a limited number of sectors, could be damaging to other sectors. Under this tiering, ceramic installations would see a significant reduction in the level of free allocation received. That is worrying for the firms that are involved in the production of bricks, roof tiles and drainage pipes, which may cease to receive free allowances. That will make investment in UK operations challenging and undermine much needed investment in capacity.

The UK ceramic industry is steeped in heritage. Now more than ever it is vital to Britain's growth. As we seek to build more homes, we should remember that good

[Mary Robinson]

homes are built on strong foundations, and we should do all we can to ensure that those foundations are built on a strong brick and ceramic manufacturing industry.

5.5 pm

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): It is an honour to serve under your chairmanship, Mr Chope. I congratulate the hon. Member for Aldridge-Brownhills (Wendy Morton) on bringing forward this very important debate. She spoke of the 20,000 people employed in these heavy industries, which generate £2 billion-worth of sales and exports worldwide. Interestingly, she said that ceramics, clay and coal mining have been in her constituency since the 19th century.

I, too, have a ceramics business based in my constituency. Having visited to Raeburn Brick and listened to its concerns, I feel obliged to speak up for it in this place. It is Scotland's only remaining clay brick company, and makes 15% of the bricks used in Scotland. When I was doing some research earlier, I noted some of the names of the bricks, including Jacobite, Livingstone, MacKintosh Smooth, Holyrood Buff and Orkney Buff—very interesting. It uses clays won locally in west central Scotland.

I am familiar with many of the issues that the industry faces. As a member of the Scottish steel taskforce, I have listened to a wealth of evidence from many different sources about the problems that our energy-intensive industries face. We all recognise that the road ahead is not easy, and the industries acknowledge that there are serious and significant challenges. The ceramics and brickmaking industry is an important part of Scotland's manufacturing heritage.

The hon. Member for Stoke-on-Trent North (Ruth Smeeth) raised the issue of EU support and funding during Prime Minister's questions, and it is important that we recognise the vital role that the European Union plays.

Throughout the steel crisis, the Scottish National party consistently called on the UK business sector to bring forward a comprehensive and revised industrial strategy for heavy industry in the UK. That is more crucial than ever if we are to guarantee the long-term sustainability of the ceramics industry and other heavy industries in the UK.

Although the SNP Government in Scotland support energy-intensive industries, they recognise that energy efficiency and clean energy are the key to meeting our ambitious climate change targets and contributing to long-term and sustainable economic growth. We are well on our way. In fact, this week it was announced that Scotland has exceeded our 2020 target to reduce greenhouse gas emissions by 42% six years early. The transition to a lower-carbon economy is not easy. The challenge is that the payback on such investments is often achieved in the long term, so we need strong leadership, technical expertise and access to appropriate finance. We also need to support manufacturers that are taking a lead by adopting and investing in energy-saving measures, as Raeburn Brick is doing. We need a proactive response that engages constructively with the industry. Ceramics cannot be allowed to slump into crisis before the Government are willing to respond.

Many Members made very interesting points. The hon. Member for Aldridge-Brownhills said that we have to achieve a 40% reduction in greenhouse gases by 2030. That means companies in her constituency will have to purchase more allowances, at a cost of £40 million between now and 2027, which equates to £1 million per year per factory, she said.

It is important to support all heavy industry. The hon. Member for Sheffield, Hillsborough spoke up for clay pipe making in her constituency—

**Hon. Members:** Penistone and Stocksbridge.

**Margaret Ferrier:** Sorry about that—I mean the hon. Member for Penistone and Stocksbridge (Angela Smith). I should have known that, because we have met many times to talk about heavy industry—my apologies.

The hon. Member for Stoke-on-Trent South (Robert Ffello) spoke about ancillary firms also being important, and kiln production. He spoke kindly about Wedgwood, to mention it again, and that we have to be careful about market economy status for China, which has counterfeiting and dangerous chemicals in some products.

**Wendy Morton:** The hon. Lady always speaks with such passion about the industries in her constituency. Does she agree that we need to look not only at the EU emissions trading scheme, but at market economy status for China? Only by having a level playing field can we encourage businesses to do their bit, which is to invest and innovate for the future.

**Margaret Ferrier:** The hon. Lady makes a good point. We will hear from the Minister in her response to all our points. We have heard many times that market economy status will not mean that we cannot bring anti-dumping cases, so I am interested to hear how she will respond to everyone's concerns.

We heard from the hon. Member for Stoke-on-Trent North (Ruth Smeeth) that there is more to ceramics than brick alone; it includes tableware. A tile manufacturer is a big employer in her constituency, and it has major concerns. The brick and tile industry has bases in north Africa and Turkey, where production costs are much lower, so we have to support our ceramics in the UK. She also made mention of labour costs, which are lower in those countries, although employees there can be exploited.

The hon. Member for North Warwickshire (Craig Tracey), which includes Bedworth, spoke about his brick and tile manufacturer in Kingsbury, which employs 1,100—

**Mr Christopher Chope (in the Chair):** Order. I am sorry to interrupt the hon. Lady, but by convention the time available is split between the Opposition spokesmen. I have to call the Minister at 20 past, so if the time is to be split equally, the hon. Lady's time is up.

**Margaret Ferrier:** I apologise, Mr Chope, and will conclude by saying that we have heard many concerns from Members in all parts of the House. We look forward to hearing the Minister's response.

5.13 pm

**Kevin Brennan** (Cardiff West) (Lab): I congratulate everyone on their contributions to the debate, in particular the hon. Member for Aldridge-Brownhills (Wendy Morton)—I was going to call her the hon. Member for brick, because she was such an advocate for her brick makers, but I realised others might claim the title. However, she rightly celebrated the industry in her constituency, and pointed out her concerns about the uncertainties caused by some of the issues mentioned, which I will return to in my remarks.

I congratulate my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth), or the hon. Member for ceramic tableware, as we might call her. She said that the industry is treated as a poor relation, and referred to the industry's EARTH campaign, as well as market economy status, which is a thread running through the debate.

I congratulate the hon. Member for North Warwickshire (Craig Tracey), and for Bedworth, on his contribution—the hon. Member for tile and brick perhaps. He spoke about the potential negative interest of the Government proposal on the emissions trading scheme. I also congratulate the hon. Member for Cheadle (Mary Robinson), who spoke about bricks, pipes and pavers—so she, too, introduced a new product into our debate.

The debate was very informative, as they always are in Westminster Hall. We all learn a lot from hon. Members and their experiences in their own constituencies. Some of the debates are among the best seminars that we can get anywhere.

As hon. Members have said, the industry is important, and I want to praise it for taking the initiative with its EARTH campaign, which has been mentioned. The campaign raises the key issues that the Government need to address in order to secure the future of the industry. The industry employs many thousands of people, and there are 480 ceramic and brick manufacturing businesses in Great Britain, although that number has fallen from 640 in 2009. They are a key part of a modern UK economy.

The highly regarded new extension of Tate Modern is an example of a resurgence in the use of brick in construction and British architecture. The high-profile use of brick in an iconic building, combined with the strong growth figures forecast for the housing industry, which we have heard about, mean that there is a glowing future for the brick industry in the UK, which is renowned globally for its excellent design and architecture expertise and the innovative materials that make that possible.

Recently, the energy-intensive industries have made common requests to the Government, many of which have been mentioned. I will reiterate briefly that the cost of compliance under the renewables obligation compensation package must be looked at, and a level playing field is needed across Europe. We welcome the consultation that the Department for Business, Innovation and Skills is conducting, but action is required.

Carbon emissions can be massively reduced by undertaking research and development into energy saving and efficiencies, new innovations in fuel and energy efficiency, heat recovery, and furnace design. As hon. Members have said, we also need to be protected from cheaper Chinese products, otherwise we have the dumping

of goods being produced for less than the cost of production, as we have seen in the steel industry. That is one of the key demands of the EARTH campaign.

The housing industry needs to be primed to create homes for millions of UK citizens awaiting decent housing, which will help to create demand in many UK materials products, including ceramics, bricks, steel and glass. The UK is pioneering new approaches in the brick and ceramics industry, with research in areas such as kiln firing and energy efficiency. I pay tribute to the work of the industry and to ceramics research centred in Stoke-on-Trent. Research and development in the brick and ceramics industry needs to be systematically spread across the whole of the materials industry.

We have not heard mention of this so far today, but a proposal is with the Government for the creation of a materials catapult, which could bring about the upscaling and commercialisation of relentless, continuous innovation in the materials sector, taking new science from the discovery stage to the practical stage, ready to be picked up by business. However, the brick and ceramic industries, in common with the rest of the UK materials sector, do not benefit from the support of an innovation catapult.

In developing the UK catapults, Professor Hermann Hauser outlined the foreign criteria for a new catapult to flourish: a large global market to exploit; a UK global lead in research capability; and the necessary absorptive capacity to exploit commercially in the UK. The UK materials sector clearly meets those guidelines, so I am interested to hear from the Minister what the latest thinking is on the establishment of a catapult in this field, and whether that could bring the UK into line with other advanced nations, including our competitors in the European Union, which I know the Minister is a strong supporter of, as I am.

**Robert Flello:** The advanced materials catapult is exactly the right thing to do, for the reasons given by my hon. Friend, but would it not be tragic if, at the same time as developing it, we lost the production to other countries?

**Kevin Brennan:** My hon. Friend is absolutely right, which is why the issues that have been identified in the debate are so important and why it is very important that the Minister responds to each of the asks in the EARTH campaign, with particular reference to the Government's slight obsession with pushing through market economy status for China. It is clear from the recent vote in the European Parliament—it was cross-party, cross-sector and an overwhelming result—that there are strong feelings about that matter, yet the Government seem intent on pushing ahead, despite such a strong expression of opinion. I would be grateful if the Minister could update us on whether that is having any influence on the thinking and whether the Government are listening seriously to the voice of industry with regard to that.

I do not want to take up any more time because we want to hear from the Minister, but I urge her to listen to the requests from hon. Members and the demands from the industry, and tell us what she is doing about the proposal to create a materials catapult for the UK sector, with bricks and ceramics at the heart of that research and development, together with steel, aluminium, glass and those sorts of materials. That could give the sort of assurance to those great British industries that secures their continuity well into the 21st century.

5.20 pm

**The Minister for Small Business, Industry and Enterprise**

**(Anna Soubry):** It is an absolute pleasure to serve under your chairmanship, Mr Chope. May I begin by congratulating my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) on securing this excellent debate and everybody who has contributed to it? It is indeed a fascinating subject. Such is my interest in all the sectors in my brief—especially ceramics, because of the breadth and depth of the sector—I am getting to the stage now where I could bore for Britain on the different technologies and techniques and how exciting it is. Yes, it relies on many traditional methods. I am helpfully reminded that brick making is some 5,000 years old, but it pretty much has not changed over those years.

I always have to pay tribute to my excellent Parliamentary Private Secretary, my hon. Friend the Member for Rugby (Mark Pawsey), who, within his constituency has Morgan Advanced Ceramics—actually, this is a serious point. I quickly looked at its website, and when we see the astonishing high value products it makes, it is almost difficult to believe that they all fall within the wonderful broad category of ceramics, which, of course, includes clay pipes.

As I said, brick has been used by people for building for at least 5,000 years for good reason: it is a durable and it is energy efficient. It is to be commended and, if I may say, it should be used at every opportunity. The sector is very diverse, including electronics, aerospace, automotive and healthcare.

After a prolonged and painful restructuring in recent decades, some parts of the brick and ceramic sector have seen a revival in past years. Strong demand from house builders has meant that previously mothballed brick factories have reopened and substantial investment has been made in others, such as the Istock Brick Ltd facilities at Chesterton and Istock in Leicestershire. Unfortunately there is nobody here from Leicestershire, but that is an outstanding company. In ceramics there has been new investment in both technology and factories, with distinguished names such as Waterford, Wedgwood, Royal Doulton, Wade and Steelite leading the way.

In response to the hon. Member for Stoke-on-Trent North (Ruth Smeeth), I want to put the record straight. I do eat when I can—I enjoy eating, in fact. However, I think her point was in relation to the fact that in BIS, apparently, we do not use crockery that has been made in this country.

**Robert Flello:** Shameful!

**Anna Soubry:** It is absolutely shameful—I could not agree more. When we last debated this issue, I have to confess that I did not know Steelite, which is a disgraceful admission from the Minister responsible for ceramics. By a happy chance, that very weekend I happened to be staying somewhere in Scotland—I will not name it—where they used Steelite. It is an outstanding ceramic because it is incredibly durable. It has many other qualities, too—it can be very fashionable and traditional—and I could go on. It has outstanding British quality and it has stamped on its back proudly that it is all made in Britain. I know that the industry has been keen to overcome some of the difficulties it has had. Frankly,

we know that some companies have imported products and then, because they will slip them and perhaps finish them off, they then put “made in England” on them. Anyway, Steelite is made here in Britain and it is brilliant.

The business environment has been tough, and it still is tough for many parts of the sector, especially those businesses that are caught up in the supply chains for sectors such as steel. We all know the difficulties they have been suffering. However, we are getting the fundamentals of the economy right. By way of example, we are cutting corporation tax to 18% by 2020, which is important to support the sector and indeed all manufacturing. We are cutting red tape and investing £6.9 billion. Again, all of that is important, as is our work creating apprenticeships so that we keep our skills base up.

In relation to Stoke-on-Trent in particular, the Stoke-on-Trent and Staffordshire local enterprise partnership has achieved many things. For example, there was £159,000 for Keeling and Walker, Fairey Technical got £159,000, Hygan Products got £30,000 and Siak Transfers got another £10,000 to help them with new jobs and new investment, looking to the future. The Ceramic Valley enterprise zone along the A500 corridor was announced in the autumn statement to help the United Kingdom to compete with the growing technical ceramics sectors in the United States, Germany and Italy. The Government's city deal with the LEP includes a flagship proposal for the UK's first at-scale, low-carbon heat network system, which will support the region's world famous advanced manufacturing and applied materials sectors, including ceramics.

I turn to the sometimes controversial—understandably so—EU emissions trading scheme and reform. We are a strong supporter of the EU ETS as a cornerstone of EU climate and energy policy. It can help industry decarbonise in a cost-effective way in the transition to the low-carbon economy we all want, but the United Kingdom Government believe that improvements to the EU ETS in phase 4 can help it function more effectively and target carbon leakage support at those sectors at greatest risk. What we do not want is for us to be exporting jobs and importing carbon, so we have to get that absolutely right.

We favour a tiered approach that would focus a limited supply of free allocation on those sectors that need it most. Our recent joint non-paper with France sets out a number of potential approaches to tiering. It is important to note that, at this stage, we do not favour any one particular approach. We acknowledge that parts of the ceramics industry are at risk of carbon leakage and we are engaging proactively with the ceramics industry to discuss its concerns. It is always a pleasure for me to meet with it.

We are keen to see more simplified procedures and a potential increase in scope for the small emitter opt-out and to ensure that innovation funding is available for industry. All of those measures can help installations in the ceramics sector. The really important point, which was made by my hon. Friend the Member for Aldridge-Brownhills, who so ably represents her constituency, is that, like all sectors, this sector asks for nothing more than that level playing field. She is right that, as other hon. Members mentioned, it is only right and fair that,

as a Government, we do or do not do stuff to ensure a level playing field. That is a proper and right ask to make.

Turning quickly to EII compensation and what we call the 2050 road maps, the industrial energy costs in this country are higher than in other European countries. We know that we face a genuine and serious challenge in our country, but in answer to my hon. Friend the Member for North Warwickshire (Craig Tracey), who made a very good contribution, eligible ceramics companies can apply for compensation for the indirect costs of the renewables obligation and the small-scale feed-in tariffs scheme. We have been working closely with the British Ceramic Confederation and ceramics companies to help them to apply for that. We have worked closely with the sector to develop a 2050 road map to help it to reduce greenhouse gas emissions and increase its energy efficiency while remaining competitive. We all agree that we now need to see some real action to ensure that our energy costs are cheaper, in particular for the benefit of our manufacturing sector.

I know that MES for China is controversial and I am aware of the vote. The Government of course continue to listen, but we should not get overly hung up on market economy status. Russia has it and the Commission is still able to act to put on tariffs, for example, and so on. Of course, the Government continue to listen.

There were some excellent contributions from all hon. Members. My hon. Friends the Members for Cheadle (Mary Robinson) and for North Warwickshire mentioned Wienerberger, an excellent brick company. It does not

just make traditional bricks, as the hon. Member for Motherwell—I have the wrong constituency again. I apologise.

**Mark Pawsey** (Rugby) (Con): Rutherglen and Hamilton West.

**Anna Soubry:** I thank my PPS for that help. The hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) also made the point that it is not just traditional bricks that are proving so popular. A modern approach to bricks, based on traditional methods, means that bricks are now being seen as a beautiful design and feature in themselves in any work that is undertaken.

Because I am going to run out of time, let me say that I am happy to look at procurement. Perhaps we could do some work in persuading local authorities to do more in the procurement of British bricks.

5.29 pm

**Wendy Morton:** In the short time that I have, I thank you, Mr Chope, for keeping us in good order this afternoon, and I thank the Minister for coming along and listening to us. I was pleased to hear that she is engaging proactively on some of the issues, and I urge her to continue to listen to the sector. I thank all the Members from across the country who have participated in the debate.

5.30 pm

*Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).*



# Written Statements

Wednesday 15 June 2016

## TREASURY

### ECOFIN: 25 May 2016

**The Financial Secretary to the Treasury (Mr David Gauke):** A meeting of the Economic and Financial Affairs Council was held in Brussels on 25 May 2016. EU Finance Ministers discussed the following items:

#### *Anti-tax avoidance package*

Ministers held an exchange of views on a compromise text relating to the anti-tax avoidance directive. Ministers agreed that this file would return to ECOFIN in June for further discussion and possible agreement.

#### *Current legislative proposals*

The presidency updated the Council on the state of play of financial services dossiers.

#### *State of play of the banking union*

The Commission gave an update on several dossiers linked to the banking union: the single resolution fund, the bank recovery and resolution directive and the deposit guarantee scheme directive.

#### *VAT action plan*

The Council held an exchange of views and agreed Council conclusions relating to the Commission's VAT action plan, published 7 April, and a European Court of Auditors special report.

#### *European semester*

Following preparation by the Economic and Financial Committee, the Council adopted conclusions on the 2016 in-depth reviews of macroeconomic imbalances and the implementation of the 2015 country specific recommendations.

[HCWS44]

### ECOFIN: 17 June 2016

**The Financial Secretary to the Treasury (Mr David Gauke):** A meeting of the Economic and Financial Affairs Council will be held in Luxembourg on 17 June 2016. EU Finance Ministers are due to discuss the following items:

#### *Anti-tax avoidance package*

The presidency will seek a political agreement on a compromise text relating to the anti-tax avoidance directive.

#### *Financial transaction tax*

An update will be provided on the progress regarding implementing a financial transaction tax in participating member states. The UK is not taking part in the financial transaction tax.

#### *Strengthening the banking union*

A presentation will be given on a road map regarding strengthening of the banking union, alongside an oral update from the presidency on progress made in Council working groups.

#### *Current legislative proposals*

The presidency will update the Council on the state of play of financial services dossiers.

#### *State of play of the banking union*

The Commission will give an update on several dossiers linked to the banking union: the single resolution fund, the bank recovery road map and resolution directive and the deposit guarantee scheme directive.

#### *Analysis by the Commission on temporary VAT derogations—reverse charge mechanism*

Following a request by the Czech Finance Minister, the Commission will present analysis relating to widening the use of the reverse charge mechanism to combat VAT fraud. This will be followed by an exchange of views.

#### *Implementation of the stability and growth pact*

The Council will be asked to endorse the draft decisions to close the excessive deficit procedures for Cyprus, Ireland and Slovenia based on recommendations by the Commission. As these decisions cover euro area member states, the UK does not have a vote.

#### *Report of the European Court of Auditors on the excessive deficit procedure*

Following preparation by the Economic and Financial Committee, the Council will adopt conclusions relating to a European Court of Auditors report on effective implementation of the excessive deficit procedure.

#### *Contribution to the European Council meeting on 28-29 June 2016*

The Council will prepare a number of items ahead of June European Council. Specifically, Ministers will endorse the 2016 country specific recommendations, part of the European semester process.

Following this, views will be exchanged on: national productivity boards within the euro area; economic and fiscal governance; unified euro area representation at the IMF; and the Commission's recent communications on external aspects of migration and the investment plan for Europe.

[HCWS43]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### EU Environment Council

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Rory Stewart):** I will attend the EU Environment Council in Brussels on 20 June, along with my noble Friend the Parliamentary Under-Secretary of State for Climate Change (Lord Bourne).

Following adoption of the agenda, the list of "A" items will be approved.

Under legislative activities the Council will debate a proposal to reform the EU emissions trading system. The presidency will provide a state of play report on the ongoing negotiations with the European Parliament to agree the national emissions ceiling directive.

Under non-legislative activities, the Council will aim to adopt Council conclusions on the EU action plan for the circular economy and the EU action plan against

wildlife trafficking. They will also discuss a Council statement on the ratification of the Paris agreement.

The following items are due to be discussed under any other business:

- a) NO<sub>x</sub> emissions by diesel cars
- b) Recent international meetings:
  - i) High-level meeting (Montreal, 11-13 May 2016) and preparations for the ICAO assembly (Montreal, 27 September to 7 October 2016)
  - ii) Second session of the United Nations Environment Assembly of the United Nations Environment Programme (Nairobi, 23-27 May 2016)
  - iii) Eighth Environment for Europe ministerial conference (Batumi, Georgia, 8-10 June 2016)
- c) REACH forward priorities for effective regulation (Brussels, 1 June 2016)
- d) High-level meeting “Make it Work” (Amsterdam, 4 April 2016)
- e) Communication on environmental implementation review
- f) Global amphibian deaths—combatting the fungus *Batrachochytrium salamandrivorans* (Bsal) infecting salamanders and newts in the EU
- g) Informal meeting of the Environment and Transport Ministers (Amsterdam, 14-15 April 2016)
- h) Endocrine disruptors
  - i) Work programme of the incoming presidency

[HCWS42]

## FOREIGN AND COMMONWEALTH OFFICE

### Foreign Affairs Council/General Affairs Council

**The Minister for Europe (Mr David Lidington):** My right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs will attend the Foreign Affairs Council on 20 June and I will attend the General Affairs Council on 24 June. The Foreign Affairs Council will be chaired by the High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini, and the General Affairs Council will be chaired by the Dutch presidency. The meetings will be held in Luxembourg.

#### FOREIGN AFFAIRS COUNCIL

The agenda for the Foreign Affairs Council (FAC) is expected to include the Arctic, Sahel, middle east peace process and Macedonia. Ms Mogherini is expected to raise Libya, Burma, cultural diplomacy and the forthcoming EU-China summit in her opening remarks.

#### *The Arctic*

The UK will support the proposed Council conclusions on the Arctic which we expect to be adopted at the Council, following the publication of the Joint Communication on 27 April. The conclusions acknowledge the important role the EU has in helping to meet the challenges now facing the region, and that the EU should focus on those areas where it can add value, such as research, climate change and the environment.

#### *Sahel*

The discussion will focus on the EU's overall approach to the Sahel, and its support to the G5 Sahel group of countries (Burkina Faso, Chad, Mali, Mauritania and

Niger). Ministers will consider how to accelerate implementation of the Mali peace agreement one year after its signature. The UK priority will be to ensure the EU's approach in the Sahel and the instruments at its disposal are focused on tackling the long-term drivers of instability and migration.

#### *Middle East Peace Process*

Ministers will exchange views on the outcome of the international meeting which was held in Paris on 3 June.

#### *Macedonia*

Discussion will focus on the long-standing political crisis in Macedonia. We expect Ministers to register their concern about negative developments in the rule of law, and the impact on regional stability, as well as signal to Macedonia's leaders that they must reverse this negative trend.

#### *Libya*

Discussions will focus on extending EUNAVFOR MED Operation Sophia's mandate to take on two additional tasks: capacity-building and training of the Libyan coastguard and implementing the UN arms embargo on the high seas off the coast of Libya.

#### GENERAL AFFAIRS COUNCIL

The General Affairs Council (GAC) on 24 June is expected to focus on preparation of the June European Council, European semester, inter-institutional agreement, better regulation and transparency.

#### *Preparation of the June European Council*

The GAC will discuss the agenda for the 28-29 June European Council, which the Prime Minister will attend. The agenda will focus on migration, jobs, growth and investment, external relations and the outcome of the UK referendum.

#### *European semester*

The GAC will look to approve the country specific recommendations ahead of the European Council.

#### *Inter-Institutional agreement (IIA) and better regulation*

The Commission's 2017 work programme is tabled for discussion at the General Affairs Council ahead of its release in October. The GAC will also discuss legislative programming in future years.

#### *AOB—Slovakia's presidency priorities*

The GAC will take note of the draft priorities presented by Slovakia for their EU presidency, which begins on 1 July. They intend to focus on four areas: economic and financial; single market; external relations; and migration. The Slovak presidency will continue the work of the Dutch presidency, and be followed by that of their trio partner, Malta.

[HCWS41]

## HOME DEPARTMENT

### Justice and Home Affairs post-Council statement

**The Secretary of State for the Home Department (Mrs Theresa May):** The final Justice and Home Affairs Council of the Dutch presidency took place on 9 and 10 June in Luxembourg. The Minister for Immigration (James Brokenshire) attended the justice day and I attended the interior day.

Justice day (9 June) began with a progress report on the draft directive on the supply of digital content. The proposal aims to advance the growth of cross-border e-commerce in the EU by setting common rules for governing the supply of digital content.

The Council then discussed four files in which the UK does not participate: matrimonial property regimes; registered partnerships; the European Public Prosecutor's Office (EPPO); and the directive on protection of the Union's financial interests. Ministers agreed general approaches on both matrimonial property regimes and registered partnerships, enabling negotiations with the European Parliament to begin. Ministers secured broad conceptual support on a number of issues relating to the internal functioning of the EPPO, and on the directive on protection of the Union's financial interests, Ministers did not reach agreement on a number of compromise options. The presidency then presented a progress report on negotiations to extend the European criminal record information system (ECRIS) to third country (non-EU) nationals. The Immigration Minister intervened to support the principles behind the ECRIS proposal and to emphasise the importance of finding a suitable technical solution to data sharing.

Over lunch, the presidency facilitated a discussion on compensating victims of crime, focusing on improving co-operation and sharing best practice. The Commission committed to look at practical steps to support improved co-operation.

After lunch, the presidency sought a steer from Ministers on work to improve criminal justice in cyberspace. The Immigration Minister intervened to agree the importance of tackling cybercrime and to stress that best use should be made of existing tools.

Under any other business, the Commission informed Ministers that a code of conduct to combat hate speech online had been developed with the IT industry and the Commission will present an impact report to Council in December. The presidency also updated Ministers on outcomes from the recent EU-US JHA ministerial meeting on 1 and 2 June. Finally, the incoming Slovakian presidency presented its justice and home affairs priorities. The A points were then adopted.

Interior day (10 June) began with a discussion on the draft weapons directive, which relates to control of the acquisition and possession of weapons. Supported by other member states, I intervened to welcome the progress made, but underlined the potential to go even further in ensuring appropriately high standards of regulation. The presidency concluded that there was support for a general approach and trilogue negotiations with the European Parliament will now begin.

The Council then turned to the presidency's data sharing road map. The road map contains a number of

practical proposals aimed at enhancing data sharing between member states to enhance security and law enforcement, which reflects in particular proposals made by the UK and France. I fully supported the presidency's prioritisation of this work to enhance internal security across Europe, particularly the sharing of data between Schengen and non-Schengen member states. Several member states supported both my position and the objectives and actions set out in the road map.

The discussion on the fight against terrorism focused on a paper from the European Counter Terrorism Coordinator (EUCTC) which made a number of recommendations to advance work to tackle the terrorist threat. I welcomed the role of the EUCTC in supporting member states in tackling terrorist finance, online radicalisation and firearms, and stressed the clear difference in mandate and competence between the work of Europol and that of the member state-driven Counter Terrorist Group (CTG). The CTG, which has provided a multilateral platform to enhance co-operation between independent European intelligence services, also gave a presentation.

The Council noted a report on the implementation of the renewed internal security strategy and the presidency updated Interior Ministers on the outcomes of the EU-US JHA ministerial meeting on 1 and 2 June, and the outcomes from the high-level meeting on cyber security on 12 and 13 May.

Over lunch, there was a discussion on migration through the central Mediterranean route and the Commission presented its communication on external migration. After lunch, the Council discussed the implementation of the EU-Turkey statement of 18 March. Supported by the Commission, I intervened to ensure a continued focus in the Council on the effective and full implementation of the statement by leaders.

The Council then discussed proposals concerning the relationship between the Schengen states and Georgia, Ukraine, Kosovo, and Turkey. There was an exchange of views on these proposals and the Council did not agree a general approach on Georgia. The UK does not participate in these measures.

Next on the agenda was the European border and coastguard, where the presidency provided a progress update on negotiations with the European Parliament. The UK does not participate in this measure.

The Commission then presented its proposals to the Council on reform of the common European asylum system. Finally, the incoming Slovakian presidency presented its justice and home affairs priorities to Interior Ministers.

[HCWS45]



# Ministerial Correction

*Wednesday 15 June 2016*

## CABINET OFFICE

### EU Referendum

*The following is an extract from the debate on the EU Referendum: Voter Registration on 9 June 2016:*

**Dr Liam Fox** (North Somerset) (Con): My right hon. Friend says that the problem of ballot papers being issued to those who are not eligible to take part in this

election has been identified and cured. Can he therefore give us an idea of the scale of the problem? How many of these wrong ballot papers were issued?

**Mr Letwin:** We believe it to have been around 5,000.

*[Official Report, 9 June 2016, Vol. 611, c. 1364.]*

*Letter of correction from Mr Letwin:*

An error has been identified in my response to my right hon. Friend the Member for North Somerset (Dr Fox).

The correct answer should have been:

**Mr Letwin:** We believe it to have been **3,502**.



# ORAL ANSWERS

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