

## **Tony Travers Q&A**

### **Rural Services Network**

### **Rural Conference**

**6-7 September 2016**

#### **After Tony Travers speech has finished...**

#### **Cllr Cecilia Motley**

Tony thank you very much indeed for that, it is fascinating actually because it is terribly interesting to have a little more light played on the complexities of all this and one of the things that I am particularly interested in is whether Mrs May is being particularly cynical in putting her Brexiteers right up front there and then potentially hoping that they then all fight each other to the death and she's then going to have to step in and sort out the mess.

#### **Tony Travers**

And they say that certainly of the three main Brexiteers that there is an agenda issue there as well because these male egos will be fighting it out in these departments. I mean cynical or you might say wise, let's choose wise as a more neutral, I think it was an intelligent piece of politics on her part to put these leading pro-Brexit campaigners in the positions as it were to come up with the deal and we have already seen that not only are they having to share the Foreign Secretary's grace and favour residence in Dorneywood, but they have clearly fallen out and are finding it quite difficult to get along, and I think she may well in the end have to sit back for a bit, observe it and as I implied, I think she will end up doing a lot of the heavy lifting and I think you have to be careful, going to these international summits is very tiring, all the flying and then meetings, but I did think that she had been there for 2 or 3 days that it did look quite an exacting pressure on her and I think the pressure on her in the end to make Brexit to mean whatever it means will be profound and, as I say, there are so many expectations in all of this which boil down to, we want lots of things to change, but we don't want lots of things to change! We're all guilty of this in everything we do or say to politicians, I am always very defensive of politicians because we the public, and I realise that many of you here are actually politicians as well, but we the public often want flatly contradictory things as politicians, not least of which is higher spending and lower taxes, but now we want Brexit to mean radical change but for any individual to mean no change at all. My business mustn't be effected, I want massive changes in general, but not effecting my business or my area. Now it's up to politicians to sort that out, that's why they go into politics, so I do think she has been clever and she's definitely her own person, but I do think she's going to end up doing most of the work.

#### **Cllr Cecilia Motley**

Questions please, I didn't mean to hog all this, but it has just been fascinating.

**Q: Chris, Guildford Borough Council**

We voted largely to remain in our part of the world, but one of the issues which seems to have characterised the vote is about the disconnect between the voters and their representatives in parliament, their local MPs and I just wondered what your view is of the opportunity or how the elected politicians at any level, obviously the MPs, but also in the lower tiers of government, what they can and should be able to do to re-engage the communities and actually get some of the real truthful messages out about what we have been through and what we are going to be in for.

**Tony Travers**

Clearly the Brexit vote by over 51.5% to 48.5% was in part against, there were lots of reasons, but one of the clearly was a sense of distant power, distant power in Brussels and lots of people who would have voted to remain in the EU probably saw Brussels as a bit distant, you could believe I want to be in the EU and I think Brussels is a bit distant and a bit over-bureaucratic, both things can be thought at the same time. But the difficulty for Westminster and Whitehall is that there is no escape now. Everything that was previously blamed on Brussels, which included many things that Brussels could have no responsibility for, will now be blamed on Westminster and Whitehall and rightly so. Is there a opportunity for what I now have carefully called sub-national government to embrace everything from Scotland to the smallest parish council in one great swoop of a hand? Of course there is, because national politicians, who by the way are selected, be they conservative or Labour or Liberal Democrat or other, certainly if they are party politicians by local parties who many of you will be involved with, so all politics is local in that sense. MP's are themselves pretty distant, I am not saying individual MP's, many individual MP's are good and work locally very well, so I do think so for what is often called the metropolitan political class, there is a big danger if they do not now devolve some of this power, the extra power, they are going to inherit extra power from Brussels, though not as much as they thought in some cases, and then they need to ensure that more decisions are made locally if we are not to get a repeat of people feeling, well we voted to leave the EU and now all these decisions are still made in this distant way in London. The obvious ones, if you think of some of the structural funds, South Wales politicians, that money will come from London now and not from Cardiff and in Scotland now and Northern Ireland, Belfast and Edinburgh, so I think there is a big risk for UK national politicians that they now inherit the mantle of distance, which they are already distant, it is a very centralised Country. I do think that there is an opportunity for counties, districts, unitaries to make the case, for if we believe in handing power from Brussels to London, we should hand power from London to the rest of the UK.

**Q: Ed Knowles**

You've briefed us well on the challenges that face the Country in terms of Brexit, I wonder if you could give us some views on when the PM says Brexit means Brexit, do we think the second Brexit is actually the same as the first Brexit, because given those challenges, i think there are a lot of things in terms of expectation that's going to need to be managed over the next 2 and a half years , and whether or not Brexit actually means [] because that's how it feels it's going to be.

## **Tony Travers**

As I tried to imply in as fair a way as I could, the EU referendum was a bit like a general election but between a known political party and a collection of independents. That's not to be critical of those who wanted to leave the EU, not at all, but the truth is, as I implied earlier, their views on some issues and trade was the most obvious, ranged from absolute out and out protectionists all the way through to the Economist from Cardiff, Minford, no trade barriers at all. That would mean in effect the end of all British manufacturing and probably agricultural industry if you did that, just drop all trade barriers, the world could trade with us on their terms and we would have no barriers at all. This is a theoretical economist's argument so it can never be like that and the great thing about British democracy, despite me being mildly critical of it being over centralised, and David Davis did say this the other day, this has to be a deal which people whether they voted leave or remain all get something out of. It has to be a census and a compromise, which is why Brexit means Brexit, fundamentalists are not going to get what they want. The remain side will get more oddly of what they want because they felt they'd lost completely but actually in the end they are going to get some of what they want back, that's why it is going to be an asymmetrical outcome in terms of the fundamentalist leavers and the fundamentalist Europhiles. So I think that it will have to go to parliament regularly. The whole purpose of leaving the EU I thought was to get sovereignty back to Westminster, that's the major democratic purpose, so I think a lot of it will have to be voted through by Westminster and MP's will not vote through things are bad for rural interests, the car industry, Scotland, you name it, when it comes to it, they will vote in blocks and against cross parties where necessary to get what they want. County Councils Network, I made this point when we were talking before we started, effectively stopped acadamisation. It was Conservative leaders of County Councils who put their foot down, worked with Conservatives in Parliament, to effectively, though they didn't put it quite like this, but it was a very interesting piece of politics, to break the Government's authority. We have seen from that how Local Government using it's MP's can change things. There will be a lot of that with this. I do think it will come down to a more parliamentary solution. It was a referendum sure, a yes no vote, but nothing in Britain is ever black and white, a or b, ever for very long.

## **Q: John Haworth, Gloucestershire**

I have two points, first of all, all this extra work that is going to have to be undertaken to get us out of the EU is going to cost an awful lot of money at a time when we are already in austerity and is that not going to mean that rural communities at the end of the food chains is going to have far less investments and development cash to work with.

And the second point is, you touched on devolution and I think that because we have always blamed Brussels for everything, we can't blame Brussels in the future, we are going to blame Westminster, so we have got to have powerful regions, not just county councils, but regions, to be able to be closer to the people, so do you think that devolution will actually happen as a result of the Brexit?

## **Tony Travers**

I think the costs will be significant, as I mentioned, consultancies and particularly lawyers do not come cheap and there will be a lot of work for consultancies and lawyers, it is going to cost billions to do it. As an upfront cost if you were a pro-Brexit person, if you were in favour of leaving the EU, you would see it as an investment which we will get back over the years, but it will cost money and whether rural areas are necessarily going to be the biggest losers out of that, in fairness, there is a story in the newspapers today about how many economic consequences of leaving the EU have included a fall in interest rates, not good for savers, but very good for governments. It is going to save the Government money in terms of servicing its debt, so even though the debt is growing, the cost of servicing it is shrinking because interest rates are low and anyway, the UK Government, despite everything is still a very good place to lend money to. So that will save the Government money oddly, so with the cost of Brexit with the savings on interest rate payments on national debt. But I do think the general point you make is the risk of the rural voice, well let's put it this way, unless the rural voice is strong, it won't be heard. And the lobby has to be one that will have to work more powerfully now than ever before because trade associations working for let's say the car industry, will be, and rightly, working very hard. But the rural lobby is a different thing and has generally existed for different purposes. What it hasn't traditionally been about, and I stand corrected in a room of people who know more about this than me, thinking about the terms of Britain's relationship with the rest of the world in terms of rural economies. It has been about issues to do with the countryside or small schools or rural bus services, but not about what economy and what package of deals made by the UK Government would be the best one for the rural economy and that will have to be altered quickly, because as I say, the car industry, cities, Scotland, Wales will definitely. Wales, Scotland and Northern Ireland are all going to have a place at the table in the negotiations, but other interests won't. The local LGA will be consulted, but the LGA itself is a club representing all sorts of different interests, so that's the first point.

On regions, I think regions are not going to happen in England if I'm honest. I think the experience of the last Labour Government in the North East and the 3-1 vote against the North East region, the North East being the area of England the most likely one would have thought, to have the homogeneity to vote for a region. It was a pretty feeble offer by the way at the time, but it was rejected.

So, never say never, but I think regions as units of government are probably not going to happen, a) Conservative governments have never been very enthusiastic about regions, and; b) nobody now thinks regions are the answer. That's not to say that they couldn't come back in the future. We are left with groups of counties, groups of interest groups amongst counties and districts and so on.

## **Q: Christopher Brice, CLA**

This is an observation rather than a question. You mention that the [] that rural areas have voted overwhelmingly for Brexit. I think there's quite broad miscommunications ? of that. We have spoken to a lot of MP's of all parties over the Summer and more recently now they're [] senior

officials and there's quite strong resemblance about that state of affairs. Most MP's are pro-remain. They are seriously p'd off that their aspirations for society and the economy etc have been undermined by rural areas, then they have rural organisations such as all of us coming up to them saying we want the same as whatever we have got from Brussels, so they are saying, why did you vote Brexit then? It has just set this band wagon running, such [ ] difficulties trying to persuade ministers that rural areas should get significant funding. Already we are hearing, why do you need that, do you not worry about schools and hospitals in urban areas. I think it has got worse for us in many ways in what we are trying to achieve, not better.

### **Tony Travers**

It is a wise observation actually in terms of real politque, it is I think inevitable, I've already heard it, you're absolutely right, South Wales, Cornwall, strong vote to leave, now we want all the money. Having said that there is always what I call the Mr Putin vs Russians way of looking at this, which is we all like Russia and Russians, while not liking Mr Putin necessarily. The truth is that even in the most massively pro-leave areas, 30-40% voted remain and in a democracy, we always have to respect minorities and so if, take Cornwall as an example, if Cornwall votes to leave, which it did and then the local government of Cornwall, Cornwall Council, then argues that we want to protect our money, I think in a democracy they can reasonably say we speak for the people of Cornwall, leave and remain. Your point is a good one, so I am not saying that politicians will not think, hang on this is a bit odd, but in the end people are allowed to vote and fairness to people who voted to leave, they were told by lots of people on the leave side, you can have all the money as well. Many of you may have seen on Newsnight the other night a group of Brexit voters who had been interviewed by Emily Maitlis, and she said to them at the end of the interview, what about the NHS commitment, do you think you're going to get the money and the response was, no we never believed a word of it. So, even Brexit voters, they themselves never believed all the stuff about the extra money for the NHS, because whether you were in favour of leaving or remaining, we are all sceptical, cynical even about national politicians and what they say. So, I think that you are right that there will be a slight sense of people in rural areas having voted to leave and then voting to get everything back again. I suppose the more positive final thought I put is, if payments to rural areas through the CAP and the regulation of rural areas is to change, then what would be better than we have now? What would be better than the CAP? What would be better than the existing regulation of the countryside and put the positive casing using the dislocation that comes with the reforms to produce a better system.

### **Q: Christopher Ness, Derbyshire District Council**

We currently have being paying money into Europe and I think we might get about half of it back, I'm not sure on that, but theoretically then, Brexit means that there is a net saving to the Country. Is it real money? And if it is real money, what can we do with it after Brexit?

**Q: Jerry Savage, South Norfolk**

This is a bit of a continuation of something previously asked, but there has been no clear promise that agriculture will receive the same amount of money as they have been receiving from Europe and that means that the rural economy, if it doesn't receive the same amount of money the rural economy will be diminished. There has been short balance due to the monetary reflection of Brexit, but that seems to be over and it may well be the prosperity of agriculture will have a very serious effect on local government in rural areas.

**Q: Janet, West Sussex County Council**

It worries me who I can best lobby to make sure that we do still retain a lot of very beautiful rural areas in as much as yes, it is the big prairie farmers that need looking after as well, but the little people, let's call them, who look after our countryside and provide hedges and woodlands and the non-economic stuff that people like to come and look at in the beautiful rural areas, which is a huge part of the tourist industry. Where can I go and where can I lobby to make sure that they are looked after, plus the fact that we are worried in our part of the world where we have a huge horticultural industry and hence a lot of workers that are not necessarily born and bred in West Sussex or anywhere in the South of England and they would be completely devastated if any of that came to an end and they couldn't get these workers in.

**Tony Travers**

I think the UK's net contribution, and this was so controversial during the referendum, but I think if you stand back from all the money we put in then the rebate, all the money we get back, the gap is about £5billion. We are a big net contributor but as a per capita sum we are not a large contributor. Some of the other countries like the Netherlands are bigger contributors per head. Will that work? In theory, once all the costs of leaving the EU and everything else has been taken into account, that extra money should be available. All I would say is that the UK Government public spending in Britain saw a £800billion a year, so the £5billion is about a half of 1%, or it will be by then, of all UK public expenditure, so in principle, that little bit, well not little to you or me obviously, that chunk of money would be available but it is of course fairly tiny in the great scheme of things. If the economy hasn't grown as fast as it otherwise would have done, again I cannot predict that, it is going to slow down a bit, maybe the tax take will be lower anyway, so there wouldn't be that much extra, but it is almost as if you were to have to produce a number, well it'll be about that size.

The future rural areas, I do think in terms of the various funding streams and the reliance, we know that CAP is by far the biggest element of EU spending. Originally we know this to largely to keep happy French farmers, British farming interests have indirectly benefitted from the lobbying power of French agriculture, I think it's fair to say that, for a number of years. That will now go, so that's a second issue. Because I have no idea what is going to come out of this, what I think is almost certain is that the CAP will not continue in its current form, the question is what will emerge instead and will it favour production subsidies, tending of beauty and countryside, views and vistas and

aesthetics? That will depend on an argument at Westminster. That will be fought out on the green benches in the House of Commons and don't forget them, the House of Lords, but I can see there is a risk, because within the great scheme of things agriculture is a very small part of British industry, very important in the countryside, but much smaller than many other industries. So if this comes out accidentally wrong, then the impact on the income of local government in rural areas, given we're moving to no grant and council's depending fully on council tax and business rates, could be significant in terms of the income of local government as well.

Lastly, how can, as it were, the smaller interests, the traditional smaller interests in rural areas, get their voice heard? It is not very good as a piece of advice, it's not bad but it's not dramatic – MP's really, the MP's are going to decide a lot of this. Your local MP I suspect, whether you think they are good or bad, is the direct contact you have to this process and they simply need to be encouraged to take the interests that you are concerned with, find other MP's with a common interest and lobby together for the things you are worried about. The precise nature of the rural economy we want to come out of all of this, hasn't been discussed at all yet and that will need to be articulated in order that anybody can do anything about it. I would start with the MP's myself.

### **Janet Dwyer**

I just wanted to make a comment on the discussion that has been had on the CAP and agriculture. It is a subject that I have studied for 30 or 40 years. I think in respect of looking forward, the British government has spent 50 years that it didn't support the CAP and the way it worked and the thing that they say consistently is that they would prefer not to have is what Tony called Pillar 1, the direct payments to the farmers, the subsidies which are for a whole load of reasons forcing farmers to get together to do income support or to do with stability and planning [----??] for businesses. Those supports are very regionally differentiated in the Labour patch shall we say, so if you looked at the marginal areas of the country those supports are absolutely critical to the viability of most farmers' businesses. It is less the case as you move to the more productive areas of the country though even there those supports might have 30-40% of farmers in them [?] depending on what they are producing. One sector which is much less supported under that system is horticulture and I think that is a sector that actually might do quite well under some of the changes that are to follow. Thinking about the countryside and management and conservations [?] that is something that the UK has always prioritised in its ability to effect the way in which the CAP subsidies are used, so the second pillar in this Country of the CAP is very largely devoted to countryside and management through the environmental schemes that farmers sign up to, and my view going ahead is that if the Government chooses to save anything much from the CAP, that would probably be its first priority.

The next thing in line I suppose in the list of possible things to be saved, would be something to do with local action and local economic development, because that is very much in line with the Government's wider intent with growth and jobs, but how that works and what replaces me here and what's the future for that I think [????] as Tony said in his final comments.

### **Tony Travers**

Responding to that, if I remember right, and you're an expert on this and I'm definitely not, one of the earlier purposes of the CAP as part of the EEC was to ensure that Europe was, if not self sufficient, but capable of providing most of what it needed for itself and that begs the question for the so called British industrial strategy, about whether self-sufficiency or non self-sufficiency, which ever the Government came down would be interesting wouldn't it? If we take the view well we can trade with anybody and buy blueberries from, it's not my hot subject, but how many times a month do I hear people say, oh what we need is the New Zealand model, I've no idea what the NZ model is personally, but they say in an airy way and so I think the question of getting the government to state what its purposes are for agricultural, industrial strategy and support as part of the rural economy early on would be something at least to ask for, because at the moment I'm not sure they do other than broad generalisations do they.

### **Cecilia Motley**

Thank you very much indeed, we have had the most fascinating morning. It is always great not just to have a fascinating commentary but also just to be able to take a wide range of view of the potential and the pit falls that may face us in the future and I would like to thank you very much Tony for coming and giving us this. Also to Janet for her excellent contributions as well.