



HOUSE OF LORDS

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Inquiry on

VISIONS OF EU REFORM

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Questions 1 - 9

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11.30 am

Witnesses: Dr Hywel Ceri Jones and Dr Joanna Hunt

Members present

Lord Boswell of Aynho (Chairman)
Lord Davies of Stamford
Baroness Falkner of Margravine
Baroness Prashar
Baroness Wilcox

Examination of Witnesses

Dr Hywel Ceri Jones, EU Funding Ambassador for Wales, and **Dr Joanna Hunt**, Reader in Law, Cardiff University

Q1 The Chairman: This is a meeting of the Lords Select Committee on the European Union. It is a public evidence session. I would like to do two things in setting it off. The first one is to thank the Welsh Assembly for their facilities and help with this. It is important to us to be able to come to Cardiff and get the minds of people as to this important issue for the United Kingdom as well as for the European Union. The second is very warmly to welcome our two witnesses. Dr Hywel Ceri Jones is former chairman of the Wales Governance Centre and currently EU funding ambassador for Wales—I gather it does not extend to your own salary, which does not exist—appointed by the Welsh Government, and with a very strong track record as an insider in matters European. We very much welcome your participation. Then there is Dr Joanna Hunt, who indeed I recall seeing on the last occasion I was in Cardiff talking about matters European. We appreciate very much your engagement as an academic in this area involved, for example, with the ESRC and the new UK in a Changing Europe project.

My colleagues are all members of the Committee: Lord Davies of Stamford, Baroness Falkner, Baroness Wilcox and Baroness Prashar. I hope it is by way of reassurance to say that we have a fairly strong tradition of impartiality and non-partisanship, which I am sure we will want to reflect this morning. Equally, we have about an hour, if you have, and we would like to make this as reasonably free-flowing as we can. There is a structure with some questions, but I would encourage my colleagues but also you to participate in any point that seems of interest to you.

We are putting this in the context, and the inquiry that we are now conducting is in the context, of the United Kingdom's wish for European reform, its entrance into a process of renegotiation with colleagues in the European Union, and the eventual outcome into a referendum resulting in a decision whether to stay or leave. In this process, perhaps I could

ask Dr Jones this question first. Do you feel you have a clear understanding on the one hand of what the UK Government are seeking to achieve in their discussions on reform ahead of the referendum? Equally, do you have any sense from contacts with colleagues of how Her Majesty's Government's efforts are perceived elsewhere in Europe?

Dr Jones: Diolch yn fawr am y cyfle i fod yma bore 'ma, a diolch yn arbening am gyfle i drafod cwestiwn mor strategol a phwysig am berthynas Cymru ac Ewrop yn y dyfodol. I wanted to thank you very warmly for the opportunity to be here this morning and to discuss with you and your colleagues the very important question of the future of Wales and the UK in the future reformed EU. The first question is quite clear to me. One learns mostly about the developing agenda—the so-called Cameron agenda—through the media. I am aware of potential agenda items and the broad thrust of them. I wanted to refer to the fact that a couple of months ago I read the very interesting report of the Irish Institute of International and European Affairs, *Britain and Europe: The Endgame*, an analysis of the whole ball game, which rehearsed the issues and dealt with them. I thought that was a very interesting contribution.

But you know, as I know, that the devil is in the detail. We are all waiting now for the Prime Minister not just to table the agenda items but to flesh out what is intended or what is desired. That is the beginning of a process that engages 27 member states in reacting. Some of the areas will be already well known and well rehearsed in the corridors in Brussels and in the bilateral conversations the Prime Minister is having, but we have a long way to go. There is undoubtedly a will on the part of all member states to successfully conclude some arrangements that can retain the UK's membership. It is vital to the EU, as I believe it is to the UK, to remain in the EU.

On the second question, my sense of the reactions around Europe, I am not a big expert, frankly, but it is that some of the media discussion around the potential agenda items gives people on the continent a sense of shadow-boxing and probably some concessions in the political situation here to the Eurosceptic popular opinion in the country. I feel that that opinion will be widely held across Europe, although I recognise that we are not the only member state in the European Union that has popular movements on the right and the left raising all kinds of issues.

Q2 The Chairman: In terms of the structure of this process—you will have long experience—do you sense that in a way there is an analogy with the 1975 referendum process with Harold Wilson, where there was a renegotiation perhaps of a rather small nature then

leading to a referendum? Is it that kind of thing on which the Government are embarked at the moment?

Dr Jones: I have been thinking about that over the last year. I do not think it is very helpful to refer back to that period. The whole situation, the perspectives and the degree of experience of the United Kingdom in the whole process have changed and moved. I like to remind people that the United Kingdom at all levels, every minute of every day of every year, is involved in negotiations on some aspect or other of EU business, so it is very irritating—we suffer it daily in the media in Britain—to refer to Brussels as if Brussels is somewhere where these magical decisions on everything are taken to standardise the idea of, the super-state, and all this. It is absolutely not like that.

I sat in for the Commission for about eight years on COREPER. You know very well that the UK has always been a very important member state in the configuration of member states, working in the corridors and around the table. I feel really that most of the reform agenda that the Prime Minister has tabled could have been dealt with successfully within the framework of the EU as it is. I am for reform. By the way, I am even more for reform of the United Kingdom. That is a more urgent issue than some of the items now on the agenda with Brussels.

The Chairman: On that note, perhaps Dr Hunt would like to join in.

Dr Hunt: The point Dr Jones made at the end that a lot of what seems to be on the agenda could be accommodated within the current treaty set-up is clear. My take-home from what seems to be the agenda is very much that the UK Government are seeking an acknowledgement that the commitment to ever closer union that we have within the preamble of the treaties is counterbalanced by an acknowledgement of the multiple geometry—the term that is used—that is also at work within the European integration process: that we are not looking at all the states being on the same path but just going at different speeds, but that there are alternative paths available and that they are permissible.

Lord Davies of Stamford: It is ever closer union of peoples.

Dr Hunt: It is absolutely. It is ever closer union of peoples, and then that centralising notion is immediately counterbalanced by the emphasis on subsidiarity. The full phrase that is used in the Treaty on European Union is, “an ever closer union among the peoples of Europe, in which decisions are taken as ... closely as possible to the citizen”. It is quite telling that we tend to hear in the UK, from various sources, only that first part of the statement rather than the second, more decentralising aspect.

Perhaps there is a desire to have a treaty commitment—something within the preamble—that confirms that multiple geometry is part of the set-up, but it has been part of the set-up for over 20 years. It is not a temporary aberration. We have clear areas of opt-outs. We have enhanced co-operation written into the treaty. We have a European Council presidency conclusion from 2014 that notes, “The concept of ever closer union allows for different paths of integration for different countries”. We have this as a fact of life, but there is that desire to have that commitment explicitly acknowledged.

Following on from that, when we look at the headlines that we have seen so far to do with the agenda and fairness, at how we manage differentiated integration, at how those decision-making processes take place and how protections are within the system to ensure that interests are not side-lined in areas where a state may have opted out—things like double majority—there is that institutional desire to have those things formally within a system, but we are there already with the Council presidency and with the fact of life that these things happen. That could be achieved with the rules on decision-making; perhaps we could get there with something like the Luxembourg compromise. There is scope for those things to be accommodated, but there seems to be a very real desire to have these explicitly set out within the treaty.

The Chairman: That is an interesting analysis of the position of Her Majesty’s Government. Would you say that that is shared, or at least acquiesced in, by the other European countries? You may want to come in on this too, Dr Jones. Are we asking for something that people are minded to concede as a principle because they do not think it is derogatory of other parts of the principles of the European Union, or is it going to be difficult?

Dr Jones: I do not think it is difficult in the big sense, because what was in the preamble to the treaty originally was an aspiration. It was a commitment to a sense of partnership between peoples. It was more about the spirit. It was never intended to be code language for a super-state or a federal Europe. I worked over the whole period of the great days of Jacques Delors as President. Not once did I hear him use or refer to these words. It was always a Europe of the member states. Later in that period, when the principle of subsidiarity was first raised—by the way, by Jacques Delors and a member of his cabinet—and the idea introduced, that was widely welcomed.

A number of member states are extremely sensitive about respect for diversity of their positions, their cultures and the way their rules are organised. That is why you have seen a progressive move away from the first phase of simply harmonising directives towards a long

phase now of framework directives that permit flexible implementation and monitoring according to who is in the ball game.

Dr Hunt: I would agree. There is a sense that generally states are comfortable with this idea of multiple geometry. The concerns are that we simply do not know the detail and we do not know across the piece what is part of the renegotiation requests. We will no doubt come to the position of national parliaments. We can no doubt see that there could be general support for a development of that role, but we do not know specifically what Her Majesty's Government wish to achieve with the development of the role of national parliaments. At what point is this "red card" going to be played? Is it going to be played collectively or unilaterally? Is it going to be ex ante or ex post the adoption of legislation? How fundamental a challenge to the principle of primacy of EU law is that going to be? As yet, we do not know. The package as a whole needs to be seen.

Q3 Baroness Prashar: Dr Jones, in response to the Chairman you said there are reforms that you would like to see. Is it possible for you to spell out for us the reforms that you would like to see, given your inside knowledge of the European Union? Related to that, is there a distinctive Welsh view of the UK's EU membership?

Dr Jones: I do not have any issues that I would like to put up for a referendum. If you are asking me whether I have a number of concerns that I would like to see handled within the continuing reform process that is happening all the time—

Baroness Prashar: That is what I am after.

Dr Jones: In particular, I am not happy with a very narrow definition of the concept of competitiveness, which seems to be propagated, perhaps naturally, by the Prime Minister. There are many ingredients in trying to achieve economic competitiveness: the quality of our education and training systems; the manner in which we look after the interests of vulnerable groups and demonstrate the relationship between self-improvement, work, prosperity and social justice. There are many elements in such a definition. In a way, that is about the balance between economic and social policy. For my mind, those two go hand in hand.

That takes me to the second question. It is profoundly against the interests of Wales and Welsh people for there to be any suggestion even of leaving the European Union. The coherence of the fit of European strategy and Welsh government strategy is absolutely perfect. It is surprising, perhaps, but there it is. You can look across the whole policy agenda of the Welsh Government—and I have had to do it in this work I have been doing over the last year—whether it is in relation to agriculture, rural development, innovation, research, development or training and education, and across the piece you can see the added value of

the linkage between the developing European policies and what we want to do in Wales. The centrepiece of that for me is that we are struggling hard with our special history in Wales, which you will know a lot about, to develop a really strong knowledge-based economy when we have a real problem here of low skills and low pay in quite a lot of the society. A lot of the stuff that is going on is centrally important. I would like to talk at some point about the importance of young people in that context and the education and training side, but I do not want to divert into that at this stage.

Last week, Jane Hutt, the Minister for Finance, echoed the words of the First Minister here that it would be devastatingly traumatic to envisage anything that would pull the plug on the relationship. It would pull the plug in particular on Wales's view of itself in Europe and in the world.

Baroness Prashar: Do you have anything to add, Dr Hunt?

Dr Hunt: Picking up on a couple of points from Dr Jones, we can agree about certain principles and concepts. Something like competitiveness is not necessarily problematic, in itself, from a Welsh perspective, but it is how we define competitiveness, and particularly what the place of social rights is within this. We still do not know whether they are on the reform agenda or not. We have had President Juncker's state of the union address. He talks about a "pillar of social rights" on which focus will be placed next year; they are going to return to the position of social rights. That might underpin a model of competitiveness that might be more comfortable from a Welsh perspective, given the tradition of centre-left Governments that we have had in Wales, but might not fit with the broader UK Government's position on what competitiveness might be.

Speaking about whether there is a Welsh view, we have the context that Wales remains within the UK a net beneficiary of EU funding—that part of the context is quite clear—but it will not always be. We can imagine that that is going to shift at some point.

The Chairman: This reflects the pattern of structural funding, presumably.

Dr Hunt: Absolutely, yes, as well as common agricultural funding, which is so critical in Wales. We have that tradition of having the support from Europe and the connections—

Lord Davies of Stamford: Your assumption that Wales will not continue to be a net recipient is based on an assumption that the Welsh rate of economic growth will be faster than the average in the EU. Is that right?

Dr Jones: Yes.

Dr Hunt: Yes.

Lord Davies of Stamford: Yes. That is logical. I understand that.

Dr Jones: That takes us back to another question, which is the insistence by the Prime Minister on the importance of the internal market as if that is the only thing that matters in the whole EU strategic concept. I place alongside that the principle of economic and social cohesion: the idea, invented by Delors and in the treaties, that the internal market and its fruits and benefits should be shared in a way that enables all regions of the European Union to be pulled up to the standard of the best, hence the investment in cohesion and structural policies and structural funds. Wales has been a beneficiary now since 2000, when the Assembly came into existence, and has benefited considerably.

Now, as I said earlier too, the fit between the Europe 2020 strategy and targets and our own targets here in Wales is almost identical. We have been very comfortable with that. That is why any notion of restricting the definition of “internal market” would be very difficult and challenging for us, and probably unacceptable to most Welsh people. But the devil is in the detail. What does it mean?

Dr Hunt: If I may just make one more point on a Welsh vision of EU membership, it is important to stress that although we have a very clear commitment from the current Welsh Government that remaining in is essential to Wales’s interests—and you made reference to the fact that we have Ministers and the First Minister referring to anything less being a “catastrophe” or a “disaster” for Wales—this does not necessarily play out as far as the Welsh public are concerned. A colleague of mine, Professor Roger Scully from the Wales Governance Centre, is part of a project along with Edinburgh University charting public opinion on these matters. We see there that there is not a majority view that membership is in Wales’s best interests. Also, looking at the polling data that comes out on where Wales sits, it is closer to the English view in terms of whether membership is in the best interests of the country.

The Chairman: You said the Welsh public opinion was closer to the English position. Closer than whose?

Dr Hunt: Than Scotland’s. I have figures here. Most recently, we have Wales saying 42% or 43% to remain, 38% to leave, and then a large number of undecided, which is just in favour of remain, whereas the English position is the other way round, but again only slightly. In Scotland, we are looking at a quite considerably higher proportion of people saying that they would vote to remain.

The Chairman: Do you have any view as to why that might be? Is this income related? Is it structurally related? Is it institutionally relevant, or what?

Dr Jones: It is entirely media related. We have a poverty of media coverage in Wales. You can have a look at the Institute of Welsh Affairs report last week on the audit of the media in Wales. You will see the diminution of the number of newspapers in Wales. The *Western Mail*, the so-called national newspaper of Wales, is now down to 16,000-odd. There are other indicators in that report. We know that in the Valleys, which have been huge recipients of structural funding over the years, many of them are readers of the *Daily Mail* and *the Sun*, where they get a lot of distortion and headline news that often is just unfounded. People do read those newspapers. That is part of it. I have been involved recently in the other side of that. I am sceptical about some of that polling, I have to tell you, Jo. Some of it was some time ago, if I understand it correctly.

Dr Hunt: We have some very recent data from the end of September.

Dr Jones: Okay. Fine.

Q4 Baroness Wilcox: It might be worth saying at this stage that newspaper sales in Great Britain, certainly in England, are dropping out because of all the technology that everybody has. Therefore, the ones that do sell are the ones that are putting a sensation on the front page, because that is what sends them flying out. We have four of them: the *Mirror*, the *Sun*, and so on. Local papers always struggle, but without doubt they are finding it very difficult and therefore it is only the sensational that sells the papers at the moment. We all sat with the paper and read grown-up stuff—pink papers, et cetera—but that is not what the general public is buying. It is the same for you as it is for us in that regard.

Dr Jones: I would like to see a different kind of polling. I would like to see women in Wales polled. I would like to see the people working in small and medium-sized firms in Wales polled. I would like to see the students polled. As I told you, I am sceptical about the particular polling exercise that has been done here.

The Chairman: Can I just ask one question on this, to give us a sense? Is there any regional distinction within Wales? Is there, for example, a different response from people whose home language is Welsh compared with those who are native English speakers?

Dr Hunt: I am not aware of anything.

Dr Jones: I am a fluent Welsh speaker. It is hard to generalise, but I would think that historically Welsh-speaking people have always been extremely comfortable with the European dimension. I am a Swansea Valley boy, I am Welsh, I am British and I am European. I like that multiple sense of identity; it is a richness to my life. I think that view would be shared widely in the Welsh-speaking communities across Wales. I come across a lot of other people who feel the same. I come across some people who have a narrow sense of

this and a different sense of the definition of Britishness, and there is a lot of good work which the Wales Governance Centre has done on that.

Q5 Baroness Falkner of Margravine: I was wondering whether I might take you back to some earlier comments both of you made on variable geometry and on the internal market. I will start with the internal market, if I might, Dr Jones. You were saying that you felt that the Prime Minister's emphasis on the internal market was not shared by people in Wales, where they look for very different things. I wonder if you are aware of the level to which the emphasis on the internal market is very much a European thing, not just a Conservative party, No. 10 Downing Street thing.

I remind you, if I might, of Angela Merkel's famous speech of 2012, where she talked about the population of the EU accounting for 7% of the world's population, 25% of the world's GDP and 50% of the world's welfare spending. I think what she was trying to say at the time was that Europe had to become more competitive if it was going to afford that level of welfare spending. Many other countries—including the UK—particularly in the context of the Greek crisis, have lamented their failure to maximise productivity and things like that. It seems to me that really, looking across Europe, that the people I find who have the greatest objections to the internal market and describe it as a liberal free market club are the French. I would just suggest that, from where I sit on the Economic and Financial Affairs Sub-Committee, the internal market is capable of delivering huge benefits, and I would imagine the people of Wales feel those, too.

I wonder if I might take you, Dr Hunt, to your comments on variable geometry and the onset of variable geometry, as you rightly say, from the Maastricht treaty onwards. Again, looking at the financial services sector, there are genuine and well-founded—well-founded in judgments of the European Court—concerns about the level of integration required, first of all, to make economic and monetary union work. If the level of political integration required to make it work will result in a very distinct two-speed Europe when one of the countries in the “outs”, the United Kingdom, has such a huge investment in the financial services sector, do you see that variable geometry in itself has the potential to be terribly harmful to UK interests in that regard? As we saw with EFSI, qualified majority voting was used to do the Greek bridging loan.

Dr Jones: I want to be quite clear. I did not wish in any way to challenge the central importance of fully achieving the internal market. That is a bedrock of economic and social success for the European Union. It is critically important. What I was commenting on was the need to complement that with certain other principles and strategic concerns—what I call the

economic and social cohesion that runs alongside that—so that you have a really thoughtful definition of what the Prime Minister calls securing prosperity. It is a more all-embracing approach to that. Is he going to spell all this out in what he is coming out with in a few days' time? I do not know. We will have to see that.

Dr Hunt: If I could just pick up immediately on the internal market point, you will be hearing from the First Minister later this afternoon but it is very clear in statements that we have seen from the First Minister that, as far as Wales's priorities and interests are concerned, there is an interest in those areas that are devolved to Wales and the impact there, but at the heart of this is the internal market, what the internal market brings for businesses in Wales and the magnet of inward investment into Wales that the internal market brings. The point is: what do we mean by the internal market? How narrow a concept might that be? To what extent is that a market underpinned by a commitment to social justice—the pillar of rights that is being spoken about?

The Chairman: And, if I can interpose, some suggestion that these two are not mutually exclusive but have to be pursued simultaneously.

Dr Hunt: Yes.

Baroness Falkner of Margravine: If I could just come back briefly on that, you are right to say that President Juncker mentioned that in his speech, but the five Presidents' report—I do not know if you are cognisant of that—is hugely, deeply integrationist in terms of European and monetary union and talks only in very limited terms about labour rights and so on. Its emphasis is on integration at economic and fiscal level.

Dr Hunt: Absolutely.

Baroness Falkner of Margravine: On the variable geometry, I wonder what you would say.

Dr Hunt: Qualitatively we are seeing something new in variable geometry, with the integration of the eurozone, and I can understand the concerns that may be felt about where this leaves the “outs”. We have already seen it with the financial transaction tax. We were not able to get unanimity that was still required under the treaty for the adoption of the financial transaction tax, so we turned to enhanced co-operation. The UK, although not participating in that, still had concerns that there would be extraterritorial effects. We have seen legal actions to try to challenge that, seeking some way of containing those. That looks to the quality of the legislation itself.

More generally, whether or not we move to something like the double majority that we have seen in the European Banking Authority, in terms of protecting interests generally across the

European Union so that we are not in a position where the eurozone votes en bloc and then can dominate—

Baroness Falkner of Margravine: Impose its will.

Dr Hunt: That is the very clear concern that seems to be lying behind that. In terms of how we achieve that, whether that is something that requires treaty change or, as I said, could be achieved through an agreement like the Luxembourg compromise, for some, and perhaps for the Government, treaty change would be the only satisfactory outcome here. What we do not know is, if we did shift to something like a double majority, how far that would extend. The comments we are hearing at the moment are in terms of protecting the single market. Is this going to operate only in relation to single market measures? If so, what do we mean by the single market? How extensively do we interpret that notion? There are issues that are raised by that.

Baroness Falkner of Margravine: That system of the EBA double majority would of course lose credibility if more and more of the “outs” became “ins”, because then it would look odd if only two countries—or potentially, three, with Sweden as well—had the right to vote, given they were such a small part of the overall system.

Dr Hunt: Yes. It is seeking some sort of institutional accommodation for that that, as you say, holds credibility.

Q6 Lord Davies of Stamford: Let me say how I see the problem. The issue before us is presented by the Government, for reasons we can understand, as being a way of trying to reconcile the national interest with our membership of the European Union. It is nothing of the kind; this whole exercise is entirely bogus. The balance of competences review, which was a very thorough document and went on for thousands of pages—none of us has read it all, of course—did not come up with one instance where a renegotiation was required in the national interest or for functional reasons. We all know that Mr Cameron in the first two years of the last Parliament was against having a referendum at all and that he simply changed his mind under pressure from his Eurosceptics. The whole of this is just a party-political exercise designed to buy off the Eurosceptics. Unfortunately, that means that people like myself, who do not want to leave the European Union but loathe the Eurosceptics, have signed up to that particular agenda, because, in order to win this referendum, it is going to be desirable that as many as possible of the Eurosceptics do not break off from the Prime Minister and support the campaign to remain in the European Union. That is just a brutal fact. For obvious reasons I do not say that to the media, but I say that to you who are intelligent, specialised observers of the scene.

It seems to me, however, that Mr Cameron has a real problem, because in order to provide red meat for the Eurosceptics you require treaty change. If you want to do something about the phrase that is in Article 1 of the treaty about “ever closer union” of peoples, that is treaty change. If you want to do something about freedom of movement, that is treaty change. If you want to do something about changing the qualified majority voting system, that is treaty change. Other than treaty change of that kind, what can you do about caucusing? You cannot. All human beings caucus. I bet you do it in the Assembly here. All democratic assemblies work on that basis. You have people who get together; they agree to all vote together or they have a meeting beforehand, they resolve the problem themselves and they find they are in the majority when they come into the larger gathering—the plenary session. You cannot stop that any more than you can stop human nature.

If you want to stop it by treaty change, you have to change the treaty, but you cannot change the treaty in time for the British referendum. That is something that the Government have recognised. How do you produce the red meat that is required for the Eurosceptics and, unfortunately, for us all if we are going to win this—I agree—enormously important referendum, which, if we lose it, will have enormous economic and other consequences for us all, which is the nightmare of withdrawal? We were talking on the train this morning about some of the complications of Article 50 and how many years it would take to go through that process and the uncertainty that would be created. If we want to avoid all that, we have, objectively, to find ourselves in the position of supporting the Prime Minister, and we want some red meat. Where is the red meat coming from if treaty change is not a practicable possibility?

The Chairman: My colleague has asked a very controversial question and made one really controversial remark, which I must put right for the record immediately. I am one of those no doubt very sad minority who has actually read every word of the balance of competences review.

Lord Davies of Stamford: I am sorry. I apologise.

The Chairman: I say that to soften it. Clearly, we need to keep to our remit of not being partisan, but there are some challenging issues that we should ask our witnesses to alight on, and then I would like to move on to some other subjects that I think we should tidy up during this session—so perhaps they would like to give a single-shot response to that challenging argument.

Dr Jones: I would more or less echo word for word what Lord Davies has just said. The difficulty is that we cannot see the red meat. They are issues and they need to be discussed.

On the sovereignty issue—Dr Hunt has given some of the answer to it—why do we not have more discussion around the advantages of pooling sovereignty? It is not conceding sovereignty; it is demonstrating why pooling sovereignty is in our interest. I heard last week the chief of the police in the launch of the “yes” campaign speak about the views of the police forces across the United Kingdom on the value of the common European Arrest Warrant and many other related issues.

Take what is under discussion at the moment on migration and refugees. No country can solve these problems on its own. That is classically a case that requires a European-level and a global-level system of response. The UK will never be able to handle issues like that—there are many others—on its own, so to shut ourselves off from the European processes of discussion and decision-making would be pretty not be in our interest.

Baroness Falkner of Margravine: The Prime Minister has announced that the UK will take 20,000 refugees over the next five years. To what extent is that a devolved matter for Wales? Do you just get told by Whitehall how many would be coming to Wales? How does that work?

Dr Jones: The First Minister here was one of the very first to pick up the challenge—in fact, he might have been the first, in fairness to him—and say that we would be willing to take a greater share than was being proposed by the Prime Minister. I have been involved recently, in the last week even, in discussions about how some of the European Social Fund might be taken to help with the reception and integration of refugees in Wales.

Baroness Falkner of Margravine: Is there negotiation between Wales and Whitehall on how many Wales wants?

Dr Jones: It takes us into another area of discussion, which is the relationship between Wales, Scotland and Northern Ireland, and the UK in the intergovernmental machinery that addresses European issues. There was a meeting last Monday—

Q7 The Chairman: You have happened very conveniently on my very next question. We need to get some handle on how much you in Wales and the Welsh Government have been consulted in the formulation of the United Kingdom Government’s position and how much you are being kept informed, at least at official level, as to the process. Dr Hunt has not had an opportunity of responding to Lord Davies, meanwhile.

Dr Hunt: To try to bring those together, Lord Davies mentioned the balance of competences review. I saw evidence from the Minister for Europe recently that said that the balance of competences review was being used as a source for the renegotiation requests. That struck me as rather surprising. We do not know the process by which the reform agenda has emerged.

We do know that Scotland and Wales were involved in the balance of competences review and will have put forward views as part of that, but in terms of formal engagement in any discussions around that, there did not seem to be discussions post the balance of competences review.

As far as how involved the Welsh Government and other stakeholders in Wales may have been, we know now that it is a standing item on the agenda of the Joint Ministerial Committee. I think it appeared for the first time in June. We know that the First Ministers have access to the Foreign Secretary, but beyond that we know very little. We know more from Scotland. There has been more said publicly in Scotland. We know that the Scottish inquiry that has been ongoing invited the Minister for Europe twice and was turned down twice. We also know that Secretary Fiona Hyslop has recently said that there needs to be direct engagement.

Given Scotland's history, particularly in the context of the referendum last year, a debate is taking place of a different quality in Scotland at the moment, so we are having more explicit statements coming from there about that absolute necessity to be involved. We hear slightly less about what is happening in terms of Wales's involvement.

Dr Jones: I agree 100%. What is difficult for us in Wales, in answer to your question, is that what happens in the intergovernmental machinery is very little known to the Welsh public. The coverage of that is quite inadequate, and it is inadequate across the United Kingdom as a whole. It should be an important part, so people can see what is being discussed and the relationship of what is being discussed on the European agenda to domestic policy. The public are much more intelligent than it is often assumed, and I think that they are looking to understand some of these complex interactions.

Baroness Prashar: You quite rightly said that the definition of competitiveness by the Prime Minister is rather narrow, and he is due to publish what he intends to do. Can I assume that there has been no discussion on those broad concepts in terms of what this means? There is the detail in terms of what happens at these meetings, but in terms of the vision of what competitiveness means, do you know if there has been any discussion on those sorts of concepts?

Dr Jones: You will ask the First Minister that question this afternoon, undoubtedly. I cannot answer it other than as citizen here in Wales in a private capacity, but, if I sense the world around me, I do not think so. By the way, when I read that the Prime Minister's overriding priority is not to win peace, that is another thing I disagree with fundamentally. Peace and reconciliation in the world we are in now is critically important. The EU role in that, whether

it is in the Middle East or in other parts of the world, is vital, let alone the historic contribution of the EU with NATO to stabilising and achieving security between European partners who were in the past often at war with each other. In that context, I wanted just to underline to you the importance of the European Union peace and reconciliation initiative underpinning the peace process in Northern Ireland. It is an internal point as well as an external point that needs to be underlined.

It is a very unfortunate formulation by the Prime Minister to put it in that way. It invites criticism from anybody who has any thoughts about the world we are in, and is very damaging to the notion—which he is also saying in other contexts—that we need a more secure world.

Q8 The Chairman: As we move towards the close of the session, we might move on to the wider issue of democratic legitimacy, which you have touched on a number of times. As you know, one of the tiers of the emerging Her Majesty's Government position in the negotiations is in relation to the powers of national Parliaments. That is one thing and we could have a separate debate, which I do not intend to enter into, about the balance domestically between the Westminster Parliament and those devolved Administrations. I realise that those are always still difficult issues. In terms of the EU, clearly there is a locus for the Welsh Assembly and, indeed, we meet regularly, as I think you will know, with the devolved Administrations and the two Houses of Parliament in London—and we rotate that; we have met, indeed, in this room—to discuss matters European.

Do you feel that, if you are looking at the relevance and democratic mandate of national Parliaments, you need to factor into this the devolved Administrations, both in terms of your operating, as it were, vertically with HMG, but also horizontally, possibly, in terms of other regional administrations or places where you may have an interest—with, say, the steel industry, where you may have other counterparts you deal with? Can you enhance this process within the EU and is anyone within sight of doing so?

Dr Hunt: To pick up on the development of the principle of subsidiarity and the consecration of the principle within the treaty and how it has developed over time, by the time of the Lisbon treaty reforms that came into the treaty framework, there was a specific focus on subsidiarity itself being defined in a way that recognises the local and the regional. This is something the importance of which is recognised within the treaties themselves. From a devolution perspective and from a Welsh perspective, that is seen as particularly significant. Welsh politics and a Welsh perspective—a local perspective—is something that needs to be written into the process.

We know that there is the formal machinery for the engagement of regional assemblies and parliaments with the UK Parliament. There is scope for that to be improved. We know that, and there were inquiries run by the House of Lords Select Committee last year on the role of national Parliaments. We know there are certain improvements that could be made to the current yellow and orange card procedure—extending the time somewhat to permit a better opportunity for that sort of engagement. There is a necessity that the devolved Parliaments and Assemblies should be read into this process.

Lord Davies of Stamford: When you say “read into” the process, do you mean they should be directly involved in the process or they should be involved only through the national Parliament?

Dr Hunt: I think the machinery of involvement through the national Parliaments is the appropriate way to proceed. We know there is a soft diplomacy—

Baroness Falkner of Margravine: So Members of Parliament at Westminster would be the ones who would—

Dr Hunt: But also through the machinery of the UK-EU forum—

The Chairman: As I said, you either have, as it were—and there is no qualitative judgment—a vertical relationship in which you consult with and report up to the national Parliaments who then carry your standard and/or you operate horizontally and you are in touch with, say, the region of Charleroi because of industrial closures or whatever.

Dr Hunt: Both those things are going to be going on, and there is the opportunity for that, but formally, in terms of ensuring that takes place within the machinery of European governance, when we look across the piece, with 28 member states and various regional assemblies at play, if we were going to break it open in that way it would be a huge task to ensure that they were all being heard at a European level, so the vertical connection is the one where formally that machinery needs to be embedded.

Lord Davies of Stamford: In that case, if the formalisation is going to be at national level, it is nothing whatever to do with renegotiation with the Union; it is entirely a domestic matter. We can do that any day of the week we want to—or not, as the case may be.

Dr Hunt: Yes. Involvement of national Parliaments is a matter to be addressed at the national level, absolutely.

Q9 The Chairman: I have a final question, if I may, and then perhaps we can close on a more general thought if you have comments to share with us. Dr Jones, you offered us some thoughts on young people. I am going to brigade those with the wider issue about democratic legitimacy within the European Union and a question about whether there is a demos and

where it would be. If it were, for example, to be among young people, if there were to be a problem it would be in the very high youth unemployment, which has concerned one of our component sub-committees and we have reported on in the recent past.

Perhaps more widely, if the European Union was conceived to carry people's hopes and aspirations forward, it may be that, particularly with younger people not getting a job, they may feel that they have been left out or let down on this. Can you give us some thoughts about whether there is a degree of democratic legitimacy at the EU level, or whether it will engage effectively in that, and whether there is any particular way in which one can bring in younger people? We do, for example, occasionally experiment at our parliamentary level with involving young people's fora. We did, for example, on youth unemployment. Can we make this process a bit more real to people?

Dr Jones: I personally am in favour for the referendum of extending the vote to 16 and 17 year-olds. I am particularly in favour of doing that because of my experience here in Wales. Over the last period now, the European Union, through the European Social Fund, has given massive additional opportunities for apprenticeship schemes linked into the European Alliance for Apprenticeships, work experience schemes, entrepreneurship initiatives for start-ups, and new funding, two weeks ago, to redesign and strengthen the careers development service in Wales, engaging, incidentally, a lot of the voluntary bodies right across the country that are very actively engaged and concerned to help on the spot with joblessness and social exclusion. There is a huge groundswell of support for that in Wales and perplexity about the impact of public sector cuts, which also undermines what the third sector can do.

That is coupled with the whole exciting impact in Wales of Erasmus and now Erasmus+. It is quite clear that, if you have been an Erasmus student, you are going to get a good job somewhere—all over the world. I am very interested to see now how we can mobilise that and give people an opportunity when they are young to see that Europe is a land of opportunity. This was the original concept of the internal market as well. It was not just the four freedoms on which it was founded. We have to spell that message out. I recognise that it is very difficult with all the youth unemployment, but that is linked to other ways that Europe is trying to address those issues.

Nobody has mentioned yet the importance of the recent Juncker package, the European Fund for Strategic Investments (EFSI). The second campus at the University of Swansea was funded partly through the EIB, and is remarkable as a hub of development affecting the whole of South Wales, with job creation, new opportunities for young people and apprenticeships built in. What has been happening is enough critical mass through additional strategic

European funding creating opportunities not only for young people but for people of all ages, and the young people seeing that and often finding jobs where they want to, at home, because they cannot get on their bike and go somewhere else. I am encouraged by all that.

Young people have a crucial stake in the future of the European Union. It is a point of principle. The Scots had it in the Scottish referendum. It was a very interesting experience. It was not as simple in its result as some people might have imagined, but I am sure it is right and proper that that should be part of the rules of the game for the referendum.

Dr Hunt: On the “no demos” point, the context simply has not been there for the development of the demos in terms of having that pan-European political engagement. People do not know who their MEPs sit with. There is no recognition of that broader party-political process that is taking place at a European level. No matter how much additional power the European Parliament has gained—and we know that it has become a significant co-legislative body within the Union, from its starting point—it does not have popular support, so the role of national Parliaments as a complement to that is important.

We see other initiatives too, such as the European Citizens’ Initiative, which, again, has had a varied response so far, and so we come back to national and regional Parliaments as being our fundamental building blocks there. I pick up on the role that 16 and 17 year-olds could play within this in the referendum, as you say—how important it is to their future and to have a stake in this. As we know, the Second Reading of the Bill is currently before the House of Lords, and that is a motion that has been advanced.

The Chairman: Indeed. We have reached the end of our time. I am just wondering whether any of my colleagues wants to come in on anything before we close.

Baroness Falkner of Margravine: I just wanted to reassure Dr Jones in his comments about the Prime Minister’s speech and prosperity rather than peace being the focus—I think it is us who have been rather sloppy; you obviously have not read the whole speech—that the Prime Minister spent five paragraphs talking about peace in Europe. If you do not mind, it is important to say it for the record. He said: “While we must never take this for granted, the first purpose of the European Union—to secure peace—has been achieved and we should pay tribute to all those in the EU, alongside NATO, who made that happen”. He was very clear. It was a coalition Government speech and I thought it was important to look it up because I was a bit surprised at the representation of it in the documentation.

The Chairman: We need to conclude now. We have the First Minister shortly and a short break before that. I would very much like to thank our two witnesses, Dr Hunt and Dr Jones.

It has been fascinating, it has been reflective and it will be immensely helpful to our inquiry.

In conclusion, simply diolch yn fawr.

Dr Jones: Diolch yn fawr i chi.