



# HOUSE OF LORDS

Revised transcript of evidence taken before  
**The Select Committee on the European Union**

Inquiry on

## **VISIONS OF EU REFORM**

*Evidence Session No. 3*

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*Questions 22 - 27*

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3 pm

Witnesses: David Melding AM, Alun Davies AM, Suzy Davies AM, Rt Hon Lord Elis-Thomas AM and William Powell AM

Members present

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

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**Examination of Witnesses**

**David Melding AM, Alun Davies AM, Suzy Davies AM, Rt Hon Lord Elis-Thomas AM, and William Powell AM**, Members of the Welsh Assembly Constitutional and Legislative Affairs Committee

**Q22 The Chairman:** Good afternoon, colleagues. Perhaps we may start our formal session. Let me say that the Chair of your Committee, David Melding, is no stranger to our Committee, because we collaborate very fruitfully on the so-called EC-UK mechanism, and I suspect that will feature quite a lot in what we want to talk about, which is to get a better handle on understanding how the devolved Administrations can get their voice and their interests across, and whether anybody at Westminster or in Whitehall is listening to them. That really is central to our Committee's concerns. Beyond that, we have moved from a first-grain approach looking at the Government's reform, renegotiation, referendum process, to a further one, which is now called "Visions of EU Reform". That is really to try to pick up whether there is any common set of themes or agreed areas into which we might be going.

For the record, I know it is true on our side but I also know it is true on yours: it is a highly representative gathering and certainly, while I do not mean people do not have their political views or are in any way frightened or inhibited about declaring them, generally speaking, our Committee operates pretty much in the spirit of multi-partisanship. We are not particularly committed to any one political viewpoint. We are, I hope, between us collectively, objective searchers after truth. We know you are doing an inquiry, and we are doing one, too.

There is one thing I would like to say and put on the record before we start, and that is huge appreciation to you as the Deputy Presiding Officer, David, and your staff for the arrangements made for us to be accommodated here. I think we have worked out that this is the first time a Westminster Parliamentary Committee has ever broadcast its proceedings directly from another legislature, and that is a first for us both. I hope that will characterise the spirit we are in. We have about an hour, if that is alright for you. Unless you want to take time on introductions, I think we probably know who we all are.

**David Melding:** Could I just return those thanks and say how delighted I am, Lord Boswell, that your Committee is here this afternoon. I have to say, I was at a meeting in Portcullis House this morning, and I have hot-footed it back here, which does demonstrate how interrelated we all are at the moment, so that is something we should note.

**Q23 The Chairman:** Fine. If we may kick off, we will try to make this as much of an informal conversation as we can. We know you are doing your inquiry into EU reform, and, clearly, it would be improper and we would not wish to prejudge the outcome of your inquiry, but does your Committee feel it has a clear understanding—I suppose the demotic word is a “handle”—on what the United Kingdom Government are seeking to achieve in the discussions on EU reform ahead of the referendum—and are these objectives in any sense achievable?

**David Melding:** We have recently returned from Brussels; we were out there last week. We had extensive briefings and we have been following the latest in terms of the media. The *Guardian* had an authoritative report, it seems, and the *Economist* had a long article this weekend. With all that about the four pillars or the four baskets—whichever phrase you want to use—it seems that the core of the UK Government’s negotiating position is known, but it remains a very large, impressionistic one, it is fair to say. One thing we have found—at least it is my view from the evidence I have seen—is that the review of competences, which originally was, perhaps, thought likely to be the basis of more thoroughgoing and slightly more technical negotiation, does not seem to get referred to very often. There are those who surmise that the review of competences has more or less demonstrated that the balance of competences is broadly right.

I have to say, we have found that slightly strange, because the silence around the status of the review of competences has dislocated our own participation to some extent, because we did give evidence, and I think the Welsh Government were involved as well, and that did seem quite a good way of perhaps bringing in the devolved Administrations. Now we have ended up with a more guarded approach by the UK Government, though they are revealing a little more leg now, if I can use that description. There is some frustration that, while they are not having negotiations in secret necessarily, there has been a lot of privacy in their approach.

**The Chairman:** Responding to that, first of all on the specific issue about the balance of competences, which, of course, we reported on and indeed have debated, I share your overall analysis, and the Committee would. It is interesting that the Minister of State for Europe, David Lidington, has referred, in evidence to us a few days ago, to the fact that the Government may wish to draw on some of the conclusions on the balance of competences,

both on technical issues and specifically on issues that affect the devolved Administrations. That may be worth our both, and in parallel, tracking.

It would be quite interesting if I could just ask one question and then leave it to colleagues to come in after that—for a bit, anyway. Do you have a sense in which there is a proper information net to you, as elected Members of a devolved Administration, about what is going on? If there is not now, for reasons that may be about negotiating integrity or otherwise, do you feel that you will be told in enough time to do your democratic job?

**David Melding:** This is something we are reflecting on. We did do a report a couple of years ago on Wales's voice in the EU.

**The Chairman:** A very good report it was.

**David Melding:** We found that the system was fairly robust but informal. The JMC Europe was working well, broadly. There was a lot of behind the scenes co-operation in preparing the speaking note and the contact between civil servants, but I am not sure on something as big as this. At the end of all this, it is not whether we think the Government have negotiated a good or bad package; it will be: do the British people, of which the Welsh people are obviously a fundamental part, want to remain in the European Union or not? That is actually what all this is about.

**The Chairman:** It is the question.

**David Melding:** That is where the weakness comes in. The old informal systems are getting stretched by the enormity of that particular question. I think a lot of people fear that there is a chance we will find out quite late in the day and then that that level of scrutiny will not really be a part of the process.

**The Chairman:** Would it be fair to say, across-party, that when the day arrives that the Government come back, presumably with some message of success, possibly of failure but I think more likely the former, and say, "This is what we have negotiated", will you feel it is a function for the Assembly, its Members individually and their political groups to disseminate that kind of information among the people of Wales so that there can be a grown-up dialogue about it?

**David Melding:** It is important that we reflect on some of these themes if the Government do come back and say that they have negotiated some fundamental changes, because they are likely to affect devolved competences. In any event, we may touch on this separately, but the whole constitutional fabric of the United Kingdom, it seems to me, will be affected by the decision that is made in the EU referendum. These things are very much bound together now. It has a huge potential impact on what will happen to Welsh governance, so, yes, it is very

important that we are fully involved, as the citizens will be, in the actual decision. We are an important part of that. You cannot divorce this or regard it as somehow a competence based so much on Westminster that the whole referendum then will emanate from Westminster politics. You will find that a lot of what happens, the dynamic, will be generated in Edinburgh and Cardiff as well.

**Baroness Prashar:** Can I ask a follow-on question to that? You make a very interesting point about whether we want to remain in Europe and the scrutiny process, but, even if the Prime Minister comes back with a package of things we have negotiated, the technicalities of that will not really interest your citizens. On a broader view, do you think there is work to be done in terms of developing a narrative as to what those negotiations will mean in practice and what the shape of Europe will be as a result of those negotiations?

**David Melding:** My colleagues may have views here. If the review of competences was to set out this profound imbalance that had to be corrected, then you could measure the actual outcome of this negotiation that way. That is clearly not going to be the case now. It seems that we will really be asking a very existential, broad question. I suppose those that have come from a somewhat Eurosceptic direction but ultimately want to remain in the EU have to find big-picture narratives. Otherwise, you are going to end up saying, “I know I have said all these things for 20 years, bad-mouthing Europe, but by the way, three weeks next Thursday, vote to remain in”. It is not going to be very coherent, potentially—but Members may have different views to me.

**Alun Davies:** Can I just say, I do broadly agree with David’s perspective? Looking at this from the point of view of this place here, the UK Government have always taken the view, “The relationship with the European Union is a matter reserved to Westminster, and therefore we take precedence”, and the rest of it. That rather brutal constitutionalism has always been delivered in a very soft and gentle way, in my experience. I joined the UK ministerial team, as a Minister from this place, as part of CAP negotiations as Agriculture Minister. We attended Council and the rest of it and we worked as a team—clearly not a team of equals, and we accept and understand that, but we worked together as a team, and, as David explained, we had conversations about the lines that we would take. The approach we took was one voice but with different accents, if you like. It was a very easy way of working.

With these negotiations, of course, we are outside of that process. As Agriculture Minister, you would speak to your colleagues in London, Belfast and Edinburgh on a regular basis, so there were no surprises, and we had evolving policy positions that we took. With this renegotiation, it is outside all of that, and so you would not necessarily have that existing

relationship upon which you would build. My understanding is that the United Kingdom Government take decisions through the Cabinet's Europe Committee on many of their European positions. Well, this is probably outside of that as well.

The UK Government find themselves arguing on issues of sovereignty, for example, and the role of national Parliaments. What does that actually mean? What is the role? I presume, by national Parliament, they mean the United Kingdom Parliament in Westminster. What does that mean for agriculture, where the UK Parliament had virtually no competence outside England anyway? Are they negotiating for us here to have that veto or to have that role, or are they negotiating, as English Ministers, for an English Parliament to have that role, whether we are involved or not? I have no idea; I have absolutely no idea on that.

This is a real issue for the UK. We talk about devolution and the powers here and there, but we do not talk about the United Kingdom Parliament, the United Kingdom Government and what the point of it is in future. As such, I would be interested to understand how a UK Minister would go to Brussels or wherever and negotiate a position over which they themselves as a UK Minister have little competence because it has been devolved either here or elsewhere. Therefore, are they representing us or are they representing an England perspective? That is something that is quite difficult for us. I am not entirely sure—I will let the Welsh Government speak for themselves—that there has been that informal, if not formal, debate and discussion about the evolving UK position which enables a UK Minister to be able to speak with certainty on behalf of the UK as a whole.

**The Chairman:** May I perhaps respond? I probably ought to declare an interest, not only as a farmer but also as a former Agriculture Minister, albeit in pre-devolution days. I can report that, as an English or British Minister—according to taste—even in those circumstances, we were very sensitive to the colleagues in the Welsh Office agriculture department, as it then was. I think we did our best to be sensitive to that.

Having declared that interest, the point that I would just like to explore is that your comments are not merely tied to the referendum and renegotiation campaign now, but they are talking about a systemic problem for the United Kingdom in any subsequent arrangements, because you might be seen to have English Ministers going to do business in Europe, or indeed externally, that might have little relevance to the devolved territories and devolved Administrations, just to be clear on that.

**Alun Davies:** The memorandum of understanding on these matters was rewritten by William Hague about two or three years ago, and improved as a consequence—significantly improved. In my experience over the last few years, we have not come to a situation whereby the UK

Minister has said to their colleagues in Wales, Scotland and Northern Ireland, who might have a united view—it might have come to this on GM actually, but it did not—“I understand the views of your Governments; however, I am the UK Minister and I am going to ignore them”. It never came to that, but it is a reasonable question to ask about who sits in that seat. Is it a UK Minister or an English Minister? If it is a UK Minister, what is the UK position? It has to be more than an English position.

**Q24 Baroness Falkner of Margravine:** Wearing a hat from my previous Select Committee, we did a report on the relationship between the devolved Administrations and Westminster only last year. We took quite a lot of evidence on this particular issue about whether the UK Minister representing the EU part in European institutions worked or not, and the extent to which it worked. We came to the conclusion, if I remember correctly, that what we heard back from the devolved Administrations was that that was one part that was working in the Joint Ministerial Committee Europe. Also, we came to the view that, therefore, we recommended that the position of Secretary of State should be retained for the devolved Administrations, in order to make sure that, at Cabinet level, there was input from the devolved Administrations, at a very high level. It seems to me that it is clearer than you are presenting it to be.

**Alun Davies:** It works because of good will. It works because of good will and because you spend a lot of time with people in these meetings and you have the opportunity to sit and to talk things through. I would say that, as devolved Governments, we should represent ourselves rather than have a Secretary of State doing it for us in a different way. It would be difficult, with the best will in the world.

**Baroness Falkner of Margravine:** That view was not uniformly held across the devolved Administrations.

**Alun Davies:** I am speaking from my perspective. I think the world of Stephen Crabb, but it would be very difficult for him to represent the views of a Welsh Labour Government.

**The Chairman:** I think I am right in saying that Wales is more populous than six member states of the European Union, and not insignificantly so. Can I, if I may, just comment on one point? This issue of accountability cuts both ways. It is not only a matter of who is taking decisions at a ministerial level, but to whom they are accountable. If you are an AM and you think there has been a rotten deal on agriculture, the only forum in which you can raise that, other than by correspondence, is through the Assembly. Conversely, if it is a UK triumph and you were a Member of Parliament in Westminster, you would have a different take.

I am sensing, and I do not know, to save time, whether colleagues from your Committee would assent, that there is a constitutional discomfort about that. I do not want to gloss or take you to conclusions. You have said it works because there has been general good will and decency, but clearly it is under some strain when you have UK Ministers, whatever their party, negotiating on a specific, high-level, sensitive international issue such as the renegotiations, where they certainly do not share it with us, and it appears to be clear that they do not share it with you either. Is that pretty reasonable?

**Lord Elis-Thomas:** I should comment on my period as Chairman of the Environment Committee here. We did a lot of European work; it was the time of the renegotiation of both the common agricultural policy and the common fisheries policy. Of course, we have other routes that we take. In practice, we speak to the Irish; we speak to the MEPs; we speak to the officials that we know in the Commission. The thing about the whole European debate is that it is not configured in the old nation-state model. Whatever formally exists for the UK, it also exists very powerfully north and south in Ireland, because they obviously have that common interest; and Scotland, of course, we tend to disagree with on fisheries and on other matters. But, generally speaking, we have those relationships, which are part of our global, general involvement with the EU.

The other point I would want to make is that there is a long-running narrative about European regions, of which many of us feel ourselves a part—those of us who have had a cultural involvement, especially with languages and cultural policy. I have benefited from the hospitality of the Catalans and the Basques more than I would ever confess to in public, or in private. But this whole European Union, for us, is also part of our Welshness, in a sense, because we see ourselves as a bilingual European nation.

**The Chairman:** And one, if I may pick up some phrases you used in the debate on the Referendum Bill in Westminster the other day, where you have a sense of multiple identity as Welsh, British and European.

**Lord Elis-Thomas:** Yes, I think we all share that.

**Suzy Davies:** One thing occurred to me with your original question, which was how we have been involved in knowledge of the four baskets. There is a question there about whether—I do not know if “appropriate” is the right word—every devolved Administration should be involved in every single aspect of these four baskets. I am glancing down here at “fairness between eurozone and non-eurozone countries”. That may not be something that you would expect the UK Government to even speak to the Welsh Government about. Whether you



think that is right or wrong is another question, but perhaps it is not the first port of call, or even for the two Parliaments to talk about that specifically.

Competitiveness is one of these four baskets, and it would be a surprise to me if the UK Government had not been speaking to, say, the Welsh Government about that, and, certainly in terms of welfare benefits, if they had not been speaking to Scotland, in view of what is happening. I do not think there is, to drag out that dreaded phrase, a one-size-fits-all approach to this, but I think we would all agree to the point that was made in David Lidington's evidence to you that an awful lot of this is being kept private, and none of us really knows what these four baskets mean.

**The Chairman:** We are all seekers after truth, and it will no doubt be revealed to us when the Government feel comfortable with it. Perhaps that is what we are all saying.

**William Powell:** Chair, I follow your lead in declaring interests in two different respects, firstly as a partner in a family farm that is in receipt of EU support via the common agricultural policy, and also because my wife is a German national who has been working as a theatre nurse in the UK for in excess of 20 years, a situation which would potentially be put into some question because of the issues around mutual recognition of qualifications, and she is not alone.

One of the aspects that I became most aware of in the context of our recent visit to Brussels was the fact that the reform agenda we are discussing and that is under discussion at the moment, and the so-called four baskets, is being taken forward as an exercise, admittedly one that is taking place largely in the dark at the moment as far as we are concerned, but in the wider context of a meaningful reform agenda that is already well under way as part of the Juncker plan and had its origins under Barroso. Barroso appointed Edmund Stoiber, the former Minister President of Bavaria, to take forward issues of meaningful reform. That reform is taking place in a step-by-step way, and I know the Agricultural Commissioner, Phil Hogan, is very much committed to this agenda on the agricultural perspective. None of these areas seems to form part of this exercise, whatever its legitimacy might be. That is a matter of some frustration for myself and certainly some of the people in various levels that we saw last week in Brussels.

**Q25 Lord Davies of Stamford:** I think the answer to your question is that this is a very artificial exercise, is it not? It springs entirely from party-political impetus within the Tory party, and the Prime Minister has to satisfy the Eurosceptics. It is not as if there was any national urgency or national interest in having a renegotiation. Indeed, the balance of competences review, which was very thoroughly conducted, made it quite clear that there was

no such requirement. The requirement is that, like any institution, it can always be improved, and there are things you can do better. There is a very good agenda, as you say, already afoot in terms of deregulation, greater competitiveness, efficiency, promoting investment, employment, all those things, and producing, improving and completing the single market, particularly in areas like energy, services and digital.

All these are vital things, but they do not help Mr Cameron, because, if he goes back to the Eurosceptics and says, "I have done all these sensible things and improved the single market", the response would be, "Well, that was happening anyway; you cannot get any credit for it, and it does not do anything for our sovereignty hang-up". It does not really help him, so he has to find some entirely bogus way, because that is all it can be if we are going to stay in the European Union at all, of satisfying these people. It is a party-political issue for him and we cannot get away from it.

My question is this. I cannot speak for colleagues because we have not had a chance to debate this internally, but my own impression from our discussions this morning was that there was quite an extraordinary loss of opportunity here by the UK national Government, even just for cosmetic reasons, to conduct something like a genuine consultation exercise with devolved Administrations and Parliaments before drafting a brief for this negotiation.

It seems to me that that would be an automatically sensible way to conduct affairs. You cannot lose; you might get some good ideas; and you might, above all, get some political support if you try and take people on board. Instead of which, you do not seem to know any more about this than the general public do. Our impression is that neither the Assembly nor the Welsh Government have been formally consulted at all. My impression is also that this is in contrast to the behaviour of other national Governments in the European Union where their states have a devolved regional administration. I am thinking particularly of Germany and Spain, but I suspect it is true of other countries as well. They do go out of their way on these occasions, certainly when there is any suggestion of any kind of treaty change, to formally discuss the matter with their regional administrations to see what ideas and perspectives they have and what interests might be at stake for that part of their country in the agenda that is coming forward.

If that impression is correct, I would be interested in your confirmation. If it is not, I would be interested in you saying that that is not the correct impression. If I am correct, I would like to know what you are doing about it, so this neglect of the need to consult does not become a bad habit in our country, and is corrected.

**David Melding:** I think it was clear from our visit to Brussels that there was probably more engagement than we were expecting. The reform agenda is taken very seriously.

**Lord Davies of Stamford:** Engagement by Brussels?

**David Melding:** And acceptance that the British Government have legitimate aims that are far beyond just the self-interest of Britain. Any reconstruction through treaty change, clearly, is not a runner now and there is little appetite for that. There may be a way around this in terms of protocols; whenever the next treaty is negotiated, some of these things may then be fundamentally embedded. But we found that, on competitiveness, there was a lot of support for the British position. On sovereignty, we ought to loosen up a bit: “ever closer union among the peoples of Europe” does not mean you are going to have a single Government.

**Lord Davies of Stamford:** That is a treaty change, if you want to change that.

**David Melding:** We were hearing that the British objection to ever closer union was less of an objection when you read the full phrase, “ever closer union among the peoples”. There was, then, this issue about what they call national Parliaments. That language causes us slight problems, because we regard ourselves as a national Parliament.

**Lord Elis-Thomas:** We are the National Assembly, end of story.

**David Melding:** But the Parliaments of the member states—we would regard our devolved architecture as part of that, and Lord Boswell referred to the EU liaison committees that we have between the legislatures of the UK—are the fundamental source of democratic legitimacy. Perhaps, in Europe, that has not been stressed enough. They then come back with the criticism that probably the greatest advance in the Treaty of Lisbon is the parliamentarianism it engendered in terms of the European Parliament. We tend to be a bit spiky about that. Perhaps we need to loosen up and see the virtues there.

Although Suzy Davies says this is not quite in our competence, I think for the broad question it is, but perhaps this is one where the UK Government would feel most empowered to take the lead. This issue of the eurozone potentially, through a caucus system, almost overwhelming EU institutions is regarded as a very legitimate concern. Everyone took that seriously. In terms of sustaining and improving the architecture of the EU, that is probably where the biggest piece of work needs to be done.

**Lord Davies of Stamford:** What is the solution?

**David Melding:** As far as the competence review is not really the anchor in all of this, I agree with you.

**Q26 Baroness Falkner of Margravine:** Can I come in on the balance of competences review? I am a fan of the exercise, but, in financial services, the area of work that I and my

Committee, of which Lord Davies is a member, are very engaged with, there are precisely these questions about the eurozone. A balance of competences review written in 2012, in the first iteration of the Greek crisis, does not represent at all where we are today, with the five Presidents' report and moving forward to economic and monetary union, or indeed any of the institutional structures that the eurozone has put into place since then. While it is a nice exercise to be romantic about, because European integration is a moving feast, any exercise conducted at any given point in time can never reflect accurately the picture at another point in time.

**Alun Davies:** I was involved in the balance of competences process, and, when William Hague announced that at a JMC, I took the same view as you: terrible misgivings about the purpose of the process. I remember saying to officials, "Is this going to be fixed? What is going to happen here?". I was unsure, coming back to Cardiff on the train, about whether we should take part in this or just walk away from it. I was not sure. But I was convinced, like you, that the process would be run fairly. We did contribute on every different part of it, and I would be very disappointed if anyone then said that balance of competences process is now out of date and irrelevant. I do not believe it is.

**Baroness Falkner of Margravine:** That is not what I am saying. I am saying that in one particular area, financial services, I am afraid it does not reflect either the architecture of the eurozone or indeed where we are in terms of bailouts, Greece and Grexit and so on.

**The Chairman:** It has been overtaken by events.

**Baroness Falkner of Margravine:** It has been overtaken by events; that is all I am saying. I am not dissing the process. I started by saying that I was a great fan of it. I am as great a fan as anyone else. Indeed, you may not know but I initiated the only debate that there was at the time on the balance of competences review in the House of Lords.

**The Chairman:** Our Committee has been broadly supportive and said it was a well-conceived exercise.

**Baroness Falkner of Margravine:** Indeed. The point I wanted to ask was: do you in Wales, with the emphasis the Prime Minister is placing on competitiveness and flexibility, and given what you just said, Mr Melding, about the big question being eurozone "ins" moving to further integration and eurozone "outs" potentially being disadvantaged—that is the word I would use—by that further integration as it goes forward, see those as legitimate priorities for the United Kingdom? Does it impact on Wales?

**David Melding:** I think so. If you had a situation where EU institutions were being overwhelmed, that clearly could not be to our benefit at all. There has to be a balance and a

recognition that EU institutions are primary. But, clearly, the eurozone mechanisms are developing to face the crisis they have been through, and the eurozone has not recovered to robust health yet. If there is another crisis, there may be a need for further, quite dramatic action. It would have been very difficult to envisage this 10 years ago. Here, I do think there is a very important job to be done, and these are not imagined concerns at all.

**Baroness Falkner of Margravine:** And you felt sympathy in Brussels.

*David Melding:* I did, yes. Some of us felt that was very productive and that people really were taking that seriously. It was a real issue for them.

**Baroness Falkner of Margravine:** The reason I was emphasising that was because we had evidence this morning to suggest that, really, that was not as relevant for Wales, which I was slightly taken aback by.

*David Melding:* That is not what I concluded from the evidence I heard. Alun and William were there as well.

*Alun Davies:* This is all-important to Wales, you see. I would not take the view that this basket is central to us as a country and this basket is not. I come from the point of view that membership of the European Union is not simply a transactional relationship, but fundamental to the sort of country we want to be. I do not take that narrow view.

**Baroness Falkner of Margravine:** Agreed.

*Alun Davies:* I would say that all of this is important to us. To answer Lord Davies' earlier question, it is a profound disappointment that the United Kingdom Government have gone ahead with first of all the technical talks and then the negotiations—and we have the same clarity as you do on when one becomes the other—without taking account of the views of the Governments of the United Kingdom. That is a matter of great disappointment.

**Lord Davies of Stamford:** It is not for me to suggest it, but it seems to be it would be a good opportunity for the devolved Administrations and devolved Parliaments in this country to give some thought to what the remedy might be, to make sure that this mistake is not repeated in the future and that mechanisms are set up now with a view to ensuring that, in future, there is consultation. I will leave that one aside.

The question I want to come back to is directly relevant to what you have just been saying. Mr Melding has been saying he needs dramatic action to cope with this problem of the eurozone being able to caucus and dominate the decisions that are taken for the EU as a whole. There is obviously a real risk, and certainly a theoretical risk, of that happening. My question is—I will repeat it, as I did not get an answer before—what do you think is the solution? What concrete measures can be envisaged, bearing in mind that you have already

recognised, and I agree with this, that there cannot be treaty change? With the best will in the world, even supposing there was a desire for dramatic treaty change, for example producing double majority voting structures, and I do not think there would be a willingness on the part of our partners to contemplate such measures, there is no time to change the treaty before we complete our negotiation and have our referendum on the Prime Minister's timetable. That is out of the question, so what concrete measures can be envisaged, or do you have in mind, or did you discuss in Brussels the other day, or any of those things, to address this problem?

**David Melding:** It is quite a fast-moving area. In response to the Greek crisis and what has been discussed, there are some fairly fanciful ideas out there: that there would be some form of European Parliament that would then just be for the eurozone, which I think would be a profoundly bad idea myself. I do not think that will be advanced. This one has crept up a bit on us. The German Government's position until fairly recently was that there should not be any meetings of heads of Government of the eurozone. That has now gone by the board. They have assured us that there is not going to be any form of caucusing with a caucus position.

**Lord Davies of Stamford:** There will be informal caucusing, because, as I said this morning, it is in human nature that there should caucusing of a kind. It is inevitable and I am sure it happens here in the Welsh Assembly. Human beings get together and they agree things. Then they go into another meeting and the fact that they are a majority there means that they de facto, without any formality or constitutionality being required, have taken a pre-decision. That is inevitable. The only solution to it that I have ever heard of, though you may have thought of other ones, is having a double majority voting provision in the treaty. That would be a revolution in our decision-making processes. As I said, I do not think there is an appetite for it, but you could not do it anyway, because it would involve treaty change and, as you yourself recognised earlier in the conversation this afternoon, we cannot have treaty change between now and the referendum. So what is the solution? I keep on repeating this question.

**Baroness Falkner of Margravine:** Perhaps I can help, Lord Davies. One easy suggestion, to start with, is to allow the eurozone "outs" to have observer status in eurozone meetings. That would be a step forward.

**The Chairman:** We are not going to be able to design this this afternoon, but Mr Powell may have a comment.

**William Powell:** One other thing that came up with several witnesses last week to address this particular issue, potentially alongside what Baroness Falkner has mentioned, was a formal restatement of the primacy of the European institutions. If we could identify a vehicle by

which that could be done and could be done with teeth, that might address some of the concerns.

**Lord Davies of Stamford:** Restatement cannot change the treaty.

**Baroness Falkner of Margravine:** It could change behaviour, though.

**Q27 The Chairman:** We could debate it endlessly. The fact is that nobody quite knows what the answer is, but we are all at least in agreement that there is a problem. Can I turn the discussion briefly to something Alun Davies said? He mentioned the word “transactional”, which does occasionally come into this. Trying to look, as we have the benefit of your presence, at the Welsh situation, can you say a little more about the distinctive approach within Wales—clearly there will be party differences, but in so far as there is a common emphasis? For example—I do not want to lead you—is there a social element as well as an economic competitiveness element, or an element of community or whatever, given some of the industrial history and historically rather high levels of unemployment, which have come down well, which is very welcome? Is that part of that? Do you think that that Welsh perspective either has been, or could at some stage be, reflected in the negotiations or indeed the referendum campaign itself?

**David Melding:** You might get slightly different answers to this, but let me start. There does seem to be a building body of evidence that the people of Scotland are more positive in their outlook about the European Union. Wales is a bit more similar to England than it is to Scotland in that sense. However, it is perhaps slightly between those two points. From our own experience as south Wales at least, being an area of heavy industry that has not completely recovered from the loss, as major employers anyway, of those industries, regional policy has been something that, traditionally in Wales, we have seen as a very appropriate competence at the European level, and infrastructure support. Use of the European Investment Bank was pushed by the Welsh Government when it was very unfashionable in terms of the UK Government using that, so we are more open.

As to the political elite, not that the people are going to follow that direction very much, in 1975, of course, there was a lot more unity among political leaders and politicians to remain within the EEC, as they then said. I suspect there will be a broader consensus in Wales among the political actors that the benefits are such that we should stay in, but that there is still a need for reform and that ongoing work. As I said, those are things I might get contradicted on if anyone else wants to speak.

**Suzy Davies:** Can I take this opportunity to declare an interest as well? I forgot to do so earlier. My husband is a partner in a farm that operates under the common agricultural policy.

On the question of whether Wales benefits from funding from Europe, I represent a part of Wales that has had Objective 1 and convergence funding since as long as I can remember. There are, of course, arguments about how well that has been spent and how it has benefited the region. It is worth recording that one of the greatest growths in support for UKIP has been in this area in my region, where so much money has been spent. You mentioned the political elite, David.

**Lord Davies of Stamford:** Which region?

**Suzy Davies:** It is South Wales West, and Port Talbot is part of that, which includes a lot of the old mining valleys. Whether money has been well spent or not, there seems to be a perception among a number of residents there that perhaps they are not feeling the benefit of it. Whether that is a question of good communication of the good that has been done or whether the money has not been spent particularly well, I do not know, but it is having an effect on how people perceive the European Union at the moment and the benefits that it brings, particularly to my region.

**Alun Davies:** I concur with the overall analysis that Suzy has given you, but, if there was a referendum on the existence of Westminster, I doubt that it would go very well at the moment. It is a reflection on politics. When I talked to people in the spring who were going to vote UKIP, it was not because they hated the European Union or immigration or anything like that; it was because they hated me. I could not persuade them to vote Labour because they did not believe in what we stood for. There is much more a sense of a plague on all your homes, rather than a plague on one of them. We need to be quite realistic as politicians about our failures and not simply blame someone else sitting somewhere else.

In terms of where we are here, the membership of the United Kingdom or the European Union of Wales would never have been put on the political agenda by anybody in Wales, fundamentally.

**The Chairman:** Because they did not want the issue reopened?

**Alun Davies:** Because we would not see it as an issue. I represent Blaenau Gwent, an area that has seen investment but also the loss of Ebbw Vale steel works, the collieries and the rest of it. Nobody has come to me and said, "I blame those Europeans for this. If we were out, we could do it better". What people say to me is, "We want more investment and we want more access to markets and the rest of it".

In terms of the earlier point I made, you asked, Chair, whether there were lessons or Welsh experience that might help Westminster, so let me say this. Being a new democracy is an advantage when discussing issues of sovereignty and of competence. I have never been a



politician elsewhere; my only experience is here. I recognise the limits of our competence and I recognise the limits of what we are able to do. I think sometimes, in the grandeur of a palace by the Thames, there is very little sense of a limitation to sovereignty and competence. I would say very gently to some of our friends and colleagues that those days will never return, if they ever existed, and that all of us, in whatever Chamber we sit, wherever it happens to be, whether it is Wales, the UK, Europe or anywhere else, need to understand that our interdependencies provide us with greater opportunities to exercise sovereignty than we have had probably in the last century or so.

**The Chairman:** We are running towards the end of our time, because we need a few minutes in private session. Do any colleagues want to come in, or indeed from your side? If I may say, that, Alun, is a very sobering note to end on. We all need to understand the limitations of power, but, dare I say, possibly the Government need to understand the limitations of government as well. We will leave it neutrally at that, but only on the basis of thanking you, David, and your Committee for a really lively exchange of views. It exemplifies my strong belief in bringing parliamentarians together, wherever they start from, whichever language they speak—and you have kindly spoken to us in the vernacular, as far as we are concerned, and we are very grateful for that. Closing formally, I would just say diolch yn fawr. Thank you.

**David Melding:** Croeso.