House of Commons

# Treasury Committee

## Oral evidence: The economic and financial costs and benefits of UK membership of the EU, HC 499

## Monday 9 May 2016

Ordered by the House of Commons to be published on 9 May 2016

Watch the meeting

Members present: Andrew Tyrie (Chair); Mr Steve Baker, Mark Garnier, Helen Goodman, George Kerevan, Stephen Hammond, Mr Jacob Rees-Mogg,

Questions 1694 - 1900

**Examination of Witnesses**

*Witnesses:* **Matthew Elliott**, Chief Executive, Vote Leave, and **Oliver Lewis**, Research Director, Vote Leave, gave evidence.

**Q1694 Chair:** Thank you very much for coming to give evidence today. We are certainly glad to see you. I think I should put it in the public domain that the Committee was forced to summon you under a parliamentary order to get you here. This is the first time that I have ever felt the need to issue such a thing to secure a witness. It is the first time that I have ever seen it done in any Committee I have served on, and I have been on Select Committees for most of the 19 years I have been in Parliament. I think, frankly, that the difficulty of getting you here is scarcely consistent with the application that you put in to be the lead campaigner for leaving the EU. I will just quote one part of that application. You say that you are "conscious that playing a leading part in such an important moment in our national democracy is a very significant responsibility." Do you now accept that it was a mistake to muck Parliament around as you did?

***Matthew Elliott:*** I regret the fact I was not able to attend when Dominic Cummings gave evidence a number of weeks ago and I am very grateful to you for accepting my apology so gracefully. Then, when it came to the other opportunity to attend, I was sorry that my—

**Chair:** There are two of those, aren't there?

***Matthew Elliott:*** I was sorry that my diary could not be rescheduled for me to be here, but I am delighted—

**Q1695 Chair:** There are two of those, now you raise it. The first was that you decided to go to Switzerland—to meet some Swiss politicians, you told my office—rather than coming here. Isn't that correct?

***Matthew Elliott:*** I had a trip to Switzerland to see a number of groups, including politicians, business groups—a whole host of activities, yes.

**Q1696 Chair:** Do you think that is consistent with your duty to Parliament?

***Matthew Elliott:*** That was arranged or I was invited at about 48 hours' notice. I did not feel it was appropriate to change my diary at such short notice.

**Q1697 Chair:** You were notified on the Friday; it was not 48 hours' notice.

***Matthew Elliott:*** I didn't receive it until the Monday.

**Q1698 Chair:** Your office was notified at 2.45 on the Friday before, so it was not 48 hours' notice but four or five days' notice. It is important that you give accurate evidence to this Committee. If your organisation is incapable of passing on a message, that is scarcely our responsibility. Do you have any appreciation of what it looks like to a group of MPs when you tell them you would rather go to Switzerland than turn up?

***Matthew Elliott:*** I can only apologise again for not being able to turn up at that point.

**Q1699 Chair:** Okay. What about the following week? We asked if you would come the following week, and we had a message to say you were too busy.

***Matthew Elliott:*** The key objective for Vote Leave has always been to make sure that you get the best possible evidence for your inquiry into the economic and financial benefits of Britain's membership of the EU. For that occasion, we suggested that our former chairman, Lord Lawson, might attend in my place. As I say, he is a former chairman of Vote Leave and a former Chancellor.

**Q1700 Chair:** Did you ask him first?

***Matthew Elliott:*** I suggested it to him over the weekend.

**Q1701 Chair:** You have had ample opportunity to come. You declined two very clear and straightforward opportunities and then declined a third for personal reasons, which we immediately accepted as a Committee. Has your organisation discussed this? It has a core group and a campaign committee, doesn't it?

***Matthew Elliott:*** It does.

**Q1702 Chair:** It has two groups, with the core group meeting daily and the campaign committee meeting weekly. The core group is chaired jointly by Michael Gove and Gisela Stuart. I was not intending to go into all this; I was hoping you would just accept it was a mistake not to attend and we could move on. Did that core group discuss your attendance or non-attendance at any time?

***Matthew Elliott:*** It was discussed by the board of Vote Leave but not by that core group.

**Q1703 Chair:** Okay. Who chaired that board meeting?

***Matthew Elliott:*** It was chaired by Gisela Stuart.

**Q1704 Chair:** What advice did she give you?

***Matthew Elliott:*** She said that what was most important was that we gave the best possible evidence to the Committee and sent across the best possible witnesses, to give you the best possible facts in this area. I know that she suggested a number of other people who might attend, either alongside me or instead of me. I am very pleased to be here today. I am glad we have been able to schedule this.

**Q1705 Chair:** I have heard that, but what I want to know is whether they told you to turn up or not.

***Matthew Elliott:*** It was discussed at board level.

**Q1706 Chair:** Did they tell you to turn up?

***Matthew Elliott:*** The board discussed the letter we sent to you about having the best possible evidence for the Committee.

**Q1707 Chair:** Did they tell you to turn up?

***Matthew Elliott:*** No.

**Q1708 Chair:** Did they tell you not to turn up?

***Matthew Elliott:*** No. We discussed the best way to proceed so I could come here at the earliest opportunity, which was always my intention, and I am very pleased to be here now.

**Q1709 Chair:** You need to realise that the only other witness, certainly in a Committee that I have chaired, who decided he didn't want to attend, in the six years I have been chairing Select Committees, was the Prime Minister before the Liaison Committee—and he thought better of it reasonably quickly. We have had considerable difficulty getting you. Now that we have had this further exchange, can I just go back to what I said earlier? Do you now accept it was a mistake not to come?

***Matthew Elliott:*** On the first occasion I wasn't able to attend, I don't think it was a mistake, no. I wasn't able to be here. I am very pleased that we—

**Chair:** We have accepted that point.

***Matthew Elliott:*** Okay.

**Q1710 Chair:** You have had two further opportunities. Do you accept that it was a mistake not to have accepted one of those opportunities and instead to have argued, as you did, that you should attend with somebody? In fact, you refused to attend with the other leave group, Leave EU, point blank, which required us to hold two sessions. We could have forced it, but we decided not to bother—just to get on with our business. Do you accept that all of this—the mucking around of Parliament that you have gone in for here—was a mistake?

***Matthew Elliott:*** I regret that it has dragged on longer than I would have hoped, and I am very pleased to be here today.

**Q1711 Chair:** I find it astonishing that you don't just say, "Yes, it was a mistake. I understand. Let's move on and discuss something else." I'm not going to pursue it further, but I think people watching this session will note that the message still doesn't seem fully to have got through about how close to the wind you have sailed.

Can I move on to discuss the budget—the EU budget and budget savings? In the Taxpayers' Alliance document—you were a chairman of the Taxpayers' Alliance, weren't you, or maybe you had some other title?

***Matthew Elliott:*** I was the founder and chief executive, yes.

**Q1712 Chair:** Yes. You headed it up. You produced a document called the "EU Fiscal Factbook". Do you remember that document?

***Matthew Elliott:*** I don't recall that document, no.

**Q1713 Chair:** Okay. Well, it was only in September 2013 that you put that out. In the foreword, you write, "This EU Fiscal Factbook provides a clear overview of the big picture: How much cash do we hand over every year? Where does it go?…Voters want clear facts as we move towards an EU Referendum". If you don't even recall the document, you won't know, but I have the document in front of me—as a matter of fact, although this hard copy was provided to me by staff, I did dimly recall that the Taxpayers' Alliance put something out on this. You published a figure in that capacity for the gross contributions to the EU budget. Rather than wasting any more Committee time on this, let me just say that the figure you published was the figure after deducting the rebate. I think—as I think almost anybody looking at this would conclude—that that is the reasonable figure to use. Why is it that the body that you are now campaign director for has set that approach aside and has decided to put out what most people would consider to be a bogus figure for the gross contributions by the UK to the EU budget?

***Matthew Elliott:*** I think it's worth saying that when that document, which I do recall now, came out—I think you said in 2013—I wasn't actually the head of the Taxpayers' Alliance at that point. I seem to recall that I wrote the foreword as the founder, so I can't actually remember the precise page you're talking about, because I was heading up Business for Britain at that point, but I accept the general point about—are you suggesting we didn't include the rebate in this case?

**Q1714 Chair:** Yes: this is page 3 or 4. It occupies a full page, with lots of illustrations. We are not talking about some footnote here. I am not going to present it to a wider public for these purposes—that is unnecessary—but this is right at the heart of this paper. I think anybody looking at it would agree. I'm very surprised that you don't recall it, bearing in mind that you have put a figure that is demonstrably at odds with it at the heart of your campaign. You published a figure in 2013 that looks defensible—at least, the figure in this document is very defensible—but you are now publishing and continuing to propagate a figure that hardly anybody considers defensible.

***Matthew Elliott:*** Since that publication was published, things have moved on to some extent. Let me give two reasons why I think the rebate should be included when we talk about the costs of the EU. First, my opposite number in the Britain Stronger in Europe campaign—Will Straw, whom I know also gave evidence to this Committee—wrote for the IPPR think tank, not in a document that he added his name to but a publication that he wrote himself in October 2012, that the rebate should be abolished. I think that the fact that one of the leading lights of the remain campaign talks about abolishing the rebate is extremely concerning. That means it is right that it is discussed in this referendum. It should not be seen as something sacrosanct or something that will always be there.

**Q1715 Chair:** That's rather a long way away from the question I asked. The question I asked was not, is he adopting a position that the overwhelming majority of British people might disagree with, which is that we should somehow surrender the rebate? My question to you was about the way you are presenting numbers to a wider public in this campaign. Perhaps the core number—certainly a core number—

***Matthew Elliott:*** It is the core number.

**Q1716 Chair:** It is the core number—you are agreeing—of the leave campaign official group strategy, and it is tantamount to bogus. The IFS says that ignoring the rebate does not seem sensible. The UK Statistics Authority calls the use of these figures in this way misleading. I could go on like that with a good number of others who say pretty much the same thing. Common sense tells us it is misleading, which is no doubt why the Taxpayers' Alliance didn't use it. Why are you persisting with this number? It can't be just because Will Straw wrote a paper in 2012, or whenever it was.

***Matthew Elliott:*** I think it is worth looking not only at Will Straw but at a greater authority than Will Straw—the Chancellor of the Exchequer. I know that he himself has appeared in front of this Committee, and he talked about how the rebate isn't set in stone. Perhaps I could quickly read out a quote from his evidence to the Treasury Committee back in December 2014: "It is not a unilateral decision of the British Treasury or the British Government to just say, 'This is our rebate. We are entitled to it. Pay up'. The way this works and has always worked is there is a negotiation with the European Commission." So it isn't a figure set in stone that we are guaranteed to get back. It is subject to a negotiation with the European Commission.

**Q1717 Chair:** That is an interesting point, and it is one on which this Committee has published an opinion. I would like to end with a clarification of one point, which may well be trivial—no doubt you will be able to clear it up very quickly. Until October 2015, you were listed at Companies House as a director of a company called the Yes Campaign Ltd, and another company called Britain in Europe Ltd. Those two companies were registered on the same day, so I presume that the Yes Campaign refers to something to do with Britain in Europe. Is that correct?

***Matthew Elliott:*** The position of Business for Britain in this debate—

**Q1718 Chair:** Sorry, could I just have clarification? Is the Yes Campaign the same company set up with the same purpose, or a very similar purpose, to that called Britain in Europe?

***Matthew Elliott:*** It was set up so we could register the name—so we could keep the name "the Yes Campaign". Indeed, I think I am still a director—perhaps not now—of the No Campaign as well. It was set up to register the name of the company.

**Q1719 Chair:** So you were yes and no at that time. You were both sides of this campaign.

***Matthew Elliott:*** The position of Business for Britain was always "change or go". We wanted to see what the Prime Minister came back with. He talked about radical reform of our membership of the European Union with full-on treaty change. He talked about this sort of thing. He didn't come back with that sort of deal, so Business for Britain, which was the principal group I was heading up, took the view that Vote Leave was the best way forward.

**Q1720 Chair:** So your view is that if the Prime Minister had come back with the bacon in these renegotiations, you would be campaigning to remain in Europe.

***Matthew Elliott:*** Had the PM come back with a deal where powers would flow back to the member states, where the UK had full control over trade negotiations and where we had full control over our borders, yes of course I would have been happy to support staying in the EU on those terms.

**Q1721 Chair:** So your decision to campaign for withdrawal rests solely on the quality, or lack of quality and substance, in the renegotiation led by the Prime Minister in recent months.

***Matthew Elliott:*** Absolutely. We took some considerable efforts to publish a publication called "Change, or go", which ran to some 1,000 pages, to look into both sides of the debate and look into the different changes that we needed in the EU.

**Chair:** That is a helpful clarification.

**Q1722 Helen Goodman:** On the Vote Leave website, it is described as a fact that EU regulation costs the UK £33 billion a year, and you go on to state that "there are nearly £33 billion worth of savings to be found in repealing just 100 EU laws." Do you stand by those numbers?

***Matthew Elliott:*** If I am correct, that number comes from Open Europe and a report that they did.

**Helen Goodman:** It does.

***Matthew Elliott:*** As you will know, Open Europe is a very respected think-tank in this area. Indeed, its two previous directors now work in government: Neil O'Brien works for the Treasury and Mats Persson is the PM's leading European policy adviser. It is a well-respected think tank, so I think we are right to take its work seriously.

**Q1723 Helen Goodman:** You may be right to take its work seriously, but I'm asking you another question, which is: do you stand by the numbers—that the cost is £33 billion and there is potential to repeal 100 laws, which would save the British people £33 billion?

***Matthew Elliott:*** I stand by the fact in their report that the cost is £33 billion. On the second point, the key point about this campaign is the fact that it is all about taking back control, and it will be MPs sitting in this room today and also your colleagues in the wider House of Commons and the House of Lords who will decide what the regulatory framework is for Britain when we leave the EU.

**Q1724 Helen Goodman:** If I might say so, the second part of your answer was somewhat evasive. You have said to people who are voting in the EU referendum that they could have £33 billion-worth of saving through leaving Europe and repealing these laws. Now you are saying, "Well, the cost is £33 billion, but whether or not all that cost is lost is a matter of conjecture." Is that correct?

***Matthew Elliott:*** I think it is fair to say that we could have that much saving, but whether we would or not would be up to parliamentarians in Parliament.

**Q1725 Helen Goodman:** Let's look at it in a little more detail. Do you think the UK should not have any capital requirements on its banks? That is worth £7 billion of the £33 billion. Do you think it is necessary to continue with capital requirements for the banks?

***Matthew Elliott:*** I think that will be very much up to the MPs in this Committee and the wider House of Commons.

**Q1726 Helen Goodman:** I am surprised that you say that, because the capital requirements come from the agreements that we take from Basel, which is an international agreement. Do you think it would be sensible for British parliamentarians to cut across an international agreement that goes way above the EU agreement?

***Matthew Elliott:*** I think it is likely that MPs will decide to continue with those capital requirements, but there is a really key point here. If we are looking at having, possibly, another financial crisis, it is far better if we take back control so that MPs here can make sure that people in the UK—

**Q1727 Helen Goodman:** What is the benefit of that, if we are still going to follow the same capital requirements rules that we are following anyway, because they are mandated through Basel?

***Matthew Elliott:*** Because MPs, who are accountable to voters in the UK and are not unelected, will be able to decide whether they are appropriate for the UK. And it is not just the capital requirements, of course; it is a whole wider piece when it comes to financial services regulation.

**Q1728 Helen Goodman:** There seems to be a slight inconsistency, if I might say so, in the weight that you put on MPs taking decisions and the importance of parliamentary sovereignty and your difficulty, as the Chairman was describing a little earlier, in finding time to come to this Committee. Do you not think you have been perhaps a touch inconsistent in your behaviour and your responses?

***Matthew Elliott:*** Our intention was always to make sure that the Committee had the best possible witnesses from Vote Leave to give you the best possible evidence for this inquiry. I am very humbled that you think I am the best person at Vote Leave to give that evidence when we have a former chairman who was one of the greatest Chancellors of the Exchequer that this country has ever had.

**Q1729 Chair:** You are challenging again who we have called as witnesses. You should realise that what we wanted, which you prevented, was one hearing with those organising the Stronger in Europe campaign and one hearing with those seeking to represent the Vote Leave campaign. It is because you have been mucking us about that we have found ourselves first of all having to have two hearings with the leavers, and now finally three. As for the suggestion—

***Matthew Elliott:*** I am sorry—Aaron Banks has never represented the Vote Leave campaign.

**Chair:** He is running a campaign and was seeking to obtain—

***Matthew Elliott:*** He was on the leave side of the referendum. I understand; sorry.

**Chair:** As for whether we should call Ministers or former Ministers, we have called the Prime Minster and the Chancellor of the Exchequer once; he is coming again. We may call a Treasury Minister to give evidence on a third paper he has published. And we have called the Mayor of London on the other side. But in any case, this is a matter for Parliament, not for you, and I would be grateful if you would get back to addressing the questions that Helen Goodman is asking you.

**Q1730 Helen Goodman:** Mr Elliott, you said a minute ago that you wanted to give us the best possible evidence. When Mr Cummings was here, I asked him what he thought of the statement from Glaxo that, "Europe has gone from 27 fragmented, independent, not talking to each other regulatory authorities in the healthcare space to one." I asked him what the impact of this was. Mr Cummings' response was, "Big businesses use regulation to crush entrepreneurs and competition and small businesses". They "love the EU...precisely because it allows them to lobby and crush their competition."

***Matthew Elliott:*** Could you remind me of the page number? I have the evidence in front of me.

**Q1731 Helen Goodman:** It is Q1394 to Q1397. I went on to ask him whether he did not understand that you have to have large companies because they have to do large-scale drugs trials following the R&D. Mr Cummings said, "Totally wrong. I think you do not understand what is going on... the premise of your question is completely false." So I asked him again, "Do you not understand that the reason that Glaxo think it is a good idea to have one regulatory standard across the EU is that it means that they can, at an economic price, produce drugs for the whole EU, whereas if and when there were 27 different sets of standards it was uneconomic to produce the drugs to the quality that people need for the benefit of their healthcare?" Mr Cummings responded, "I think that is complete rubbish." Do you agree with Mr Cummings' responses?

*Matthew Elliott:* I do. I think he is right in what he said to you. The logical extension of your line of questioning would be that we would have some sort of worldwide regulatory framework when it came to pharmaceuticals. You could extend that to lots of different areas—not just pharmaceuticals but other areas of product regulation—and I am not sure that anyone is suggesting that we have worldwide regulation or worldwide governance, but I do agree with the—

**Q1732 Helen Goodman:** Do you understand that when a company like Glaxo wants to export into a market, the drugs regulators of that market go to inspect the factory? Can you understand, therefore, that the fewer regulatory structures there are, the fewer of these inspections—which are extremely expensive and take several days at a time—the pharmaceutical company has to subject itself to? So you think it is good for the pharmaceutical company to be inspected by a multiplicity of countries' regulators.

*Matthew Elliott:* I can understand why a multinational pharmaceutical company like GlaxoSmithKline would rather deal with one regulator and one body that is unelected than with democratically elected Governments, yes.

**Q1733 Helen Goodman:** We are not talking about whether people are elected or not. That is a whole different issue—

*Matthew Elliott:* An important issue, though.

**Helen Goodman:** —about the structure of the European Union. It has democratic and bureaucratic elements, I give you that, but do you not feel at all put off your stride and your confidence in saying that you are happy for the UK to exit the EU drugs regulation by the letter that Sir Andrew Witty and 92 other leading life science figures signed yesterday? In that letter, they say, "We see significant advantages for the life sciences sector in the UK remaining part of the EU. This would enable the sector to continue to operate within an established and harmonised regulatory approval system, ensuring that UK patients benefit from medicines more quickly". Even after this further intervention from the industry and life scientists, you still feel that your understanding of the best way to run pharmaceutical industries is superior to theirs. Is that what you are telling me?

*Matthew Elliott:* I think it is best to look at all the facts in this area. There have been quite a few deficiencies with the clinical trials directive, which wanted to harmonise clinical trials. There are various academic studies that I remember Dominic referring to in his evidence which concluded that, within 18 months, it resulted in the doubling of the cost of running the trials, leading to huge inefficiencies in the area and delays in the trials as well. So I do not think it has been all good, as those press releases that you refer to might suggest.

**Q1734 Helen Goodman:** It is not a press release; it is a letter from the chief executive of one of the largest pharmaceutical companies in the country. Do you dispute that the UK's life sciences sector is second to none?

***Matthew Elliott:*** I am not an expert on the UK life sciences sector. Dominic is far more familiar with science than I am.

**Q1735 Helen Goodman:** I just wonder whether, in making these statements—that the premise on which they are operating is completely false, that it is all complete rubbish and that businesses are using regulation to crush competition—you feel that, on balance, that is the best prospectus that the Vote Leave campaign can give us to make us feel that leaving the EU would indeed be good for the 220,000 people who work in pharmaceuticals and for the large number of people who benefit from their drugs.

***Matthew Elliott:*** Dominic has his own way of expressing things, and I would defend to the death what he has done for the campaign. If you look at what he has done in his career as a campaigner—

**Helen Goodman:** I am not interested in Mr Cummings' career. I am asking you whether you think that, given your knowledge and understanding of the pharmaceutical sector, you are giving British voters and taxpayers a realistic picture of how life would pan out in your world.

***Matthew Elliott:*** I think Dominic did, yes. He referred to a number of Nobel prize-winning scientists who had made comments in this area and had concerns about the clinical trials directive, and I think he was very much on top of the figures. Like I say, I would not express it in perhaps the same way as he did, but—this is a crucial point—I think that what Dominic has contributed to politics in the UK, be it keeping Britain out of the euro, or indeed the work he did with Michael Gove on schooling, has been second to none.

**Q1736 Helen Goodman:** That is an extremely bold statement. Another large number in this £33 billion is the protection given to people through the Data Protection Act. Are you suggesting that that should be repealed?

***Matthew Elliott:*** Which question are you referring to now?

**Helen Goodman:** The £33 billion number that you cite on your website includes a £1.1 billion cost due to the introduction of data protection legislation. Are you suggesting that that should be repealed as well?

***Matthew Elliott:*** Like I say, it would be up to parliamentarians to decide what the regulatory framework in the UK was. There might be areas where there would be less regulation. There might be areas where there would be more regulation outside the EU. But the key point is taking back control so that parliamentarians who are elected can decide.

**Q1737 Helen Goodman:** Of course, parliamentarians are elected, as you say, and the majority of parliamentarians want to stay in Europe, so I am not sure whether you would get the £33 billion that you seem to be suggesting to people, in this campaign, is available for them to spend and use on other things from parliamentarians. That being the case, do you think that this campaign has authenticity and integrity?

***Matthew Elliott:*** I do not think that we suggested all that money could be spent on other things. What we have said is that that is the cost, a cost calculated by a think-tank that is so eminent that—

**Q1738 Helen Goodman:** I am sorry, Mr Elliott, but that is precisely what your website suggests. It says that there "are nearly £33 billion-worth of savings to be found". I am surprised, given that we have been discussing and asking you and your colleagues about the cost of regulation for some time now, that you are still maintaining these bold statements on your website.

Let's take another example: social, employment and health and safety legislation, with a current annual cost of £9 billion. Are you proposing that we should repeal anti-discrimination legislation?

***Matthew Elliott:*** Not at all. I think it is worth—

**Q1739 Helen Goodman:** Are you proposing that we should repeal the entitlements to maternity pay and maternity leave?

***Matthew Elliott:*** Not at all.

**Q1740 Helen Goodman:** In which case, how can these savings, either the current annual cost of £9 million or what Open Europe calls "feasible annual savings of £5.6 billion", possibly be achieved?

***Matthew Elliott:*** Can I refer the Committee to a speech that I think was made just before—

**Helen Goodman:** No. Can you answer my question? Then we will come on to the speech. How can you possibly claim that you can save something between £5.6 and £9 billion when you cannot name a single piece of social or employment protection legislation that you think should be repealed?

***Matthew Elliott:*** What I am saying is pertinent to your question, so if I may I will refer to the speech that Michael Gove made, which is perhaps a seminal speech about the intellectual framework behind Vote Leave. This speech was made about two weeks ago, on 19 April—

**Helen Goodman:** Ah, this is the speech in which he proposed we borrow the Albanian model.

***Matthew Elliott:*** He says in the speech, about regulation—

**Helen Goodman:** Is it that speech?

**Chair:** Let Mr Elliott reply to the earlier question.

***Matthew Elliott:*** He says, “The cost of EU regulation on British companies has been estimated by the independent think tank Open Europe at about £600 million every week”. He goes on to say, “Now some of those costs are incurred in a good cause”, so we are up front in what we say; that some of the costs of these regulations are done for good causes. We are not saying it is all a cost. We are acknowledging that some of these regulations are good and would presumably stay afterwards.

He goes on to say, “But many EU regulations—such as the Clinical Trials Directive”—which I referred to before—“which has slowed down and made more expensive the testing of new cancer drugs, or absurd rules such as the minimum container sizes for the sale of olive oil, are clearly not wise, light-touch and proportionate interventions in the market”. So there are two already, cited by Michael Gove, one on olive oil and one on the clinical trials directive, that are questionable to say the least.

**Q1741 Helen Goodman:** I would like to ask you two further questions. First of all, what discussions have you had with the pharmaceutical industry about your concerns about the clinical trials directive and your highlighting of this as a place where deregulation would be generally beneficial?

***Matthew Elliott:*** I have not personally talked to the pharmaceutical industry about this.

**Q1742 Helen Goodman:** Has anyone in your campaign?

***Matthew Elliott:*** We are asked to give lots of evidence to different companies—

**Q1743 Helen Goodman:** Yes, but this would be more a question of asking them for their view, rather than telling them what you think.

***Matthew Elliott:*** I don’t think we have, no. But bear in mind that we have been going since last October, and the clinical trials directive goes back to 2005—it came through quite a few years before Vote Leave was set up.

**Q1744 Helen Goodman:** It did indeed. Mr Gove is suggesting that there could be some savings from some deregulation, but that some regulation that appears within the European framework needs to stay. So I am afraid that I just come back to my original question: in that case, why are you saying that there are £33 billion-worth of savings to be found?

***Matthew Elliott:*** We are saying that the cost of the regulation—

**Q1745 Helen Goodman:** No, you’re saying that there are nearly £33 billion-worth of savings to be found. That is what you say.

***Matthew Elliott:*** I feel that we are very explicit that there is a cost. Like I say, I refer you back to this speech, where we acknowledge that some of that is costs—or those costs are incurred—for a good cause.

**Q1746 Helen Goodman:** Do you think that you might go away, recost it and stop using this £33 billion figure, and this £600 million a week figure, between now and 23 June?

***Matthew Elliott:*** The £33 billion figure was produced by the independent, well respected Open Europe think-tank.

**Q1747 Helen Goodman:** But you are reiterating it, aren't you? You are trying to give it currency, aren't you?

***Matthew Elliott:*** I cannot promise that over the next 45 days of the campaign, with the research team scaling up for the biggest referendum that this country has ever held, we will have time to produce a new costing of all the regulations.

**Q1748 Helen Goodman:** Don't you think that the cost of regulation is quite an important, central part of your campaign? Don't you think that is one of the main planks of your approach?

***Matthew Elliott:*** I would not say it is; it is not one of the figures that we refer to time and time again. I think that the Chair is right to pick up on the figure of £350 million a week—yes, we use that figure again and again—but the cost-of-regulation figure has not been central to the campaign, and it has not been used on very many of the materials that we have produced.

**Q1749 Helen Goodman:** So you would not really lose any face by producing more accurate figures, would you?

***Matthew Elliott:*** We are quoting an Open Europe figure. You might ask the Prime Minister's European advisers to ask Open Europe to produce a new figure.

**Helen Goodman:** I might do a number of things, but I will stop asking you questions now.

**Q1750 Chair:** You say that this figure has not been used in much of your literature. Are you suggesting, therefore, that it should be ignored?

***Matthew Elliott:*** I am not suggesting that the figure should be ignored—

**Q1751 Chair:** What is the relevance of saying, since it is not as prominent as the £350 million figure, that we should not worry about it?

***Matthew Elliott:*** I will pass over to Oliver after this, because he has indicated that he wants to come in, but I think it is worth saying that Governments of all colours and, indeed, the European Commission themselves, have acknowledged that there is a problem with EU regulation—some people call it red tape. The latest European Commissioner on this, Timmermans, has launched a fight against EU red tape. So if people acknowledge it, it is worth looking at the cost of it.

**Q1752 Chair:** Okay, many of the people around this table would agree with you—probably the overwhelming majority of people would agree with you—but it might be helpful to use a figure that is at least in some way justifiable. This figure is not remotely justifiable, is it? The £600 million a week figure is disowned by the very body that you described as an eminent think-tank. They have clarified on their website that the maximum feasible annual saving would be £12.8 billion, not £33 billion. Why are you persisting with £33 billion? Since you have defended it, I just want to see whether you have an answer to that.

***Matthew Elliott:*** In the original report, they talked about £33 billion. I know that they have produced a clarification since, where they admit that the report was badly worded in many areas—but the top-line figure of the costs, I think, they stand by.

**Q1753 Chair:** In their original report, they qualified it—they made it perfectly clear that that figure was a gross figure and did not take account of the benefits that there might be from regulation. That is exactly the point to which Helen Goodman has just been referring, but in using that figure in your literature, you do not qualify it. You just shoot with the £600 million a week figure. I have got your literature in front of me here, and I can quote passage after passage from it. You say it is only a minor part of your work compared to other numbers that you are using, but most people would argue that it is pretty central.

Don’t you think that while there is still time, it would be sensible to get to a more realistic figure and use numbers that can, at least in some sense, be justified before the electorate before we get into the short campaign period? Adjust and reduce the £350 million a week figure. Adjust and reduce the £600 million a week figure for regulation.

***Matthew Elliott:*** I think we are nuanced in how we use the figure. I referred to the speech made by Michael Gove—

**Q1754 Chair:** That’s all you’ve got. It is a speech made after we flagged up these issues in this Committee. Crikey, that is scarcely the effort of a responsible campaigning group. Surely you should have made some effort to get these facts right beforehand. Did it not cross your mind that it might be worth while reading carefully what Open Europe had written and then asking them what they meant by their qualification? That’s what we did, and we got a clear number back from them on their website.

***Matthew Elliott:*** When you have think tanks as eminent as Open Europe, I think it is reasonable to use their figures.

**Chair:** Is there anything you want to add on this, Mr Lewis?

***Oliver Lewis:*** With the greatest respect, I think the £600 million claim is defensible, and I would say that actually I would stand by it. You referred to the Open Europe clarification, which actually provided two figures: the feasible annual saving of £12.8 billion and a maximum annual saving of £24.4 billion. It is a little more nuanced, I suggest.

I would point out that various studies have been done of the cost of regulation. When we set up this campaign, we had to try to find a good source to quantify the cost of regulation to the British economy. One study, for example, is a Treasury report from a few years ago that put the cost of regulation at somewhere akin to 7% of EU GDP, which would have been considerably higher than £33.3 billion. What we decided to do was find a report that was as clear and transparent as possible. The Open Europe report, admittedly, provided only 100 regulations, but it provided details of the impact assessment used in each case. We believe that it was transparent and accessible.

On using the gross figure as opposed to the net figure, you are of course right that Open Europe has provided an explanation and some clarity since then. However, if I may, I will quote. Open Europe say that the benefits that they describe are often vastly overstated, and they give three examples. In a previous life, when I was at Business for Britain, we did a similar study, and I engaged directly with the impact assessments. I think that they were right to say that the benefits produced were often grossly overestimated, and not particularly reliable claims were used to justify the supposed benefit.

I would say this as well. Our campaign is about taking back control and allowing parliamentarians like yourselves to engage far more directly with regulation and how it should be amended or even appealed—far greater control than you have now. It is not about providing a prescriptive solution for how you may amend regulation, which is what I believe Open Europe is referring to here; it is about control, and I think that the figure is much more defensible as a result.

**Q1755 Chair:** That is a long and involved reply with a number of interesting points, but the bottom line on the whole issue is that Open Europe themselves—you are wrapping yourself in their credibility even more by saying you prefer their work to that done by others in the field—say that the maximum feasible annual saving is £12.8 billion. That is what they say.

***Oliver Lewis:*** We may be looking at slightly different reports. I am looking at the blog that gives a maximum annual saving of £24.4 billion, but I do see the £12.8 billion figure. The point is that I would suggest, with the greatest respect, that there is a slight difference in nuance which it is important to appreciate.

**Q1756 Chair:** Right. Subtract the saving from the cost, and you arrive at £22 billion.

***Oliver Lewis:*** Open Europe is basically putting forward—

**Chair:** They are the same figure.

***Oliver Lewis:*** I would say that as regarding potential savings and how you may engage regulation Open Europe is putting forward a more prescriptive approach than we are. We are simply talking about control. They say very clearly that the total cost of these 100 regulations is £33.3 billion. That is what we are highlighting, and we are saying that British parliamentarians would have control over these regulations and other areas that are currently the preserve of the EU.

**Q1757 Chair:** But the think-tank that you yourself are citing—I will have one more go—is making it clear that the maximum feasible annual saving is much less than that, so why on earth don't you use the figure that the think-tank you yourself are endorsing think is the appropriate number?

***Oliver Lewis:*** I believe that Open Europe's approach to this and our approach are slightly different. We are looking at control, and at the fact that that they have said that these regulations have been introduced—these are EU regulations—and that they account for £33.3 billion of costs. Open Europe have gone slightly further and said if you were to engage in this after leaving—

**Q1758 Chair:** Does it not cross your mind that there are so many MPs and other people in this debate who are aching for a serious debate about how to reduce regulation, but when they watch a debate being sucked into levels of absurdity such as you are now putting forward they despair of getting a meaningful discussion of this at all? £33 billion is not a meaningful number in this field and Open Europe have made that abundantly clear. I will give you one more opportunity to respond and then there is one more point I want to make.

***Oliver Lewis:*** Of course. I completely respect the position that Open Europe has put forward and that you have articulated. I would simply stick to the point I am trying to make, which is that as a campaign we are trying to highlight the costs of these regulations. I believe—

**Q1759 Chair:** Well, we have had a good exchange on that point.

Let's just clarify one other point. Mr Cummings said that Open Europe had concluded that 95% of the benefits of EU regulation do not materialise. Do you now accept that the 95% figure that he referred to refers only to the package of EU regulation for energy and climate change?

***Oliver Lewis:*** I do.

**Q1760 Chair:** Okay. And that therefore Mr Cummings was wrong?

***Oliver Lewis:*** If I may, very quickly, clarify what happened: Open Europe released a blog shortly after—

**Q1761 Chair:** We can move on much more quickly if you just accept that it was a mistake to come forward with that figure.

***Oliver Lewis:*** Yes, basically there was a clarification from Open Europe that the way they had written up the 95% figure wasn't particularly clear, and as a result we had approached it in a way that we wouldn't do now with that clarification.

**Q1762 Chair:** Okay. So you agree that Mr Cummings was mistaken in that piece of evidence he gave us and you are now sorting this out?

***Oliver Lewis:*** Now that we have the clarification, we would not make the same statement.

**Q1763 Chair:** Okay. And Mr Cummings, therefore, was mistaken on this.

***Oliver Lewis:*** I can't speak for Mr Cummings.

**Q1764 Chair:** Well, I am asking you to speak for whether what he said was correct or not.

***Oliver Lewis:*** It was not correct to say that 95% of all benefits do not materialise, as Open Europe has said.

**Q1765 Chair:** Okay. And this is the same figure that was used by Boris Johnson before this Committee, too, wasn't it? And it was the same attempted justification that he used, wasn't it?

***Oliver Lewis:*** Correct. It was—

**Q1766 Chair:** So he also got it wrong, didn't he?

***Oliver Lewis:*** There was a genuine miscon—

**Q1767 Chair:** Misconstruction—would you like that word? I should not be helping the witness, but I feel sorry for you having to defend such an indefensible position.

**Q1768 Stephen Hammond:** I am not sure that "misconstruction" would be the right word—

***Oliver Lewis:*** I would simply say that Open Europe did write a blog recently. When they said that the way that they had written it up originally was not particularly clear, they have offered a clarity on it and I am very happy to accept their new form of words.

**Q1769 Chair:** Okay. So we have got a £350 million figure, which you are agreed is—to put it mildly—wobbly, and we have got a £600 million figure that doesn't seem to bear sustained scrutiny, and we have got a claim that 95% of the benefits of EU regulation do not materialise, which you are now withdrawing. Is there anything I've got wrong there?

***Oliver Lewis:*** I would defend the £350 million claim in the way that Mr Elliot and Mr Cummings have done. We have discussed the £600 million claim, which I would continue to defend. As far as the 95% figure is concerned, we would not make that claim now following Open Europe's statement. However, I would note that they have said that a lot of the benefits that they looked at when they did the study did not appear to materialise, and that is something that I have found rings true in my own experience.

**Q1770 Mark Garnier:** I will turn to trade. Before I do—forgive me if I am beginning to sound like a broken record on this subject—but on your absenteeism: you have now had a couple of cracks at apologising and showing contrition for not attending on three occasions in the past. Do you feel any more contrite than you did earlier?

***Matthew Elliott:*** I think I have already apologised for not being here before.

**Q1771 Mark Garnier:** In a fairly robust way, none the less. You may hear this from other members of the Committee, but where I think most of us struggle with this is that the Vote Leave campaign is going to an enormous amount of effort in order to try to demonstrate that we have sovereignty of Parliament, and that Parliament can take control of our laws, and yet you demonstrated an extraordinary contempt of Parliament—with a small c—by choosing to go and see some Swiss parliamentarians rather than coming to see the parliamentarians here.

***Matthew Elliott:*** The trip involved much more than seeing Swiss parliamentarians. I am not quite sure where that came from.

**Q1772 Chair:** That's what you told our staff.

***Matthew Elliott:*** I never talked about parliamentarians to your staff.

**Chair:** You talked about politicians.

**Q1773 Mark Garnier:** So they were junior politicians, not even parliamentarians? District or county or town councillors? Not that there is anything wrong with that.

***Matthew Elliott:*** It was a full trip that I felt I had to go on. Like I say, I received the notification of the—

**Q1774 Mark Garnier:** There is a reason. We completely understand that on the first occasion you couldn't come, but there have been two subsequent occasions when you have cancelled meeting us here. There are 11 members of this Committee. This is a Committee that represents one of the most forensic investigatory powers of Parliament, but at a much more simple level, the 11 members of the Committee represent somewhere between 700,000 and 800,000 voters—over 1 million individuals—who require their Members of Parliament to be effective and on call for them. We have all had to rearrange our diaries not once, not twice, but three times to accommodate you. You are going to these voters and saying to them that you want to stand up for their right to have self-determination of their laws through Parliament, and yet you are denying their Members of Parliament the ability to be able to manage their diaries properly to look after their interests.

I am going back to my constituency, as many other people on the Committee are going to do, in order to stand up and make a case for staying in Europe. Your representatives are going to be making the case, and yet, when I go back to Wyre Forest and talk to my constituents, I have to apologise to them for having to rearrange my diary, which could have affected them on three occasions, to accommodate you. Do you not understand that that sends a simply dismal and appalling message of the amount of contempt that you hold for the electorate of this country?

***Matthew Elliott:*** I should be extremely surprised if any of your constituents have heard about the diary trouble in getting this date fixed up.

**Chair:** They have now.

**Q1775 Mark Garnier:** They have now. So you do hold them in contempt? Even if they have not heard about it, what does it say to Parliament that you hold Parliament in such contempt that you think it is better to go swanning off to Switzerland, no matter how important the people were that you were seeing, instead of coming to this Parliament to present the case for leaving the EU?

***Matthew Elliott:*** I can simply say again that it is an extremely busy period. I regret that I could not turn up on the first occasion. I have never, on a subsequent occasion, failed to turn up. I always made it clear that I was not going to be turning up on those occasions.

**Q1776 Mark Garnier:** I do not think anybody is saying that you just did not turn up, but none the less you cancelled those two occasions at short notice.

*Matthew Elliott:* You were suggesting that I did not turn up on subsequent occasions. I always made it clear that I couldn't turn up. Why you would be here rather than seeing your constituents, I am not quite sure.

**Q1777 Mark Garnier:** From our point of view—the 11 members of the Committee, all of the staff, all of the Clerks—we had to block off diary time in order to be here and available for you to come in. At short notice that was cancelled, thereby making us have to rearrange diaries for constituents, for constituents' interest groups, for other stuff we do here, in order to be available for you. You were not available when we had expected you to come, because you found something better to do.

*Matthew Elliott:* I didn't find something better to do. I had something in the diary already, and I got the invitation for the other time—

**Mark Garnier:** Why did you say you could come? If you had something in your diary, why did you say you would come?

**Q1778 Chair:** Why didn't you just say that you were too busy? I think we have been around this circuit, but I still really wonder whether the penny has dropped as to how much you have annoyed a number of people, on this Committee and in Parliament, by playing ducks and drakes like this.

*Matthew Elliott:* I never said I was too busy; I always made it clear—

**Chair:** That's exactly what you said in response to our third invitation.

*Matthew Elliott:* That week, I made it very clear that I wasn't able to attend because I had a previously planned trip, which we had planned for a long time.

**Q1779 Mark Garnier:** All right. Well, we're all pretty grumpy. I think you have probably got the message. Back to trade. Do you think that we in Britain, upon leaving the EU, should seek to secure continued access to the EU services market?

*Matthew Elliott:* As part of the free trade deal that we get with the EU, yes, of course services will be part of it.

**Q1780 Mark Garnier:** But do you think it is important? Should we be fighting to make sure that that is part of it? Actually, I think you are pretty clear about that.

*Matthew Elliott:* Yes.

**Q1781 Mark Garnier:** That puts you pretty much at odds with Dominic Cummings, who basically told us that the completion of the single market in services would be "deeply destructive" for the UK and that it would be a bad idea for the UK to seek to be part of it after Brexit. Discuss.

***Matthew Elliott:*** Sorry, I thought you were asking whether we should have access to the single market for services.

**Q1782 Mark Garnier:** Should we be part of it? So you don't think we should be part of it.

***Matthew Elliott:*** Sorry, I misunderstood you. Perhaps we should row back and talk about the sort of relationship with should have with the EU post-Brexit.

**Q1783 Mark Garnier:** I am asking you whether we should secure continued access to EU services markets after a British exit from the European Union.

***Matthew Elliott:*** We should secure continued access to all areas of the market for goods, services and so on, but through a free trade deal.

**Q1784 Mark Garnier:** Okay, but Dominic Cummings seems to feel very strongly that the single market in services is a very bad thing. Would you like to expand on what the difference is between access to the single market and the completion of the single market?

***Matthew Elliott:*** I don't think Dominic Cummings would disagree with me that he would still like to be able to trade in services with the European Union afterwards. It is about the nature of the trade deal, and both Dominic and I would agree that it shouldn't be, for example—

**Q1785 Mark Garnier:** But why does he say that the completion of the single market in services would be "deeply destructive" for the UK?

***Matthew Elliott:*** Could you refer to the precise question and the page number? Is that okay, because it is obviously of concern to you?

**Q1786 Mark Garnier:** It is. I have it but I don't have the question number. We will come back to that, if you're happy to do so.

While we are getting that detail, I will ask about something else. Your Vote Leave website states that after leaving the EU, we will "spend our money on our priorities", "take back control of migration policy" and "end the supremacy of EU law". Do you therefore envisage that, on leaving the EU, the UK will no longer have to sign up to free movement, that we will regain control over regulation in all areas and that we will no longer pay into the EU budget? Essentially, we would be getting a Norwegian model without the free movement of people. Do you think we will get that?

***Matthew Elliott:*** I think we should put Norway to one side, because I would not want us to have the Norwegian model. Going back to what you said before you mentioned Norway, yes, I believe that we will continue to have access to the single and that we will be able to trade with the single market on free trade terms, without paying into the system or accepting freedom of movement.

**Q1787 Mark Garnier:** What do you envisage free trade terms being?

***Matthew Elliott:*** We are in a uniquely good position to be able to get an extremely good trade deal.

**Q1788 Mark Garnier:** Define extremely good.

***Matthew Elliott:*** Because we are moving from a situation where we are part of the single market already, we will continue to have full levels of access to the single market, but outside the EU.

**Q1789 Mark Garnier:** Anybody can have access to the single market; what's important is how much they are going to pay for that access. Do you envisage tariff-free access to the single market?

***Matthew Elliott:*** Correct.

**Q1790 Mark Garnier:** Okay. So why would they give us tariff-free access to the single market?

***Matthew Elliott:*** There is a free trade area that runs from Iceland right through to the Russian border. It seems inconceivable to me that the UK would not be part of that free trade area.

**Q1791 Mark Garnier:** Okay. That's really important. I know you don't like talking about the Norwegian model, but Norway and Iceland face EU tariffs on agricultural output averaging 13.2%, so there are tariffs. It is not a tariff-free zone.

***Matthew Elliott:*** I think we are in a better position than Norway is.

**Q1792 Mark Garnier:** There is a serious point here. I completely understand that there will be a golden model of being out. I don't mean to use the Norwegian model as an example, but it is a very simple way of doing it: you have tariff-free access to the single market and don't have to worry about anything else. So, we don't have to pay any money in, we don't have to abide by EU laws apart from, presumably, when it reflects our access to the single market and we don't have to accept the free movement of people. I don't see how anybody would possibly give us that trade deal.

***Matthew Elliott:*** Perhaps I could refer to three authorities on this—

**Q1793 Mark Garnier:** Can you give me an example of any other country that has a deal like that?

***Matthew Elliott:*** Let me refer to three authorities on this debate. Perhaps we could start with Stuart Rose—I know you took evidence from him. On page 15 of his evidence he said, "My argument, simplistically as a businessman, would be: would you alienate your biggest customer when you went off and chased a new customer? No, you would not; you would put your arm round the customer who is your biggest customer". I think the EU would very much want to put their arm around the UK, as their biggest customer, and ensure that we continue to have tariff-free access. I will refer to two other people as well—

**Q1794 Mark Garnier:** I think he may well have been using that quote in the context of this country putting our arm around Europe as our biggest customers.

***Matthew Elliott:*** He said it quite clearly in his evidence. I will refer to two other people; first, to the Prime Minister—

**Q1795 Mark Garnier:** I think you are distorting the intention of that comment.

***Matthew Elliott:*** To the Prime Minister I would say—David Cameron said, "Would we be able to trade freely? Yes of course we will." Lord Kerr, perhaps the most eminent UK civil servant, said, "Of course we will be able to do a free trade deal." All of these people, who are not on the leave side, are very clear that there will be a free trade deal.

**Q1796 Mark Garnier:** You are conflating two things. Of course we can trade. We can trade with anybody—

***Matthew Elliott:*** No, they are talking about a free trade deal.

**Q1797 Mark Garnier:** They are not talking about tariff-free free trade deals.

***Matthew Elliott:*** They are.

**Q1798 Mark Garnier:** No, they are not. They are talking about free trade arrangements—

***Matthew Elliott:*** Would we be able to trade freely? Yes, of course we will.

**Q1799 Mark Garnier:** The free trade arrangement does not necessarily mean that it is tariff-free in all goods, does it?

***Matthew Elliott:*** What has happened here is that—

**Q1800 Mark Garnier:** It is an important point, because—

***Matthew Elliott:*** It is an important point.

**Q1801 Mark Garnier:** The problem is that you talk about a free trade arrangement and you talk about trading freely, but actually we know that we can trade freely with anybody in the world. We may have to pay tariffs, but we can still trade freely with them, assuming we are confident, for example, that they are going to pay, and confident of the contract law that surrounds this. If you are a small business in Kidderminster and you are trying to set up a transaction with somebody in Mexico, it is pretty complicated. It is really very difficult, because you don't know what your contract law is; the banking system is international; you have got to work out how you are going to deliver it—that's a small part of it—and you have got to make sure you are going to get paid. Then if you don't get paid when you deliver the stuff, do you get a trade guarantee to go with that? It is a very difficult thing to be able to do.

One of the great advantages of the EU is that you can trade with everybody in the EU on the same basis as trading with the person in the next-door village or town, and that is why there is such a good advantage. This whole debate conflating free trade, trading freely, free trade arrangements, single markets and access to the single market is, to my mind, deliberately obfuscating the whole debate. Is it not the reality that of course we can trade with anybody, but if we are going to come out of Europe, in the first instance we are probably going to be on WTO arrangements?

***Matthew Elliott:*** I don't think so.

**Mark Garnier:** You talk about a European free trade zone as if it were a non-tariff zone. It is not a non-tariff zone. I have just said that Norway and Iceland face 13.2% tariffs on agricultural output.

***Matthew Elliott:*** Countries are able to trade freely, and when I say that the UK would have—

**Mark Garnier:** They can trade freely—

**Chair:** I think you deserve a decent time to respond now. That was not a short question; there were quite a number of points in there. The floor is yours for a moment or two, Mr Elliott.

***Matthew Elliott:*** Thank you very much. Our position is that the UK, as the fifth largest economy in the world, the second largest economy in the EU and the biggest export market for the rest of the European Union, would have tariff-free access to the EU when we vote to leave. I believe that will happen. We are their biggest customer. To quote what Stuart Rose said, you put your arm around your biggest customer and make sure that you keep them close to you so, and I believe they would do that.

To talk more widely on this issue, and to talk less politically for one moment, I mentioned the Prime Minister, Lord Kerr and what have you. I think that before we got into the heat of the referendum battle some very eminent people acknowledged that we would be able to get a free trade deal with the EU. Now we are in the heat of the referendum battle, all of a sudden they are talking about how huge tariffs would rise up and how the EU would retaliate very badly against us. This isn't the real position that they hold, and I am very confident that, were we to vote leave, we would get the tariff-free access that you talk about.

**Q1802 Mark Garnier:** I broadly agree with you. I think there is a lot of scaremongering that comes into this, and people are saying, "Of course they will turn around and punish us." There are a number of issues here, but one issue that your side of the argument doesn't necessarily get across is how it would be seen by politicians in the EU who are negotiating it. You are right that a significant amount of exports come from the EU to the UK, and we are a significant customer, but that is not true for every country. There are a number of countries in the EU that are running trade deficits with Britain—we are exporting more to them than they are exporting to us.

You could look at the EU as a whole, but as you know, you have to have the agreement of all the member states in order to get a free trade arrangement. I am trying to find the figures, but I haven't got them to hand. Of the 27 remaining member states, more will be running a trade deficit with Britain than are running a trade surplus, so the interests of those countries are very different when you are trying to negotiate a free trade arrangement. That is why, if you are going to come down upon some solution that is probably going to work, some people suggest that you come up with a WTO tariff base of 2.4%. That is probably as good as we are going to get.

A tariff base of 2.4% is low, but the interesting point is that in 2015 our exported goods totalled £148 billion and our imports were £226 billion. We had a £78 billion a year trade deficit with Europe. That deficit is key to the whole thing, and it is why Europe would want to suck up to us. That is mitigated slightly by our services surplus, but of course services are not subject to tariffs at all, so there could be non-tariff barriers to our services. At the moment, we are running a £61 billion a year trade deficit, including services. If you apply a 2.4% trade tariff to that, which is the WTO model, it equates to £9 billion-worth of trade tariffs.

***Matthew Elliott:*** There are lots of points there. Could I respond quite soon?

**Mark Garnier:** Yes. Why don't you pick up on that point? I haven't quite finished yet, but if you want to respond, I will finish after you.

**Chair:** We had better get to the question.

**Mark Garnier:** The point I am trying to make is that that £9 billion of tariffs will be chargeable either to British consumers or to British businesses, potentially. If you look at the cost of membership, we have this £350 million a week. Let us step back a little and look at the headline figures. In 2015, we paid in £17.8 billion, and we had back £4.9 billion. I take your point about it being negotiated, but that is about where it is going to be. We then have £4.4 billion of CAP payments and regional subsidies, and then we have £1.4 billion of direct grants coming into universities, companies and that type of stuff. Take all that back and you can effectively say that the direct fee payable by Britain, after we have had rebates and all the rest of it, is £7.1 billion, which is a fee that essentially buys us access to the single market—if you like, that is the cost. But if we were to come out, we would have a £9 billion balance of trade tariffs, even at the very lowest level we could probably get with WTO arrangements. That is assuming that we get the best possible deal. At the moment, that £7.1 billion is a cost to the Government; coming out, that £9 billion would be a cost to the consumer, or a potential cost to the consumer. That is where it would start affecting the economy. Please respond to that.

***Matthew Elliott:*** Wow, there is a lot to respond to. Perhaps I can start with the negotiation and why I am so confident that we would actually have tariff-free access to the single market. If you look at the countries with which we have trade deficits—you are right to look at those—and the countries with which we have trade surpluses, the ones with which we have surpluses at the moment are, basically, Ireland, Luxembourg, Malta, Denmark, Bulgaria, Estonia and Croatia. The biggest one is Ireland at £10 billion. If you look at the ones with which we have huge trade deficits, Germany is the biggest one, France the fourth biggest and Italy the fifth biggest. I would say that the bigger and more serious countries have huge trade surpluses with us.

I cannot imagine, the day after Britain votes to leave, Angela Merkel allowing a situation where the British markets were cut off for BMW or any of the other companies. Ditto the French farmers, the Italian fashion companies and what have you. We have a huge trade deficit with all those key very big countries, so they would want to continue to have access to the UK market. They would have a huge incentive—*[Interruption.]* May I just finish my point? They would have a huge incentive to have that free trade deal and tariff-free deal that I talked about.

If you look at the other countries, which may not be so keen to have that tariff-free access to the UK, the biggest one of them is Ireland, and frankly Ireland would desperately want the EU to do a free trade deal with the UK.

**Mark Garnier:** Can I ask quite an important question—

**Chair:** If it is very brief, you can, but we are going to have to move on.

**Q1803 Mark Garnier:** You make a very good point: why would those countries with a trade surplus with the UK want to negotiate anything other than the best deal for them to export? However, why would the UK, with a trade deficit with Europe, want to negotiate a free trade deal? Let me put it to you that we can defend our economy by having tariffs on imports in order to reduce the amount of imports that we have from Europe.

***Matthew Elliott:*** With so many parliamentarians during this debate making it very clear that they want to have tariff-free access on both sides, I would find it extraordinary if on

24 June there all of a sudden was a majority in Parliament for protectionism between the UK and the EU.

**Mark Garnier:** You are probably right, but you never know.

**Q1804 Helen Goodman:** There is a connection between the questions Mr Garnier has been asking and the questions I was asking. If we made a trade deal having left the EU, surely you can see that we would have to abide by the standards imposed through the single market to have access. To give a very simple example, imagine you are manufacturing kettles. You have to meet the German standards on kettles or the EU standards on kettles if you want to sell into the EU. If you are going to maintain this trade, you are not going to get the gains on regulation that you were suggesting half an hour ago.

***Matthew Elliott:*** In the same way that you have to maintain the regulations to trade into the US market or any other market around the world. Of course companies who export have to go along with the regulations of the country that they are exporting their goods to. That goes without saying. Let's not forget the 95%—

**Q1805 Helen Goodman:** So we can't get rid of all these regulations then, can we?

***Matthew Elliott:*** Let's not forget the 95% of companies in the UK who do not export to the EU, who have all the costs of regulation without the benefits of trade with the EU.

**Helen Goodman:** That is a separate question.

***Matthew Elliott:*** It is an important one, though.

**Q1806 Helen Goodman:** It is important, but do you think it is easier for British companies to have two different sets of regulations that they need to meet—a European set and a British set? That is the world that you would be creating.

***Matthew Elliott:*** They already have to deal with multiple sets of regulation. If you look at a company such as JCB, for example, they have to deal with regulations for outside of the EU, where they export to the US. They deal with the regulations for the EU as well, so they are used to dealing with multiple sets of regulations.

**Q1807 Chair:** But to be fair, they have complained about that a lot, and there is a business cost attached to it.

***Matthew Elliott:*** Companies are used to dealing with multiple sets of regulations. There is another key point that goes beyond this.

**Q1808 Chair:** No one is suggesting that it is not possible to do these things. The question is, what does it cost? There is a business cost to multiple sets of regulations and regulatory standards.

***Matthew Elliott:*** If you look at the example I gave, I believe that JCB have concluded that the overall cost of Britain being part of the EU is greater than the benefit to them as a company.

**Q1809 Helen Goodman:** Well, they may have done, but don't you think it's interesting that we've heard from so many other companies, whose views you've been dismissing as complete rubbish, totally wrong and operating on false premises? You're happy to listen to JCB, but somehow you don't want to listen to Boeing or Glaxo or Hitachi.

***Matthew Elliott:*** Or Nissan.

**Helen Goodman:** Or Nissan, or all these other people putting the contrary view. You do seem to me to be picking and choosing somewhat.

***Matthew Elliott:*** We do listen to these companies very closely. We listened to the chief—

**Helen Goodman:** You told me an hour ago that you hadn't even spoken to them.

***Matthew Elliott:*** We listened to the chief executive of Nissan when he told *The Guardian*, on 21 January 2016, "Whatever is the decision of the UK we will adapt to it. I don't think there is a reason to worry." We listened to the chairman of Hitachi when he told *The Daily Telegraph* on 31 January 2016, "We cannot say Brexit is the wrong way". We have listened to these people. These people—

**Q1810 Helen Goodman:** I'm afraid what Hitachi have said is that belonging to Europe is central to their model, and they are advising people—

***Matthew Elliott:*** "We cannot say Brexit is the wrong way".

**Q1811 Helen Goodman:** I am sorry; that statement has been overtaken. They have written to all the people who work in their factory, telling them that it is in the interests of the firm to vote to remain. I know that because the factory is in my constituency.

***Matthew Elliott:*** The only thing that has changed between January and—

**Chair:** Order. We have been going for an hour and twenty minutes, and I think a number of other colleagues want to get in. I am going to give you the opportunity of the last word on this point, Mr Elliott, and then I am going to bring in Stephen Hammond.

***Matthew Elliott:*** The only thing that has changed between January and the statement you refer to is the start of the campaign. I might suggest that they are putting out a statement like that for political reasons, but their real position is that nothing will change.

**Q1812 Stephen Hammond:** Mr Elliott, good afternoon. If the UK votes to exit on 23 June, do you think it should retain the financial services passport?

***Matthew Elliott:*** I think it would.

**Q1813 Stephen Hammond:** Why do you think that?

***Matthew Elliott:*** Because I think the UK is in a strong position to negotiate a very good deal with the EU. I explained before how I think we would get tariff-free access for goods. I also think there is a very strong reason why we would continue to have passporting rights into the EU, in just the same way that German and French banks want passporting rights into this country.

**Q1814 Stephen Hammond:** But you would accept, of course, that if we do retain the passport, we would have to accept the EU financial regulation without having any control over how it developed.

***Matthew Elliott:*** I think that would be a result of discussions—some might say lobbying—between people in the City, banks in particular, and—

**Q1815 Stephen Hammond:** Why do you take that view? If you look at the completely contrasting views we have had previously, from European commissioners who have taken a very different view from the one the current European Financial Services Commissioner has taken, it is highly unlikely that we would have that sort of influence. I am not sure, and I think the Committee would be keen to understand, why you have that optimism.

***Matthew Elliott:*** I will pass over to Oliver in a moment, but I think you get more political statements like this during the course of a campaign. Can I give one example? This won't take a moment to explain. Think back to the Scottish referendum, which Mr Kerevan will remember very well. During the course of that referendum, different statements were made, for example that Scotland would not be able to use the pound—Mark Carney was wheeled out to say that. I actually think that, had Scotland voted for independence, Scotland probably would have used the pound; I know Oliver Letwin was going round telling people that they would be able to use the pound. Similarly, with this debate, you might sometimes have statements, where different people are wheeled out to say, "No, you won't get this", but in reality you would.

**Q1816 Stephen Hammond:** But if you look at the proposals by the previous commissioner, Monsieur Barnier, even with the position as it is now, inside the European Union, we were forced to fight our position. I think it is clear that financial regulation would be more difficult to achieve favourably for the City of London and the financial services industry in the UK outside the EU.

***Matthew Elliott:*** As I say, I think Britain would get a very good deal were we to leave, and I think that would include a very good deal for the City.

**Q1817 Stephen Hammond:** In a similar way to your response to Mr Garnier's question about tariffs, you are hoping for this great deal, but you haven't yet said why. The opposite to that, of course, is that, "pour encourager les autres", they would actually make the deals as difficult as possible.

***Matthew Elliott:*** I think there are two key reasons we would get a good deal when it comes to the City. The first reason is the sheer size of the City and the fact that other countries in the European Union want to maintain access to the big capital market there. The second reason, of course, is the fact that banks based in Germany and France and what have you would want to be able to maintain access to the City of London, it being the biggest financial centre. It is worth pointing out, as well, that the second biggest financial centre in Europe is of course Switzerland, which is outside the European Union, so the whole idea that membership of the European Union is essential to being a big financial centre in Europe is incorrect.

**Q1818 Stephen Hammond:** That is absolutely right, and we have had evidence to that effect, although Mr Astaire and Mr Chew, the people who gave that evidence, also made it clear that it is more likely that it will survive as the premier financial system in the UK. They made exactly your point that the UK could thrive outside, but the key point is that we have thrived and are more likely to thrive in the future inside the EU.

Moving on to another point, TheCityUK have done a survey of financial services professionals. The vast majority—84%—of the respondents said that exiting the single market would be damaging for UK financial services competitiveness. Why do you think they are wrong?

***Matthew Elliott:*** I am actually not familiar with that specific poll. Could I possibly ask Oliver to answer that question, because I know he is more familiar with it?

***Oliver Lewis:*** There have been a number of surveys and polls over the last few years. There are questions about the number of people who were within various surveys and polling. I would simply refer you to a ComRes poll of 500 professionals in the financial services sector at managerial level or above that was done a few years ago, in December 2011—I am happy to provide this to the Committee in supplementary evidence. It found that 68% of respondents agreed with the proposition that the UK Government should take back control of financial regulation. I would say that there are actually divergent views within the financial sector.

**Q1819 Stephen Hammond:** There undoubtedly are, but my point is that this is a relatively recent survey—it was done within the last year—and there is an overwhelming view that exiting the single market would be bad for financial competitiveness. I suspect that part of that is based on the fact that we would lose a lot of influence over EU financial regulation.

***Oliver Lewis:*** In order to provide the best possible evidence for this Committee, I think it would make sense for me to engage directly with that survey, if you wouldn't mind, and provide supplementary evidence and observations.

**Q1820 Stephen Hammond:** We would be delighted to have that in supplementary evidence. I think it would be helpful if you could respond as to why you think that survey is erroneous and why you think that the survey you quote is better. That would be very helpful.

You will obviously be aware of the Treasury balance of competences financial services review. It took evidence from 68 financial services firms. That review stated that "the existence of the EU Single Market and UK access to it" was "critical" to the UK's position as the leading financial centre in Europe. Do you disagree with that statement—or why do you think that statement is wrong?

***Matthew Elliott:*** There are all sorts of surveys and reports done. Vote Leave, for example, did a letter the other week from 100 people involved in the City who believe that we should leave the EU. There are all sorts of surveys out there.

**Q1821 Stephen Hammond:** But you do accept that there were 68 major financial services institutions in the Treasury balance of competences survey, the vast majority of which thought the UK would be in a poorer position if it left.

***Matthew Elliott:*** This comes back to a view I talked about before. When you look at businesses more generally, I think a lot of them want to say more pro-European things publicly, because of course they want to stay on the right side of the European Union and the Government, so they make statements like that. I think the second point is that of course a lot of them would much rather be regulated by an unelected body than by a democratically elected body.

**Q1822 Stephen Hammond:** So the conclusion I can draw from your response is that the majority of the people in the City of London who have said they are pro-staying are cowed by Governments.

***Matthew Elliott:*** I think there is a whole range of views, like I said. Some people are on the leave side, like the people who signed our letter the other week; some other people are obviously more on the remain side of things. To answer your question, overall the first point is that we would still have full access to the single market when it comes to financial services, because they want it to grow both ways. The second point—this is a key point—is that I think the City of London will continue to thrive, prosper and be the No. 1 financial centre outside the EU.

**Q1823 Stephen Hammond:** You would like to stay in the single market?

***Matthew Elliott:*** I didn't say that. I said continue to have tariff-free access to the single market.

**Q1824 Stephen Hammond:** Again, we could go round the loop about why you might think that, but we've gone through the loop about why you think it will be tariff-free several times. Can I bring you back to your website, which talks about the EU-Canada FTA deal? Do you believe that the current deal that the EU-Canada FTA puts together provides the same sort of financial services market access as the single market?

***Matthew Elliott:*** I think we would have infinitely better access than the Canadian deal, which I know has some element of financial services access. Because the City of London is a much bigger player in the field when it comes to financial services, and because the UK economy is so much more significant to the rest of the EU than Canada is, I think we would get a better deal.

**Q1825 Stephen Hammond:** Can you explain that? You said several times that you think we will get a better deal, but I am still not clear about the rationale of why you think we are going to get a better deal. Do you just think that financial services are such a big transaction that the other EU countries are going to be so helpful to us?

***Matthew Elliott:*** There is a key difference—I think this point is underappreciated—between the situation that the UK would be in post a vote to leave and the situation that Canada was in when negotiating that deal. When you are negotiating a new deal to gain access to and have a trade deal with the EU, you are of course starting from a position where you don't have tariff-free access and you are trying to negotiate as much tariff-free access as possible. The UK is in a different position to that. It is in a position where we currently have tariff-free access. We believe that it is to the benefit of both sides—particularly the other side—to continue that arrangement afterwards.

**Q1826 Stephen Hammond:** If the only deal we could secure was similar to the Canadian deal, do you accept that, although there would be the right to provide financial services to the EU, we would lose control over our own regulation in financial services?

***Matthew Elliott:*** I am not familiar with the precise terms of the Canadian deal because I don't think it is a deal that we should model the British option on, but I think we would get a better deal to the one they have.

***Oliver Lewis:*** May I come in here very quickly? I think you are referring to chapter 13 of the comprehensive economic and trade agreement in financial services. We have always been very clear that we are not advocating duplicating a deal that exists at the moment. We are going for our own deal, as Matthew has said. You said earlier that you want some clarity about why we would attain a good deal. I would respectfully point you in the direction of the report that the Bank of England produced in October, which listed a whole range of attributes that the City of London has that are not dependent on its EU membership, as one of the reasons why the City is so attractive. I can list some now.

**Q1827 Stephen Hammond:** No, no. We've already agreed that the City of London and financial services will exist and could thrive outside the EU. The question is, will they do even better inside the EU? That's the point. Even the evidence we have had from the practitioners said that. The point is that both of them said that the City of London and financial services in the UK as a whole would do better if we remained inside the EU. I think that is also the view of the Bank of England report.

***Oliver Lewis:*** On the attitudes of practitioners towards the EU, I just want to pick up a point that Matthew made earlier and that I believe Dominic made in his Select Committee appearance. A number of the organisations that have advocated remaining within the EU have, I would argue, a vested interest in remaining. There are substantial lobbying operations, which the EU provides details of—for example, JP Morgan and Goldman Sachs have spent considerable sums over there to help create a regulatory environment that works for them. It does not necessarily work in the wider interests of the whole sector, I would posit, which is why I think the report that I cited earlier—the poll from 2011—is interesting, in that it provided an overview of different sectors of the City. It is important to build up a more complex image of attitudes.

**Q1828 Stephen Hammond:** Yes, I accept that, but to go back to the survey, a bigger poll done by TheCityUK of a wide spread of financial services practitioners comes to the view that that they thought exiting the single market would damage the UK's competitiveness in financial services. I think that is the most recent and up-to-date poll, which is why I look forward to your supplementary evidence on that. It seems to me—I put it to you again—that your argument is that major financial institutions either have been cowed by the EU or are in some way subservient to it, so they have to stand up and say pro-EU things. That has not been the evidence we have had in previous hearings about other things that we see the financial services do. Why do you think that they are suddenly all so scared?

***Matthew Elliott:*** They often get things wrong, though. We should not just stand in awe of what these institutions say. Had we gone along at the time with the advice of the City of London Corporation, TheCityUK or any of the big banks, Britain would be part of the euro. That would have been wrong for the UK, so we should not always think that their advice on these matters is entirely correct.

**Q1829 Stephen Hammond:** I accept that point, and a number of us would certainly agree that it will always be wrong to go into the euro. I am still interested about you thinking that these banks and major financial institutions are responding to pressure are in some way. You think they have been pressured by the EU into their current stance.

***Matthew Elliott:*** I think it makes sense that they would go along with what their major regulatory body wants and say things that support that position, and go beyond what might be correct into what is politically advantageous to the remain campaign in order to push that agenda, yes.

**Stephen Hammond:** Okay. Thank you.

**George Kerevan:** Good afternoon, gentlemen. Tempted as I am to take you up on your reference to the Scottish independence referendum, I will not go down that road too far. Suffice it to say that an independent Scotland did seek tariff-free access to the rest of the UK and a common currency and, lo and behold, the Government of the day and the major British party of the day refused us exactly that, which I think rather undermines your case. In those circumstances, if it had come to independence I think we might have negotiated something, but it would have been after quite a tough deal in which an independent Scottish Government would have threatened to refuse to take any share of the Treasury's debt. You have sacrificed any kind of hardball negotiations like that right away by suggesting that you would not seek to put up a compensatory tariff to ensure that the rest of the EU went down the road of tariff-free links with the UK post-Brexit.

***Matthew Elliott:*** I don't quite understand the question.

**Chair:** I am not sure there was one. It was a very interesting set of remarks.

**Q1830 George Kerevan:** I will move on, Chair. When Mr Cummings was with us on 20 April we asked him specifically about a quote on the Vote Leave website, which I will give you—I accessed it on 13 April. It said that "The EU's own figures show that since 1999, intra-EU trade has…declined." We asked Mr Cummings to source that. He said he would give us a detailed sourcing, but we have not had anything to date. Can you tell me what the source was for that statement?

***Matthew Elliott:*** I apologise that you have not received anything, because I know we did post off a big package to the Committee, with all sorts of things that we promised, after Dominic's appearance. I am not sure where that got to. But—

**George Kerevan:** Can you tell us when you posted it?

***Matthew Elliott:*** Oliver does have the source of the statistic here. It seems to be Eurostat 2016—

**Chair:** We did actually raise this with Mr Cummings. It would be handy to know when this was posted.

***Matthew Elliott:*** I know it was put together right after his appearance. I don't know when it was posted.

**Chair:** Your office is only around the corner, anyway. We were a bit surprised not to receive this, frankly.

***Matthew Elliott:*** We will make sure you get it. The reference is Eurostat 2016 intra versus extra-EU trade as a percentage of EU trade in goods. It shows a decline.

**Q1831 George Kerevan:** Can you give the Committee some details on that?

***Oliver Lewis:*** Certainly. It says that intra-EU trade as a percentage of the total international trade in goods by EU member states has fallen from 67.28% in 1999 to 63.03% in 2014.

**Q1832 George Kerevan:** That is intra-EU trade as a percentage of total trade.

**Mark Garnier:** That has come down because they have grown their exports out of Europe, whereas what you are looking at is something slightly different.

**Q1833 George Kerevan:** The inference of the quote is that trade between EU countries has not grown. It says, "The EU's own figures show that...intra-EU trade has...declined", which would suggest to any reasonable person that the degree of trade between EU member states has shrunk, but that is not true.

***Oliver Lewis:*** It is not the claim that we purport to make. What we are referring to is the proportion of trade, which has declined, because—exactly as you say, Mr Garnier—more and more companies in Europe and the UK are exporting to countries outside the European Union, the growth markets of the world.

**Q1834 George Kerevan:** Yes, but I do not think anyone ever suggested that the EU was putting up a brick wall and refusing to trade with the rest of the world. Clearly, with the advent of a growing Chinese market, there is bound to be expansion there. But the existing quote, "The EU's own figures show that since 1999, intra-EU trade has...declined," is what you are saying.

***Oliver Lewis:*** As a proportion of total trade.

**Q1835 Chair:** As a proportion of total EU trade.

***Oliver Lewis:*** Yes: a percentage of EU trading groups.

**George Kerevan:** Let's move on to what Mr Cummings said when we questioned him on that.

**Q1836 Mark Garnier:** So what you are saying is—sorry, George—we know that EU trade in absolute terms has gone up, so, to turn it around another way, the European Union has been fantastically successful in building its trade relationships with the rest of the world.

***Oliver Lewis:*** What we are saying is that it is a simple fact that the growth markets for the future, where we are exporting more and more to, are economies outside the European Union.

**Q1837 Chair:** We are talking at cross-purposes. You have replied with a figure that is not relevant to the question that has been asked. You have replied with a figure, I think, judging by what you have just said, that is the EU's share of global trade, which has declined.

***Oliver Lewis:*** No, it is intra-EU trade as a percentage of the total international trade in goods by EU member states; that is the figure.

**Q1838 George Kerevan:** Yes, but overall intra-trade between the EU member states has grown in real and nominal terms. Do you accept that?

***Oliver Lewis:*** Yes.

**Q1839 George Kerevan:** Your argument is that, latterly, trade between the bloc and the rest of the world is growing even faster.

***Oliver Lewis:*** Yes.

**Q1840 George Kerevan:** Right. How is that an argument for leaving the EU?

***Oliver Lewis:*** I think we have to look at nurturing our trading relationships where there is most growth. As long as we are a member of the European Union, we do not have control over trade—trade is an exclusive competence of the European Union. I and the campaign would argue that the EU has been incredibly bad at striking free trade agreements and that it makes sense for us to take back control of the competence in trade so that we can go and strike trade deals with the growing economies and boost those exports even more, creating more jobs and more prosperity.

**Q1841 George Kerevan:** So have you corrected the website?

***Oliver Lewis:*** If you highlight the area, I will have a look at it.

**Chair:** It was in Mr Cummings's oral evidence.

***Matthew Elliott:*** Could you refer to the page number?

**Chair:** I do not have that to hand. It would have been helpful if we had had the written material that you say you sent us; we have not received it. Anyway, I think we'd better move on rather than try and sort this out now. We may need to resolve this in a written exchange, which is unsatisfactory, but we will have to do that.

**Q1842 George Kerevan:** Okay. In answer to questions from Chris Philp on 20 April, Mr Cummings said, "The fundamental story since the creation of the single market is clear: it was sold as a project that would lead to a huge boost in intra-EU trade, which has not materialised." So that is wrong.

***Oliver Lewis:*** I would argue that it makes sense to look at this as a proportion. You would expect if the single market was a huge boon for trade, that there would have been a substantial and continued divergence of exports to the EU, who we share this legislative competence with. That has not—

**Q1843 George Kerevan:** So he's wrong. You need it to be qualified.

***Oliver Lewis:*** No, I don't believe so. I personally understand the point that he is making. I think it is correct to say that if you are arguing that the EU—the concept of a single market, of a single regulatory system and a single executive—is a boon for trade, you would to see, as a proportion of exports, more and more going to the EU, and that is not the story of the past few years.

**Q1844 George Kerevan:** Intra-EU trade has doubled in nominal terms and increased by nearly 40% since 1999. There is only one single year when intra-European trade fell, in all that period, and that was 2008. So even during the worst of the eurozone crisis, intra-European trade is growing. How can that be an argument for Brexit?

***Oliver Lewis:*** I make two points on that. The first is that that pales in comparison with the number of exports that are going to non-EU countries. The whole point is that, more and more, that is where the growth is, that is where exporters are looking to, that is where jobs are being created—in trade beyond the European Union. I believe that that is what should be focused on.

The second point to make is that as a percentage of our exports, the story of the past 10 years has been that the percentage of UK exports going to countries in the EU has been one of decline. It has gone down from about 55% in 2006, I believe, to less than 45% now and there is no indication that that decline isn't going to continue. We have got a system that, basically—

**Q1845 George Kerevan:** So what, in the leave campaign's view, is uniquely inhibiting the UK, as the second biggest economy in the EU, from increasing its market share? Presumably every other EU country is faced with the same regulatory regime. What is it, in your view, that is uniquely inhibiting the UK to the point where you have to leave the EU in order to grow?

***Oliver Lewis:*** All European countries are having to deal with the burdens that that European Union creates. I believe that we have an opportunity now to take back control. We have an opportunity now to deal with these problems. The biggest issue is that the EU is in charge of our trade policy. We cannot strike a trade deal by ourselves, at the moment.

**Q1846 George Kerevan:** You are shifting away from the question. We are talking about interior to the EU—intra-EU trade. You seem to be going down the road of saying that Britain has built up this significant trade deficit with the EU. Why is that the case? What is it about our membership that is inhibiting British exports to the EU?

***Matthew Elliott:*** I am not as much of an expert on this as Oliver is, but there is one thing I can draw from my experience. I used to work in the European Parliament back in the early 2000s and I remember that one of the big themes at that point was the whole Lisbon agenda about how the EU was going to be the most prosperous continent on Earth by 2010 and have the highest growth—all this sort of stuff. The fact is that none of these things happened. It has not turned out to be the economic dream that people have talked about. It has high levels of youth unemployment in the southern continental countries.

I think some of the gains that would particularly advantage the UK economy in terms of completing the single market in services and that sort of thing have not materialised in the way in which we were led to believe they would. I think it is fair to say as well that when the Prime Minister started his whole renegotiation, with the Bloomberg speech, he had great talk about the EU doing more trade deals, the EU becoming more competitive—all these different things. This simply is not happening. The EU is no longer the beacon of prosperity it once was.

***Oliver Lewis:*** If I may come in here as well, I believe that there are systemic problems with the EU that stem from structural deficiencies. The EU continuously produces regulation, and I would argue that its ability for error correction and to detect and respond to issues is extremely poor. You have a system where the European Court of Justice—ECJ—engages in judicial activity that I consider harmful. The fact that the ECJ in effect sets its own jurisdiction as well creates significant problems.

The whole point is that the eurozone, I think it is fair to say, is now in a very dire place. The response from the European Union has simply been to push for even more integration, encompassing not just the eurozone states but also the non-eurozone states. This regulatory drive has hindered businesses and it is interesting that the European Commission has itself acknowledged that EU regulation has created serious problems that disproportionately affect smaller businesses and dynamic businesses.

**Q1847 George Kerevan:** Let me take you up on this. All politicians and civil servants claim to be against regulation. Let’s look at the evidence. Are you telling me that the UK economy is over-regulated to its disbenefit by EU membership?

***Oliver Lewis:*** I believe there are a number of regulations that are both costly and burdensome and have had dire consequences, for example, the clinical trials directive.

**Q1848 George Kerevan:** Are we over-regulated on a world scale, such that it is a major demerit to the performance of the UK economy?

***Oliver Lewis:*** I don't think that such comparisons are useful. What is more useful is to look at individual sectors and say, "Look, we know that there are rules and directives and regulations that come from the EU in this area that have caused major problems, and we do not have the power to address that."

**Q1849 George Kerevan:** What I am trying to focus on is marginal differences, because what you are leading up to is an argument for leaving a particular set of trading arrangements that we have at the moment. I am trying to clarify where you think the marginal disbenefit is. The question was not about sectors. The questions was: are we over-regulated as a result of EU membership to our detriment on a world basis?

***Oliver Lewis:*** I would argue, yes, we are.

**Q1850 George Kerevan:** That's fine. I am going to ask you, therefore, to give me some concrete evidence of why that might be the case. Because going through all of the league tables that I can find, the UK actually comes out quite well. The OECD's analysis of G7 countries, for instance, has Britain with the second lowest administrative burden for start-ups—small businesses that you have just mentioned—and we have the lowest protection for incumbent firms in the G7 and we have the most lightly regulated product market in the G7, all of which would tend to suggest that we are not explicitly overburdened as an economy compared with other countries, in fact we are slightly better off.

The World Bank ranks the UK sixth in the world for ease of doing business. That is ahead of the US, Canada, Switzerland, Australia—major economies outside the EU. Apart from a broad feeling that this might be so, can you give me specific evidence that the UK is over-regulated to its detriment compared with other countries in the market?

***Oliver Lewis:*** As I said, we have not engaged in that area of study because I don't believe it is particularly enlightening or useful. What I think is more useful is to engage in sector-by-sector analysis. You can see that there are top scientific firms that have left the UK to go to the United States, citing European regulation, over which politicians, parliamentarians, have no control. You can once again cite the clinical trials directive, which has had a devastating impact on that particular sector. That is the informative area, I would argue. If you were to look at these areas you would see that EU membership does create burdens for the economy and, crucially, we have no say in rectifying those problems.

**Q1851 George Kerevan:** I was always taught never to argue from a single example but to try to generalise. You are rejecting the generalisation in favour of your single example, which is the one you always bring out. Here we have evidence from the OECD and the World Bank that the regulatory burden in the UK, whether resulting from the EU or even domestically from Parliament, is actually in many cases lighter than it is for similar industrial economies. There is nothing unique about the regulatory burden of the UK economy that would change if we left the EU.

***Oliver Lewis:*** I would disagree with that. I think there have been enough studies that I have seen that convince me that the EU does create significant burdens for our companies. I referred earlier to a Treasury report from 10 years ago that estimated that the cost of EU regulation amounted to 7% of EU GDP. I think it is clear that there are substantial costs, and it is not particularly credible to say that in fact the various issues that reports, studies and countless businesses have highlighted are minimal and do not really exist. That is just not a credible argument.

**Q1852 George Kerevan:** Say we are now out of the EU and we have to renegotiate trade deals with the rest of the world. We have the obvious well-known statement from President Obama that the UK would be at the "back of the queue" for a trade agreement with the US. How would you comment on that, Mr Elliott?

***Matthew Elliott:*** On trade deals with the US, some respected people like yourself are very much against TTIP, so it might not be the best trade deal for the UK in any case. I think that were the trade deal between the US and the UK to be done by elected representatives like yourself rather than by unelected bodies, it might be more to your taste.

**Q1853 George Kerevan:** But the issue is not the content. The issue is the time it would take to negotiate such a bilateral agreement with the United States, particularly in the context that the United States—not just President Obama but most interest groups in the United States—prefer having a broad negotiation with a group of countries rather than with a single one. In that case, even if we rejected TTIP—which I do at present, as I am sure you have gathered—we would still be at the back of the queue when it came to the UK negotiating a bilateral agreement with the US.

***Matthew Elliott:*** I see that more as a piece of political rhetoric on the part of President Obama. I think it was advantageous for the referendum debate at that point in time for him to say that on behalf of the US Government. I don't actually believe seriously that that is the real position of the US. I think that the US and the UK are so intertwined economically, not least due to foreign direct investment, that there would be great reasons for the UK and US to have a trade deal.

Let us not forget the key point, though: there is no trade deal at the moment between the US and the EU. TTIP may or may not go through; at the moment it is looking less likely that it will go through. We should not assume that were Britain to vote to leave, trade with the US would all of a sudden be cut off, because there is currently no trade deal.

**Q1854 George Kerevan:** But the reference for President Obama is that in structuring future trade negotiations, the UK would be pretty far down the list in terms of time and effort. You cannot guarantee otherwise.

***Matthew Elliott:*** As the fifth largest economy in the world, I think we would be fairly high up the list, and they would want to do a trade deal. I think Oliver would like to say something, if he might interject as well.

***Oliver Lewis:*** If I may, I would like to address one presumption in your question, which Mr Garnier also made. It is the idea that if we were to vote to leave, it would automatically enact what I believe you are referring to—the article 50 process, and the idea of two years. That is not the case. On 24 June, there is no requirement on the Prime Minister to enact article 50 in any given timeframe. There will be a sensible period. I believe that Mr Cummings referred to this in his evidence to this Committee, and that Sir Jon Cunliffe made the same point. It will be for the Government of the day and this House to determine when and if article 50 is used to leave the EU. There will be a sensible process, and we will be in control of the timeframe in that respect.

As far as the United States deal is concerned, I believe I am right in saying that at the moment, the United States is only involved in negotiating the TTIP deal. "Back of the queue", in effect, means "second", which I am not sure is the greatest threat ever made, especially as it looks like the French Government is becoming more and more reluctant to support TTIP. President Obama's claim may be that we go second and then first in the queue.

On the time that it takes to strike trade agreements, you referred to the idea that the President gave that it would take a number of years. In fact, I believe I am right in saying that the United States negotiated a free trade agreement with Australia in two years. Oxford Economics has done a report which says the average time taken to negotiate a trade agreement is about 28 months, I believe I am right in saying, so there is good evidence, in precedent and in academic studies, to suggest that the hyperbolic claims that have emerged in the heat of the campaign are simply not credible.

**Chair:** It is the hyperbolic claims that we began this hearing with and, unfortunately, you are sticking with. We might come back to that later. Steve Baker.

**Q1855 Mr Baker:** Good afternoon. Thanks for coming.

I should remind the Committee that I have worked closely with Matthew since the election to build Conservatives for Britain and Vote Leave.

The debate on the Government's hated, pro-EU, taxpayer-funded leaflet is about to begin in Westminster Hall, so we will try to canter through. Matthew, if I may, I would like to ask you a couple of questions before putting some detailed points to Oliver. Could you characterise the timetable on which the campaign has had to be built? Was it compressed, or has it been a long, lazy stroll to reach this point?

***Matthew Elliott:*** It has been very compressed. We launched back in October. Obviously, after the election, once the PM had been to the European Council meeting in June—from memory—it became clear that it was not going to be a serious renegotiation, so we could start thinking about it then. But to build, basically, a large-scale political party in less than a year I don't think has ever been done before, so I feel pretty proud with what we have achieved.

**Q1856 Mr Baker:** Can you say something about what you think the European Union will look like in five to 10 years' time? Is there a status quo on the ballot paper?

***Matthew Elliott:*** There isn't a status quo, and that is what makes this referendum different from the Scottish independence referendum. Of course, we know, in our view, that the riskier option is to vote to remain in the EU. I know that the Committee has discussed a lot the Five Presidents' Report and what that entails in terms of further centralisations; we know that the eurozone is still very much in crisis and, of course, the UK may be called to put more money into the pot for the eurozone crisis; we know that migration continues to be a concern; and we know that trade deals like TTIP are on the rocks at the moment, and the UK is unable to do its very own trade deals. That is why we say that the safer option on this occasion is to vote leave.

**Q1857 Mr Baker:** Thank you, Matthew. Oliver, the OECD has come up in the course of the evidence session. Could you say something about the extent to which you have assessed the independence of these various international bodies which have come out to say that we should remain in the EU?

***Oliver Lewis:*** Yes, of course. I think it is interesting that there have been these interventions by various bodies. I will simply suggest to the Committee—if you were to look at these statements, and in reference to my point earlier—to look at whether or not there are interests that should be declared with regards to attitudes to the EU. I notice that the OECD, according to the EU's Financial Transparency System, which is available online, has received EU funding amounting to over €30 million since 2007; the International Monetary Fund has received a six-figure sum; the CBI has received over €1 million; and the Institute for Fiscal Studies has received €7 million. These are points that need to be taken into consideration when reflecting on their arguments.

**Q1858 Mr Baker:** Turning to the Treasury report—the plague of frogs report that the Treasury brought out—on the economy do you think that it adequately handled the costs of regulation?

***Oliver Lewis:*** Are you referring to the command paper that was produced?

**Mr Baker:** Yes.

***Oliver Lewis:*** Right. There was a number of issues with that report. I believe that it did not really stand up to much scrutiny. The economic methods that were used to calculate the £4,000 figure were not credible. With regard to regulation in particular, I think I am right in saying that the report did not actually consider the cost of regulation in significant depth. The report asserted: "Under any of the alternatives, the potential gains from additional…flexibility on leaving the EU would likely be significantly constrained". Now, I referred earlier to the Treasury report from 10 years ago that actually calculated that the cost of EU regulation to European consumers could be up to 7% of European GDP. We crunched the numbers and, were you to assume that that remains the case—if anything, it is likely that the burden of EU regulation has increased, as studies by Open Europe and others have suggested—that alone, using the same methodology as the Treasury, would cost each UK household £4,600. That suggests that the Treasury's figures were politically motivated, rather than being economically vigorous.

**Q1859 Mr Baker:** I have been trying to work out whether or not the Bank of England wishes to be involved in this referendum campaign. Do you think it has given adequate warnings about remaining?

***Oliver Lewis:*** The Governor of the Bank of England has certainly highlighted issues. I know that he said before this Committee that he believes there are risks in remaining within the European Union. That should be given due weight by both the Committee and the public at large. The former Governor of the Bank of England, Lord King, has said that in his opinion the eurozone may explode. It is important to realise that when it comes to the Bank of England and senior figures who are there now and those who have left, it is not simply a one-way street; there are serious concerns about the way the EU is developing and what happens if we remain a member.

**Q1860 Mr Baker:** On that point, when the Chancellor came before the Committee, I put it to him that we were still on the hook to bail out the eurozone through general treaty provisions. Can you confirm that that is the case?

***Oliver Lewis:*** Yes, that is our understanding of the situation. As far as the situation with Greece is concerned, the Chancellor admitted in his speech—I believe it was in November in Germany—that "in flagrant breach" of the promises that had been made the UK found itself liable to bail out Greece. I also note that, as part of the renegotiation, the relevant articles in the treaties have not been amended, so I would argue that we should be incredibly cautious of the claim that we have been taken out of the bail-out mechanism. There ought to be some concerns.

**Q1861 Mr Baker:** When you send your additional evidence, could you list those articles that would need amendment in order to take us off the hook?

***Oliver Lewis:*** Of course.

**Q1862 Mr Baker:** Could you give me some idea of our ability to stop TTIP if we remain in the European Union?

***Oliver Lewis:*** Obviously TTIP would be negotiated via the usual mechanism. The issue is your ability to shape its agenda. We have already seen that certain TTIP provisions have been removed from the plate, and there is nothing that we can do to stop that. I am thinking in particular of cultural exports, which the French Government have demanded are removed. As long as we are a member of the European Union, TTIP—or any trade agreement, for that matter—will be shaped not in our interests but by a collection of 28 disparate interests. It is a process that lends itself usually to failure in trade negotiations, which I would argue is why the EU has been so poor at negotiating treaties with third countries. The whole system is ineffectual. It also means that it is nearly impossible for the UK's agenda to be in the driving seat. That is to our and our economy's detriment.

**Q1863 Mr Baker:** If I understand that correctly, it is both impossible for Parliament to shape that trade deal and impossible to stop it once it has been completed and we are simply asked to approve it.

***Oliver Lewis:*** As far as the agreement mechanism is concerned, the UK Government and Parliament have to approve it. However, as for the actual shaping of a trade agreement that is in the UK's interests, it is impossible for this Parliament to shape a trade agreement that reflects its interests as effectively as possible, because as a member of the EU it has to deal with 27 other sets of special interests.

**Q1864 Mr Baker:** Finally, would you agree with me that the safer choice is to vote leave and take back control so that we can spend our money on our priorities, such as the NHS?

***Oliver Lewis:*** I would be tempted to agree with that, yes.

**Mr Baker:** That's good news.

**Q1865 Chair:** What a surprise. Can I take you back to some of the exchanges we had much earlier? I would like to run through some of the evidence we took from Dominic Cummings. If I may say so, the exchanges we have had today have been of some interest and, on occasion, enlightening and very helpful, and we are grateful to you for having given that evidence—even if, as I said at the beginning, it took a while to arrange. As I understand it, the only claim made by Mr Cummings that you are clearly resiling from is when he said that 95% of the benefits of EU regulation may not materialise. You are no longer saying that, are you? You are saying that that was a mistake. Is that correct?

***Oliver Lewis:*** It is no longer a statement that I would make or recommend. I would have to speak to Mr Cummings about his position, but I would personally recommend—

**Q1866 Chair:** No, no. I am not asking what Mr Cummings' position is; I am asking you what Vote Leave's position is. I am asking you whether you, on behalf of Vote Leave, think that that position is mistaken.

***Oliver Lewis:*** We did not interpret that figure in the right way, as Open Europe has said, because it was not phrased particularly clearly. However, we stick by the £600 million claim.

**Q1867 Chair:** Okay. I am not talking about the £600 million claim just now; I am just talking about this point. I am trying to get clarity about whether you are saying, “Well, we used to say this, and we’ve decided to express things differently,” which is what I seem to be hearing now, or whether you are saying, “This was a mistake; this was wrong.” If I may say so, the reason I am bringing Mr Lewis in is that when I asked Mr Elliott this question a little under two hours ago, he tried to get Mr Lewis to answer it, so I am now giving Mr Lewis a full opportunity to answer the question.

***Oliver Lewis:*** Of course. With regard to the argument that Open Europe’s study said that 95% of all benefits had not appeared, that was incorrect. It was a mistaken interpretation. However, we stick by the claim that our reading—

**Q1868 Chair:** Sorry, could you clarify that? What was incorrect?

***Oliver Lewis:*** The argument that had been made in the report that 95% of all benefits of all regulations had failed to materialise.

**Q1869 Chair:** Right. I used a somewhat weaker word earlier on your behalf, to which Steve took exception, when I said that that could be seen as a misconstruction. Is that fair or unfair?

***Oliver Lewis:*** We are getting into an argument about the definition of words. Open Europe published a report saying that—

**Q1870 Chair:** It just made an honest mistake—is that what you are suggesting?

***Oliver Lewis:*** I think that is a fair description.

**Q1871 Chair:** Okay. That’s fine. I accept that. That is extremely helpful. I just want to clarify a few more of these things. The fact that the UK writes a cheque every year to Brussels is not in dispute, Mr Lewis. The question is, how much? We have had an exchange about this already. You have a figure for a certain sum—£350 million per week— but that isn’t the correct figure, is it, Mr Lewis?

***Oliver Lewis:*** I would defend that figure. I think it is very clear on the ONS website that that is the total debits. It is incredibly clear. We have not attempted to do any—

**Q1872 Chair:** But they themselves have said that it is not a useful figure. It is misleading.

***Oliver Lewis:*** I disagree with that, with all due respect. Table 9.9 of the ONS pink book, which is what we used—

**Q1873 Chair:** They themselves described it as misleading. I am not misleading you by using the word "misleading". That is their very word.

***Oliver Lewis:*** If I may, I refer to Sir Andrew Dilnot's evidence to the Public Administration and Constitutional Affairs Committee on 26 April. He said, "Yes the £19.1 billion figure is a legitimate figure for gross contributions".

**Q1874 Chair:** But this is an accounting principle, not in any sense a realistic assessment of how much is crossing the exchanges. This money never leaves the UK.

***Oliver Lewis:*** It is money that we are most certainly liable for and are debited for, so I would argue—

**Q1875 Chair:** It never leaves the UK.

***Oliver Lewis:*** It is money that we are liable for. It is in the total debits. As I say, Sir Andrew Dilnot is clear that it is a legitimate figure.

**Q1876 Chair:** Mr Elliott, why is it that the Taxpayers' Alliance—the body that until recently you were running—concluded that the correct and appropriate figure is not £350 million but £250 million a week?

***Matthew Elliott:*** I only ran the Taxpayers' Alliance until 2010, when I started the NOtoAV campaign. After that, I was involved in Business for Britain. There have been crucial developments since that point. I referred to what Osborne said.

**Q1877 Chair:** Okay. You made those points in your earlier evidence, and that is very helpful. I just wanted to see whether, on reflection, you had thought about it. You have discussed the £600 million-a-week figure as well and the decision, I think it is fair to say, of Open Europe to conclude that a figure of £22 billion a year, or roughly two thirds of £600 million a week, would be a more defensible figure than £33 billion; but you are going to stick with the £33 billion.

***Oliver Lewis:*** We are going to stick to £33 billion.

**Q1878 Chair:** Would you accept that you might be on stronger ground if you picked figures that the body that you yourself say is reliable uses—if the figure that it uses was the one that you also used?

***Oliver Lewis:*** If I may, I will very quickly offer a point of clarity before I answer that. I think it is important to understand that at Vote Leave we are focusing on the money that we have control over—the policy that we have control over. What we are highlighting—

**Q1879 Chair:** We are repeating evidence. That's fine. I understand. I was wondering whether over the two hours you had had a chance to reflect. For what it's worth, and you may or may not know this—you have had, at times, misrepresented quite badly my own views in public, Mr Elliott—I have come out strongly with the view that there should be savings from reducing regulation in the EU. That is my personal view. There is a number, but the numbers that you are using look absurd to me, and I regret that you are persisting with them.

I should not be making statements from the Chair. I should be asking you questions, so maybe I could ask you a question, Mr Elliott. When Mr Cummings came before us, he told us that the Cabinet Office in general and the Cabinet Secretary in particular, were threatening people all the time. Is that something that you are standing by?

***Matthew Elliott:*** Whereabouts did he say that? Can you remind me, please?

**Chair:** I do not have the evidence in front of me, but I think it was Q1451. Shall I read it to you?

***Matthew Elliott:*** I have it here. I recall it now. Sorry, what was your question: do I concur with that?

**Q1880 Chair:** My question is: this looked like a pretty—let's call it either a robust statement or a wild and absurd statement. It is somewhere in between those two, isn't it? It is on that spectrum. It is certainly robust. The question is: is it true? Is this something that you're going with as a campaign?

***Matthew Elliott:*** With regard to Jeremy Heywood personally, I have no evidence to believe that that is the case. I think Dominic also said that it did not apply to Jeremy Heywood personally; he was talking about people more widely in the Cabinet Office and No. 10. I think the Committee should remember the case of Vote Leave's business council chairman, John Longworth, when he made his statement at the British Chamber of Commerce annual conference about his views on the EU. I think there were some fairly strong words said by people in No. 10 to him at the time.

**Q1881 Chair:** So you are sticking by this?

***Matthew Elliott:*** It has been reported in the national media.

**Chair:** No—but you are sticking by the impression being given by this evidence that we are living in an era of a culture of threats emanating from the Cabinet Office?

***Matthew Elliott:*** I think it is fair to say that if it has been documented, it did happen, yes.

**Q1882 Chair:** So the answer to that is: yes, you are sticking by that one. Looking a little further on: in Q1370 and a bit earlier he says, in a nutshell, that firms like Goldman

Sachs are using cash to bribe their way in Brussels. That is what it amounted to. Is that something you are sticking by—that there is a cash bribery culture rife in Brussels?

***Matthew Elliott:*** I think Dominic may be more—

**Chair:** That it is "a deeply corrupt city"?

***Matthew Elliott:*** I think it is fair to say that an enormous amount of money is spent on lobbying in Brussels.

**Chair:** That is a very long way from bribery and corruption.

***Matthew Elliott:*** It is a careful use—

**Q1883 Chair:** Haven't you worked as a lobbyist for a long time?

***Matthew Elliott:*** I have never worked as a lobbyist.

**Q1884 Chair:** Aren't you a campaigner?

***Matthew Elliott:*** I am a campaigner, yes.

**Q1885 Chair:** Isn't that a form of lobbying—lobbying people to come to a particular view?

***Matthew Elliott:*** I think it is different. I think as a campaigner I am doing it because I believe in the issue; I am not being paid by third parties to do it.

**Q1886 Chair:** I think there is a spectrum—once you are doing campaigning, you are on a spectrum. Are you saying this is true? These are very serious allegations and it is important to be clear whether this is part of Vote Leave's campaign or not.

***Matthew Elliott:*** I think when it comes to the level of lobbying in Brussels, it is far higher and far less transparent than it is in the UK. I think that because the politicians in Brussels in the European Parliament are much further from their constituents than MPs are, and because the Commission is unelected, the area for—

**Q1887 Chair:** But this culture of cash bribery—are you recognising that?

***Matthew Elliott:*** I don't think Dominic refers to cash bribery. But certainly a lot of lobbying—

**Q1888 Chair:** Just read the question and answer and you can see, “What you are saying is that they are using cash to bribe their way in Brussels to obtain regulations that suit their firms’ interests.” The reply is not no or anything but, “On a huge scale.” He is not saying this has taken place; he is saying it has taken place on a huge scale.

***Matthew Elliott:*** Well, Dominic must be more familiar with this than I am because—

**Q1889 Chair:** But you are sticking with that; you are not qualifying it in any way. This is an opportunity to bring some calm and clarity somehow.

***Matthew Elliott:*** I think that there is certainly a lot of lobbying in Brussels. I think there have been cases documented in the media about excessive lobbying, excessive client hospitality and excessive payments to MEPs and other people involved in the Commission for consultations and what have you.

**Q1890 Chair:** Cases of excessive lobbying are a long way from cash used to bribe one’s way in Brussels on a huge scale.

***Matthew Elliott:*** I would stick with Dominic’s definition here and say that it is sometimes very difficult to draw the line between lobbying and bribery.

**Q1891 Chair:** Do you think Brussels is a deeply corrupt city?

***Matthew Elliott:*** I think it is far more corrupt than any of the other capital cities are, yes.

**Q1892 Chair:** Do you think Brussels is a deeply corrupt city?

***Matthew Elliott:*** Yes.

**Q1893 Chair:** Okay. What about the suggestion that Whitehall is deliberately suppressing data that might illustrate the cost of waste in EU procurement?

***Matthew Elliott:*** This is on the public procurement point about the costs of, I think, the schools programme—

**Q1894 Chair:** This is Question No. 1511, if you want to look at it—all very legalistic in this Committee room late in the day.

***Matthew Elliott:*** I think it is fair to say that Whitehall has been slow on providing all the data and evidence it might before this referendum.

**Q1895 Chair:** But being dilatory is a long way from the deliberate suppression of data.

***Matthew Elliott:*** I think it is fair to say that a huge amount of data has had to be dragged out of Whitehall.

**Q1896 Chair:** Is there deliberate suppression of data?

***Matthew Elliott:*** I think there is.

**Q1897 Chair:** So you are sticking by that.

***Matthew Elliott:*** Let me give a few examples. It has been very difficult to get hold of—

**Q1898 Chair:** It's all right—I will accept that. I don't want to hold you here longer than necessary, unless you particularly want to give those examples.

***Matthew Elliott:*** I think one example is worth talking about.

**Q1899 Chair:** Give me one example.

***Matthew Elliott:*** This is not data so much, but more the Government's plans for after a Brexit vote. I cannot believe that Whitehall is so foolhardy as not to have started planning for this outcome, especially with leave now ahead in the polls. Seeing as there is a fair chance that there will be a leave vote on 23 June, the idea that Whitehall hasn't started planning is, I think, unlikely. I think it would be useful if those plans were shared with the wider public ahead of the vote.

**Q1900 Chair:** This—giving evidence before us this afternoon—might have been a somewhat uncomfortable experience. Certainly it, and the cross-examination of Vote Leave, has gone on a lot longer than it would have done had you, Mr Elliott, turned up, as we originally proposed, as one of four in a panel some weeks ago. I am glad that you have now come to give evidence. I think we have made some progress, so we can draw a line under this whole episode.

Some of the evidence has been very useful and we are very grateful to you for providing it. We have the mystery of the pack of information that has got stuck in the post, even though it had to travel only a few hundred yards—we will get to the bottom of that—and there are a number of points that we will need to clarify in written exchanges. I will give the last word to you. Is there anything you would like to add?

***Matthew Elliott:*** First, we will make sure you get another pack of information from us. I know there were certain things that Dominic said he would send over, which we did send over the very next day but did not make it here.

I have also found it useful. I am not sure how many hours we have been going, but of course this was not the start of Vote Leave's evidence to this Committee. I think Dominic gave three and a half hours, and I am delighted to have been here for another two hours for you. I think Boris was here for three hours and Aaron Banks was here for an hour and a half, so I think you have had a substantial amount of evidence from the leave side. I am glad that we were able to schedule this date before the end of your inquiry.

**Chair:** Thank you very much indeed for giving evidence to us this afternoon.